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FCG International Ltd

Final Evaluation of
Water and Sanitation
Programme for Small
Towns in Vietnam,
Phases I, II and III

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
CCO	Cross Cutting Objective
DB	Design-Build
DOC	Department of Construction
DPI	Department of Planning and Investment
DS	Drainage & Sewerage
EIA	Environmental Impact Assessment
EQ	Evaluation Question
FRWF	Finnish Revolving Water Fund
GOF	Government of Finland
GOV	Government of Vietnam
HH	Household
HRBA	Human Rights Based Approach
MC	Management Consultant
MFA	Ministry for Foreign Affairs
MOC	Ministry of Construction
MOF	Ministry of Finance
MPI	Ministry of Planning and Investment
MTR	Mid-Term Review
NGO	Non-Governmental Organization
NRW	Non-revenue water
NRWF	National Revolving Water Fund
ODA	Official Development Assistance
OECD DAC	Organization for Economic Cooperation and Development's Development Assistance Committee
O&M	Operation and Maintenance
PD	Programme Director
PMU	Project Management Unit
PPC	Provincial People's Committee
PPP	Public-Private Partnership
SC	Steering Committee
SRF	Sanitation Revolving Fund
TA	Technical Assistance
TOC	Theory of Change
TOR	Terms of Reference
TPC	Town People's Committee
VDB	Vietnam Development Bank
VWSA	Vietnam Water Supply and Sewerage Association
VWU	Vietnam Women's Union
WS	Water Supply
WSC	Water Supply Company
WSPST	Water and Sanitation Program for Small Towns in Vietnam
WWTP	Waste Water Treatment Plant

EXECUTIVE SUMMARY

The purpose of this final evaluation report is to provide independent and objective evidence to the Ministry for Foreign Affairs of Finland on the achieved results of the **Water and Sanitation Programme for Small Towns in Vietnam (WSPST)** and the sustainability of the results. The findings may also be useful for the Ministry of Construction, Provincial and Town People's Committees, and other external development agencies active in Vietnam. The final evaluation took place between October 2018 and February 2019, with a field mission to Vietnam in October-November 2018.

The Water and Sanitation Programme for Small Towns in Vietnam (WSPST) was a Vietnamese and Finnish co-funded intervention that started in 2004 and was implemented in three phases until mid-2017. In total, WSPST supported the construction/rehabilitation of 22 water supply schemes and 19 drainage and sewerage schemes in 25 small towns. WSPST also supported the development of a revolving fund to promote sustainable investments in water supply services. Institutional strengthening and sector capacity development at the national, provincial and town level were also a feature of the design of WSPST.

Expenditure during implementation of WSPST was EUR 38,918,000, of which EUR 32,707,000 (84%) was contributed by Finland and EUR 6,211,000 by Vietnam. Of the total spent, 51.7% was for investments in water supply and drainage and sewerage schemes, with the remaining EUR 18,594,000 being spent on technical assistance.

Phase I of WSPST was mobilised in August 2004 with the overall objective of poverty reduction according to the Government of Vietnam's poverty reduction strategy by means of providing adequate water, sanitation and drainage services to small towns. Phase II of WSPST was a continuation of Phase I and began in September 2009 following a two month overlap with Phase I. The overall objective (OECD impact) of Phase II was to provide water and sanitation services to 100% of the population living in the service areas of WS and DS schemes built by WSPST. In Phase II, four northern mountain provinces were added to the intervention area, namely: Cao Bang, Ha Giang, Tuyen Quang and Yen Bai. Phase II was also designed to phase-out Finland's support to the water and sanitation sector in Vietnam. Phase II ended in November 2013, however, due to un-finished construction works it was agreed there was a need for a Phase III, to ensure the construction works started during Phases I and II could be finalised, and to ensure the sustainability of the achieved results. Construction work under Phase III ended in mid-2017 with completion of the last defects liability period, however the final handover of WSPST remains open. Some of the outstanding issues include, inter alia, closure of the Finnish Revolving Water Fund, the handover of laboratory equipment and the closing of the accounts.

The evaluation assessed and scored each of the three main programme elements (Water Supply, Drainage and Sewerage and the Finnish Revolving Water Fund) against the DAC criteria of Relevance, Effectiveness, Efficiency, and Sustainability. Support from WSPST to institutional strengthening, to sector capacity development and the sanitation revolving fund (managed by the Vietnam Women's Union) was not scored, but these are described in this report. In addition, WSPST as a whole was scored against two groups of other evaluation criteria: Cross-cutting themes (gender equality, consideration of environmental issues, and the human-rights based approach) and Aid Effectiveness (coherence, complementarity, coordination, mutual accountability and ownership). The criterion 'Programme Design, Steering and Monitoring' was added to encompass a number of assessments mentioned in the TOR, not included under any specific DAC criterion.

The DAC criterion of Impact was not scored due to a lack of clarity on what the expected impact of the programme should have been (and remembering that the locations and populations were not the same throughout). Instead, we reconstructed a Theory of Change for WSPST and used it as a framework to discuss how the different programme components, its design, as well as the experiences of success and failure contributed to the bigger picture over 14 years.

The systematic approach of scoring the key programme components against the four main DAC criteria, and the application of additional, more general criteria, resulted in a large number of evaluation questions, which can be found in Table 2.1. The scores for each question, the scoring indicators, as well as aggregate scores per priority assessment, and per evaluation criteria, are available in Appendix 4. The methodology and questions of the final evaluation are discussed in Section 2, while the full Evaluation Approach and Design is presented in Appendix 8.

WSPST distinguishes between five main categories of stakeholders, as follows:

1. **Direct Stakeholders:** Ministry for Foreign Affairs of Finland (MFA, including the Embassy of Finland in Hanoi); Ministry of Construction (MOC), Ministry of Planning and Investment (the competent authority during Phase I); Ministry of Finance (MOF), Vietnam Development Bank (VDB) at national and provincial level as manager of FRWF; the Programme Management Unit in MOC (PMU), including the Technical Assistance provided by Finland, sub-contracted local technical service providers as well as works contractors and construction supervisors.
2. **Primary Stakeholders:** owners and operators of water supply and drainage and sewerage services; Provincial and Town-level People's Committees; Provincial Departments of Construction; and Vietnam Women's Union (managers of the Sanitation Revolving Fund).
3. **Final Beneficiaries:** customers of the completed water supply and drainage and sewerage projects, including residents in Programme towns and businesses within the service areas of the water supply and drainage and sewerage projects; and the poor, sub-poor and marginal groups, including ethnic minorities as target groups for micro-credit services through the Sanitation Revolving Fund.
4. **Other Stakeholders:** such as the private sector and non-government organisations, including the Vietnam Water Supply and Sewerage Association (VWSSA).

The responsibility to ensure compliance with the rules and regulations set by the Government of Finland for its bilateral development funding and by the Government of Vietnam (GOV) for its public funding rested with the WSPST Steering Committee, co-chaired in Phases II and III by MOC and the Embassy of Finland in Hanoi (on behalf of the MFA Finland). The responsibility for compiling annual budgets and for monitoring expenditure, including preparation of the detailed accounting and supporting documentation, was delegated to the Programme Director (PD) from MOC (with support from the technical assistance provided by Finland), for the approval of the Steering Committee.

Project owners of the water schemes are the Provincial Water Supply Company (WSC), and for the drainage and sewerage schemes, the owners are the Town People's Committees (TPC). The Provincial People's Committees (PPC) are the project investors providing local contributions to both water supply and drainage and sewerage schemes. WSCs take out loans provided through the Finnish Revolving Water Fund (FRWF) at concessional rates. The Vietnam Development Bank (VDB) manages the WSPST loan portfolio and Vietnam Women's Union (VWU) at the town level manage loans from the Sanitation Revolving Fund (SRF).

The design of WSPST was highly innovative, including the Finnish Revolving Water Fund, which was intended to develop the procedures for appraising loans for water supply in small towns and to build the capacity of staff in the Vietnam Development Bank as a precursor to the planned National Revolving Water Fund. Unfortunately, government policy changed when it was decided that the water supply sector would be divested to the private sector, making the FRWF redundant.

The project design elements included the use of design – build contracts for construction of Water Supply (WS) and Drainage & Sewerage (DS) schemes, the piloting of separate sewers and the introduction of small wastewater treatment facilities, funding household connections to DS schemes through a sanitation revolving fund managed by the Vietnam Women's Union and providing MOC with support to institutional strengthening and capacity development activities. Overall, the investments in water supply have resulted in improved access to water for nearly 40,000 households. Investments in drainage and sewerage have been less successful, but it is important to keep in mind that WSPST has faced many challenges during its implementation and that many lessons i.e. on the separate sewerage and waste water treatment issues have been

learned by all stakeholders. MOC and MFA should be commended for taking up the challenge to provide water supply and sanitation services also to small towns, given that much of donor investments are targeted to larger towns and cities.

The Findings (Section 3), Conclusions (Section 4) and Recommendations (Section 5) of the final evaluation are summarised on the following pages. The overall evaluation scoring for WSPST is provided at the end of this Executive Summary.

Main Findings, Conclusions and Recommendations

Main Findings	Conclusions	Recommendations
Impact (Not Scored)		
<p>Poverty reduction, if interpreted as improved economic status of beneficiary households, has not been discussed in detail in programme documents and corresponding baseline studies have not been carried out. The overall trend in the health status of the populations living in the programme area shows some positive trends based on earlier WSPST reports and stakeholder interviews. Impacts in terms of economic activity indicate neutral results. Aspects related to environmental sanitation are mentioned; the overall tone tends towards neutral or somewhat positive impacts. However, the available data has important limitations (other influencing factors not discussed and absence of evidence to back up the statements). Also, the lack of clarity on the expected impacts of the programme across its three phases, as discussed in the methodology section, has led to inconsistent reporting on impacts by WSPST.</p>	<p>The Programme impact cannot be defined with certainty. It is likely that the WS schemes contributed positively to some extent on the health of local populations in terms of reduction of water-borne diseases. The data is based on statistical figures which are influenced by a variety of other important factors. Some anecdotal evidence from field interviews support the positive trends reported in programme documents. Impacts in terms of reduced poverty, increased economic activity and environmental sanitation are likely to neutral. Challenges with the DS schemes are likely to have caused some financial loss to the households who decided to connect to the schemes.</p> <p>WSPST failed to demonstrate a replicable WS model for Class V towns in Vietnam. This is an unfortunate missed opportunity to impact the sector development in Vietnam.</p>	<p>To MFA, on all future development assistance projects: The evaluability of the impact must be planned at the design phase of the programme and monitoring data including a baseline must be collected during the first year of the project, to facilitate and enrich the final, ex post or impact evaluation. The expected impact of the programme must be crystal clear and supported by analysis on Theory of Change, impact pathway or similar tool. Especially, the intervention design should articulate clearly what is meant by reduction of poverty and inequalities in the form of impact indicators. Such definition is ever more important in future interventions as they are expected to contribute to the achievement of the Sustainable Development Goals (SDGs). Therefore, all interventions should be able to demonstrate their link with relevant SDG indicators under the Goal 1 (no poverty) and SDG 10 (reduced inequalities) at a minimum. Intervention-level indicators that address both of these SDGs, and others, depending on the context, should be added.</p>
Relevance (Score 2.8)		

<p>The evaluation finds the project interventions in the Water Supply sector to respond well to the needs of the beneficiary households and authorities in Small Towns, where water supply investments were generally lacking behind. Investments in water supply were in principle relevant to the provincial Water Supply Companies, but the design-build model managed by MOC in their opinion reduced their ownership and control of the project.</p> <p>WSPST project objectives are inclusive of household-level final beneficiaries with very tangible benefits, strengthening the relevance of the programme in relation to the main goal of Finland’s development policy, i.e. “eradication of extreme poverty” in the framework of the Millennium Development Goals (MDGs). Project’s ability to reach the more vulnerable groups of the society, such as ethnic minorities, was limited as such groups tend to live in the outskirts of the towns, outside WSPST coverage area.</p> <p>WSPST promoted exclusively the use of separate sewers and waste treatment plants as the means to dispose of domestic wastewater. The primary reason to promote this solution was to reduce pollution of the environment. However, WSPST did not do any baseline or environmental assessments to determine the existing environmental/water quality situation that could justify the approach from environmental perspective.</p> <p>With its focus on separate sewers and centralized wastewater treatment, the number of beneficiaries was more limited than what could have been reached by more broader approach. Also the cost of the 19 DS schemes was significantly higher than if the existing combined sewer networks had been upgraded and expanded.</p> <p>The technical sophistication and O&M demands of the separate sewers and WWTPs are found to be beyond the capacity of TPCs, who are responsible for sanitation services in their towns.</p> <p>Separate sewers are not a priority of GOV. The policy of the government is (and was at the time of WSPST) to focus on drainage and possibly wastewater treatment in large cities, which</p>	<p>Provision of water supply was relevant to households and local authorities in small towns, and there was clearly demand for water supply, which is reflected in high connection rates.</p> <p>WSPST was reasonably relevant to the MFA Development Policy, particularly the focus on poverty reduction, access to water and sanitation and health. However, the activities were not particularly targeted on the poorest residents.</p> <p>WSPST was of limited relevance to WSCs and many opportunities were lost. The WSPST programme design in which the design and construction of WS schemes rested with entities that were not responsible for future O&M of the schemes (design-build contracts) did not facilitate the ownership building of the WSCs. It is likely that construction supervision would have improved if WS projects had been managed by WSCs. Implementation delays may have also been reduced if the complexity of WSPST management had been reduced via decentralisation.</p> <p>Promoting the use of separate sewers and wastewater treatment for Class V towns in Vietnam was a solution to a problem that is not considered a priority in Vietnam. The MFA promoted a particular technology via WSPST without providing evidence-based reasoning for the technology, and was not open to change this: for example, it was very clear that the use of separate sewers and centralised wastewater treatment was unaffordable in Vietnam and that DS service areas would be much smaller than WS service areas. Improved drainage coupled with the promotion of on-site solutions would have achieved a far greater sanitation coverage than the separate sewerage system. The WSPST could have also promoted the building of household septic tanks to pre-treat wastewater, as required in Decree No. 88 (2007), resulting in a broader impact than the selected approach. Many recommendations for an alternative solution were not acted on. If providing water without sanitation was a primary concern, then WSPST could have worked directly with WSCs to improve their capacity: including business planning, identification</p>	<p>To MFA, on future infrastructure projects with private sector engagement: Programmes designed to demonstrate the impact of a new solution must be in line with government policy or they must provide an affordable alternative. The selection and/or promotion of any approach or technical solution on a pilot basis must be based on sound reasoning (including technical & financial feasibility studies) with expected measurable benefits being clearly described before programme implementation begins.</p> <p>To MFA, on future bilateral programmes: Executive and implementing agencies as well as project steering committees/strategic advisors must stay alert to changes in the project implementation context and take action to adapt the project to the changes in order to the project to remain relevant; this is of outmost importance if the project involves institutional development/capacity building objectives.</p>
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<p>face gross environmental degradation caused by large volumes of untreated sewage (Decision No. 35/1999). Connecting to a new separate sewer in an area with existing combined sewer is not a legal obligation.</p> <p>The Finnish Revolving Water Fund was highly relevant to the water sector at the start of WSPST in 2003. The concept and design of FRWF was a direct response to GOV's ambition to establish a National Revolving Water Fund, into which the FRWF would eventually be merged.</p> <p>However early on in WSPST, GOV radically changed its policy with the introduction of the national process of equitization by which all water supply companies in Vietnam would in effect be fully divested to the private sector by 2020. GOV will no longer provide finance to build water supply infrastructure under the old terms.</p>	<p>and design of new investments and securing loans from e.g. the VDB.</p> <p>The FRWF was relevant in the context that prevailed at the start of WSPST. However, WSPST was not able to adapt to the process of equitization and how it affected the relevance of funding modality. If privatised water companies are not able to access concessional loans it is highly likely they will not invest in infrastructure in small towns with systems that provide low or even negative rate of return.</p>	
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Effectiveness (Score: 2.2)		
<p>Investments from WSPST in WS have exceeded the expected beneficiary targets (nearly 40,000 connected households, while the original target was 30,000) and are functional. There are no reports of disconnections and tariff collections are high with low long-term debt.</p> <p>Water supply is regular and of reasonable pressure, Operation and maintenance is good.</p> <p>Consumption of water appears to be less than assumed, leading to lower revenues. Customers are using alternative water sources, when available, to reduce their water bill.</p> <p>The removal of monthly minimum consumption charges in 2011 (Decree 124/2011/ND-CP) has affected WSCs as customers are incentivized to use less water to save money.</p> <p>The achievements in drainage and sewerage are not affirmative. Even though the number of sewerage connections is reportedly not far from the targeted number (9300 connections, target was 9800 connections), many schemes are dysfunctional and not delivering the expected service (see Efficiency analysis) to the beneficiaries, and also many households were either unable to connect due to technical issues or not motivated to connect as they don't see the benefits.</p> <p>For example, Minh Duc already had a DS scheme in full compliance with Decree No. 88, namely 'a semi-separate system, which is a combined system with a sewer line for diverting the wastewater into the treatment plant'.</p> <p>An unknown number of households that connected to the DS schemes at their own cost have been denied access to promised services due to shortcomings in the design or the failure to undertake O&M. It is not possible in the context of a final evaluation to determine if a DS scheme has failed due to a lack of O&M or poor design or both. The main problem to do so is the fact that the pipes are underground.</p> <p>TPCs as project owners have not recorded who has disconnected and/or how many households are connected to functioning schemes.</p> <p>There is little influent flow of wastewater to WWTPs and</p>	<p>WSPST funded WS schemes have met the high demand for water supply services and good coverage has been achieved, with nearly all WS schemes having reached their designed service coverage. Schemes are generally functioning well, and water tariffs are collected on a regular basis.</p> <p>The estimated water consumption rates appear over-optimistic, resulting in lower revenues than what was calculated to be feasible for guaranteeing financial sustainability of the schemes. This issue was known from the Phase I onwards, but the programme failed to change the financial feasibility assessment method to better respond to the reality. More broadly, WSPST appears to have approved all WS schemes, presumably on the basis that the PPC would subsidise the water supply service, as there was a clear demand. A debate on water pricing in loss-making schemes does not appear to have taken place within WSPST.</p> <p>The technical approach for separate sewerage and wastewater treatment was inappropriate for the local settings and there was insufficient local involvement during the design stage, leading to weak functionality. Some DS schemes, such as in Toan Thang and Minh Duc were so clearly inappropriate for the settlement pattern of the town that it is not really conceivable they could have ever worked.</p> <p>There was no local ownership and no interest in the effectiveness of the waste water treatment plants, which has resulted in the poor functionality of the plants. It is unlikely that the WWTPs are effective at minimising environmental impacts of sanitation. The evaluation team concludes that WSPST made no reliable analysis of the quality of the effluent from the WWTPs. Few WWTPs are today receiving wastewater and unless further investments are made to rectify problems and the O&M budgets are secured for a service provider, it is</p>	<p>To MFA, on future infrastructure projects with private sector engagement: Financial feasibility studies must be more rigorous, including financial modelling linking utility's/company's income statement, balance sheet and cash flow statement to give more accurate estimate of the financial feasibility of the investment. The assessment should also take into consideration the legal requirements and its enforcement, as well as socio-economic aspects (i.e. income level) and behaviour of the expected service users. Surveys of willingness-to-pay and a broader affordability analysis (see, for example, ADB guidelines) are critical in planning new investments in water and sanitation infrastructure. Investment decisions should be made based on project owners' business plans.</p> <p>To MFA, on all development assistance programmes: MFA should not engage in long-term financial commitments that extend beyond its approved engagement and as a minimum to have an agreed exit strategy with the competent authority before any funds are committed.</p> <p>Immediate recommendation to MFA and relevant Vietnamese stakeholders: The Sanitation Revolving Fund has been managed very effectively by VWU and the funds should remain on a bank account managed by TPC as this has been proven to be the best model to minimise bureaucracy.</p>

<p>inadequate water quality testing, therefore it's not possibly to reliably assess the results on environmental conditions.</p> <p>Due to changes in government policy (i.e. the cancellation of the NRWF) the FRWF became a de facto mechanism to disburse grants from Finland as loans to project owners through VDB, on behalf of MOF.</p> <p>Establishment of FRWF in Phase I was time consuming and the implementation slow in the beginning. After the mechanism was clear from obstacles, the financial flow functioned in a satisfactory way.</p> <p>Supporting a revolving fund has proven difficult for the closure of WSPST and the negotiations are still ongoing between the Government office of Vietnam and MFA. Transferring the funds to the Treasury is not an option to MFA.</p> <p>The Sanitation Revolving Fund has been operating effectively, with multiple rounds and a good repayment rate.</p> <p>However, funds have mainly been used for other sanitation solutions, and not to connect to DS schemes, especially in later rounds of lending.</p>	<p>likely that more of the WWTPs will fall out of operation in future</p> <p>Due to burdensome administration and long lending cycle, transfer of the funds through the FRWF was not ideal for supporting smooth project implementation. Once it became clear that NRWF is not going to be established and that the equitization process moved on changing the financing set-up, WSPST should have updated the revolving fund modality, e.g. by funding WSCs to make operational improvements, such as in Non-Revenue Water (NRW) or in commercial improvements. The rate of return on activities is high and revenues cover debt service.</p> <p>The Sanitation Revolving Fund has been effectively managed by the Vietnam Women's Union. The VWU have adapted the focus of lending to more useful/productive activities that support improved sanitation conditions, than the DS schemes and should be highly commended for doing so.</p>	
<p>Effectiveness: Support to Institutional Strengthening and Capacity Development (Not scored)</p>		
<p>WSPST provided significant ad hoc support to institutional strengthening and capacity development to MOC during its implementation. The objectives and emphasis put on capacity development varied between 3 phases, the last phase providing most comprehensive support while in Phase 2 the TA support was directed mainly on design and construction.</p> <p>Support to institutional strengthening and capacity development of WSCs was also provided, however limited support was provided on privatisation issues.</p> <p>Already the appraisal report of Phase I identified that water utilities would, in the near future, undergo corporatization model, and WSPST could prepare the provincial water utilities for this; however, support to prepare water utilities to the governance reform did not actualize until in Phase III.</p>	<p>Support to institutional strengthening and capacity development was appreciated for its effect on sector development at the national level particularly during the Phase III, but more could have been achieved throughout the three phases if the capacity building was more systematic and results-oriented, if the objectives had been set out more clearly (e.g. to prepare the transition of WSCs to private entities) and the outcomes measured and documented.</p> <p>WSPST also missed the opportunity to develop a new governance model for WSCs. WSPST should have worked much closer with WSCs to build their management and governance capacity in anticipation of the equitization process, and to improve their commercial and operational performance in general. Strong WSCs at the provincial level are a prerequisite to provide efficient water supply services in Class V towns.</p>	<p>To MFA, on future infrastructure projects: design of capacity building and institutional strengthening activities must be based on situation analysis and institutional capacity assessment; Progress towards achievement must be monitored and documented at least in Outcome level (if not impact level).</p>

<p>There was inadequate monitoring and reporting of higher-level outcomes in these areas. The number of trainings or events (inputs) do not measure success (these results are also applicable to discussions of <i>efficiency</i>)</p>		
<p>Efficiency (Score: 2.3)</p>		
<p>Despite delays, all planned WSPST WS schemes were built, and at low cost if compared to ADB and World Bank projects in Vietnam. Quality of construction was to local standards, the schemes are functioning well and WSCs have sufficient capacity for O&M activities.</p> <p>WSCs appreciated the management support from the project TA.</p> <p>WSPST was not able to adapt its activities and approaches to the changing context (as equitization proceeded), e.g. by strengthening the business development capacities of WSCs to provide profitable services.</p> <p>Separate sewers with centralised wastewater treatment are costly and to lower the cost of the DS schemes, the service areas were much smaller than the WS networks. The technology selection was not appropriate to the context; this should have been learnt by Phase I, but instead the concept was replicated in new provinces.</p> <p>The data required to determine the technical performance of WWTPs is not available. Inflows and outflows from the WWTPs are not recorded at any of the WWTPs visited and it is not possible therefore to know the loading on the WWTPs or their removal efficiency in relation to the original design parameters. The visited WWTPs were not used to their design capacity, many didn't receive any sewage.</p> <p>Reports indicate multiple errors in the design of DS schemes; and a high likelihood that sewers have not been properly laid in many cases, which is not possible to verify as they are buried underground. Project appraisals were of poor quality as stated in the Phase II completion report and were not based on proper/realistic financial projections.</p> <p>While the tasks assigned to the TA consultants and staffing of the team is appropriate, the programme management arrangements have</p>	<p>The programme achieved good coverage of WS at low cost and reasonable quality. It should however be noted that the low price of the WS schemes may be due to low quality specifications: for example, are WS schemes durable and sustainable and do they represent real long-term value for money?</p> <p>WS schemes were viewed in isolation and not within the WSC's business plan. If the project had put WSCs – the future owners and operators of the schemes – in the centre of the project, it is possible that they had used the WSPST funds more efficiently to develop their business. The purpose of WSPST should have been to strengthen WSCs so they could develop a sound business approach to provide profitable services to all district towns in the province, using a cross-subsidy model if necessary.</p> <p>The introduction of new technology would have demanded a much more hands-on approach by the International TA. The local consultants were unfamiliar with the new technology and would have benefitted from training. For example: complaints of textbook solutions being applied could have been met with a robust response from the TA, such as providing skilled design engineers for supervision. TA could have prepared a design manual for separate sewers together with the MOC, and been proactive to guide local engineers unfamiliar with sewer design. The TA could have also had a construction engineer on site to demonstrate best practice in laying sewer pipes to a constant gradient.</p> <p>The solution for DS was technically complex and meant that many HH connected to WS would not be able to connect to DS schemes: for example, most of the WSPST towns in the northern mountainous provinces have topographical features that divide</p>	<p>To MFA, on future infrastructure projects (including projects with private sector engagement): Following elements must be included and carefully considered in the design of future infrastructure projects</p> <ul style="list-style-type: none"> ➢ Feasibility studies must assess multiple alternative technical solutions and implementation modalities and select the most locally appropriate solution; ➢ MFA should prepare an accounting and reporting manual for transparent monitoring of infrastructure construction projects; ➢ Fully costed contracts with a service provider for sustainable O&M of DS schemes should be a pre-condition for their construction; ➢ The responsibilities and mandate of international TA must be explicit and understood by all stakeholders. MFA should introduce performance monitoring of TA contract with inputs judged against documented targets; International TA should be responsible for supervising the final technical designs, if the local engineers are sub-contractors under their main contract with the financing agency.

<p>not been flexible enough to address the problems faced in the implementation. International TA costs were rather high at 52.8 % of the Finnish contribution.</p> <p>Laboratory was set up by Finland as its contribution to the raw water study, but it was never taken into use by VIWASE on behalf of MOC. The laboratory remains to be officially handed over.</p> <p>FRWF did disburse funds, but money transfers were delayed leading to delays and problems in project implementation. Decisions on funding were not based on proper financial analysis and projections.</p>	<p>the town into multiple catchment zones. Water pipes working under pressure can cross zones, but it is impossible for sewers working under gravity to do so. Multiple decentralised DS schemes can and were built but this raised the costs of the DS schemes even more, as more sites for WWTPs were needed. Many DS schemes were not designed with the future expansion of the network in mind, which also should be a major concern.</p> <p>Approval process and planning for the laboratory were lacking. The need to secure the approval for the laboratory to be established in MOC, and to have an establishment budget allocated to it before buying the equipment, should have both been pre-conditions. The SC was the competent authority to approve the purchase of equipment, but it was not the competent authority to establish the laboratory in MOC. Most likely this was also not the natural home for the laboratory.</p> <p>The FRWF did manage to disburse funds to investments although there were many delays. Overall, the FRWF has not been able to fulfil expectations, partly due to management issues and partly due to the changing institutional environment.</p>	
<p>Sustainability (Score: 2.2)</p>		
<p>Out of 22 Water Supply Companies, 10 have achieved full cost recovery being able to cover O&M costs, depreciation, interest on the loan and loan repayment. Out of the remaining twelve schemes/water companies that are not financially feasible, five were able to recover full O&M cost and loan interest and a part of depreciation from water revenues. The financial performance of the WSCs could be affected by the recent changes in related regulations (Decree 124/2011/ND-CP), i.e. the deletion of the minimum monthly water charge that was meant to cover the fixed costs of the WSC.</p> <p>Out of 19 DS schemes, 9 have been confirmed to be functioning and having an O&M system in place, whereas another 3 schemes are technically functional, but the O&M system has not been handed over and therefore cannot be confirmed. 4</p>	<p>Most WS schemes can cover full O&M costs and half of the schemes can also cover the debt servicing, whereas the other half falls short of meeting the debt payments. However, while the financial sustainability is at a relatively good level, there is a risk that some WS schemes may collapse without subsidies. There are also concerns about the affordability of future tariff rates: raising tariffs may drive down water consumption and in the process actually lower revenues for the WSCs; the removal of the minimum monthly charge is also likely to reduce revenue.</p> <p>Pricing of wastewater services at 5 to 10% of the water bill makes it impossible for DS to be sustainable. A well operated wastewater system in Europe will cost more to operate than a WS scheme. While this may not be the case in the WSPST DS schemes, it surely would cost more than 5 to 10% to be operated effectively. However, there is no willingness to</p>	<p>Immediate recommendation to MFA and relevant Vietnamese stakeholders: The evaluation team has identified the following options regarding the future of the FRWF:</p> <ol style="list-style-type: none"> 1. The fund will stay in VDB to provide loans to WSCs with the new terms. Under this scenario, VDB is required to do better business appraisals (which according to them they would do) whereas MFA must require details of the governance arrangements of the fund and insist on an annual report to MOF/MFA as the fund shareholders. Although the size of the FRWF is small (and will further be reduced by inflation), it will support investment in water sector in small towns alongside other funding sources, as was the original purpose of the fund. Validity of the recommendation depends on its legality under Finnish law. 2. As recommended in Condes report, the funds could be used for procurement of water safety management platform, provided that there is real need for it by the water

<p>schemes have deficiencies in O&M system and remaining 3 schemes are technically non-functioning. Securing adequate funds for the O&M of basic combined sewers is a major challenge across Vietnam. The O&M costs of the WSPST DS schemes with wastewater treatment facilities could never be recovered under existing wastewater tariff legislation.</p> <p>Water utilities found the terms of the WSPST supported FRWF very attractive. The evaluation team were informed by VDB that they will still provide loans to private water supply companies, however, without a state guarantee from PPC, the terms will be different with higher interest rate and more rigorous financial analysis.</p> <p>Handing over mechanism of FRWF has been studied by Condes Ltd, which recommends the funds to be used by MOC for development of web-based water safety management platform. The evaluation team was not able to confirm the actual need for the platform by water utilities, nor the role of MOC in this arrangement, as after the equitisation they have less role in water sector management.</p>	<p>pay for a service currently provided free of charge, and the political difficulty to raise a new charge that does not provide a proven tangible benefit, make it unlikely there will be change in the medium term. This limits the sustainability of the DS.</p> <p>The revolving fund concept of the FRWF is best suited for providing short term loans, often for investments with a high rate of return or low value, so the fund is able to revolve on short cycles. The long grace period and low tariffs make it problematic in the long run for WS funding. FRWF could be relevant today for providing short terms loans (through VDB) to newly privatised water companies aiming to improve their commercial performance. The WSPST sanitation revolving fund is a good example of a successful revolving fund.</p>	<p>utilities, that MOC is relevant and reliable executor for the platform, and that transfer of funds (and change of purpose of use) is legal under Vietnamese law.</p> <p>3. Use the remaining funds to pay compensations for households who invested in drainage schemes without getting the service.</p>
<p>Cross-cutting Themes (Score: 2.0)</p>		
<p>Gender Equality</p> <p>WSPST’s thematic area of providing WS and DS to households, are key aspects from the perspective of supporting gender equality objectives. Vietnam Women’s Union held an active role in WSPST</p> <p>The programme did not carry out a gender analysis to understand how the outcomes of the programme affect men and women differently (as well as boys and girls)</p> <p>Human Rights Based Approach</p> <p>WSPST progressed from human rights ‘blind’ in Phases I and II to human rights ‘sensitive’ in Phase III</p>	<p>Achievements in terms of all considered cross-cutting themes (gender equality, HRBA, and environment) remained modest at the general level; however, in each aspect the programme demonstrated some specific positive achievements. Especially, the programme should be commended for making an effort in better integrating HRBA in Phase III, compared to Phases I and II, after increased attention to the topic from the MFA even if the timing was late in order to achieve substantial changes in the programme set-up. The factors of failing to sufficiently mainstream gender equality and environmental considerations into the Programme implementation were largely due to lack of context analysis to understand what measures would be needed and how to put in practice these cross-cutting themes. WSPST can provide lessons to MFA’s internal work on</p>	<p>To MFA, on future bilateral programmes: All future bilateral programme of MFA must be subject to a human-rights, gender equality, and environmental issues analysis, which should inform the formulation of the programme document, and subsequently, the implementation of the inception phase of the programme. Interventions should also earmark funds specifically to gender equality and HRBA related activities to be implemented throughout the project or programme, as was partly done in WSPST. The analysis of environmental aspects should focus on environmental impact of the intervention, but should also include climate change from the perspective of adaptation and mitigation when relevant.</p>

<p>The approach of social marketing supports HRBA objectives; however, there is little evidence on the sustainability of the efforts.</p>	<p>clarifying the guidance related to cross-cutting objectives in the future, e.g. on how to address HRBA in the water sector in an ongoing intervention.</p>	
<p>WSPST social marketing activities became redundant, especially for DS due to the dysfunctional status of most schemes. WS schemes have expanded without campaigns</p>	<p>Given the brief time window when MFA highlighted the importance of mainstreaming HIV/AIDS in development cooperation, and the relatively low prevalence of HIV/AIDS in Vietnam, it is understandable that the issue was not considered a priority in WSPST.</p>	
<p>Normative human rights criteria: Availability had shortcomings for both WS and DS; for Accessibility there was no information, but it was assumed to be good; the criteria of Quality/Safety and Affordability were positive for WS but negative for DS; results of customer satisfaction surveys indicate positive Acceptability for WS and negative for DS</p>	<p>The non-inclusion of the issue in the programme document of Phase I, when the HIV/AIDS became one of the cross-cutting themes of Finland’s development policy, constitutes a missed opportunity to some extent. WSPST could have carried out at least a basic analysis on the HIV/AIDS-related risks and mitigation measures to ensure that the intervention does not exacerbate the spread of the disease in the programme area.</p>	
<p>Consideration of environmental issues</p>		
<p>WSPST was built on an environmentally conscious premise that if households are given water supply, their waste water has to be treated. However, in practice the technological solution was inappropriate, and therefore the environmental benefits in practice were limited.</p>		
<p>Environmental impact assessments (EIAs) were superficial and did not analyse the town area as a whole.</p>		
<p>Aid Effectiveness (Score: 2.6)</p>		
<p>Coherence</p>		
<p>Apart from a few minor examples, WSPST has not contributed to the implementation of other elements/ projects in the country programme or the transition strategy</p>		
<p>Complementarity</p>	<p>WSPST overall performance in terms of Aid Effectiveness was average. Regarding positive aspects, WSPST succeeded in identifying a thematic and geographical niche in Vietnam; therefore, the programme was highly complementary (Complementarity). It also managed to coordinate and exchange information with other relevant programmes relatively well (Coordination). WSPST also succeeded in implementing the programme following the principle of ownership at the general level; however, the separation of the design and build phase from the operation and maintenance phase</p>	<p>To MFA, on future bilateral programmes: The MFA should strengthen the transparency and governance of its bilateral development interventions by considering the inclusion of the specific measures to the Manual for Bilateral Programmes (MFA, 2018).</p> <ul style="list-style-type: none"> ➤ Related to the Rapid Transparency Assessment/section on policy- and practice-level transparency: <ul style="list-style-type: none"> - Making mandatory the establishment of a website for all programmes that would include relevant and timely information on the interventions.
<p>There is no geographical or technical overlap with other major donor-funded water and/or sanitation programmes</p>		
<p>Coordination</p>		
<p>Finland was active in the donor sector working group on water and sanitation. MFA and WSPST also engaged closely with the French</p>		

<p>Development Agency (AFD), KfW and World Bank in the process of trying to integrate FRWF with the NRWF.</p>	<p>of the infrastructure projects weakened the incentive for the service providers to ensure high quality design and construction. This situation, in turn, increased the risk of lowered ownership on the assets on behalf of the final operator (Ownership). In terms of Mutual Accountability, Transparency and Integrity, WSPST’s performance suffered from shortcomings by not having sufficiently specific guidelines in place in all aspects of programme governance and information disclosure, but, a number of positive aspects also indicate strengths in mutual accountability especially at policy-level. In terms of coherence, WSPST can be considered one element among a wider portfolio of Finland in the water and sanitation sector in Vietnam, where the private sector actors had gained ground before their collaboration with the project, but where Finland’s overall support to business development has been positive.</p>	<ul style="list-style-type: none"> - Making mandatory public and timely disclosure of all project deliverables listed in the “Table 5: Phases of the Project Cycle” of the Manual for Bilateral Programmes either on the MFA website and/or programme website. ➤ Related to the Rapid Transparency Assessment/section on accountability: <ul style="list-style-type: none"> - Consider including provisions for whistle-blower protection in MFA guidelines. - Special attention should be paid to governance and decision-making structures of bilateral programmes during formulation and inception phases to avoid ambiguities in the roles and responsibilities of key actors (especially members of programme management team, steering committee and supervisory board). Steering committees should, when relevant, include formal observers to strengthen the transparency and inclusiveness of the interventions. - Making mandatory the exposure of the MFA corruption hotline number (www.vaarinkayttoepailys.fi) on the wall of current and future bilateral programme offices and their websites. ➤ Related to the Rapid Transparency Assessment/section on integrity: <ul style="list-style-type: none"> - Making mandatory a training on MFA guidelines and policies on transparency and integrity to all programme staff.
<p>Mutual Accountability, Transparency and Integrity</p>		
<p>Based on the rapid transparency assessment, WSPST’s performance in terms of mutual accountability, transparency and integrity falls in the category of “average” the scores 2 and 3 being the most common throughout the assessment grid.</p>		
<p>Ownership</p>		
<p>WSPST programme set-up and implementation procedures were in general terms based on Vietnam’s laws and in line with global aid effectiveness principles, including ownership. However, the chosen implementation mechanisms (i.e. design and construction contracts being separate from the long-term operation of the schemes) weakened practice-level ownership for ensuring quality design, construction, operation and maintenance of the schemes.</p>		
<p>Programme Design, Steering and Monitoring (Not scored)</p>		
<p>The Steering Committee carried out regular meetings and complied with its mandated tasks, but failed to use the opportunity to learn from mistakes and take actions to adjust the program to the changing context.</p> <p>The Embassy attended most key meetings and showed active engagement with GOV. It however appears to have been too passive with regard to the TA activities and the quality of programme implementation; as the co-chair of SC it also failed to pay sufficient attention to the equitization process in the later stages of WSPST. High turnover of advisers in the Embassy during the critical</p>	<p>Much of what went wrong with WSPST can be attributed to deficiencies in programme design, steering and monitoring. Many of these deficiencies were highlighted in the WSPST reporting, however it seems to have proven impossible for the SC to make the necessary adjustments.</p>	<p>See recommendations under Relevance (concerning SC, executing and implementing agencies) and Efficiency (concerning international TA & reporting).</p>

<p>years of WSPST is one contributing factor to this.</p> <p>International TA tried to rectify problems during the project implementation; it did not however fulfil the expectations set out in the PDs, which is evidenced by the serious design failures of most DS schemes.</p> <p>Financial administration and reporting has been adequate according to KPMG; KPMG made several recommendations to improve reporting, but action to implement some of the recommendations was slow (e.g. programme accounting was done in Excel spreadsheets until end of 2014).</p>		
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Overall Lessons Learned

Importance of Project Ownership and Capacity Building. Being primarily an infrastructure project constructing WS and DS schemes, WSPST was focused at the results (efficiency) level. The implementation of the Programme therefore concentrated on the procurement of technical services and works contractors. If the focus would have been at the Purpose (Effectiveness) level, the importance of capacity building of the project owners and a sense of local ownership would have been more innate. It is important to always undertake a full participatory institutional appraisal, including a comprehensive stakeholder analysis, and investigate the interest of local users of different technological solutions, before the start of the programme design.

The Role of International Technical Assistance. International TA is very expensive, and it must be used efficiently. Rather than basing the International TA in Hanoi, it would have been more effective to be based closer to the construction, and to develop a synchronized approach to capacity development at both national and local level. The TA could have worked closer with TPCs to determine the O&M budget and activity requirements of their DS schemes and willingness to connect and pay surveys in advance. Finally, it is clear that the WSPST did not adapt to the new paradigm of privatisation/equitization that arose over 14 years.

Design, Build Contracts. The Design-Build (DB) model was criticised by some respondents for the poor construction quality and other problems faced in the implementation of the WS and DS schemes. Design-Build-Operate or Design-Build-Lease models may have been a better option, as the contractor would require better construction quality to save in future O&M costs.

Financing options. The choice of financial instruments for capital-intensive infrastructure projects such as water supply is problematic. Every country has its own monetary policy, internal money flows and existing financing instruments. It is of utmost importance that those planning an intervention in a particular country have adequate knowledge of the country’s own systems, in order to minimize risks when becoming involved in financing arrangements and money transfers.

Human Rights Based Approach. The Human Rights Based Approach (HRBA) should be understood also from the perspective of programme beneficiaries’ having access to a formal and accessible grievance redress mechanism, and that the expressed grievances are addressed adequately.

Summary of WSPST Evaluation Scoring

Water Supply Schemes		
DAC Criteria	Weight	Score
Relevance	40%	3.1
Effectiveness	20%	3.3
Efficiency	20%	3.0
Sustainability	20%	3.0
Weighted Average	100%	3.1

Drainage and Sewerage Schemes		
DAC Criteria	Weight	Score
Relevance	40%	1.1
Effectiveness	20%	1.0
Efficiency	20%	1.8
Sustainability	20%	1.5
Weighted Average	100%	1.3

Finnish Revolving Water Fund		
DAC Criteria	Weight	Score
Relevance	50%	4.0
Effectiveness		N/A
Efficiency	25%	2.0
Sustainability	25%	2.0
Weighted Average	100%	3.0

Cross-cutting Themes		
Criteria	Weight	Score
Gender Equality and Women & Girls’ Rights	35%	2.0
HRBA	35%	2.0
Environment	30%	2.0
Weighted Average	100%	2.0

Aid Effectiveness		
Criteria	Weight	Score
Coherence	20%	2.0
Complementarity	20%	4.0
Coordination	20%	3.0
Mutual Accountability	20%	2.3
Ownership	20%	2.0
Weighted Average	100%	2.7

WSPST Overall Score		
Criteria	Weight	Score
DAC Relevance	40%	2.8
DAC Effectiveness	15%	2.2
DAC Efficiency	15%	2.3
DAC Sustainability	20%	2.2
Cross-cutting Themes	5%	2.0
Aid Effectiveness	5%	2.7
Weighted Average	100%	2.5

The evaluation did not provide scores for:

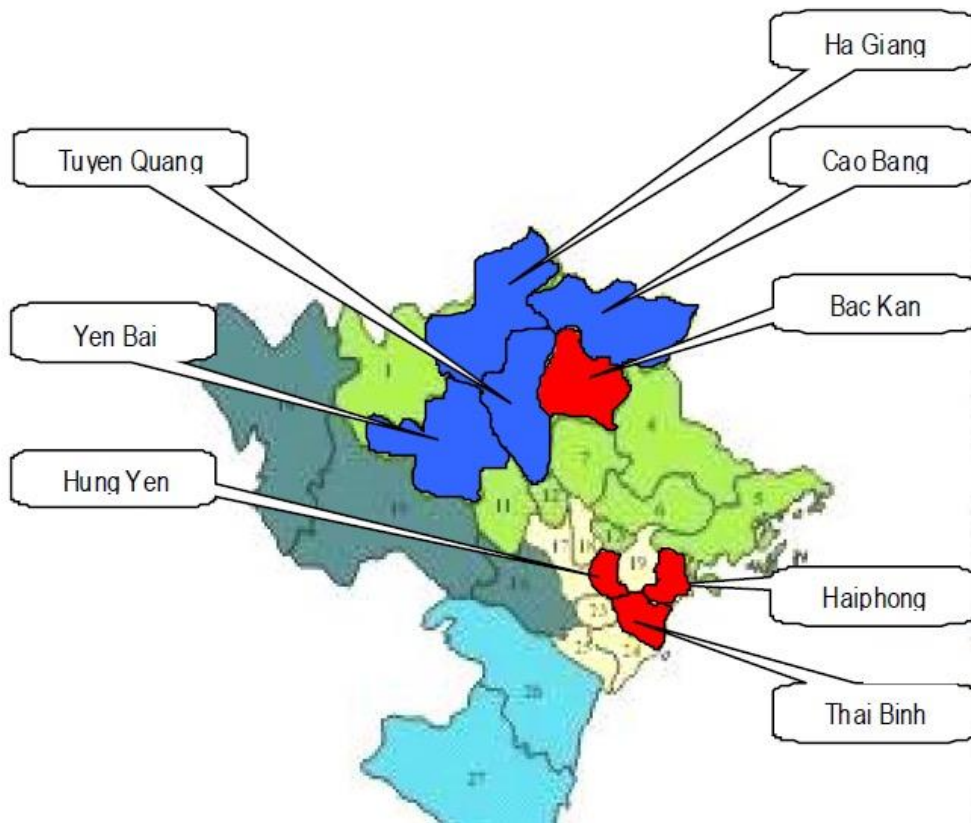
1. OECD DAC Impact for WS, DS and FRWF
2. The Sanitation Revolving Fund
3. Institutional and Capacity Development

4	Very Good	2	Weak
3	Good	1	Very Weak

The evaluation questions and indicators used to score WSPST are provided in Appendix 4.

The ‘Efficiency of Programme Steering’ was also scored (see Appendix 4), however this aspect of the WSPST is not included within the overall scoring of the Programme.

MAP OF PROGRAMME PROVINCES



Key: Phase I provinces, located in the Red River Delta, are highlighted in Red

Phase II provinces, located in the Northern Mountains, are highlighted in Blue

1. INTRODUCTION

1.1 Purpose of the Evaluation

The purpose of this final evaluation report is to provide independent and objective evidence to the Ministry for Foreign Affairs of Finland (MFA) on the achieved results of the Water and Sanitation Programme for Small Towns in Vietnam (WSPST) and the sustainability of the results. The evaluation also provides lessons learned related to the planning and implementation of water, sanitation and drainage programmes that might include similar construction intensive elements in other countries and/or the establishment of an infrastructure financing mechanism. However, the Finnish bilateral development cooperation programme in Vietnam ended in 2018 and no further grant-based bilateral Official Development Assistance is foreseen.

The objective of the study is to evaluate the programme achievements in terms of its three main elements, namely: Water Supply (WS) schemes, Drainage and Sewerage (DS) schemes, and the Finnish Revolving Water Fund (FRWF). Each element was assessed and scored against the OECD DAC criteria of Relevance, Effectiveness, Efficiency, and Sustainability. The Programme also provided support to institutional strengthening and capacity development activities but to a lesser extent; hence, the emphasis of the evaluation is on the infrastructure components and financing mechanism. Terms of Reference (TOR) for the evaluation are included as Appendix 1.

The main user of the evaluation results is the MFA Finland; however, it is anticipated the findings will be useful for the Ministry of Construction (MOC), Provincial/Town People's Committees, and other development agencies in Vietnam. The report also provides some valuable lessons learned.

1.2 Programme Background

The Water and Sanitation Programme for Small Towns in Vietnam (WSPST) was a Vietnamese and Finnish co-funded intervention that started in 2004 and was implemented in 3 Phases until mid-2017. In total, WSPST supported the construction/rehabilitation of 22 Water Supply (WS) schemes and 19 Drainage and Sewerage (DS) schemes in 25 small towns. In addition to funding infrastructure, WSPST also pioneered a financing mechanism for water supply infrastructure and piloted the design and construction of separate sewers and wastewater facilities for small towns in Vietnam. Institutional strengthening and capacity development activities were also supported to accelerate the provision of water supply and sanitation services in small towns in Vietnam.

Phase I of WSPST was mobilised in August 2004 with the overall objective (OECD impact) of poverty reduction according to the Government of Vietnam's poverty reduction strategy by means of providing adequate water, sanitation and drainage services to small towns. The intervention area included Haiphong city and the Red River Delta provinces of Thai Binh, Hung Yen and Bac Kan. Phase I was completed in August 2009. Phase II started in September 2009.

Phase II of WSPST was a continuation of Phase I and began in September 2009 following a two month overlap with Phase I. The overall objective (OECD impact) of Phase II was to provide water and sanitation services to 100% of the population living in the service areas of WS and DS schemes built by WSPST. In Phase II, four northern mountain provinces were added to the intervention area, namely: Cao Bang, Ha Giang, Tuyen Quang and Yen Bai. Phase II was also intended to phase-out Finland's support to the water and sanitation sector in Vietnam.

Phase II ended in November 2013, however due to the un-finished construction works more time was needed and it was agreed that a Phase III would be needed. Phase III was a continuation of Phases I and II, primarily designed to ensure the construction works started during the previous two phases could be finalised, and to ensure the sustainability of the achieved results. Phase III was expected to contribute to the achievement of the targets set in GOV's orientation plans for the development of urban water supply and drainage. The overall objective of Phase III was "water supply and sanitation in WSPST towns fulfil the needs of the population, services and businesses and contributes towards improved health, environmental hygiene and enable the projected development of towns". Construction work under Phase III ended in mid-2017 with completion of the last defects liability period, however the final handover

of WSPST remains open. Some of the outstanding issues include, inter alia, closure of the Finnish Revolving Water Fund, the handover of laboratory equipment and the closing of the accounts.

1.3 Institutional and Legal Frameworks

Institutional Framework for Urban Water Supply and Sanitation

At the national level, the responsibility for Water Supply and Sanitation is shared between three Ministries as follows: Urban Water Supply and Sewerage is under MOC, Rural Water Supply is under the Ministry of Agriculture and Rural Development and Rural Sanitation and Hygiene are under the Ministry of Health. The responsibilities are similarly divided at the provincial level.

Provincial Water Supply Companies (WSCs) provide water supply in provincial capitals and some of these also provide services to larger and smaller towns in the province. Some WSCs still operate as public service enterprises; while others have already been converted to private-law enterprises. The revenues of WSCs are expected to cover Operation & Maintenance (O&M) costs and their capital investments should be financed by loans from the financial market.

Urban drainage, sewerage and wastewater treatment is the responsibility of TPCs, however in small towns, most TPCs lack the capacity to operate and maintain these facilities. Some TPCs contract private operators to provide the service, while in some provinces, the WSCs also manages DS services. In theory, according to Decree 80, sewerage should be developed to cover investment and O&M costs, but this remains a distant goal. In practice, revenues are negligible and TPCs are rarely able to cover the O&M costs and rely heavily on subsidies from the provincial budget. For this reason, the WSPST investments in the DS schemes were financed using grants.

Legal Framework for Water Supply

Decree No. 117/2007/ND-CP 11/7/2007 on Production, Supply and Consumption of Clean Water, prepared with support from WSPST in Phase I, was modified at the end of 2011 by Decree 124/2011/ND-CP. The most critical amendment was the deletion of the minimum monthly water charge, which had been equal to four cubic meters per month per household.

Vietnam's Urban Water Supply Policy and Strategy is defined in Prime Minister's Decision No 1929/QD-TTg of 20 November 2009: Decision Approving Orientation Plan for Development of Water Supply in Vietnam's Urban Centres and Industrial Parks up to 2025, and a Vision Towards 2050. This decision defined, inter alia, general objectives, specific objectives and criteria up to 2015; specific objectives and targets up to 2020; and specific objectives and targets up to 2025.

Legal Framework for Urban Sanitation

Decision No 35.1999/QD-TTG of March 5, 1999 on Ratifying the Orientation for the Development of Urban Sewerage in Vietnam up to 2020, states that the immediate objectives (inter alia) are to (i) give priority to storm-water drainage; (ii) build a public utility enterprise model for urban sewerage companies and (iii) build the system of sewerage and treatment of waste water with standards of environmental hygiene at the industrial zones, export processing zones and new urban centres. There is no mention in Decision 35 of building separate sewers in established urban centres with existing combined drainage and sewerage. The design of WSPST Phase I was based on Decision 35.

Decree No. 67/2003/ND-CP on Environmental Protection Charges for Waste Water prescribes the environmental protection charges for wastewater; the regime of collection, remittance, management and use of the environmental protection charges for wastewater.

Decree No. 88/2007/ND-CP of May 2007 on Wastewater in Urban and Industrial Areas provides for water drainage activities in urban centres and recognises 3 types of drainage systems: (1) combined system collects all wastewater and rainwater in one system; (2) separate system with separate rain and wastewater drainage systems; and (3) semi separate, which is a combined system with a sewer line to divert wastewater into a treatment plant. Type 2 is only required in new urban areas. For areas with existing Type 1 systems, there is no requirement to build Type 2, but new connections must use a septic tank to pre-treat wastewater. Decree No. 80/2014/ND-CP of August 2014 on Water Drainage and Wastewater Treatment built on Decree No. 88.

Vietnam's Urban Sewerage Policy and Strategy was defined in Prime Minister's Decision No 1930/QĐ-TTg of 20 November 2009: Decision Approving Orientation Plan for Development of Water Drainage in Urban Centres and Industrial Parks up to 2025 and a Vision Towards 2050.

1.4 Equitization and the Sale of Public Assets

The context regarding the participation of the private sector in the business of water supply in Vietnam was already changing even before the start of the Programme in 2004. Indeed, the expected institutional reform in the water supply sector in Vietnam was noted by the WSPST Phase I Appraisal (Water Pro Partners Ltd 2003); *"Water utilities in Vietnam are likely to follow the corporatization model of the energy sector in the near future. WSPST can therefore make an important contribution to demonstrate how a modern governance and management system operates in a corporatized, commercial water utility setting. WSPST should support and facilitate the necessary governance change in the provincial utility sector and request provincial commitment to the governance reform as a precondition for utility investments. The TA component should take the governance reform as a key implementation task"*. This recommendation to support the institutional reform process was however not included in the final Phase I programme document or subsequently in the Phase II or Phase III programme documents.

In 2009 the government introduced the policy of "socialisation" or "equitization" of water supply companies through the Prime Minister's Instruction 854/2009. The policy is a byword for creating financially autonomous utilities that would ultimately be able to borrow from commercial banks. In terms of institutional reform this new policy is nothing short of revolutionary – the sale of the entirety of the water supply infrastructure assets in a country to the private sector has only ever been done in England and Chile. Although the process of corporatization of all water utilities operating in the urban sector across Vietnam was only seen at ground level towards the end of WSPST, a lot of work was being done in the background (by multiple sector stakeholders at all levels) to prepare for the sale of the WSCs, for example asset valuation and the sale of shares.

At the time of the evaluation all the WSCs in WSPST provinces have been equitized. In most cases the public sector still owns more than 50% of the WSC shares, but the Government of Vietnam's target is that by 2020, all WSCs should be 100% owned by the private sector.

Privatization means the transfer and full hand-over of productive assets or divestiture from the state to the private sector. All responsibilities and risks are with the private party, who is now the owner of the assets. This reform involves a high risk for the future development of the water supply sector in Vietnam but for GOV it is expected that efficiency gains will raise profitability, thereby attracting investors/investment and raising tax revenue without the need for tariff increases. WSCs were generally reluctant to discuss their costs, debt service or financial position with the evaluation team and of course as private businesses were under no obligation to do so.

All WSCs were quick to mention that water tariffs were low and that providing water services was not profitable but were unable/unwilling to explain why investors would buy shares in WSCs. The PPCs will regulate water tariffs that can be charged by the privately owned WSCs on the basis of national guidelines issued by the Government of Vietnam. In England and Chile an independent water regulator fixes water tariffs based on an agreed five years business plan that includes key performance indicators. The water regulator is able to apply sanctions on the WSC for failing to meet these performance targets. Independent water regulators have also been established in many other countries where the provision of water supply services has been outsourced to the private sector by the government under a Public Private Partnership agreement. Vietnam has made no arrangements to establish an independent water regulator and it is difficult to understand how WSCs spread across the country can develop their business and provide services at a level demand by their customers under the straight jacket of a national water tariff.

The equitization process had no influence on WSPST with regard to the construction of the WS schemes, using loans from VDB and grants from the PPCs. Today it would not be possible to

implement the WS schemes as PPCs cannot provide grants to the privately owned WSCs. The evaluation was however informed by VDB officials that they could provide commercial loans to the WSCs, although the interest rates would be higher to cover the additional risk of not being able to rely on the guarantee provided by the PPC under the previous arrangements of WSPST.

1.5 MFA Development Policy Framework

Before mid-1990's, MFA did not have a formal development policy that would provide specific direction to its actions in Finland's partner countries (KEPA, n.d.). The first guiding documents of MFA's development cooperation were the 1996 Decision-in-principle on Finland's Development Cooperation and the 1998 Finland's Policy on Relations with Developing Countries (MFA, 2001). However, bilateral cooperation activities were initiated between Finland and Vietnam already in 1979. A few years later, in 1985, Finland started to work on water-related matters, acting as the lead donor in the sector until the early 1990s (Fölscher et al., 2016). Cooperation in the water sector started with the Hanoi Water Supply Project in 1985, and this was followed by another large-scale urban water and sanitation programme in Haiphong in 1990. The project portfolio included TA to the MOC for developing urban water supply and sanitation, and other urban projects in the sector financed with Finnish concessional credits (MFA, 2018a).

In 2004, the first comprehensive global development policy of Finland was published building on the framework of the Millennium Development Goals (MDGs) (MFA, 2004). As stated in the Policy, Finland's main goal was "to contribute to the eradication of extreme poverty from the world". The document also defines that, in the implementation of the MDGs, Finland focuses on the following areas and activities:

- Ensuring basic education for all, and especially promoting the education of girls; improving the quality of teaching and of learning results; increasing the demand for education; inclusive education;
- Developing health care systems, particularly for basic health care and sexual and reproductive health;
- HIV/AIDS as a development issue;
- Social security networks; promotion of employment and labour market regulations;
- Access to clean drinking water and sanitation services;
- Sustainable management and protection of natural resources; support to partner countries in implementing global environmental agreements and processes;
- Support for provision of staple foods and improving food security; support for the creation of enabling political and economic operating environments for rural development; strengthening sustainable local livelihood strategies and supporting these aims by upgrading research, extension, training and services;
- Forestry as a part of rural livelihoods and a means of reducing poverty;
- Information society, information and communications technology; measures to bridge the digital divide and develop technological solutions appropriate for poor developing countries.

The Development Policy is a key guiding MFA policy document from the perspective of WSPST as the first programme Framework Document was formulated in 2004 and the Phase I set-up period ran from August 2004 till March 2006, i.e. during the validity period of the Policy (see Figure 1.1).

Figure 1.1: Timeline of MFA and WSPST milestones

Relevant MFA milestones	Year	WSPST Programme Phases
Transition Strategy in Vietnam 2016–2020	2020	Phase III (Nov-13 - Mar-18)
	2019	
	2018	
	2017	
2014 Decision to close bilat. devco by 2018 *	2016	Phase II (Sep-09 - Nov-13)
	2015	
	2014	
2012 Country consultation between GoV and GoF.	2013	Phase I (Aug-04 - Aug-09)
	2012	
2009 International strategy for Finland's Water Sector	2011	Phase I (Aug-04 - Aug-09)
	2010	
2008 VN Country Engagement Plan*	2009	Phase I (Aug-04 - Aug-09)
	2008	
2001 Eval of the Bilateral devco between VN and FIN*	2007	Phase I (Aug-04 - Aug-09)
	2006	
	2005	
	2004	

* Source: Fölscher, A. et al. (2016)

Evaluation of Finland's Development Cooperation Country Strategies and Country Strategy Modality . Helsinki, Finland: Ministry for Foreign Affairs of Finland (MFA)

In 2007, the global Development Policy of Finland, which continued the work towards achievement of MDGs, required each long-term partner country to be guided by a Country Engagement Plan (CEP), one of which was developed also for Vietnam in 2008. Those documents did not yet integrate results-based approaches but provided overall guidance and strategy for country-level action. The focus was defined to cover key sectors of forestry, rural development, water & sanitation, climate change, information society and innovation policy. In terms of aid modalities, increasing use of Fund for Local Cooperation (FLC), Institutional Cooperation Instrument (ICI) and concessional credits were proposed to complement bilateral programme objectives (Fölscher et al., 2016). The 2007 Development Policy entered into force before end of WSPST Phase I, in August 2009.

In 2009, Finland published its international strategy for Finland's Water Sector, which was a joint effort by the MFA, the Ministry of Agriculture and Forestry and the Ministry of Environment (MFA, MAF, & ME, 2009). The purpose of the document was to step up Finland's international cooperation in the water sector and to highlight the know-how that Finland has to offer at global scale. Apart from this strategy, there was no other specific water and sanitation sector policy orientation from MFA to guide WSPST.

The third Development Policy of Finland 2012-2015 falls still within the MDG era. The 2012 Development Policy also introduced the Country Strategy Modality (CSM) as a follow-up of an evaluation on the results-based management of Finland's development cooperation. The difference to the CEPs was that the Country Strategy were supposed to include clear targets and indicators to be measured over time. Consequently, the first Country Strategy for Vietnam was formulated in 2013 (see Figure 2). One of the main elements of the Country Strategy was the transition from traditional aid towards trade relations between the two countries (Fölscher et al., 2016). However, these measures hold less importance to WSPST compared to the previous policies given the fact that by the end of 2013, the Phase II was already closing, and the Phase III was not planned to introduce any new elements to the programme.

Finally, Finland's country-level strategy for Vietnam took a new turn in 2014, when MFA decided that all bilateral cooperation should be closed by 2018 or when relevant and possible. The Country Strategy 2013-2016 included as one of the main elements the transition from traditional aid towards trade relations between the two countries (Fölscher et al., 2016).

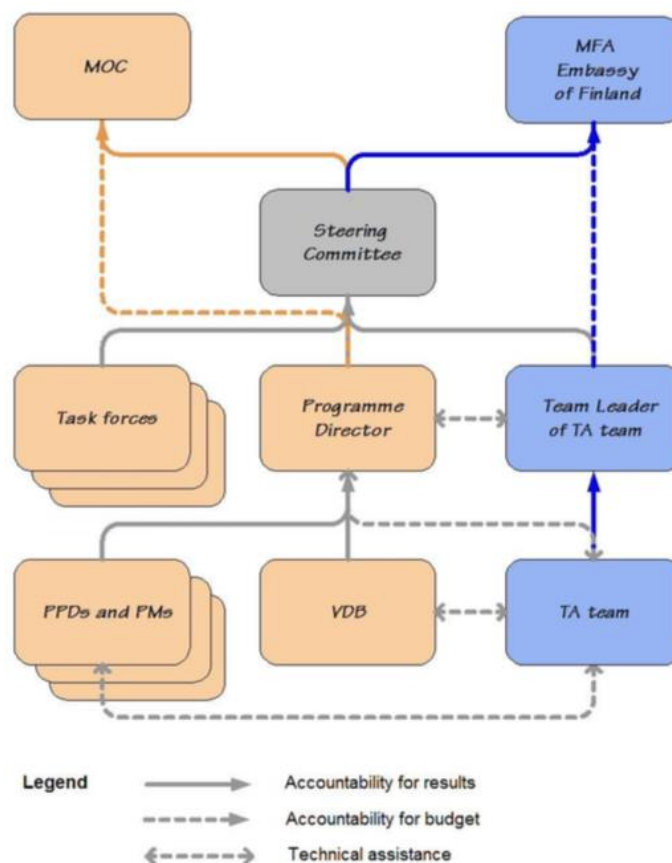
1.6 Programme Governance and Management Arrangement

The governance and management arrangement for WSPST during Phases II and III is outlined in Figure 1.1. The Steering Committee (SC) was co-chaired by MOC and MFA and its members included representatives from the Ministry of Planning and Investment (MPI), Ministry of Finance (MOF), and the vice chairpersons from the eight PPCs. The SC decided on direction and policy of WSPST; approved plans, budgets and reports; and monitored progress.

The organisational arrangement on the Vietnamese side included a Programme Director (PD) from the MOC, Provincial Programme Directors (from Department of Construction, DOC) and Project Managers (PM, appointed by PPC/TPC).

PMs were responsible for making work plans with detailed activities to achieve the desired results. PMs also participated in the evaluation of the contractor for the schemes under their mandate and were also responsible for the implementation of all activities and preparing quarterly progress reports for the PD in MOC.

Figure 1.1: WSPST organization (MFA 2013b; MFA 2009)



In Phase I, an independent Management Consultant was responsible for planning of components, appointment of component TA teams, programme coordination, monitoring of progress of components, approval of minor budget revisions, establishment of operation principles and guidelines, consolidation of annual report and budget. The component directors and provincial TA teams and MOC component director all reported to the Management Consultant. The SC in Phase I was co-chaired by MPI and MFA and had a similar role to the SC in Phases II and III.

In accordance with the Phase II programme document, the role of the International Technical Assistance (TA) contracted by MFA (and jointly selected by MOC and MFA) was to be advisory since the decision and control authority formally rested with the SC, PD and PMs. Contractually however, it was expected by MFA that in the implementation of WSPST, the TA would assure: (1) strict pre-qualification of contractors for bidding; (2) high quality and transparency of the bidding process; (3) efficient and transparent cost control; (4) efficient construction supervision and quality assurance; (5) quality, quantity and timeliness of the TA inputs; and (6) quality, quantity and timeliness of the financial management of the Programme resources. This contradiction in the role of the TA was never formally resolved between GOV and MFA. The TA could only have met the expectations of MFA if it had been solely responsible for the WSPST procurement. With only a single vote on the WSPST tender committee (chaired by the PD from MOC) and without a veto, the TA were powerless in decision making and quality assurance. Accordingly, the TA in Phases II and III performed in practice only an advisory role to WSPST.

Over the implementation of the three phases of WSPST, Finland provided EUR 17,639,000 of Technical Assistance (Table 1.1), representing 53.9% of the total contribution from Finland. No concerns are recorded in the minutes of the SC regarding the poor performance of the TA, however the evaluation team are aware of concerns raised internally within the MFA, and also

directly with the TA: particularly with regard to the TA provided during Phase II. The evaluation team is unable to comment on the performance and/or competence of the TA provided to WSPST during each phase, however the evidence does suggest that more decisive action should have been taken by the SC in Phase II.

1.7 Programme Financial Framework

The responsibility to ensure compliance with the rules and regulations set by the Government of Finland (GOF) for its bilateral development funding and by the Government of Vietnam (GOV) for its public funding rested with the WSPST Steering Committee, co-chaired in Phases II and III by MOC and the Embassy of Finland in Hanoi, on behalf of the MFA Finland. The responsibility for compiling the annual budget and for monitoring expenditure, including preparation of the detailed accounting and supporting documentation, was delegated to the Programme Director (PD) from MOC, with assistance from the International TA, for the approval of the SC.

In Phases II and III, MOF prepared and sent an annual disbursement request to MFA for the investment budget for the WS schemes. Disbursements were made annually by MFA in a single deposit. Vietnam Development Bank (VDB) prepared an annual disbursement plan and reported to MOF. MOF was responsible to compile the annual investment disbursement plan for all WSPST activities. The investment fund was transferred to a particular account, which MOF opened in VDB, in order to establish the Finnish Revolving Water Fund (FRWF).

Finland's contribution to the WS schemes was made on a grant basis, but GOV channelled the funds, through the FRWF, to the Provincial Water Supply Companies, as loans. The conditions applied to these loans (overall loan period, grace period and interest rate) were decided on a case-by-case basis. In Phase I MPI/DPI were responsible for determining the loan conditions. In Phases II and III, the SC approved projects for ODA funding after a VDB financial appraisal. VDB determined the loan conditions in accordance with the Vietnamese regulations for on lending of ODA funds (Prime Minister's Decision No. 181/2007/QD-TTg). In practice, VDB acted as the management agent of the funds on behalf of MOF, as VDB relied on the financial guarantee of the PPCs. During the Programme, no proposals submitted to VDB were rejected on the basis of a negative financial appraisal. VDB did not have the capacity to conduct technical appraisals.

For investments in Drainage and Sewerage schemes, MFA transferred annually the grant capital to a special account opened by MOF in a commercial bank to exchange EUR to VND. MOF channelled funds for DS Schemes via the State Treasury system. MOF followed GOV regulations for capital grants to construction investment projects.

The financing mechanism and financial management procedures for Phase I were finalised and approved in early 2007. Loans for WS investments were facilitated by the VDB. Grants for DS investments, as well as the local counterpart funds for the WS and DS investments were handled through the MOF, DOF and the State Treasury system. The financial management mechanism established in Phase I, was continued in Phases II and III.

1.8 Programme Budgets and Expenditure During Phases I, II and III

The total expenditure during implementation of WSPST was EUR 38,918,000, of which EUR 32,707,000 (84.0%) was contributed by Finland, and EUR 6,211,000 (16.0%) by Vietnam. To support implementation of WSPST, Finland provided Technical Assistance and an implementation grant to the Government of Vietnam. The approved budgets and the actual expenditures made on investments and technical assistance during WSPST are detailed in Table 1.1.

Phase I budget was EUR 20,800,000 and actual expenditure was EUR 14,686,000 (70.6%)

Phase II budget was EUR 24,122,000 and actual expenditure was EUR 12,914,000 (53.5%)

Phase III budget was EUR 12,598,000 and actual expenditure was EUR 11,318,000 (89.8%)

The main problem for budget use in Phase II was the low disbursement (41.9%) on investments arising from major delays in the preparation and subsequent implementation of schemes.

Table 1.1: Summary of WSPST Approved Budgets and Actual Expenditure

'000 EUR Source of Funds	Phase I		Phase II		Phase III		Total Actual	% Actual
	Budget	Actual	Budget	Actual	Budget	Actual		
Finland								
Investments (WS+DS)	8 024	4 350	11 717	4 903	5 704	5 607	14 860	45,4 %
Finnish technical Assistance (TA)	10 976	9 096	6 397	5 642	3 071	2 901	17 639	53,9 %
Sanitation Revolving Funds	0	0	208	48	160	160	208	0,6 %
Total	19 000	13 446	18 322	10 593	8 935	8 668	32 707	100,0 %
Vietnam								
Investments (WS+DS)	1 534	871	4 772	2 014	2 819	2 371	5 256	84,6 %
Vietnamese technical Assistance (TA)	266	369	1 028	307	844	279	955	15,4 %
Sanitation Revolving Funds	0		0	0	0	0	0	0,0 %
Total	1 800	1 240	5 800	2 321	3 663	2 650	6 211	100,0 %
Finland + Vietnam								
Investments (WS+DS)	9 558	5 221	16 489	6 917	8 523	7 978	20 116	51,7 %
Technical Assistance (TA)	11 242	9 465	7 425	5 949	3 915	3 180	18 594	47,8 %
Sanitation Revolving Funds	0	0	208	48	160	160	208	0,5 %
Total	20 800	14 686	24 122	12 914	12 598	11 318	38 918	100,0 %

Sources: ECONET, & HALCOM 2017; WSP, ANYCON, & Pöyry 2013; WSPST 2009).

The expenditure of EUR 20,116,000 (51.7%) was invested in the construction/rehabilitation of 22 WS and 19 DS schemes in 25 project towns in eight provinces. The (draft) Phase III Completion Report (WSPST, 2017) records the 'final' number of households connected to these schemes to be 39,227 and 9,304 respectively. The actual number of connections to the WS and DS schemes are however dynamic as new households connect, due to the natural growth in the small towns.

1.9 Programme Stakeholders

WSPST distinguishes between four main categories of stakeholders, as follows:

1. Direct Stakeholders:
 - Ministry for Foreign Affairs (MFA) of Finland, including the Embassy of Finland in Hanoi
 - Ministry of Construction (MOC), the contractual counterpart of MFA Finland
 - Ministry of Planning and Investment (MPI), the competent authority during Phase I
 - Ministry of Finance (MOF)
 - Vietnam Development Bank (VDB) at national and provincial level as manager of FRWF
 - Programme Management Unit (PMU), including the International Technical Assistance, sub-contracted local technical service providers as well as works contractors
2. Primary Target Groups:
 - Owners and operators of WS and DS services
 - Provincial and Town-level People's Committees (PPC and TPC)
 - Provincial Departments of Construction (DOC)
 - Provincial Departments of Planning and Investment (DPis) (relevant for Phase I only)
 - Women's Union (manager of the Sanitation Revolving Fund)
3. Final Beneficiaries:
 - Customers of the completed WS and DS projects, including residents in Programme towns and businesses within the service areas of the WS and DS schemes
 - The poor, sub-poor and poor marginal groups, including ethnic minorities as target groups for micro-credit services through the Sanitation Revolving Fund (SRF)

4. Other Stakeholders:

- Finnish Water Forum
- Provincial and town-level Youth/Veterans Union
- Other bilateral multi-lateral agencies, such as ADB, GIZ and the World Bank
- International, Finnish, and Vietnamese Non-Governmental Organizations (NGOs)
- International, Finnish, and/or Vietnamese academia and research institutions
- The private sector in Vietnam and Finland
- Vietnam Water Supply and Sewerage Association (VWSA)

The project owners of WS schemes are the Provincial Water Supply Company (WSC), and for DS schemes, the owner is the Town People's Committee (TPC). The Provincial People's Committee (PPC) are the project investors providing local contributions to both WS and DS schemes. WSCs take out loans provided through the Finnish Revolving Water Fund (FRWF) at concessional rates. The Vietnam Development Bank (VDB) manages the WSPST loan portfolio and Vietnam Women's Union (VWU) at the town level manage loans from the Sanitation Revolving Fund (SRF).

2. SUMMARY OF THE EVALUATION METHODOLOGY AND QUESTIONS

2.1 Introduction

The assessment consists of a final evaluation of all three phases of WSPST, with a focus on Phases II and III. Thus, the study is not an ex post evaluation that would focus more on the achievement of impacts by the intervention. The evaluation period extends from August 2004 until March 2018. All eight WSPST provinces were included in the assessment.

The methodology followed a non-experimental design, which was strengthened by constructing and testing a Theory of Change (TOC) for WSPST, by analysing the key processes of the programme in the form of a time line (e.g. the design and construction of DS schemes), by collecting both qualitative and quantitative information as well as by applying triangulation information from several sources. In addition, the study situated the intervention in a wider context of Finland's development cooperation and sectoral changes in Vietnam during the 14 years period of programme implementation.

2.2 Scoring

The findings and conclusions of the evaluation are summarised for each of the main programme elements. Each of them (WS schemes, DS schemes, and the FRWF) was assessed and scored against the DAC criteria of Relevance, Effectiveness, Efficiency, and Sustainability. WSPST worked also on institutional development aspects and provided training to stakeholders, but to a lesser extent; hence, the emphasis of the evaluation is on the infrastructure components. In addition, WSPST as a whole was scored against two groups of other evaluation criteria: Cross-cutting Themes (gender equality, human-rights based approach and consideration of environmental issues) and Aid Effectiveness (Coherence, Complementarity, Coordination, Mutual Accountability, and Ownership). The criterion 'Programme Design, Steering and Monitoring' was added to encompass a number of assessments mentioned in the TOR, but not included under any specific DAC criterion.

The criterion of Impact was not scored due to various obstacles for producing a reliable assessment: including most importantly the lack of clarity on the expected impact of the programme, but also the lack of baseline data and changing target populations. Instead, the evaluation team constructed a Theory of Change (TOC) and used it as a framework to discuss how the different WSPST components and its design, as well as the moments of success and failure, contributed to the bigger picture over the programme period (see Section 3.1 on Impact).

This systematic approach of scoring the three key programme components against the four main evaluation criteria, and the application of additional, more general criteria, resulted in a large number of evaluation questions. Appendix 4 includes the Evaluation Questions in the form of a matrix used to evaluate WSPST, along with the scoring and a description of the related indicators.

Table 2.1 provides a summary of the evaluation questions under each evaluation criteria.

Table 2.1: Summary of the Evaluation Questions

Criteria	Evaluation Questions
Water Supply Schemes	
Relevance	To what extent were WS schemes relevant to households?
	How relevant was the technical and financial assistance provided by Finland to the Provincial Water
	To what extent were WS schemes relevant to Provincial People's Committees?
	To what extent were WS schemes relevant to Vietnam's sector policies for Class V towns?
	To what extent were WS schemes relevant to Finnish development cooperation policies?
Effectiveness	To what extent do the WS schemes provide safe and reliable water (24/7/365)?
	To what extent have HH connected to the new WS?
	To what extent are HH ready to pay for water?
Efficiency	What was the level of the construction quality of the WS schemes?
	To what extent were the activities delivered in a timely manner?
	Extent the unit cost/HH connecting to WS schemes was cost-efficient compare to similar programs
Sustainability	To what extent are the WS schemes sustainable?
Drainage and Sewerage Schemes	
Relevance	To what extent were separate sewers relevant to households and enterprises within the service area
	To what extent were separate sewers relevant from the perspective of environmental protection?
	To what extent were separate sewers relevant to the mandated operator of the DS schemes?
	To what extent were separate sewers relevant to the Provincial People's Committee (PPC)?
	To what extent were separate sewers and centralised wastewater treatment relevant to the Vietnamese sector policies and priorities?
	To what extent were separate sewers relevant to development cooperation policies of Finland?
Effectiveness	What % of households (HH) in the WS service area have access to adequate sanitation?
	Quality of effluent discharged from the wastewater treatment facilities?
Efficiency	What was the level of design and construction quality of the DS schemes?
	To what extent were the activities delivered in a timely manner?
	To what extent is the unit cost of a house connection to a DS scheme cost-efficient compared to similar projects in Class V towns in Vietnam?
Sustainability	To what extent are constructed separate sewers & wastewater treatment facilities sustainable?
Finnish Revolving Water Fund	
Relevance	To what extent is the concessional loan modality relevant to the WSC?
Effectiveness	To what extent did the FRWF provide a model for the establishment of NRWF
Efficiency	To what VDB developed its capacity to process loan requests and payments in a timely manner?
Sustainability	To what extent was the FRWF set up as a sustainable instrument?
Cross-cutting Themes	
Gender Equality	To what extent has gender equality and women and girls' rights been mainstreamed in WSPST?
HRBA	To what extent has HRBA been mainstreamed in WSPST?
Environment	To what extent have environmental considerations been mainstreamed in WSPST?
Aid Effectiveness	
Coherence	To what extent has WSPST contributed to implementation of other elements/ projects in the country programme or the transition strategy, including the private sector and civil society cooperation?
Complementarity	To what extent has WSPST been complementary with other donor-funded water and sanitation projects in Vietnam?
Coordination	To what extent has WSPST coordinated, collaborated and shared information with different partners and stakeholders?
Accountability	To what extent has WSPST promoted mutual accountability?
Ownership	To what extent were infrastructure projects delivered using existing country systems (and avoiding creating parallel structures)?
Programme Design, Steering and Monitoring	
Efficiency	To what extent did the WSPST SC provide direction (to investors/owners) and solve problems?
	To what extent was the Embassy of Finland [Water Advisor, Head of Cooperation and Ambassador] able to represent MFA and to supervise the performance of the International Technical Assistance?
	Performance of the International Technical Assistance Consultants for Water Supply
	Performance of International Technical Assistance Consultants for Drainage and Sanitation
	Extent VDB performed its role as an independent entity able to approve/reject business plans?

For each cell shown in the matrix in Appendix 4, scoring criteria were developed on a scale from 1 to 4. In the TOR Level 1/red equals “serious deficiencies”, 2/orange equals “problems”, 3/yellow equals “good”, and 4/green equals “very good”. In this report however, Level 1/red equals “very weak”, 2/orange is “weak”, 3/yellow is “good”, and 4/green is “very good”. The scoring indicators were derived from programme documents, as well as from the team’s understanding of the sector context. The evaluation team paid careful attention to come up with indicators that reflect a realistic level of ambition for WSPST. In addition to the score, each EQ and criterion was allocated its own weight in the calculation. Appendix 5 provides a map showing the locations of the evaluation questions and priority assessments, included in the original TOR, within the structure of this evaluation report.

2.3 Data collection

All findings and conclusions are based on triangulation of data consisting of a desk review of secondary information, field observations, interviews, benchmarking information with other donors’ interventions and the collection of primary information where appropriate.

Primary data was collected through individual Key Informant Interviews (KII) and Focus Group Discussions (FGDs) with a range of stakeholders, including the project financier, members of the Steering Committee, project implementers (International TA Consultants and local government bodies) and final beneficiaries. Additionally, field observations on the selected schemes provides evidence on the status of the schemes. Interview and discussion guidelines and field observation checklists were prepared prior to the field mission.

The financial performance documents, supplemented by financial data collected during field visits, formed the basis for the analysis on WS and DS Schemes’ financial results. The financial assessment looked into the water and sewerage companies’ financial management systems, income generation plans and tariff levels, long-term financial sustainability predictions, sources of funding and the efficiency of resource use. However, given the fact that the equitization process of the WS companies has progressed considerably since the end of the Programme, it was difficult to obtain detailed financial data from the newly equitized water companies.

The evaluation team obtained documentary resources from (1) MFA in several submissions, (2) from MOC, including hundreds of programme files, mainly from Phases II and III, (3) former programme staff and sub-consultants, (4) PPCs and TPCs who had prepared WS/DS scheme status reports, specifically for the evaluation, and (5) other documents from key informants and from the internet.

The final evaluation was implemented between October 2018 and February 2019, with a three weeks field mission to Vietnam in November 2018. Appendix 6 provides the schedule of the field mission. The selection of sites visited was not based on random sampling but rather dictated by practical considerations. The main reasoning behind the site selection was that none of the selected schemes were included in a prior audit conducted by KPMG, with the exception of the WS and DS at Vinh Loc. We ensured that the selected DS schemes have different functionality status and technology, i.e. both BASTAF tanks and biological ponds.

Stakeholders in WSPST include direct stakeholders (the contractual parties), primary target groups (project owners and operators of the WS and DS schemes), secondary target groups (Ministry of Finance of Vietnam and Vietnam Water Supply and Sewerage Association), the final beneficiaries (the customers of the WS and DS schemes), and other stakeholders. Appendix 7 provides a list of persons consulted during the evaluation, in both Vietnam and Finland. During the evaluation, the team consulted in total 213 stakeholders (see Table 2.2), of which 65% (n=139) were male and 35% female (n=74). Most of the Women’s Union interviewees can be considered to be representatives of large groups of final beneficiaries.

Table 2.2: Summary of stakeholders consulted

Stakeholder Category	People Consulted	Stakeholder Category	People Consulted
Vietnam Government, at central level	6	MFA of Finland	14
Vietnam Government, sub-national level	101	WSPST staff/sub-contracted consultants	16
Water Supply and/or Sanitation Company	42	Multi-lateral development agencies	4
Women's Union	10	Vietnam Water and Sewerage Association	3
Vietnam Development Bank	10	Final Beneficiary	7
Sub-total 1	169	Sub-total 2	44

2.4 Theory of Change

Introduction

Instead of scoring the programme impact, the evaluation provides a discussion on the intervention logic that underpinned the implementation of WSPST. The aim is to explore what WSPST was trying to achieve during its three phases, and how the design of the Programme supported the achievement of these objectives.

WSPST used Logical Frameworks to describe the intervention logic, i.e. to explain how the Overall Objective (or Impact in results-based management terminology) is to be achieved. Each phase had its own logical framework. Based on the information provided in the Programme Documents, we have provided a summary of each level in the results "hierarchy" outlined in Appendix 3.

The TOC (Appendix 2) is based on the original logical frameworks for the three phases of WSPST (see Appendix 3). In addition, a number of components that had been implicitly part of the intervention logic but that had not been reflected in the formal planning documents were included in the analysis of the intervention logic. This approach allowed the team to visualise and discuss the "why" and "how" the programme was, or should have been, implemented. It also formed the backbone of the evaluation in terms of organising the evaluation questions in a logical sequence and linking them into the evaluation criteria used in the assignment.

Objectives of WSPST

In Phase I, the Overall Objective (Impact) was centred around poverty reduction, measured by percentage of poor households and their average income. The goal would be achieved by the provision of potable water and hygienic environment for the benefit of urban populations and economic activities (programme Purpose/Outcome). Elimination of slums and temporary housing in all cities and towns is also mentioned; however, the means or ways by which that objective would be achieved is not described in the programme document (MFA, 2003b).

In Phase II, the focus was no longer framed explicitly around poverty reduction. The Overall Objective (Impact) and Purpose (Outcome) were brought to a similar level; access to safe water and wastewater treatment measured by the percentage of urban and rural populations as well as industrial zones (indicators of the Overall Objective).

The Overall Objective (Impact) of Phase III adds the element of contribution to the social and economic growth in WSPST towns in addition to the "mere" improved WS and DS systems. The indicator sounds ambitious at first (100%), but in fact, it "only" refers to 100% of the service area of the schemes, not the whole population living in the town. Also, the logical framework does not include an indicator for "social and economic growth" (MFA, 2013b).

The Purpose (Outcome) of Phases I and II are similar, with the emphasis on construction of WS and DS schemes. This level of the logframe was changed in Phase III when the focus became "improved awareness of the final beneficiaries regarding their rights to water and sanitation (populations only) and regarding the risks of untreated water and wastewater and of unhygienic

environment (populations and enterprises)” to reflect the HRBA approach that had received increased attention in the MFA during the same period. In addition, Phase II includes the “Integration of Finnish Revolving Water Fund into National Revolving Water Fund” (MFA, 2009).

The analysis shows that WSPST is broadly in line with poverty reduction objectives. However, a closer investigation to the Programme logic reveals a lack of clear vision on what the Programme is supposed to achieve and how success would be measured. Is the objective to improve poor people’s health (e.g. reduce water borne diseases)? Is it to increase their income? Is it to improve environmental standards (e.g. pollution levels in the nearby river)? If only those people who live in the WS/DS scheme service area are covered, what should happen with those residents that live within the town but do not have access to a service? Are enterprises part of the beneficiaries and what type and size of enterprises? In other words, objectives were not clearly prioritised, the indicators and sources of data were vague and/or absent. In addition, the Programme did not possess an M&E system, which would have provided an opportunity to provoke reflections around the issue. No baseline data was collected by WSPST that could support impact measurements.

WSPST Theory of Change

The evaluation team has examined the underlying logic that steered the Programme from its start by constructing a Theory of Change (TOC) based on the programme documents and interviews with MFA staff (see Appendix 2).

In this process, the team added relevant elements that were not part of the original logical framework. For example, it is not emphasised in the Programme documents that the whole model of WSPST is based on the idea that the Finnish Water Revolving Fund would allow replicating and scaling up the construction of WS and DS schemes in other small towns in Vietnam. However, that is what a revolving fund is essentially set up to do. Therefore, we have sought a balance between those different explicit and inexplicit elements of the intervention with the purpose of trying to make a useful TOC for dialogue during and after the evaluation.

Starting from the left-hand side, the TOC sets the stage by listing the main inputs in WSPST. In addition to the financial and technical assistance, the TOC includes also political leverage, which is one of the key elements of Finland’s Country Strategy Modality under which bilateral programmes are implemented. Political support from GOV has also been added: it is assumed that the role of MOC at central level is critical in motivating provinces to step up their action for achieving high coverage of WS/DS services.

The following column (Components) links the TOC to the main intervention areas of WSPST, namely: WS/DS Schemes and support to strengthening the enabling environment in Vietnam.

The Results (Outputs) column - which corresponds to the evaluation criterion of Efficiency - describes the tangible outputs that the Programme is expected to deliver and to which it has a high degree of influence. These include physical infrastructure (including the laboratory), training stakeholders to operate and maintain the facilities, and the social marketing efforts. At this level, the Programme aimed also at supporting the passing of new laws related to WS and DS.

Overall, the observation is that the overarching Programme logic approached the needs of the populations of small towns in Vietnam from the perspective of strengthening physical infrastructure instead of adopting primarily a capacity development approach although the latter constituted an important element of the intervention through the provision of international TA to Vietnamese stakeholders. For this reason, we have highlighted the Programme’s “core area” with a dotted line in the TOC. We have also located the boxes on training courses at the same level with the building of the infrastructure projects because WSPST carried out both in parallel.

At the level of Outputs, it is expected in the TOC that all infrastructure has been built, facilities are functioning, all the relevant people have been trained and informed, residents of the towns

have been given the means to connect to the schemes, and everything is in place so that water and wastewater can continuously flow in the schemes. Also, gaps in national legislation have been filled by removing barriers for successful implementation of the Programme and the sector as a whole. Finally, the TOC is based on the assumption that FRWF has been integrated with NRWF to ensure sustainability of the financing system.

As will be discussed later in the report, the fact that the DS schemes did not meet quality requirements and/or could not be maintained, caused the logical chain to become broken at the level of outputs for DS schemes. WS scheme implementation achieved satisfactory quality, as is explained in its corresponding section of the evaluation report.

The programme design includes a number of assumptions which, as discussed in the following paragraphs, relate to both management, financial as well as social aspects of the interventions.

A key element at the output level was the enabling environment, which included the assumption that either sufficient laws are in place in Vietnam or that WSPST will be able to address the gaps early enough in order not to jeopardise the implementation of the Programme. Given that the main approach of the Programme was to focus on infrastructure and to provide technical assistance alongside the procurement and construction processes, the institutional aspects remained rather an additional element to the intervention than its main entry point. In that sense, the Programme relied on the expectation that the WSPST governance system and careful attention to each step of the procurement of the works would suffice to ensure quality and sustainability.

One example is the fact that the DS schemes' O&M financing relied on TPC/PPC commitments rather than national legislation that would oblige households to connect to the DS schemes and to pay a wastewater fee that would be sufficient to ensure financial sustainability of the schemes. For further discussion on this aspect, refer to Section 3.5 on Sustainability.

The initial vision was that a NRWF would be established with the leadership of the GoV. As the context in which WSPST pursued its activities changed, the assumption did not materialise as the NRWF was never established. Other donors that were initially interested in investing funds in the NRWF together with Finland pulled out leaving debilitating the momentum towards the establishment of the Fund. This aspect was unexpected, and it affected negatively the long-term ambition level of WSPST. Furthermore, the GOV equitization policy for WSCs has made the initial concept of the NRWF redundant. Additional analysis on FWRf is provided in Sections 3.2 to 3.5. Appendix 16 provides a timeline for the FWRf.

At the Purpose (Outcome) level – which corresponds to the OECD evaluation criterion of Effectiveness - the picture becomes more complicated as the Programme's influence is gradually reduced. At this level, the Programme's influence on the results becomes gradually weaker compared to Output level meaning that the actors need to feel motivated to support the changes, and the conditions need to be favourable for the changes to happen. For the purpose of this evaluation, we have distinguished between immediate and long-term outcomes to better allow unpacking of the intervention logic.

In the first Outcome column of the TOC, we describe a system where the WS companies and DS operators, as well as local government, all fulfil their own roles (institutionally, socially, technically and financially) to ensure WS and DS schemes are operated and maintained properly and constantly over long periods of time. In addition, information flows between the customers and the operators and grievances are addressed.

The assumptions at this stage include that citizens connect to the WS and DS schemes, pay for and use the services. For DS, the logical chain was broken already in an earlier stage (poor designs), which is one of the reasons for the low connection rates. The long-term outcome for the FWRf is that it allows replication of the model in new towns. However, the small size of FWRf

allows only one town to be covered per year, leaving its importance relatively small in the scale of Vietnam.

When it comes to the Impact-level, the main challenges are that, in addition to not defining clearly what the expected impact should be, the WSPST did not collect baseline data, or put in place an M&E system. If the expected impact would have been improved health of target populations, information on the health status of the inhabitants benefiting from WS and/or DS schemes should have been collected prior to the intervention. If it was increased economic activity, there should have been estimates on the number of businesses in the towns, or other relevant information. In the case of wastewater treatment, e.g. measurements of pollution levels should have been gathered. However, the evaluation team’s understanding is that there was no collection of such baseline data.

2.5 Limitations of the study

Table 2.3 describes the main limitations of the study and their primary mitigation measures.

Table 2.3: Limitations of the Evaluation and Mitigation Measures

Limitation	Mitigation Measures
Large scope in relation to available resources	Focus on priority issues; the list of priority assessments provided in the TOR were prioritised. The systematic evaluation method allowed increasing the efficiency of the evaluation while covering all the required aspects, and more.
Heavy reliance on secondary information	Triangulation with several sources of information before making findings statements or drawing conclusions.
Site selection	The evaluation focused on sites that had not been covered by a previous audit by KPMG (KPMG, 2015), particularly with regard to the DS schemes. The evaluation team also visited all provinces, and while it did not visit all sites, feedback concerning all schemes was collected during provincial-level meetings. The evaluation team also received reports from each province that had been prepared specifically for the evaluation.
Small non-random sample of final beneficiaries	Requests were made to meet with representatives of residents’ groups and Women’s Union members, who are well informed on the situation in their area. Interviews were carried out without the presence of local authorities or superiors (when possible).
Non-experimental design of the evaluation	As described in the section on overall approach and design of the evaluation, we used a number of measures to strengthen the methodology of the evaluation, such as the construction and testing of the programme Theory of Change. The interview guides applied in the interviews were first tested by the whole team visiting Haiphong province before splitting into two separate teams, which ensured that all team members were familiar with the methodology and protocols.
Reluctance of informants to speak to the evaluators	<p>Gaining the confidence of key informants so they feel free to speak openly and frankly is well accepted in Vietnamese culture, especially if these opinions are in any way critical of the authorities or of decisions taken by superiors. There are good reasons for not wanting to be openly critical and the default position is to say what you believe you are expected to say or to say what the interviewer seems to want you to say. The confidential nature of the interviews was stressed to informants and the team made a commitment that it would not be possible for their own opinions to be traced back to them in any way whatsoever. The evaluation team have respected this firm commitment throughout this report. One of the problems of speaking under the cloak of strict confidentiality is that you may be told about things that have not been previously placed on record and these findings, especially if negative, can be easily dismissed or challenged by those who do not want to hear them. The findings in the report are collectively those of the evaluation team and are reported only if the same message has been received from several sources. Opinions have been checked for plausibility and are reported as opinions.</p> <p>Nevertheless, several key potential interviewees declined to speak with the evaluation team at all while others did so but were clearly not willing to express their own opinions.</p>

<p>Politeness and Diplomacy</p>	<p>In most formal meetings the evaluation team would be told how much the ODA from Finland was appreciated by all concerned, invariably 'WSPST had been a success and the level of satisfaction was high'. This is normal behaviour in Vietnamese culture. To mitigate against an inbuilt desire to be polite and diplomatic, the evaluation team would undertake the site visit before having formal meetings with the higher authorities. In this way, the challenges for the Programme and the concerns of the primary beneficiaries could be put on the table for far more open and fruitful discussions than is usual at high level meetings. It was quite refreshing to note the willingness of senior officials to speak candidly about the real challenges of WSPST once they became aware the evaluation team wanted to discuss issues in an open dialogue.</p>
<p>Language</p>	<p>The evaluation team had to rely on interpretation between English and Vietnamese when carrying out stakeholder interviews. High quality and experienced interpreters were hired for both sub-teams. In addition, each sub-team included one Vietnamese expert who could control that the interpreters understand the conversations correctly. However, it is inevitable that sensitivity is lost when operating through interpreters.</p>
<p>Subjectivity of the scoring indicators</p>	<p>The scoring indicators were developed by the evaluation team. They were based on the long-term experience in both Finland's other donor's development cooperation as well as knowledge on Vietnam country context and the water sector. The MOC and the MFA of Finland have had a chance to provide comments on the indicators.</p>
<p>Reliability of previous evaluations</p>	<p>The evaluation team assumed that the previous evaluation and MTR reports were of acceptable quality to use them as a source of evidence. Their quality was not checked against pre-defined criteria. However, all information was triangulated to ensure reliability of findings. WSPST reports are in general of a high standard, however there are some cases where the assumptions in the report may not be valid. In such cases, these concerns are highlighted through a qualification to the main finding. These qualifications should not be seen to bring negativity to an otherwise positive finding, but it is only right for the evaluation team to do so to ensure the integrity of the overall evaluation report.</p>

Further information on the approach and methodology is provided in Appendix 8.

3. FINDINGS

3.1 Impact

Poverty reduction, if interpreted as improved economic status of beneficiary households, has not been discussed in detail in programme documents and corresponding baseline studies have not been carried out. The overall trend in the health status of the populations living in the programme area shows some positive trends based on earlier WSPST reports and stakeholder interviews. Impacts in terms of economic activity indicate neutral results. Aspects related to environmental sanitation are mentioned; the overall tone tends towards neutral or somewhat positive impacts. However, the available data has important limitations (other influencing factors not discussed and absence of evidence to back up the statements). Also, the lack of clarity on the expected impacts of the programme across its three phases, as discussed in the methodology section, has led to inconsistent reporting on impacts by WSPST.

Table 3.1 provides a summary of how impact-level results have been documented in WSPST completion and evaluation reports.

Table 3.1 Summary of impact-level results from programme documents

Phase I final evaluation (Wihuri, Kontula, van Lieshout, Nguyen Viet, & Nguyen Thi Thanh, 2009)				
Findings on impact				Observations
Poverty	Health	Economic activity	Environmental sanitation	
Positive; due to construction activity, and some indirect contribution (potential to expand to other provinces)	Positive; reports on the reduction of water-borne diseases (not quantified)	Positive; new economic activities observed (not quantified)	Not mentioned	No conclusions
Phase II Mid-Term Review (Ojala, Garcia, & Dang, 2011)				
Findings on impact				Observations
Poverty	Health	Economic activity	Environmental sanitation	
Positive; more time available for women (not quantified; based on comments from interviews)	Not discussed, but increased awareness on sanitation mentioned (not quantified; based on comments from interviews)	Not mentioned	Positive; WS has improved the hygienic situation (not quantified; based on comments from interviews)	No conclusions
Phase II completion report (WSP, ANYCON, & Pöyry, 2013)				
Findings on impact				Observations
Poverty	Health	Economic activity	Environmental sanitation	
Neutral; piped water system considered to have minimal impact on time spent for water fetching given that most households had a well before	Neutral; data from the Division of Public Health under the Department of Public Health in Bac Kan Province	Not quantified.	Early to say; positive environmental impact requires proper O&M of the DS systems; contribution to improved hygiene	In addition, positive impact on gender equality and reducing inequality (not quantified)

obtaining access to the WS scheme.	does not indicate neither positive nor negative impact on occurrence of diarrhoea cases. Fluctuations considered to be due to other factors and WS and DS.		behaviour (not quantified)	
Phase III completion report (ECONET & HALCOM, 2017)				
Findings on impact				Observations
Poverty	Health	Economic activity	Environmental sanitation	
Not discussed directly	Positive; small study carried out by the programme. All nine recorded waterborne diseases have decreased, the average reduction being 79% between 2004 and 2015, compared to the comparison group (61%).	Not discussed	Neutral; none of the DS schemes cause negative environmental impacts at treatment plants and discharge points	Much room for interpretation due to big differences between Programme towns

During the field work, the evaluation obtained anecdotal evidence on positive impacts of the WS schemes to the target populations’ health and towns’ economic activity. For example, several TPC representatives and local health centre staff in Thanh Nhat town (Cao Bang province) mentioned reduction in the rates of the “red eye disease” (assumed to refer to conjunctivitis due to bacterial or viral infection as a consequence of poor hygiene) as well as intestinal water borne diseases. The Thanh Nhat health centre nurses showed their data sets which consisted of only records of women’s contraceptive use and a list of drug addicts in the town and nearby communes. In most of the TPCs and PPCs visited by the evaluation team, the authorities praised the Programme for bringing safe water to the towns because it has increased the number of restaurants and the quality of the services they provide. However, the WS companies are not able to disaggregate their customers by household or enterprise, which would have been a useful proxy for observing trends in local business situation.

Whether the final beneficiaries’ income has increased as a result of the programme is not reported in the final report of Phase III given the absence of corresponding indicators. The final evaluation report of Phase I mentions increased economic activity due to the use of some local labour in the construction works (Wihuri et al., 2009).

Given the relatively small scale of WSPST, measuring its contribution to town-level poverty reduction or improved health would be challenging. For example, in terms of health, the final report of Phase III mentions the following: “*the positive impact of improved water supply services and sanitation practices can be clearly detected from the health data: all nine recorded waterborne diseases have decreased, the average reduction being 79% between 2004 and 2015. The trend in the control towns was similar but the rate of disease reduction was notably slower – 61% overall decrease in disease incidence in the same time frame*” (ECONET & HALCOM, 2017). We assume that the health records include the whole population within the jurisdiction that is serviced by the health facilities. WSPST only targeted urban populations and only a proportion of those. Similarly, the report by ECONET & HALCOM does not discuss other external

factors that might have influenced the results, which are many. The TA itself acknowledges in the completion report that the figures leave room for interpretation given large variation between Programme towns. Therefore, the figures can be considered as indicative, but for drawing any robust conclusions a proper investigation with resources to understand the limitations behind the data would be required. The TA should also be commended for carrying out the exercise to try to detect programme effects on the local populations.

When it comes to the DSs, it is likely that the failure of many of the schemes (see Appendix 11) has caused some financial loss to the households that were encouraged to connect. This situation was reported by the interviewed representatives of the Vietnam Women’s Union (VWU) who manages the SRF. and was confirmed also by household interviews in the field. Exact figures on the numbers of households who connected to DS schemes, declined the offer to connect and continued discharging to the combined sewer, and of those who finally disconnected or remained connected to the separate sewers are not available as the TPCs have not kept record of these. The evaluation team also observed during the field visits that there is no wastewater entering to the DS schemes, which indicates the system is not used by the local populations.

3.2 Relevance

Influenced by the process of intensive urbanisation in Vietnam, Finland and Vietnam developed the Water and Sanitation Programme for Small Towns in 2003 to respond to urgent need for clean water and sanitation of the population in smaller (Class V) urban centres. Migration to larger urban settlements is fast and the Government is struggling to keep the public services in the same pace with urban population growth. WSPST was the first major effort by a development partner to improve water and sanitation services in small towns in Vietnam. The decision to take on the huge challenge of working in small towns remains highly appreciated by the government.

When it comes to Water Supply, the evaluation finds the project interventions to respond well to the needs of the beneficiary households and authorities in Small Towns, where water supply investments were generally lacking behind. Investments in water supply were in principle relevant to the provincial Water Supply Companies, but the design-build model managed by MOC in their opinion reduced their ownership of the project. Overall, the relevance of project intervention in water supply sector is assessed to be good (3.1). Relevance of WSPST intervention in drainage and sewerage schemes is found to be very weak, as assessed under the six sub-questions discussed below. The main issue is the selected technology – separate sewerage with waste water treatment plants – which is found to be inappropriate in the context of small towns in Vietnam. WSPST Phase I was designed as a pilot project for the technology; despite poor results after the Phase I, the same approach was scaled up to new provinces during Phases II. Phase III was needed to complete the construction works. The concessional loan modality applied through the Finnish Revolving Water Fund (FRWF) is found highly relevant to the Water Supply Companies. During its design, it responded directly to the Government of Vietnam’s (GOV) ambition to establish a National Revolving Water Fund, which however never realized.

Water Supply Schemes

1. To what extent were WS schemes relevant to households?	3
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The design of WSPST identified a high demand from households for water supply services outside the large cities and provincial capitals. In late 2003, it was noted in the Phase I Programme Document that “only some of the approximately 600 small towns have had any noteworthy projects to construct or upgrade their water supply in recent years and MOC estimated that only 30% of class V towns have piped water supply systems providing at least some level of service (WSPST 2003). According to the urban water sector benchmarking study, service coverage in Category V towns in 2000 was as low as 10.6%” (MFA 2004b). Similarly, customer surveys carried out by WSPST indicate relatively high satisfaction by the consumers strengthening the case for relevance (ECONET & HALCOM, 2017). WS schemes development was therefore highly

relevant. However, despite the strong relevance, it was noted by the evaluation team that consumers continue to access other water sources, rather than those constructed with assistance from WSPST. The implication is that revenue is lower than planned and may not cover future debt service payments, especially once the grace period of the loan from VDB has expired.

2. How relevant was the technical and financial assistance provided by Finland to the Provincial Water Supply Companies, as the project owners?	2
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Although in principle the investments in WS were relevant, most WSCs were aggrieved by the design build model managed by MOC as in their opinion it reduced their ownership and control of what was essentially their project. The WSCs questioned why they were not allowed to manage the funds that came from a loan taken out by them and from grants provided by their PPC. The introduction of a remote third party to manage their project was never explained and indeed it did not need to be explained as 'this was part of the design of WSPST and could not be changed'.

If the WSCs had been allowed to make the final selection of the design engineers this would have placed them in the role of client rather than that of the beneficiary. The quality control of the final designs rested with MOC and not the WSC. The WSCs felt that, had they been in control, the technical designs would have better reflected their wishes and that these designs would have resulted in lower cost projects. There is no evidence base to support these arguments from WSCs since WSPST used exclusively the design-build model managed by MOC.

The WSCs would have also preferred WSPST to have used the more traditional procurement method of selecting design engineers for the technical design and construction supervision and a separate contract for the construction of the works. In their opinion this would have given them far more control over the design and perhaps more importantly the quality of the works.

The shortcomings of the design build model are well documented. It is not known why this model was not changed by the WSPST Steering Committee, at least at the start of Phase II by which time the problems with the model had become apparent and documented.

The TA received from WSPST was highly appreciated by all WSCs, however all WSCs complained it was too little. Interviewees highlighted the previous Finnish success in the water sector in Vietnam was in building the capacity of the Hanoi and Haiphong Water Companies. Importantly it was not in providing finance to third parties to manage turnkey projects.

3. To what extent were WS schemes relevant to Provincial People's Committees?	4
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Water supply is a key aspect of local development, and as such, the schemes were highly relevant to PPCs, which typically have this responsibility. However, the equitization process has changed the role of PPCs from duty bearers to arbitrators; they are now responsible for setting tariffs that balance the needs of rights holders, the private sector demand for profits and consideration of environmental protection.

4. To what extent were WS schemes relevant to Vietnam's sector policies for Class V towns?	4
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Providing grants to be on-lent by MOF, through VDB, as concessional loans to provincial WSCs was during the implementation of WSPST entirely consistent with the prevailing sector policies. The decision by GOV to equitize public services, including all WSCs, assumes that former state agencies will now seek loans for capital investment through the local financial system. In effect, the relevance of WSPST to sector policies became redundant from 2009 onwards, however at the start of WSPST in 2003 it was highly relevant, and it was at the cutting edge of policy making

5. To what extent were WS schemes relevant to Finnish development cooperation policies?	3
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WSPST programme objectives and intervention design describe concretely the type of tangible benefits that would be generated at household-level in small towns in Vietnam (i.e. safe piped water supply). This set-up, which is inclusive of final beneficiaries, strengthens the relevance of the programme in relation to the main goal of Finland's development policy, i.e. "eradication of extreme poverty" in the framework of the Millennium Development Goals (MDGs) defined in both 2004 and 2007 Development Policies (MFA, 2004, 2007). Many Class V towns lack proper piped water services and there was a real demand from the citizens both in Red River Delta and in the northern provinces.

There are arguments for both for and against in terms of justifying the move to expand WSPST programme area to the northern provinces in terms of relevance to Finland's development policies. The Phase I of WSPST is situated within a period when Finland was still implementing several rural development interventions in Vietnam. During the time when Phase I came to an end, Finland defined its 2008-2012 Country Engagement Plan (CEP), which was designed to "build on past interventions which were found to support the objectives of the new 2007 Development Policy Programme (DPP) and to contribute to gradual transitioning from bilateral project support towards economic and trade cooperation...". In the previous year, in 2007, Vietnam had also become a middle-income country (Katila, Visser, & Ngo, 2016). Therefore, the timing of Phase II clearly overlaps with a transition period in the bilateral relations between the two countries. Upscaling actions based on existing programmes can be considered a pragmatic approach and increased efficiency can be assumed compared to initiating new interventions, at least in theory. Similarly, it was widely known that poverty was (and is) still persisting in Vietnam, especially, in the northern provinces, which provides justifications for continuing the support. The idea of a revolving water fund, which would continue running on a sustainable basis, is also another supporting factor in this context. On the other hand, when it is expected that country relations will be moving towards trade relations, investments in expanding bilateral cooperation to new areas can be questioned from the point of view of MFA's internal allocation of limited human resources to follow up the implementation. Interviews with MFA staff and Phase II MTR also suggest that the choice of new beneficiary provinces was partly influenced by political interests rather than an objective needs assessment (Ojala et al., 2011).

In any case, the issue that weakens the Programme's relevance to Finland's Development Policies is the fact that not all households within the selected towns were included in the intervention. Residents living in the service areas of the WS schemes have better income opportunities than those living in the peripheries and surrounding communes. Also, the more vulnerable groups of the society, such as ethnic minorities, tend to live in the outskirts of the towns rather than in the central areas, a situation confirmed by several documents produced by the programme, such as the Technical Dossier, HRBA Desk Review Report, and the Phase III Completion Report (ECONET & HALCOM, 2017; Tran Nguyen & Vormisto, 2014a; WSPST, 2017).

Drainage and Sewerage Schemes

For MOC and MFA, one of the key issues in the design of WSPST has been that water supply and sanitation (the proper disposal of wastewater) must go hand in hand. The policy response in the design of WSPST and throughout its implementation has been to support (promote) separate sewers and centralised wastewater treatment as the solution for sanitation in small towns in Vietnam. A synchronised approach to providing water supply and sanitation services is highly relevant in Vietnam since the centres of most small towns have high density settlement patterns, and environmental degradation from wastewater represents a major risk to the health of people and the economic development of a town. In this regard, sanitation should be defined as the proper disposal of all wastewater, using a combination of a pipe network in the higher density parts of a town, and the use of on-site sanitation solutions in those parts with lower density settlement patterns.

With its focus on the implementation of separate sewers and centralised wastewater treatment, WSPST excluded many households and enterprises benefitting from the new water supply service from resolving their wastewater problems. It should be noted that in all towns, the service area for separate sewers was always less than the service area for water supply, due to a combination of topography and cost considerations. According to the Phase III completion report, 39,227 households had WS connections but only 9,304 had connected to a WSPST DS scheme.

Separate sewers for wastewater will almost always be better than a combined rainwater and wastewater pipe network in any new urban area. However, in locations where a combined sewer already exists, serious consideration needs to be given to the practicality, cost, benefit and demand from the population to put in place a solution that has no clear tangible benefits to home owners or businesses. In the case of WSPST, the document review and interviews point to the direction that WSPST made no cost-benefit analysis to justify the decision to build separate sewers and centralised wastewater treatment. Since households and enterprises were already connected to an existing combined sewer, there was no legal basis to force households and enterprises to disconnect from the existing combined sewer system.

In various moments throughout the implementation of WSPST, external reviewers questioned the relevance of separate sewers and centralised wastewater treatment. The appraisal team for Phase I concluded “piped wastewater systems are unaffordable” (WaterPro Ltd, 2003); and the appraisal team for Phase II recommended to the SC that “no further new investments in centralised sewerage schemes should be approved, unless overriding arguments apply”. The Phase II TA consultants in late 2012, following discussions with MOC and PPCs, recommended to the SC that ‘DS schemes should be converted to improve/extend the existing combined sewer network’. A timeline for decision-making regarding DS schemes is provided in Appendix 9.

The MFA policy of not providing funding for water supply without wastewater treatment (recorded in the minutes of the 10th SC meeting held on 18.12.2012) created a conditionality whereby the Vietnamese side accepted investments that were not relevant. The Evaluation Team encountered only a few officials willing to support the concept of the DS schemes, and those officials often changed their opinion after the official meeting, to concede ‘DS schemes were a waste of money’. Consequently, the Evaluation Team questions the logic of persisting with the concept of separate sewers and centralised wastewater treatment for almost 14 years, despite the clear questions regarding relevance, affordability or sustainability (with regard to service payments for O&M).

The relevance of the DS schemes was also highlighted in the Phase III completion report (ECONET & HALCOM 2017) which concluded:

- “Demand for improved wastewater management is still low in Vietnam. Pushing wastewater infrastructure development as a condition for investment in WS leads to mis-investments. There are many WWTPs with very low (sometimes negligible) influent in WSPST towns and elsewhere in Vietnam. In such cases, investment in wastewater treatment has been premature. In terms of public health, it would be more important – in most cases – to get sewage out of densely populated areas to be discharged further away, even at the cost of temporary concentration of negative environmental impacts.”
- “Service areas of WS and DS schemes only cover central areas of towns” [and by extension many poor, vulnerable and ethnic minorities live outside both the WS and DS service areas].

1. To what extent were separate sewers and centralised wastewater treatment relevant to households and enterprises within the service area of WSPST funded WS schemes?

1

The selected sanitation approach - separate sewers with wastewater treatment - restricted sanitation coverage to the core of the small towns, for much smaller beneficiary population (25%) than what was covered by WS schemes. There was no specific focus on on-site sanitation for households outside the service area of the separate sewer network, which as such weakens the relevance of the programme to the residents of the Class V towns.

The evidence regarding the relevance of the separate sewers and centralised wastewater treatment to households and enterprises within the services area is mixed; programme reports provide a more positive picture than the evaluation team’s field findings. Interviews with local stakeholders during the evaluation team’s field visit indicate that the majority of households were already served by a combined sewer network or had an on-site sanitation solution. In this situation, the relevance of a separate sewer and centralised wastewater treatment scheme to households and enterprises within the higher density parts of all programme towns is debateable considering the effort in relation to the benefits that would be obtained from the separate systems. Being inconvenient and costly to connect to the new network, households in many towns did not willingly connect. Further, field interviews suggest that future users of the DS schemes were not properly consulted before the designs were made, which might be partly due to the fact that the intervention was based on the assumption that separate sewers are the most adequate technical solution in this context.

On the other hand, satisfaction surveys carried out in the Phase III suggest that, in most towns, customers were satisfied with DS services. Satisfaction to DS schemes show more discrepancy than the degree of satisfaction related to WS schemes, which probably reflects the challenges in the construction quality in specific locations (ECONET & HALCOM, 2017).

The discrepancy in the viewpoints might be at least partly explained by a confusion between (1) the beneficiaries’ willingness to possess an adequate, cost-efficient, and functional waste water evacuation system, based on locally tailored solutions, and (2) a separate sewer network, which has its benefits on one hand but also important challenges when it comes to feasibility of implementation and low cost-efficiency compared to other available options. It is also unclear whether the respondents would have felt confident in responding negatively to the survey.

2. To what extent were separate sewers relevant from perspective of environmental protection?	NS
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The primary purpose of separate sewers and centralised wastewater treatment is to protect the environment from faecal pollution and organic overloading of local water bodies (that could create anaerobic conditions) and in many situations, they serve this purpose well. WSPST did not collect any baseline data regarding the existing faecal pollution in the local water bodies and it did not collect and test any samples from the local bodies after the WS and DS schemes had been commissioned. It is not possible to make any conclusion with regard to the possible impact that separate sewers had on the environment since WSPST did not attempt to measure this. It is also not possible to comment on the performance of the WWTPs that are functioning since wastewater influent and effluent samples were only tested on two occasions.

It should also be recorded that the EIAs prepared for the WS and DS schemes in accordance with Vietnamese law were not concerned with environmental protection per se and concentrated mainly to the threats of the period of construction rather than those of the future operations.

From a theoretical perspective the biological treatment of any wastewater is positive, however in the context of Vietnam the experience of WSPST would suggest that the construction of separate sewers and WWTPs is too expensive and (probably) not cost effective. From the perspective of health, if only 25% of a towns’ wastewater is treated then separate sewers will not be very relevant, say during a cholera outbreak or in preventing the spread of helminths. From the perspective of agriculture, the quality of the water in the local water bodies will not meet the WHO standards for unrestricted irrigation, if only 25% of the wastewater is treated.

3. To what extent were separate sewers relevant to the mandated operator of the DS schemes?	1
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The responsibility for sanitation is mandated by law to Town People’s Committees. From field observations and in interviews with key stakeholders (including with TPCs) it is clear that the technical sophistication and O&M demands are beyond the capacity of TPCs. TPCs are able to manage their existing combined drainage and sewer networks as the work is limited to manually

cleaning out the (larger diameter) combined wastewater and rainwater drains, although even this work is not always done well for lack of financial resources. The evaluation team did not meet any TPCs that thought the DS schemes had brought real benefits to their town, although most TPCs would also say they appreciated the support from Finland. The one exception, often mentioned by TPC officials and citizens, is that the foul odour that sometimes comes from the combined sewers had greatly reduced after HH had disconnected from the combined system.

4. To what extent were separate sewers relevant to the Provincial People's Committee?	1
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Within the context of infrastructure development in poor provinces, the relevance of DS schemes is not high, especially when there is no cost benefit analysis to justify further investment in them.

The evaluation team were informed by MOC that there are only two other separate sewer schemes in Vietnam, both funded by external donors. There are no known instances of PPCs funding separate sewers with their own resources. On the other hand, it is very common for a PPC to fund combined sewers since the construction of these is an integral part of road construction in built up urban areas – all WSPST towns already had a combined sewer network.

It should be recorded that PPCs were obliged by WSPST to fund DS schemes as a conditionality for receiving investments in water supply. It is not possible to know if PPCs freely thought that separate sewers were relevant.

The combined sewer system is an affordable solution for the disposal of wastewater in Vietnam. Government of Vietnam Decree No. 88/2007 (On Urban Waterway and Industrial Areas) and Decree No. 80/2014 (On Water Drainage and Wastewater Treatment) recognise this reality and the construction of separate sewers is only required in new urban areas and industrial zones. Both decrees prioritise, in the medium to long term, the resolution of the problems of gross environmental degradation in large urban centres caused by huge volumes of untreated sewage. In these urban centres the solution is to build WWTPs designed to treat dry weather flows. In practice it is not possible to build separate sewers under roadways/pavements that are crowded with other services: large diameter drainage pipes, water supply pipes and telecommunications.

5. To what extent were separate sewers and centralised wastewater treatment relevant to the Vietnamese sector policies and priorities?	1
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The policy of the Government of Vietnam with regard to the development of urban sewerage up to the year 2020 is set out in Decision No 35 (GoV 1999), the immediate objectives (inter alia) are to (i) give priority to storm-water drainage; (ii) build a public utility enterprise model for urban sewerage companies and (iii) build the system of sewerage and treatment of waste water with standards of environmental hygiene at the industrial zones, export processing zones and new urban centres. There is no mention in Decision No. 35 of building separate sewers in established urban centres with existing combined drainage and sewerage. In Decree No 88 (GoV 2007a) for the existing urban areas with infrastructure in place, it is possible to continue to use a combined system, which collects wastewater and rainwater in the same system, however new connections to combined systems must have pre-treatment using a septic tank. The focus of the government on drainage remains in big cities and larger provincial capitals.

6. To what extent were separate sewers relevant to development cooperation policies of Finland?	2
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As noted above, Finland’s overall development cooperation policy objective throughout the project implementation was poverty eradication / reduction. In addition, it has supported achievement of the MDGs - of particular relevance here being Access to clean drinking water and sanitation services; as well as environmental management and improved health. In theory, the

construction of separate sewers was relevant to all of these objectives, however in practice there were serious problems.

The design of WSPST only allowed the implementation of WS schemes if these were accompanied by sanitation measures designed to avoid creating unsanitary conditions (as a consequence of providing increased volumes of water). However, WSPST interpreted sanitation too narrowly, by promoting expensive separate sewer networks (and wastewater treatment) that connected only 23.7% (Table 1.1) of the households that received a new piped water connection. WSPST did not support or promote other more appropriate technical solutions. Since the DS schemes only benefitted town centres there was weak relevance to poverty reduction and even less to the eradication of extreme poverty. In all instances, the DS schemes were built in areas already served by a combined sewer and/or the household had invested already in their own solution. There was therefore little or no benefit for households to connect to the DS schemes.

Finnish Revolving Water Fund

To what extent is the concessional loan modality relevant to the Water Supply Companies?	4
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The Finnish Revolving Water Fund was highly relevant to the water sector at the start of WSPST in 2003. The concept and design of FRWF was a direct response to GOV’s ambition to establish a National Revolving Water Fund, into which the FRWF would eventually be merged. FRWF offered a new attractive financing source for WSCs, many of which had not been keen to search for commercial finance, nor had they been able to attract investments from outside investors.

The financial mechanism for FRWF was formulated and approved by the Steering Committee in October 2005 and endorsed in March 2006. The Prime Minister’s Office approved the FRWF model and nominated Ministry of Finance (MOF) to be the leading agency to define the details (The Finnish Environment Institute 2006). In the current context, the FRWF has little relevance to MOF as the accumulated amount to be recovered under FRWF until end of 2036 is only EUR 8.14 million. MOF is however very keen to continue the FRWF to support investments in water sector.

Once the GOV had committed to the process of equitization of all WSCs in Vietnam, there was no need for an instrument like FRWF since GOV will no longer finance/invest in the water sector as this will be owned entirely by the private sector by 2020. The assumption of GOV is that WSCs will be able to secure loans from local financial markets for future capital investments. However, high interest rates on the open market are not suitable for financing infrastructure that typically require long repayment periods (for instance, up to 20 years), and where tariffs are low. It remains to be seen how privately owned WSCs will view making costly investments in poor Class V towns where the expected revenue will be unable to service the debt on the loan. A national facility to provide concessional loans in such circumstances would seem to be still relevant.

FRWF caused serious difficulties in WSPST implementation at the beginning of WSPST. According to the Phase I Completion Report, there were significant problems in local financial management to transfer the funds from the VDB or State Treasury accounts to the construction companies. Because of this, the mobilization of projects was delayed several months, some for over a year. Grant based financing through existing Vietnamese financial mechanisms would have been an easier option for Programme implementation and management, although this would have compromised the ‘revolving’ character of the fund.

3.3 Effectiveness

When it comes to WSPST intervention in water supply sector, the effectiveness is ranked as good – the project has mostly succeeded in achieving the expected outcomes. Water supply investments have exceeded the expected targets and number of beneficiaries and are functional. There are no reports of disconnections and tariff collections are high with low long-term debt. Water supply is regular and of reasonable pressure, and also operation and maintenance is good. Consumption of water appears to be less than assumed, leading to lower revenues; customers are using alternative water sources, when available, to reduce their water bill. The achievements

in drainage and sewerage are on the other hand ranked as very weak; even though the number of connection is reportedly not far from the targeted number, the evaluation found out that many schemes are unfunctional and not delivering the expected service to the beneficiaries, and also many households were either unable to connect due to technical issues or not motivated to connect as they don't see the benefits. There is no enough information on the quality of discharge to reliably assess the expected environmental benefits.

Water Supply Schemes

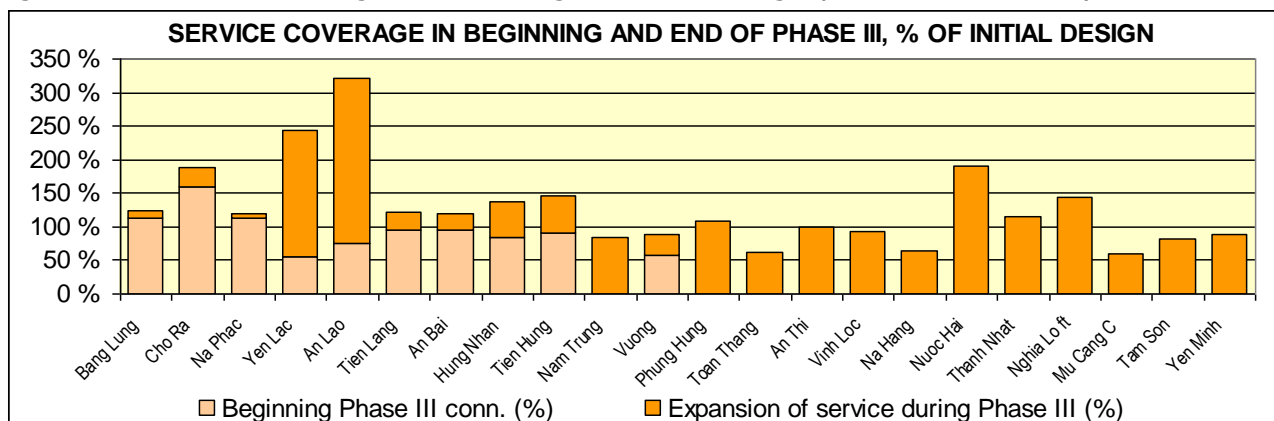
To what extent do the WS schemes provide safe and reliable water (24/7/365)?	3.5
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The evaluation team have relied on the 'Benchmarking the Performance of the 22 WS Schemes' report prepared by the TA, regarding the operational and management performance of the WSPST finance WS schemes by the WSCs (Keski-Saari 2016a). In general, most schemes deliver water with constant pressure and regularity. According to the report, 50% of the WS schemes have issues with water quality, however, in Vietnam the WSCs are not so focussed on water quality as they are in Europe since 'nobody drinks water from the tap' (Keski-Saari 2016a).

To what extent have Households (HH) connected to the new WS?	3
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High demand by households to connect to WS schemes was observed in most towns (Figure 3.1). By 2017, the number of households connected to a WSPST WS schemes was 39,227, which exceeded the original target of 30,000 (ECONET & HALCOM, 2017). Figure 3.1 depicts the performance of WSPST supported WS schemes in terms of realized service coverage compared to the initial design, showing that in 14 out of 22 WS schemes the coverage has expanded beyond what was the initial design. Much of the service expansion (beyond the initial design) took place during the Phase III. All schemes have reached at least (approximately) 55% service coverage as compared to initial design.

Figure 3.1: Service Coverage as Percentage of Initial Design (Keski-Saari, 2016a)



To what extent are HH ready to pay for water?	3
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There is no mention of disconnections or non-payment is mentioned in any WSPST reports; this finding was confirmed during the field visit, with none of the WSCs reporting issues with disconnections or non-payment. The main problem is the low consumption of water by many customers with a second (free) source of water, thereby keeping revenues lower than anticipated in the project financial feasibility study, which overstated daily water consumption.

The document review shows these lessons were already known in Phase I, yet WSPST continued to use the same technical design specifications/data in the financial feasibility analysis without making necessary modifications to the feasibility assessment. The consumption rates could have also been cross-verified from other projects. For example, in the Red River Delta project funded by the World Bank there were similar issues with low consumption rates and commercial viability of those WS schemes was already being questioned in 2005.

Drainage and Sewerage Schemes

What % of HH in the WS service area have access to adequate sanitation?	1
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WSPST did not map the existing sanitation situation in WSPST towns, and therefore it is not possible to know how many households were already connected to the combined sewerage or how many households had a septic tank (to settle and pre-treat household dark and grey waters). It is not known how many households had adequate on-site sanitation household systems or how many had inadequate systems and how many of these were contributing to unsanitary 'hot-spots'. It is also not recorded where there were bottlenecks in the existing drainage system, although the fact that improvements and extensions to combined drainage systems were made does suggest that drainage problems were investigated by the consultants.

Table 3.1 is adapted from the Phase III completion report and indicates 9,300 households have connected to DS schemes, while over 36,000 have connected to WS schemes. With only 23% of households with a water connection also having a wastewater connection, the development of water and sanitation under WSPST was not synchronised.

The number of households connected to separate sewers may actually be lower than this, as it was reported to the evaluation team at all sites visited that households had disconnected. Also, TPCs have not kept records of which households have connected after the contractor left the site. It may be households have connected to the DS schemes without permission from the TPCs, but it seems to the evaluation team that such cases would be rare. Many households connected to WS schemes could not connect to DS schemes, for example: (i) the service areas of the DS schemes were smaller than the WS service areas; (ii) some sewers were laid too high for households to be able to make a connection; and/or (iii) the separate sewers passed in front of the house and the facilities were at the rear, (or vice versa). Regarding the number of households in the DS service areas that cannot connect to the sewer network (for whatever reason) there are no records kept by TPCs of these 'lost' customers.

In the opinion of the evaluation team, the results are likely to have been more positive if WSPST had considered other technologies that were more relevant to the context, i.e. by focussing on improving and/or expanding the existing combined sewer network and supporting on-site sanitation and faecal sludge management arrangements for those areas not covered by the combined sewer network.

Table 3.1: Number of Households Connected to WS and DS Schemes (ECONET, & HALCOM 2017)

Type of Scheme	Number of Households Connected					Actual % of the target
	WSPST Target	Phase I	Phase II	Phase III	Total	
WS	30,000	6,300	11,000	18,800	36,100	120
DS	9,800	200	4,700	3,600	9,300	87

Quality of effluent discharged from the wastewater treatment facilities?

NS

The Phase II Completion Report (WSP, ANYCON, & Pöyry 2013) reports that “no wastewater quality analyses were carried out by the project owners (TPCs) during Phase II. According to the Phase III Completion Report (Econet and Halcom, 2017) this situation remained unaltered in spite of official requests to the TPCs to do so. On this basis, the Phase III TA decided to commission two rounds of testing in April 2016 and October 2016. Samples were taken from 22 WWTPs (out of the total of 44 WWTPs constructed by WSPST). Samples were not taken at WWTPs with zero or extremely low flows and not all BASTAF tanks were included in the survey. In the first round 9 out of the 22 WWTPs sampled (32%) met the national standards for wastewater effluent if pH, oil and total coliforms were excluded. In the second round this rose to 52% (12 out of 22), again if pH, oil and total coliforms were excluded. Given that the wastewater inflows were not recorded at the time of testing it is not possible to determine the actual loading on the WWTPs and by extension it is not possible to determine the performance of the WWTPs in removing organic matter and faecal coliforms, against their design criteria. It is therefore not possible to score the quality of the effluent discharged from the WWTPs since it is unlikely that any of the WWTPs built by WSPST are being operated as intended.

The initiative of the Phase III TA to do at least two rounds of testing is acknowledged by the evaluation team, but the fact is that no systematic effort was made by WSPST to validate its investment in wastewater treatment, even though the only reason to build an expensive separate sewer network and a centralised wastewater treatment is to reduce the environmental impact of wastewater, particularly from faecal contamination. The Environmental Impact Assessments made for each DS project focussed mainly on impacts arising during the construction of the DS schemes and did not study the scope of environmental problems caused by wastewater with the existing practice of using combined sewers. WSPST also failed to predict environmental impacts arising from the implementation of the proposed new piped water supply services.

It was observed by the evaluation team during the site visits to randomly selected WWTPs that there was no wastewater at all arriving at the WWTPs located in Toan Thang (Hung Yen province), Minh Duc (Haiphong), Tam Son (Ha Giang province) and Nghia Lo Farm Town (Yen Bai province). In Nghia Lo the evaluation team were told that wastewater did in fact arrive but at other times of the day – the team could not confirm if this was true but the presence of fish in the first ‘anaerobic’ pond would suggest that if there was any wastewater the volumes must be significantly lower than the design flow. In Toan Thang and Tam Son the treatment ponds were partially filled (due to rainfall) and in Haiphong the ponds were being used for fish farming. In Vinh Loc (Tuyen Quang province) it was not possible to observe the wastewater flow into the BASTAF tanks however it was possible to observe very low flows exiting the tanks.

Box 3.1: Effectiveness of the Sanitation Revolving Fund (SRF)

Funds from the Sanitation Revolving Fund (SRF) are constantly revolving under the management of the Vietnam Women’s Union at TPC level. More often than not, households are using the loans for other purposes than connecting to the centralised DS scheme – such as for practical on-site sanitation solutions. The documentation available to the evaluation team, such as WSPST internal audit reports and Phase III final report (ECONET & HALCOM, 2017) are in line with the team’s interviews with VWU.

SRF records are maintained up-to-date, and the recovery rates of the loans are close to 100%. All interviewed Women’s Union members informed that households prefer to use the loans either for biogas, or for upgrading their bathrooms, or building a septic tank as an on-site waste water solution with the intention to discharge waste water into the nearby open drainage, especially, where the DS scheme is dysfunctional. In the first round, at the time when WSPST was finalising the DS schemes, households would use loans to connect to the DS schemes. However, from the second round onwards, borrowers have used loans for purposes other than originally assumed by WSPST. This situation is an unexpected negative outcome, if results are compared rigidly to what SRF was set up for. On the other hand, SRF is helping

households to improve their sanitation conditions in the way they see fit with their available resources. SRF continues to support grassroots level and women-led action, which is positive.

Box 3.2: Case Study: Many DS Connections, but no Wastewater at the Treatment Ponds

WSPST started building a DS scheme in Toan Thang commune in Phase I. The service area of the DS covers 50% (~750) of the households connected to the WS scheme. According to TPC, 556 households are connected however the amount of waste water has diminished radically compared to the early days of the scheme. Before, the tank in the waste water pumping station would fill after about a week, which would trigger automatic pumping. However, currently the tank does not receive enough waste water for the operator to pump the water to the treatment area. At present, it takes approximately 1.5 months for the tank to fill sufficiently to trigger pumping. It is, therefore, evident that almost all households must discharge their waste water to other places and not to the sewer system, even if they remain formally connected.

The Sanitation Revolving Fund (SRF), managed by the Toan Thang Women’s Union, is implementing the third round of credits for households to connect to the DS. For 556 connections, there are 460 loans. At the moment, 67 households are paying back a loan. VWU has not monitored strictly if loans are used for the intended purpose. It appears that households are using the loan to build biogas facilities with the SRF loans. In several other programme sites, Women’s Union representatives mentioned that biogas has, in fact, higher priority to the households than centralised DS. The main cause for unpleasant environmental problem was pig raising, and investing in household waste water wouldn’t solve this.

The change in the use of loans is negative and unexpected from the Programme’s point of view because the DS scheme and the SRF funds are not working together as expected. The DS scheme is not functioning, and households use the loans for a different purpose than connecting to the scheme. On the other hand, the households have managed to address their household-level environmental contamination problems by means of the loans from the SRF.

Validation: during the site observation, the evaluation team could discuss with scheme operator who confirmed the findings. It was obvious from the site visit to the wastewater treatment site that there is no sewage. The team could also observe that there are plenty of open spaces in the village, including a large open wastewater canal, which allows direct discharge of wastewater to the environment. A visit to the district-level Women’s Union revealed that the Vietnam Social Policy Bank provides VND 30 billion for the improvement of water and sanitation situation in the district. The fund has been popular because many households raise pigs and they take a loan to build a biogas facility. The same bank and phenomenon were mentioned by Women’s Union representatives in other provinces. Hence, the situation suggests that the funds from the WSPST SRF are probably used for biogas.

Box 3.3: High Customer Satisfaction with WS, Low Satisfaction with DS

In Minh Duc, the pre-project WS situation is not reported in the WSPST technical dossier, but the town WS scheme was built in a collaboration between WSPST and World Bank using a design-build-lease model. In terms of DS, some sections of the town had a drainage made of concrete, while some sections did not have any DS systems at all (WSPST, 2017). In Thanh Nhat, an existing WS scheme existed but it was low quality and could not provide safe and reliable water to the households and businesses in the town. The pre-project DS situation included existing earth drainage channels, which suffered from a regular lack of maintenance, leading to flooding and contamination (WSPST, 2017). In terms of customer satisfaction, based on the WSPST Phase III completion report and interviews with town-level stakeholders, the WS schemes are appreciated, while dissatisfaction regarding the DS schemes is clear in both towns.

In Minh Duc, the inhabitants refused to pay their entire water bill, which included a 10% charge for sewerage, as an expression of discontent with the malfunctioning sewer system. The protest started three months after the bills started to include a waste water fee. The citizens insisted they don’t have to contribute to the O&M of a scheme, which does not provide them with the expected services. The Minh Duc town DS scheme has serious technical failings related to gravity, which cause waste water to flow back into some houses. Finally, the Haiphong water supply company was obliged by PPC to remove the 10% charge. Businesses located in the service area still have to pay for the fee. At the same time, the residents are willing to pay for the water and they consider it high quality, according to interviews with village head,

Women’s Union representative and individual residents. Both citizens and town authorities brought up the fact that there has been a reduction of “red eye disease” in the area.

In Thanh Nhat, a restaurant owner and focal point of the SRF reported that the WS scheme has provided considerable added value to her catering business. A modern DS scheme would have also been appreciated instead of having to maintain manually the existing earth canals. The restaurant owner explained that she had expressed her complaints several times to officials in the TPC, but no solution had been found. The wastewater flowed back into her house and she had to disconnect from the scheme. Later on, the household decided to build its own septic tank, which discharged to the earth canals. The restaurant owner also claimed that her house was the first and the only one to ever connect to the DS scheme.

In both towns, the WS schemes have brought about positive effects while the DS schemes have caused either no effects at all or they have caused negative outcomes. It is worth mentioning that households have invested money in the DS connection while they have not received the promised service and benefits.

Validation: satisfaction with the water quality in both towns was confirmed by several stakeholders including local authorities (both towns), consumers (both towns), WS company leadership and operators (Thanh Nhat), and WSPST Phase III completion report (Thanh Nhat). Similarly, dissatisfaction with the DS schemes was confirmed by local authorities, consumers and the WSPST Phase III completion report (ECONET & HALCOM, 2017). The Director of SADCO, the company in charge of the O&M of the Minh Duc DS scheme, as well as the local authorities, confirmed that the waste water fee had been part of the water bill but removed later on due to customer claims.

Finnish Revolving Water Fund

To what extent did the FRWF provide a model for the establishment of NRWF	NS
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Due to changes in government policy mentioned elsewhere, the FRWF served only as a de facto mechanism to disburse Finnish grants as loans to project owners through VDB, on behalf of MOF.

Furthermore, the FRWF was set-up as a revolving fund providing loans with long grace periods of 8 years and low interest rates. Under such conditions the FRWF would hardly revolve – this period is far too long for a revolving fund being set-up to finance long-term investments in infrastructure. To complicate the fund further, the interest rate is fixed below the inflation rate.

According to the Phase II Project Document (MFA 2009), SC approves projects that will receive ODA funding through WSPST, after a VDB financial appraisal has been completed. VDB will determine the loan conditions in accordance with the Vietnamese regulations for on lending of ODA funds (GoV 2007b). VDB will act as a management agent of the funds, as in Phase I, on behalf of MOF until NRWF is established and FRWF is integrated into NRWF.

Establishment of FRWF in Phase I was time consuming with negotiations to structure the financial mechanism taking over a year and later the implementation was delayed by several months, in some cases almost a year (Vikman 2009). The problems were partly administrative, and partly concerning the loan and grant documentation, which were the responsibilities of the project owner. The practices in different units of VDB varied and things got stuck until the central VDB solved them. When the financial mechanism of an individual project was cleared from obstacles, the financial flow normally functioned in a satisfactory way.

Main deficiencies in the management mechanism of FRWF were (1) problems in local financial management to transfer the funds from the VDB accounts to the construction companies causing serious delays in construction work, (2) appraisal of projects that did not meet the international standards, and (3) approval of the funding for WS that were not financially sustainable. This was reported to the evaluation team in interviews with different international TA consultants.

The interest rate on FRWF loans is 0.3% only i.e. the fund will revolve but the inflation will eat the capital on the long run and therefore the fund is not sustainable. Inflation rate in Vietnam during 2006-2018 has varied from 0.6% (2015) to 23.1% (2008). It is impossible to have low interest rate loans under the inflation rate and retain the value of the fund at the same time.

Milestones of the FRWF recorded in WSPST reporting is provided as a timeline in Appendix 16.

3.4 Efficiency

With regard to project interventions in water supply, the efficiency is found to be good: despite delays, all planned WS schemes were built and at low cost if compared to ADB and World Bank projects in Vietnam¹. Quality of construction was to local standards, the schemes are functioning well and WSCs have sufficient capacity for O&M activities. In general, WSCs appreciated the management support from the project TA. While the efficiency in terms of construction outputs was positive, WSPST was not able to adapt its activities to the changing context (as equitization proceeded), e.g. by strengthening the business development capacities to provide profitable services. About BVND 196 Billion or MEUR 7.3 was distributed by the VDB through the FRWF to Water Supply projects in eight provinces; after a slow start the processing of payments through the FRWF improved to a satisfactory level.

With regard to interventions in drainage and sewerage, the efficiency is ranked as very weak and it hard to justify the costs vis-à-vis the results achieved. Town's Peoples Committee who own the DS schemes do not have any, or enough, previous experience of sanitation nor the personnel for O&M. Consolidated information on the 19 DS schemes is often not available, for example it is not known how many TPCs have signed a contract with an O&M-contractor.

Discussions with project stakeholders confirm that the decisions on funding through FRWF were not based on proper financial analysis and long-term financial projections (income statement, balance sheet, cash flow statement) on the WSCs' ability to maintain the assets and to repay the loans from FRWF with interest costs. Therefore, it can be said that the project appraisal procedures at WSPST/VDB did not fulfil international banking requirements. Nevertheless, WSCs have started to repay loans and interest and according to information received from VDB they are on track with the repayment schedule.

Project reports indicate multiple errors in the design of DS schemes and a high likelihood that sewers have not been properly laid in many cases, which is not possible to verify. Project appraisals were often of poor quality as stated in the Phase II final report and were not based on proper/realistic financial projections (WSP, ANYCON, & Pöyry 2013).

While the tasks assigned to the TA consultants and staffing of the team is appropriate, the programme management arrangements have not been flexible enough to address the problems faced in the implementation. International TA costs were rather high at 52.8 % of the Finnish contribution.

With regard to the regulated low tariffs/charges for wastewater services in Vietnam, it should be clarified that this is a general problem for the sector and not limited to WSPST. However, it is not clear to the evaluation team why the Steering Committee approved investments in DS schemes if it was well known that the tariffs/charges that could be legally applied would fall well short of the O&M costs of the DS schemes being built? Even if the DS schemes had been well designed and constructed, it is inevitable that these would all eventually fail without O&M.

In general, it is not possible for the evaluation team to comment on how many DS schemes have failed because of design flaws or because of poor construction or because of the failure by the TPC to maintain them or any combination of these. In Minh Duc (Haiphong) it is fairly obvious that the design of the DS scheme (which placed the separate sewer pipes inside the existing combined sewers) was frankly quite absurd, but design flaws are less obvious if the scheme has never been operated as intended. For example, it is not possible to comment on the design of the WWTPs if these have never been operated with incoming wastewater design flows. The main reason for a sewer network to fail is that the sewer pipes have not been laid to a constant gradient – separate sewers cannot be laid in the same way as larger diameter drainage pipes

¹ See references under Water Supply Schemes sub-question 3.

which can be laid more or less flat. Given that there are no separate sewer networks in Vietnam it is not unreasonable to assume that the contractors did not know how to lay small diameter sewer pipes. Since the pipes are buried it would be a huge job to undertake a survey to find which pipes have not been laid properly. Of course, badly laid pipes will often reveal themselves as these will be the ones that are constantly blocking due to silt being deposited as the wastewater flow falls below the self-cleaning velocity.

The Steering Committee was not active enough in trying to solve the problems faced in WS and DS schemes construction works. Clear responsibilities and tasks of SC need strengthening. For example, TA in Phase II was clearly working under the impression that their role was advisory (Phase II Completion Report) and the SC failed to act decisively to rectify the situation, which ultimately was probably the primary cause for the poor performance of WSPST in Phase II.

Water Supply Schemes

What was the level of the construction quality of the WS schemes?	3
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All WS schemes visited by the evaluation team were fully functioning. In discussion with the directors and senior management of the WSCs, all were keen to express their appreciation for the works provided, including the follow-up training provided by the contractors. This criterion scores 3, as the quality of construction is to the expected standard in Vietnam (though not to that of Finland). It was not the intention of WSPST to build to Finnish standards, and the value of the awarded contracts reflects this decision. Interestingly, many WSCs commented they had learned much from their interaction with the consultants from Finland, not just in technical terms, but in their management style and general approach to the job. This extended to the treatment plants operators, who as a result of their interactions had changed their own working practices.

To what extent were the activities delivered in a timely manner?	2
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Planned outputs were eventually completed, however Phase III was a direct result of the delays experienced during Phases I and II. The duration of Phase III was almost the same as Phase II. The massive programme area introduced in Phase II certainly contributed to delays in implementation, however WSPST experienced so many challenges it is impossible to say what could have been done and by who without resorting to hindsight. It is worth recording however that WSPST was not particularly adept, if at all, in responding to change and/or challenges. For example, the Design Build model was clearly unsuitable for the WS and DS schemes even in Phase I, yet it continued to be the only procurement model used by WSPST until the very end.

Extent the household cost per WS connection was cost-efficient compared to similar water supply programmes in Vietnam?	4
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The World Bank report on Water Supply and Sanitation in Vietnam (World Bank, 2014) provides a service delivery assessment figure of USD 140 per capita for piped rural water supply systems in Vietnam (or USD 560 per household, assuming an average of 4 persons per household). The piped rural water supply systems included in the World Bank’s assessment includes the Red River Delta Rural Water and Sanitation Project.

A recent ADB project in Vietnam (ADB, 2018), implemented 14 WS schemes from June 2010 until June 2017 and benefitted 47,970 households (189,782 persons) at a unit cost of USD 135 per person (USD 533 per household).

Using figures from the Phase III Completion Report (Table 3.2) the cost per house connection for WS is EUR 245 (or USD 281 at the current exchange rate of 1.15). This is half the World Bank’s service delivery assessment figure of USD 560. Further investigation is needed to verify

if a direct comparison with the ADB/WB rural piped water projects can be made. Factors that could influence a direct comparison would be with regard to design parameters, length of the pipe network and specifications of the material used, quality of raw water and the requirements for the Water Treatment Plants. WSPST did have a mix of new and rehabilitation projects and this would lower the per capita costs but pending further investigation the WSPST unit costs for household connections would seem to be remarkable.

TA costs on the ADB project over a 7 years period were USD 6,950,000 or about 19% of the total cost of the project. TA cost per house connection being about USD 145. Total TA costs on WSPST over a period of 14 years were EUR 18,594,000 or about 48% of the total cost of WSPST. Proportional TA cost (Table 3.2) for WS schemes (56%) were about EUR 10,413,640 or about EUR 265 (USD 305) per house connection.

Figures in Table 3.2 indicate total investment costs in WS and DS of EUR 18,402,740. This is about EUR 2 million less than figures taken from WSPST Completion Reports for Phases I, II and III and presented in Chapter 1. The evaluation team cannot reconcile the difference between these figures, however figures from the WSPST project completion dossiers (Appendix 10) indicate investments of EUR 9,616,856 in WS and EUR 8,851,659 in the DS, which are very close to those provided in Table 2. Differences may be due to exchange rate fluctuations. The observation of the evaluation team is that financial (and progress) reporting on WSSPT has often followed formats created by the TA. It is difficult and time consuming to obtain an overall picture of WSPST or to consolidate multiple key issues. Phase III TA is to be commended for attempting to do so in the Phase III completion report, but the reporting is far from ideal.

Table 3.2: Production and Treatment Capacities and Capital Costs of Constructed WS and DS Schemes

Name of town	Scheme	Capacity [m ³ /d]	Investment [€]	Households served	Scheme	Capacity [m ³ /d]	Investment [€]	Households served
Hung Nhan	WS	2 000	599 392	2584				
An Bai	WS	1 500	527 464	2440	DS	534	425 021	1046
Tien Hung	WS	1 070	421 018	1927	DS	406	422 638	746
Nam Trung	WS	1 500	794 673	2593	DS	284	638 698	500
Tien Lang	WS	1 400	517 661	3876	DS	600	736 000	857
Minh Duc					DS	690	462 319	211
An Lao	WS	800	221 310	3900				
Bang Lung	WS	800	261 422	1728				
Na Phac	WS	500	209 241	742				
Cho Moi					DS	325	306 617	300
Cho Ra	WS	800	346 833	1438	DS	400	489 269	329
Yen Lac	WS	750	443 333	4385	DS	284	342 083	456
Vuong	WS	1 500	600 238	1606				
Yen My					DS	470	335 977	1200
Phung Hung	WS	1 000	574 167	1205				
Tian Thang	WS	2 000	748 570	1247	DS	450	478 097	556
An Thi	WS	947	561 750	2240	DS	805	520 608	na
Mu Cang Chai	WS	300	252 676	600	DS	120	408 564	209
Nghia Lo	WS	700	424 419	1737	DS	350	385 270	316
Nuoc Hai	WS	880	414 167	1201	DS	160	389 583	403
Thanh Nhat	WS	500	371 667	552	DS	140	309 167	10
Vinh Loc	WS	1 500	255 000	1735	DS	600	415 833	369
Na Hang	WS	1 500	529 125	1201	DS	330	432 100	403
Yen Minh	WS	1 000	495 369	919	DS	400	489 667	392
Tam Son	WS	1 000	378 996	801	DS	450	466 738	606
Total		23 947	9 948 491	40 657		7 798	8 454 249	8 909
Average		1 089	452 204	1 848		410	444 960	495

Source: ECONET, & HALCOM, 2017

Drainage and Sewerage Schemes

What was the level of design and construction quality of the DS schemes?	1.6
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The TA in all phases of WSPST comment on the design quality of the separate sewers being poor. Placing sewers in streets and lanes which are at a higher level than the existing household bathroom facilities is the most basic mistake, but in many towns, there remains no obvious solution in situations where the road is higher than the household plots of land. The evaluation team were unable to meet with the design firms to verify the TOR they had been given; but if they had been contracted to design a DS scheme, then maybe that is just what they did, without considering the actual use of the scheme? The case of Minh Duc is an extreme example of the singlemindedness with the need to do a separate sewer, with almost all the sewer network being placed inside the drainage culvert network. The construction quality at the wastewater treatment facilities looks to be of a reasonable standard but it is impossible to know the quality of the network, especially to know if the sewers are properly laid. The fact that so many wastewater treatment plants receive little or no wastewater suggests problems in the sewer network.

To what extent were the activities delivered in a timely manner?	2
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Long delays were experienced throughout WSPST, including delays (of up to one year) for VDB to process payment certificates; difficulty to secure funds from PPCs; delays in acquiring land and/or site clearance; a surge in the inflation rate destabilising contracts without a financial adjustment clause; and the falling value of the EURO causing PPCs to find extra funds. It was decided to add Phase III to the project to complete unfinished works. Delays in project implementation are not unlikely in Vietnam (or in construction projects in general), but in WSPST the delays were considerable. Most planned projects were however eventually completed.

To what extent is the unit cost of a house connection to a DS scheme cost-efficient compared to similar projects in Class V towns in Vietnam?	NS
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It is not possible to score this criterion in the absence of comparable data. There are no other development agencies active in implementing separate sewers and wastewater treatment plants in Class V towns. The average unit cost of a connection to a DS scheme over the 19 DS schemes was EUR 899 per household. This figure could be greatly reduced if more households had connected to DS schemes. However, the trend appears to be that households are disconnecting, and DS schemes are falling into disrepair or even abandonment, due to lack of funds for O&M.

Box 3.4: WSPST Support to the Water Laboratory Under MOC

The Phase I Programme Document (WSPST 2003), within the ambit of Component C for a Raw Water Study (to secure an adequate supply of safe raw water for potable water production for the foreseeable needs of the Programme towns), identifies a need for adequate capacity to undertake water quality analyses in natural water courses, groundwater and potable water. The expected contribution from Finland was to build the required capacity to upgrade a water laboratory under MOC through the procurement of laboratory equipment and instruments. The Phase I Appraisal Report concurred that the proposed establishment of a modern water analytical laboratory to monitor pesticides, hydrocarbons, chlorinated hydrocarbons used in cleaning industries and other solvents would be a valuable investment.

The laboratory equipment arrived in Vietnam in late 2008 but was never used as intended. The Phase I Completion Report, Volume B/Financial Report (MPI/MFA, December 2009), records the procurement of equipment for the water laboratory was much cheaper than anticipated – only EUR 278,000, from an approved budget of EUR 500,000. The contribution from Vietnam for the building work to convert a property

owned by VIWASE in Van Lam, Hung Yen province into a water laboratory was EUR 77,430. The water laboratory is 21Km from the main offices of VIWASE. No use of the equipment is recorded

Phase II Programme Document (MFA 2009), does not mention the laboratory specifically, however there is a footnote to the possible need for TA to build capacity in water quality monitoring. The Phase II Final Report (WSP, ANYCON & Pöyry 2013) only mentions that work on the laboratory is postponed to Phase III. In effect, no progress had been made by WSPST during the entirety of Phase II.

Phase III Programme Document (MFA 2013) includes the requirement under Result 3.2 that the Water Centre of MOC is upgraded to the National Water Institute and working according to its defined functions. Outputs under Result 3.2 include: (i) business plan made for the water laboratory jointly by WSPST and MOC and approved by MOC by the end of 2013; and (ii) the laboratory staff are able to fully utilise the capacity of the laboratory by March 2014. The laboratory was also to be accredited by the Bureau of Accreditation. Phase III included a local budget of EUR 273,000 for the operation of the laboratory. Phase III Completion Report (ECONET & HALCOM 2017) records no progress on Result 3.2 targets.

The laboratory remains in the premises of VIWASE’s in Hung Yen province and by the end of 2018 still no progress had been made. MOC reported the laboratory equipment had been transferred to MOC. As of early 2019, MFA was able to confirm this is not the case. The laboratory equipment is one of the pending issues to be resolved prior to the closure of WSPST. It has been suggested the equipment is handed over to a school, but no agreement has been reached to date between MOC and MFA.

The governance decisions recorded in the meeting minutes of the Steering Committee that guided the efforts of WSPST to establish the water laboratory are summarised in Appendix 17. It is salient to note that the decision to proceed with the purchase of the laboratory equipment, ahead of formally agreeing on the institutional arrangements and securing a budget for the operation of the water laboratory, is not recorded in the meeting minutes of the Steering Committee and MFA have been unable to locate the signed approval to proceed with the purchase of the laboratory equipment.



Photos of the Laboratory Established by WSPST and Hosted by VIWASE. Photo: Phase II MTR (FCG, November 2011)

Finnish Revolving Water Fund

To what extent did VDB develop its capacity to process loan requests and payments in a timely manner?	2
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WSPST has through the FRWF disbursed about BVND 196 Billion or MEUR 7.3 to Water Supply projects in eight provinces. Especially at the beginning of the project (during Phase I) the processing of loan requests took long time (up to one year) leading to delays in project implementation. After a slow start and through a training and learning process the processing of payments improved to a satisfactory level. The plan had been to integrate FRWF into a national fund, which for numerous reasons was never established. The Ministry of Finance and MOC have different views on the future of FRWF and it is also not clear who own the funds in

FRWF. The current volume of the fund is too small to develop it into a sustainable investment revolving fund.

Discussions with project stakeholders confirm that the decisions on funding through FRWF were not based on proper financial analysis and long-term financial projections (income statement, balance sheet, cash flow statement) on the WSCs’ ability to maintain the assets and to repay the loans from FRWF with interest costs. Therefore, it can be said that the project appraisal procedures at WSPST/VDB did not fulfil international banking requirements. Nevertheless, WSCs have started to repay loans and interest and according to information received from VDB they are on track with the repayment schedule.

3.5 Sustainability

Sustainability of project interventions in water supply is assessed to be good, whereas the sustainability of the separate sewerage and wastewater treatment is weak; analysis is provided under below sub-questions.

Water Supply Schemes

To what extent are the Water Supply Schemes Sustainable?	3
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Financial performance of 22 water supply schemes varies a lot. According to the Phase III reports (Keski-Saari, 2016a), in the second quarter of 2016, 10 water companies have achieved full cost recovery being able to cover O&M costs, depreciation, interest on the loan and loan repayment from their water revenues in the WSPST WS schemes. Out of the remaining twelve schemes/water companies that are not financially feasible, five were able to recover full O&M cost and loan interest and a part of depreciation from water revenues. Stakeholder interviews confirmed that most WSCs are still in the grace period of the loan from VDB. The responsibility for debt service now rests with the WSCs shareholders, and within months this will not be an issue for PPCs. When WS schemes were planned under WSPST, they were always found to be feasible. Many WS schemes do rely on a cross-subsidy from the provincial WSC, which may choose not to operate in loss making towns.

In most WS schemes workers’ salaries are the biggest element of the O&M costs. As example, in Tein Hung WS labour and management costs are 97 % of the total water revenues. The 15 % Non-Revenue Water (NRW) target, which was set for WSPST Phase III was so challenging that only a handful of WS schemes managed to reach it. The water companies can increase revenue by increasing billing and collection ratios or increasing tariffs.

The findings from the WS schemes visited by the Evaluation Team confirm what is reported in the Phase III Completion Report: The water supply schemes are generally functioning well (ECONET & HALCOM, 2017; FCG, 2011). All WS schemes except for Tam Son town WS scheme are reported to be technically feasible and meet the national standards and technical performance standards set by the programme.

The financial performance of the WSCs could be affected by the recent changes in related regulations. Decree No. 117/2007/ND-CP (2007) on Production, Supply and Consumption of Clean Water, which was prepared with the support of WSPST in Phase I, was modified at the end of 2011 by Decree 124/2011/ND-CP. The most critical amendment was the deletion of the minimum monthly water charge, which had been equal to 4m³ per month per household. A monthly charge is the cost for availability of water and is designed to cover the fixed costs of the WSC, rather than its production costs.

Drainage and Sewerage

To what extent are the separate sewers & wastewater treatment facilities sustainable?	1.5
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Field observations and interviews made by the evaluation team confirm TA reports that the DS schemes built under WSPST are facing multiple problems, which can be traced to technical, operational and/or financial challenges. According to Phase III Completion Report, out of 19 DS schemes, 9 have been confirmed to be functioning and having an O&M system in place, whereas another 3 schemes are technically functional, but the O&M system has not been handed over and therefore cannot be confirmed. Another 4 schemes are technically functioning but have deficiencies in the O&M. Three schemes are technically non-functional due to multiple reasons including original design error, damage by road construction, poor construction quality and neglect of the O&M by the project owner (ECONET & HALCOM, 2017).

Securing adequate funds for the O&M of combined sewers with direct discharge of untreated effluent to the environment is a major challenge across Vietnam. The O&M costs of the WSPST DS schemes (promoting separate sewers and wastewater treatment facilities on a pilot basis) could never be recovered under existing wastewater tariff legislation. WSPST decisions to fund DS schemes were not based on long-term financial projections of the DS schemes, and this issue is now reflected in shortage of O&M budget to keep the schemes operational. Financial sustainability of the investments should have been shown by financial modelling presenting income statement, balance sheet and cash flow statement for each scheme.

In Haiphong, PPC have provided SADCO with funds to improve the situation in Minh Duc. However, the situation of separate sewerage in Minh Duc looks hopeless as the evaluation team were told by the TPC they would soon write to the PPC to ask for the complete removal of the sewer pipes from inside the drainage system as the sewer pipes “make it difficult to clean the drainage culverts”, which leads to increased flood risks. The team was also told that many people have already removed sections of pipe in order to clean the drainage. This would account for the negligible inflows of wastewater at the pumping stations.

It would appear the SC approved the construction of DS schemes without having identified the mechanism to secure a budget sufficient for the required O&M, and has not managed to bring a sustainable solution to this afterwards. Given the low capacity of TPCs to carry out basic cleaning of the typical box culverts for the drainage system, it is difficult to understand why construction was approved without having first reached an agreement with the relevant PPCs regarding a qualified operator for the DS schemes. The status of the DS schemes is presented in Appendix 11. The findings of the evaluation team suggest WSPST gave insufficient attention to the sustainability of DS before moving to the construction of DS schemes. Finally, it should be of concern to the competent authorities of WSPST that TPCs were only provided with a template to calculate O&M costs of DS schemes by the Phase II TA, which suggests O&M costs for DS were not calculated in Phase I.

The difficulty of securing an adequate budget for O&M of DS schemes should have caused the WSPST competent authorities to review the promotion of separate sewers and wastewater treatment. Improvements to existing combined sewers would have been more sustainable.

Finnish Revolving Water Fund

To what extent was the FRWF set up as a sustainable instrument?	2
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Current levels of payment indicate that borrowers are willing to repay the interest on the loan during the grace period. However, the long grace period and interest rates set below inflation rates mean that FRWF would not survive.

Water utilities found the terms of the WSPST supported FRWF very attractive. The evaluation team were informed by VDB that they will still provide loans to private water supply companies,

however, without a state guarantee from PPC, the terms will be different with higher interest rate and more rigorous financial analysis.

All Vietnamese stakeholders interviewed were of the opinion that the private sector is more efficient than the public sector in provision of the water services. It was also noticed that where personnel were owners of the water supply company, they were more motivated to improve services and financial performance of the company. The evaluation team were told by various stakeholders that equitization was a good policy because private operators would be able to (1) employ more people; (2) invest more; and (3) pay tax on profits to the PPC. The PPC would control the water tariffs, and they could possibly fall lower, since the private sector are more efficient. However, full privatisation of water services is a great risk for sustainability of the water industry. Private owners may save on necessary and vital investments and share too much dividend using the company's financial resources. However, it is too early to assess the impacts of privatisation in WSPST project area as majority of the shares of water and wastewater utilities are still owned by the Public Sector.

Negotiations are ongoing on the future of FRWF. Handing over mechanism of FRWF has been studied by Condes Ltd, which recommends the funds to be used by MOC for development of web-based water safety management platform (Condes Ltd 2018). The evaluation team was not able to confirm the actual need for the platform by water utilities, nor the role of MOC in this arrangement, as after the equitization they have less role in water sector management.

Box 3.5 Use of Financial Modelling to Assess the Financial Sustainability of Projects

Phase III benchmarked 22 water supply schemes based on O&M cost coverage during 2014-Q2/2016. 10 WS schemes were identified as financially feasible; O&M cost recovery rate more than 100%, while in 12 WS schemes O&M cost recovery rate was less than 100%; therefore, found to be financially not feasible. No financial feasibility study was made for DS schemes. 'Affordability of the DS service is obviously rather a subjective matter', the DS benchmarking report concludes (Keski-Saari 2016a & 2016b)

The WS financial feasibility studies in Phases I and II were based on out of date data and on the income statement only, whereas the Phase III data was more recent. Financial modelling linking income statement, balance sheet and cash flow statement would have given a better forecast of the ability of the water supply utilities to cover O&M costs, depreciation, interest and loan repayments with the revenue collection in the future. The financial analysis of the DS schemes was sketchy. Phase III Benchmarking report of the DS schemes (Keski-Saari 2016b) touched on the affordability by households; the report makes an observation that the household income in the project small towns is in a level that only affords to pay water. In more prosperous towns e.g. in Red River delta the household incomes are higher and they can afford both water and wastewater services.

In similar projects in future, it's of outmost importance that the TA consultants use financial modelling as a tool to forecast future financial performance and sustainability of the schemes and projects. WSCs companies should adopt international accounting standards (IAS) and international financial reporting standards (IFRS) by 2020. Ready-made financial modelling software based on international accounting methods is available in the market, but one can also build a similar system in excel.

3.6 Cross Cutting Themes

As described in the Section 2.7 MFA Policy Framework, in 2004, the first comprehensive global development policy of Finland was published building on the framework of the Millennium Development Goals (MDGs) (MFA, 2004). The cross-cutting themes of the policy included:

- promotion of the rights and the status of women and girls, and promotion of gender and social equality;
- promotion of the rights of groups that are easily marginalised, particularly those of children, the disabled, indigenous peoples and ethnic minorities, and promotion of equal participation opportunities for them;
- consideration of environmental issues.

Before the WSPST framework document was formulated (in 2004), the MFA developed its first Strategy and Action Plan for Promoting Gender Equality in Finland's Policy for Developing Countries for the years 2003–2007 (MFA, 2003a).

The 2007-2012 Development Policy continued building on the MDGs and supported the following cross-cutting themes:

- promotion of the rights and the status of women and girls, and promotion of gender and social equality;
- promotion of the rights of groups that are easily excluded, particularly children, persons with disabilities, indigenous people and ethnic minorities, and the promotion of equal opportunities for participation;
- combating HIV/AIDS; HIV/AIDS as a health problem and as a social problem.

The third Development Policy of Finland in 2012 paid additional attention to the Human Rights Based Approach (HRBA). The Policy indicated that all ongoing programmes must integrate the HRBA in their operations. In addition, cross-cutting *themes* were upgraded to cross-cutting *objectives* (CCOs) to highlight their importance (MFA, 2012). The CCOs included (1) gender equality; (2) reduction of inequalities; and (3) climate sustainability.

The 2012 Development Policy was complemented by two sets of guidelines on HRBA; (1) the 2013 'Guidelines for Implementing the HRBA in Finnish Development Cooperation' and (2) the 2015 'Guidance Note on Implementing the HRBA in Finnish Development Cooperation' (MFA, 2015b). Therefore, their timing was relevant only for Phase III of WSPST, which ran from November 2013 until May 2018.

The Policies have been complemented by a Manual for Bilateral Cooperation, which also includes provisions on women's and girls' rights as well as HRBA (MFA, 2012). The Manual has been recently updated (MFA, 2018). The current Development Policy period covers the years 2016-2019 Figure 3.2 describes the timing of the main WSPST events in relation to the MFA Development Policies and related guidance documents.

Considering the timeline, it would be expected that WSPST initial design would have integrated the cross-cutting themes defined in the 2004 Development Policy, i.e. (in short) gender and social equality as well as consideration of environmental issues. Similarly, the Phase II would be expected to continue taking into account gender and social equality, and HIV/AIDS as a new element in line with the development policy. Finally, the Phase III should have paid additional attention to the HRBA in spite of the fact that the main purpose of the last phase was to complete works that remained unfinished from the previous stages.

In order to systematically assess the inclusion of cross-cutting themes/objectives in the implementation of WSPST, the evaluation developed scoring indicators for gender equality, HRBA and consideration of environmental issues, see Appendix 4. The analysis on gender and HRBA were supported by additional tools described in the Appendix 13 and 14, respectively.

The aspect of reduction of inequalities is discussed in a broader context under relevance to Finland's development policies (Section 3.2 Relevance).

Overall, among the Cross-Cutting Themes (nowadays called Cross-Cutting Objectives), environmental aspects are the ones that have received least guidance from the MFA on how the topic should be integrated specifically to programmes. Regarding climate sustainability, WSPST infrastructure implementation was in an advanced state at the time when the issue became part of the MFA cross-cutting objectives in 2012. Therefore, when considering the impact of extreme climatic events on WS and DS infrastructure, their consideration in the scheme designs cannot be expected when the issue is discussed in the context of cross-cutting objectives. The report uses the term "cross-cutting theme" instead of "cross-cutting objective" given that the development policies that are most relevant to WSPST applied the first mentioned concept.

Figure 3.2 Timeline of WSPST events in relation to MFA Development Policies

Relevant MFA milestones	Year	WSPST Programme Phases		
Transition Strategy in Vietnam 2016–2020	2020	Closure ongoing		
	2019			
	2018			
	2017			
2014 Decision to close bilat. devco by 2018 *	Vietnam Country Strategy 2013–2016 *	Phase III (Nov-13 - Mid-18)	Physical works completed	
				2016
				2015
2012 Country consultation between GoV and GoF.	2014	Phase II (Sep-09 - Nov-13)	MTR (fall 2011)	
	2013			
2009 International strategy for Finland's Water Sector	2012	Phase I (Aug-04 - Aug-09)	Final eval Phase I & review of prodoc Phase II	
	2011			
2008 VN Country Engagement Plan*	2010	MTR (Jul-06)	Prog set-up (Aug-04 - Mar-06)	
	2009			
	2008			
	2007			
2001 Eval of the Bilateral devco between VN and FIN*	2006	Apr-04 Framework prodoc		
	2005			
	2004			

* Source: Fölscher, A. et al. (2016) Evaluation of Finland's Development Cooperation Country Strategies and Country Strategy Modality . Helsinki, Finland: Ministry for Foreign Affairs of Finland (MFA)

WSPST’s thematic area of providing WS and DS to households, are key aspects from the perspective of supporting gender equality objectives. Vietnam Women’s Union held an active role in WSPST, managing the sanitation revolving fund. It is however unfortunate that the programme did not carry out a gender analysis to understand how the outcomes of the programme affect men and women differently (as well as boys and girls). In terms of HRBA, WSPST progressed from human rights ‘blind’ in Phases I and II to human rights ‘sensitive’ in Phase III. The approach of social marketing of DS schemes supports HRBA objectives, although there is little evidence on the sustainability of the efforts. Many of the WSPST social marketing activities on DS schemes became redundant, due to the dysfunctional status of many of the schemes. WS schemes have expanded without campaigns.

Team’s assessment of the normative human rights criteria is summarized as:

- 1) Availability had shortcomings for both WS and DS;
- 2) for Accessibility there was no information, but it was assumed to be good;
- 3) the criteria of Quality/Safety and Affordability were positive for WS but negative for DS;
- 4) results of customer satisfaction surveys indicate positive Acceptability for WS and negative for DS.

Regarding the consideration of environmental issues, WSPST was built on an environmentally conscious premise that if households are given water supply, their waste water has to be treated. However, in practice the technological solution was inappropriate, and therefore the

environmental benefits in practice were limited. Environmental impact assessments (EIAs) were superficial and did not analyse the town area as a whole.

Gender Equality

To what extent has gender equality been mainstreamed in WSPST?	2
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Improving water supply and sanitation is a key element in the improvement of the quality of life of women and girls (and men and boys alike), and thereby in line with gender equality objectives.

The evaluation also acknowledges the active involvement of VWU in managing the Sanitation Revolving Fund (SRF) throughout the programme, which has been confirmed since the Phase I final evaluation (Vikman, 2009). VWU’s engagement continued throughout the Phases II and III through their role in inviting women to take part in water consumer groups during the programme implementation (at least 40% as a request). Further, the borrowers from the SRF have been mainly women, according to the Phase II Final Report. (WSP et al., 2013). These findings were confirmed during the evaluation field visit. In the Phase III, the HRBA, as well as improved gender awareness via disaggregation of data, strengthened the gender mainstreaming in the intervention. Customer satisfaction surveys carried out during the Phase III indicated only minor variation between men and women or between age groups.

The programme did not carry out a gender analysis to understand how the outcomes of the programme affect men and women differently (as well as boys and girls). In fact, gender equality considerations are nearly absent from the Phase I Programme Document, which is a clear shortcoming in the programme design. The omission of the topic from the programme document might explain why gender analysis was not carried out in later stages. For example, based on the interviews with beneficiaries and MFA staff, local level consultations at WS and DS scheme planning phase were insufficient, if not totally absent. Therefore, neither men nor women could express their preferences regarding the planned solutions.

Human Rights Based Approach

To what extent has HRBA been mainstreamed in WSPST?	2
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WSPST progressed from human rights ‘blind’ in Phases I and II to human rights ‘sensitive’ in Phase III. The Phases I and II are classified as ‘human rights blind’ regardless of the existence of a few elements that support HRBA (e.g. discussion on the importance of citizen participation). In 2010, the UN adopted the Right to Water and Sanitation, and both Finland and Vietnam voted in favour of the Right. Later, in 2012, MFA launched its new Development Policy Programme for 2012-2015 (MFA, 2012b), which included an increased emphasis on HRBA. The Phase III Programme Document, which was formulated in the same year, integrates HRBA better than its predecessors demonstrating MFA’s efforts to integrate new policy guidance into the new phase of an existing programme. Another positive aspect is that the activities were supported by hiring a team of short-term consultants to develop the HRBA aspects of the Programme and to provide training around the theme of Right to Water (Tran Nguyen & Vormisto, 2014b, 2014c).

In Phase III, WSPST made a commendable effort to strengthen social inclusion aspects, such as by collecting disaggregated data on beneficiaries (including ethnicity, as well as gender) as part of consumer satisfaction surveys. The changes were positive, but they remained relatively superficial as they were implemented when it was not anymore possible to use the information for meaningful decisions in the overall programme priorities.

The Phase III Completion Report provides a summary of a customer satisfaction and rights awareness survey. The results of both studies indicate more positive than negative opinions by the stakeholders. The survey also suggests that differences in the respondents’ views are explained rather by the quality of the construction work than the ethnic background of the

interviewees. This aspect was supported by the field interviews, as well. The Phase III Completion Report also acknowledges that *“In most WSPST towns the most vulnerable groups do not live within the service areas of the DS schemes. This applies especially to poor households and ethnic minorities whose dwellings are usually located on the outskirts of towns, whereas DS schemes tend to cover only central residential areas. For water supply schemes access is less restrictive, as service areas are larger”* (ECONET & HALCOM, 2017).

The social surveys distinguished between gender and ethnicity, and aspects such as affordability, accessibility and acceptability have been investigated among the beneficiaries. A rights awareness assessment was conducted between May and October 2016 in all 25 Programme towns in order to evaluate the impact of the Consumer Group activities and efforts conducted by WS and DS operators. In this aspect, sustainability remains as a challenge; there is no indication that e.g. the established Consumer Groups or campaigns implemented by the Women’s Union would have continued after the programme ended.

The aspect that considerably weakens the classification of the programme as “progressive” is the fact that topics relevant to HRBA appear not to have been on the agenda of the SC meetings reflecting lack of ownership on the matter on behalf of the leadership.

WSPST implemented relatively extensive social marketing activities to promote both WS and DS schemes in the Phase III, which included key HRBA elements such as awareness raising on the roles and responsibilities of the rights holders (citizens organised in consumer groups) and duty bearers (mainly WS companies). Furthermore, in Phase III, WSPST used the available resources to pay increased attention to the project’s social aspects by dedicating one international technical assistance position to IEC activities.

If social marketing is understood as an approach to create demand for certain products or services in the target population, in the case of WSPST, it meant motivating the citizens to connect to the WS and DS schemes. However, most DS schemes did not work or they offered an unattractive alternative to households, which breaks the foundation for the campaign. For the water supply schemes, interviews with the water supply companies, local authorities and Vietnam Women’s Union representatives revealed that, in their view, households connect to the WS schemes simply because there is demand for the service. A word of mouth mechanism works sufficiently well to disseminate the information. Several water supply companies reported that the WS schemes have been expanding their customer base without any social marketing campaigns after WSPST ended. Lack of access to quantitative data on scheme expansion limits the evaluation team’s ability to triangulate on the statement. The Figure 4 (under effectiveness) shows that a number of schemes reached over 100% coverage compared to the design capacity.

The Phase III final report indicates that the utilities have grievance redress mechanisms that function for the most part. The evaluation team did not find open access complaints books in any of the visited WS companies; however, citizens used existing channels of expressing grievances (e.g. sending a letter to the local people’s committee). There was no evidence in the visited towns that consumer groups were active.

The normative human rights criteria²:

Availability³: The water and sanitation services are available only to those households that live within the reach of the schemes, not all households within the programme towns. In addition, not all households who have access to WS, have access to DS. As a result, social inequality does not become reduced within the programme area but can be worsened as a result. Almost no documentation existed which described the demographics of the programme towns, including information such as the main ethnic groups, their special characteristics and location within the towns. Programme documents used only a general category “ethnic minorities”.

² We followed the same definitions of the normative criteria used in the WSPST HRBA reports by Tran Nguyen and Vormisto (Tran Nguyen & Vormisto, 2014a).

³ A sufficient number of sanitation facilities and sufficient water supply is available for each person for personal and domestic uses.

Accessibility⁴: The water was connected at household level, therefore fulfils this criterion (normally referring to the distance or time to travel to collect water). There is an assumption if a household has access to WS and DS, then all members of the household have equal access to the facilities. This assumption should not be taken as granted, as there are specific groups of people, for example people with disabilities, who need special consideration. There is no information available in this respect.

Quality/safety⁵: The feedback collected from the field visits and interviews with the authorities and consumers indicated, by and large, satisfaction with regard to the water quality, even if they still prefer to boil the water before drinking it. DS schemes are dysfunctional for the most part.

Affordability⁶: The fact that consumers are ready to pay for the water indicates that the water tariffs are affordable to the consumers, which was confirmed by the interviewed water supply companies. An unknown number of consumers continue using alternative sources of water, such as wells. Households do not have to pay for waste water, and where they have been asked to do so, they have refused (the case of Minh Duc town; confirmed by the Haiphong water supply company who was responsible for collecting the fee). A number of households have taken a loan and/or paid for the connection to the DS schemes, but they have been left without a service. This situation raises concerns from the perspective of HRBA in WSPST considering that it is a development cooperation programme.

Acceptability⁷: This criterion is reflected little in programme documents. Relatively high satisfaction reported in the surveys indicate good acceptability in terms of WS and lower satisfaction in terms of DS, although data collection method might create a research bias (ECONET & HALCOM, 2017). The evaluation did not possess sufficient resources to carry out a new satisfaction survey for comparison.

Appendix 14 provides a definition of the categories: human rights “blind”, “sensitive”, “progressive”, and “transformative”. Note that transparency is a key aspect of HRBA, especially, in an infrastructure programme. However, in this evaluation, transparency has been assessed under the criterion of Mutual Accountability.

Consideration of Environmental Issues

To what extent have environmental considerations been mainstreamed in WSPST?	2
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WSPST was built on an environmentally conscious premise that if households are given water supply, their waste water has to be treated. The primary purpose of separate sewers and centralised wastewater treatment is to protect the environment. This approach, as such, supports responsible environmental management, at least in principle. WSPST also introduced the idea of establishing a laboratory for MOC to be equipped to test water quality of natural watercourses, groundwater and potable water (see Box 3.4), although the facility did not become operational in the end.

The Sanitation Revolving Fund (SRF) has also allowed households to borrow money for improving the sanitary conditions of their homes and gardens. Based on interviews with town-level managers of the SRF, households have used the loans also for building septic tanks, biogas facilities, or for upgrading their bathrooms. WSPST also made improvements to the drainage

⁴ Water and sanitation services are accessible for everyone in a household or its vicinity on a continuous basis, without threat to physical security when accessing facilities.

⁵ Water is safe for consumption, sanitation facilities are hygienically and technically safe to use, access to water for cleansing and hand washing is assured.

⁶ Costs for access to water and sanitation does not compromise the ability to pay for other essential necessities guaranteed by human rights (food, housing, health care, etc).

⁷ The acceptability implies that water and sanitation should be culturally and socially acceptable. Depending on the different cultures this includes privacy, separate facilities for women and men and specific hygienic requirements, including menstruation needs. Water should also have an acceptable colour, odour and taste.

(combined sewer) network. Based on comments from local authorities and residents, this has resulted in positive environmental effects.

The Phase I and Phase II MTRs both acknowledge the existence of Environmental Impact Assessments (EIAs) in WSPST but both reviews question their quality. The Phase I MTR points out that while the EIAs follow national regulations they do not cover potential negative impacts in the long run as more and more households will start connecting to the DS schemes (The Finnish Environment Institute, 2006). Such concern was valid at the time as it was expected that all DS schemes would eventually function effectively. According to the MTR of the Phase II, WSPST environmental impact assessments (EIAs) *“are poor and concentrate mainly to the threats of the period of construction rather than those of the operations”* (Ojala, Garcia, & Dang, 2011).

WSPST also does not appear to have considered the environmental management from a wider perspective - i.e. assessing which are the pollution hotspots in the programme towns and which solutions would be most cost-effective to address the situation. The evaluation has not found an assessment on the environmental situation in the towns before the intervention, to serve as a baseline and be able to demonstrate the level of improvement after the intervention. This aspect might be explained by the fact that the DS schemes followed the programme’s initial idea of bringing WS to the towns. The intervention’s entry point was not, therefore, integrated environmental management but provision of safe water to households. In this context, DS was considered as a safeguard against potential negative environmental impacts resulting from improved WS.

The evaluation found no evidence of rigorous testing of treated waste water even if some testing has taken place. However, given the fact that most DS schemes are dysfunctional, there is little effluent coming out of the systems in any case. In later years, there could be problems at the BASTAF tanks if they are not emptied. The tanks could overflow discharging polluted water to the rivers. This situation would eventually lead to the same result that would have been achieved by using combined sewers in the first place.

HIV/AIDS

In international comparisons, the occurrence of HIV/AIDS is low in Vietnam; it does not rank among the 100 countries with highest adult prevalence rate. The populations affected by the illness are people who inject drugs, gay men and other men who have sex with men and female sex workers and their sexual partners, although most of them live in mountain provinces and cities (Index Mundi, 2019; UNAIDS, 2019). WSPST did not mainstream HIV/AIDS in its design or operations. Programme documents only mention the issue briefly if at all. For example, the programme documents of Phase I and II don’t mention the topic at all, while the programme document of Phase III mentions it once but without any further explanations on how the issue would be taken into account.

MFA-wide processes in strengthening the inclusion of gender equality, HRBA and environmental considerations in programme implementation

Regarding progress in the MFA-wide processes to strengthen the inclusion of gender equality, HRBA and environmental considerations in development cooperation, the MFA has implemented several studies and published guidelines to support the mainstreaming of gender equality, HRBA and environmental considerations in programme implementation. The institution has recently carried out two evaluations relevant to these issues; the Meta-evaluation of Project and Programme Evaluations in 2015-2017 (Silvestrini & et al., 2017) and the Evaluation on Improvement of Women’s and Girls’ Rights in Finland’s Development Policy and Cooperation (Rassmann, Poutiainen, Byron, & Mikkolainen, 2018). Both of them pointed out strengths and weaknesses in, for example, the inclusion of gender equality considerations in Finland’s development cooperation. Lack of time and human resources at the MFA stood out as one of the key impeding factors in ensuring that programmes follow the general policy guidance. This is a challenge being addressed in the process of implementing the recommendations of the

aforementioned evaluations. Similarly, efforts to promote HRBA include the formulation and updating of specific guidelines (MFA, 2013, 2015b). According to interviews with MFA staff, guidance related to the inclusion of cross-cutting objectives is currently being revised. Further information will be provided in the course of 2019 and 2020.

3.7 Aid Effectiveness

The initial Terms of Reference for this evaluation included two criteria related to aid effectiveness: Aid Effectiveness covering mutual accountability and ownership, and Coherence including contribution to Finland’s country programme in Vietnam as well as private sector and/or civil society cooperation. In order to facilitate evaluation of these different aspects, we organised the assessment under six sub-headings; (1) Coherence, (2) Complementarity, (3) Coordination, (4) Mutual Accountability, Transparency and Integrity, (5) Ownership, and (6) (Finnish) Added Value. For the criteria 1-5, scoring indicators were developed to establish to what extent WSPST has succeeded in taking these aspects into account in its design and implementation (see Appendix 4).

Coherence looked at WSPST alignment and contribution to other interventions by Finland in Vietnam while complementarity situates WSPST to the wider architecture of similar WS/DS interventions in the country. Coordination discusses collaboration and exchange of information with other relevant partners and stakeholders. Mutual accountability was assessed by using a Rapid Transparency Assessment tool developed by Transparency International (see Appendix 12). Ownership refers to the use of existing country systems instead of creating parallel structures for the implementation of development cooperation.

Finnish Added Value was not evaluated against scoring indicators given the lack of clarity of what would constitute “ideal” Finnish added value in a development cooperation intervention. Therefore, the criterion was addressed through a general discussion on the experiences of different forms of Finland’s involvement that emerged from the field work and desk review.

The main finding is that WSPST scored high in terms of Complementarity due to the specific niche that the programme occupied in the WS and DS programme landscape in Vietnam, and on Coordination thanks to engagement with other key actors in the field. Coherence, Mutual Accountability and Ownership scored lower resulting to an overall score of 2.7, which remains slightly below the category “good”.

Coherence

To what extent has WSPST contributed to the implementation of other elements/projects in the country programme or the transition strategy, including private sector and civil society cooperation?	2
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The main finding is that, WSPST has contributed to the overall portfolio of Finland in the water and sanitation sector and the transition strategy along with other instruments; but the timeline of investments suggests that Finnish companies had gained presence in Vietnam already prior to WSPST. Links with other Finnish programmes were not significant most likely due to the specific niche that WSPST occupied in the water and sanitation sector.

In 2009, Finland published its Country Engagement Plan with Vietnam which meant that attention was shifted towards a transition to trade relations between the two countries (Fölscher et al., 2016). In 2012, the Finnish concessional credit modality financed five WS projects and one DS project in urban areas, according to an evaluation of the instrument used for financing the infrastructure (Alikhani, Montes, Danino, von Weissenberg, & Barceló, 2012). The report does not mention WSPST, although MFA staff pointed out that there have been some links between the programme and the concessional credit schemes through the engagement of the same companies.

Econet Group – a group of Finnish companies specialised in water and wastewater treatment infrastructure – lists 20 Finnish-supported WS/DS projects in Vietnam since 1985 (Econet, 2015). Eleven out of 20 projects have been implemented by Econet Ltd and three by Soil and Water. One project included several companies; Econet, WSP Finland Oy, Anycon Project Consulting, Ramboll Finnconsult, Plancenter and Pöyry Environment Oy. All of these, except Ramboll Finnconsult, also implemented WSPST at some stage. However, Econet entered WSPST only in Phase II, in 2013, when virtually all the other WS/DS projects of the company had already been completed. The timeline indicates that Econet had gained ground in Vietnam before the company started playing a role in WSPST. In addition, according to Econet’s brochure, Finland has invested approximately EUR 185 million in the water and sanitation sector in Vietnam, which includes about EUR 40 million of concessional credits (Econet, 2015).

In light of the above, it is unlikely that WSPST would have constituted the main factor for paving the way for Finnish companies to the Vietnamese markets, at least not under the concessional credit instrument. WSPST is one of the Finnish interventions in the wider water and sanitation portfolio of Finland in Vietnam, which includes a variety of elements, such as the water safety planning tool that was promoted at the end of Phase III, an aspect highlighted by the MFA and also mentioned in MFA’s transition strategy (MFA, 2016a). The Transition Strategy between Finland and Vietnam mentions that new businesses mainly operate in the information technology sector but that commercial projects are underway in the water sector, too. The transition strategy does not specify the titles of the projects (MFA, 2016a). Interviews with MFA staff as well as Vietnamese and Finnish informants indicate that a concessional credit contract (under the ‘Public Sector Investment Facility’ instrument) is under preparation with a Vietnamese wastewater service provider. In addition, the transition strategy also outlines new forms of collaboration between the countries in this sector, including a Memorandum of Understanding between the Finnish Water Forum and MOC, as well as Team Finland’s ongoing Waste to Energy and Bioenergy Growth Programme (MFA, 2016a). MFA has also highlighted the active participation of Finnish companies in the Viet Water Fair.

Some other development interventions were operating at the same time with WSPST, and those that worked on WS included Quang Tri Rural Development Programme, Thua Thien Hue Rural Development Programme, and the Program for Socio-Economic Development in Communes Facing Extreme Hardship in Ethnic Minority and Mountainous Areas (2006-2010); the sector support programme known as “P135”. These programmes targeted rural areas and focused support on commune and village levels and therefore solutions offered by WSPST were most likely not relevant to them.

Complementarity

To what extent has WSPST been (geographically) complementary with other donor-funded water and sanitation interventions in Vietnam?	4
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There is no geographical overlap with any of the other major donor-funded water and/or sanitation programmes. Phase I/II Programme Documents provide a comprehensive list of large-scale water and/or sanitation programmes in Vietnam, which include interventions supported by the World Bank, the Asian Development Bank (ADB), the German development bank KfW, the Japan Bank for International Cooperation (JBIC)/Japan International Cooperation Agency (JICA), the Belgian Technical Cooperation (BTC), the Danish International Development Agency (DANIDA), and the Australian International Development Agency (AusAID) (MFA, 2009; WSPST, 2003). None of the above-mentioned interventions have implemented activities in the WSPST towns. The finding is confirmed by the Phase II Mid-Term Review (Ojala et al., 2011). The Phase II Completion Report refers to a World Bank draft report from 2013 titled Review of Delivery of Water Supply and Sanitation Services in Small Towns of Vietnam. The results of the report show that WSPST is a relatively small intervention, given the fact that the World Bank has funded 35 WS schemes and Japan 108 WS schemes. ADB and AusAid have supported approximately 100 schemes via the Government’s National Target Programme (WSP, ANYCON, & Pöyry 2013). The

few programmes to have included sanitation have focused efforts to either big cities or to provincial capitals.

Coordination

To what extent has the WSPST coordinated, collaborated and shared information with different partners and stakeholders?	3
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Finland was active in the donor sector working group on water and sanitation. MFA and WSPST also engaged closely with AFD, KfW and the World Bank in the process of trying to integrate FRWF with the NRWF. Based on interviews with WSPST staff and ADB, overall coordination related to water and sanitation matters was carried out through the Vietnam donor sector coordination group led by ADB from 2011 onwards. The Embassy of Finland, together with WSPST, engaged actively in the process. This view was confirmed by ADB representatives during the visit to Vietnam. Coordination with other donors took place also in the process of encouraging the fusion of the FRWF with the NRWF (end of Phase I and beginning of Phase II). WSPST engaged closely with the French Development Agency (AFD), the World Bank and the KfW in this context, according to programme completion reports. In addition, the location of the programme management unit in MOC allowed WSPST to coordinate efforts other donors, such as the formulation of Decrees 117 and 88 with GTZ (later GIZ), as was reported by WSPST TA and the Final Evaluation of Phase I (Vikman, 2009). The programme also organised a number of workshop accessible for wider groups of stakeholders.

On the other hand, both the final evaluation of Phase I and the MTR of Phase II criticised the programme for lack of sufficient coordination (Ojala et al., 2011; Vikman, 2009). However, the reports do not describe what an ideal level of coordination would look like in the context of WSPST. Overall, the programme occupied a specific niche in the water and sanitation architecture in Vietnam (by focusing on level V towns and separate sewers as a technical solution for waste water management). It did support two private water operators in Haiphong but, otherwise, it worked with state actors as the project owners. This set-up raises a question on what would have been the concrete expected results of the coordination beyond general information exchanges in any case. For example, there was no co-funding or other similar arrangements apart from the Minh Duc WS scheme implemented together with the World Bank.

Mutual Accountability, Transparency and Integrity

To what extent has WSPST promoted mutual accountability, transparency and integrity?	2.3
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Based on the rapid transparency assessment, WSPST’s performance in terms of mutual accountability, transparency and integrity falls in the category of “average” the scores 2 and 3 out of 4 being the most common throughout the assessment grid. Strongest aspects related to policy provisions for public access to programme documentation, financial reporting guidelines, and codes of conduct of individual employees. Score 2 was allocated to aspects such as practice-level transparency, clear and effective accountability mechanisms, and participation of indirect stakeholders in programme meetings. Lack of explicit provisions for whistle-blower protection and training on integrity to programme staff led to the allocation of score 1 on those aspects. Two aspects, effective policies and procedures in place to penalise corruption and fraud as well as requirement to consult with civil society throughout the project cycle, were not scored either due to lack of evidence or the lack of direct relevance to the programme (in case of the second point). Appendix 12 describes the rapid transparency assessment tool.

Ownership

To what extent have WSPST infrastructure projects been delivered using existing country systems (and avoiding creating parallel structures)?	2
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WSPST programme set-up and implementation procedures were in general terms based on Vietnam’s laws and in line with global aid effectiveness principles, including ownership. However, the chosen implementation mechanisms (i.e. design and construction contracts being separate from the long-term operation of the schemes) weakened practice-level ownership for ensuring quality design, construction, operation and maintenance of the schemes.

WSPST applied Vietnamese procedures in the procurement of the infrastructure investments, as defined in the WSPST Management Manual (WSPST, 2005). This solution supported country ownership and was in line with the Hanoi Core Statement on Aid Effectiveness, the guiding document regarding partner country ownership at that time.

In practice, WSPST implemented an approach whereby WS and DS schemes were delivered through the design-build modality (although the CTA in Phase II emphasised the attempts to “localise” the process as much as possible in order to increase ownership, in a letter to the MFA in 2013). In the model, the same company designs and builds the infrastructure, after which the assets are handed over to the project owner. In the context of Vietnam, this system did not create an incentive to the companies in charge of designing and building the schemes to implement good quality construction. A different model, design-build-lease, was used in Minh Duc (in collaboration with the World Bank). In the latter case, the same company that designed and built the scheme was given a 10-year lease to operate it allowing the generation of returns in the long run. The success of the model was confirmed by both Minh Duc local authorities and by the Haiphong water supply company who now operates the scheme after the lease expired.

Further, the lack of local consultants’ and contractors’ experience on designing and building small bore sewers coupled with the lack of long-term incentives contributed to the low-quality construction, especially in the case of the DS schemes.

When it comes to project owners, they were identified, in principle, at the lowest level possible (WSCs for WS or TPCs for DS). However, in practice, the members of the Tender Evaluation Committees were appointed by the Steering Committee and consisted generally of programme staff (such as the Programme Director and Chief Technical Adviser) and invited experts from MOC or other organisations (WSPST, 2012). This system tended to detract from ownership.

Added Value

Taking into account the findings in earlier text, only limited added value was provided by WSPST.

Added Value through WSPST could have included, *inter alia*:

- Leading a national debate on wastewater treatment in Vietnam – technologies and operating
- Developing a national design manual for MOC on sewerage and wastewater treatment
- Curricula for item 2 and providing lectures for students and practising engineers
- Advising GOV on the roll-out of the on-going equitization process
- Promoting the establishment of an independent water regulatory agency to regulate the urban water supply industry through the use of licences that set performance standards
- Developing tariff calculation models that are fair to consumers, WSCs and the environment

3.8 Programme Design, Steering and Monitoring

The findings in this section correspond to 'Programme Efficiency'. The evaluation team have chosen not to include the scoring of this dimension of WSPST in the overall scoring of the Programme since it is very difficult to triangulate findings from the field with the documentation. The evaluation team are also conscious that it is often very difficult to comment on a particular action or decision taken without having the full knowledge of the context at the time in which that action or decision was taken. However, much of what went wrong with WSPST can be found here, and the evaluation team emphasises that the programme design, steering and monitoring had serious deficiencies. Many of these deficiencies were highlighted in the WSPST reporting, however it seems to have proved impossible for the SC to make the necessary adjustments.

Steering Committee

The Steering Committee carried out regular meetings and complied with its mandated tasks. However, the SC failed to use the opportunity to learn from mistakes and repeatedly allowed the Programme to continue in the same direction. It is common in Vietnam for important deliberations and discussions on major issues between parties (MPI, MOC and the Embassy) are carried out in more informal meetings to find solutions, so that these can be formally announced at the SC meeting. However, whatever is decided in the meetings of the Steering Committee (and recorded in the minutes) is a reflection of insufficient strategic discussions between the parties. An example of the lack of strategic steering is the absence of discussions on the equitization process in the meetings. The evaluation team find the SC was not effectively co-chaired and the power structure within the SC made it difficult to take corrective actions.

Embassy of Finland in Vietnam

The Embassy attended most key meetings and showed active engagement with GOV. It however appears that the Embassy was too passive with regard to the TA activities and the quality of programme implementation; and failed to pay sufficient attention to the equitization process in the later stages of WSPST. The Embassy of Finland's peers in the sector (e.g. ADB, GIZ, KfW or the World Bank) appear to have been more active. The Embassy could have used the leverage of its support to WSPST to influence national policy or to engage with GOV at higher levels.

Other contributing factors may include the high turnover of advisers in the Embassy in charge of WSPST – four advisers over six years between 2008 and 2014 in the critical period between the end of Phase I and start of Phase III. Advisers in the Embassy are not always water experts and do not have task manager experience to manage/guide/control large infrastructure projects.

International TA

There is evidence that the TA tried to rectify problems during the project implementation. There is also evidence of technology transfer (e.g. chlorine treatment solutions, mobile software to control water treatment) and knowledge transfer through workshops and training courses.

The TA did not fulfil the expectations set out in the Programme Documents, which is evidenced by the serious design failures of most DS schemes, leading to dysfunctional infrastructure. A review of the SC meeting minutes, internal memos and internal review reports show little evidence of formal reports from TA flagging fundamental challenges in the programme implementation, being acted upon. The one real exception was the attempt in Phase II to convert the DS schemes (that were clearly going to fail) into drainage improvement projects, but this initiative was overruled by MFA (SC minutes, December 2013). Progress reports in Phase II were found to describe a more positive picture of programme results than the reality on the ground.

Given the huge expenditure on TA it is not unreasonable for MOC/MFA to have expected TA to be able to guide local companies to prepare good feasibility studies, detailed designs and tender

documents. Yet these problems persisted throughout WSPST, as shown in the TA reports and documentation that make constant reference to poor designs and poor documentation.

Vietnamese engineers can design and build sophisticated infrastructure therefore it does not seem unreasonable to expect design engineers could be found to design WS and DS schemes. From the project documentation, the use of the design-build-contract modality meant that the design was awarded to contractors who in turn would then identify and sub-contract the design engineers. It is more usual for the project owner to contract the design engineers using a competitive bidding process to ensure competent engineers are selected. Design engineers should work on behalf of the project owner (and not the contractor) and the same design engineers should be responsible for the construction supervision on behalf of the project owner.

Financial Management and Reporting

According to KPMG the financial administration and reporting of the Programme has been adequate during Phases I, II and III, although KPMG has recommended several improvements in reporting and monitoring of the Programme. The accounting software for Programme accounting was introduced as late as in the end of 2014. Previously, the accounting of the Programme was kept in monthly Excel spreadsheets, which is not a reliable and transparent tool for accounting and reporting practices.

An administration manual was also established based on recommendations made by KPMG. The certification process of payment documentation as according to the Administration manual: Quality inspection document > Item quantity measurement minute > Summary of interim actual quantity and value > Interim payment certificate > Approval of VDB/State treasury > Certification by TA > Payment to contractor.

There are discrepancies between Programme financial reports. WSPST actual total investment costs based on completion reports of Phase I, II and III amounts to EUR 20,116,000 whereas total investment costs in the Programme Dossier are EUR 21,205,000 (with other costs) or EUR 18,469,000 (without other costs). The Phase I completion report does not have actual expenditures separately for WS and DS schemes, and the Phase III completion report does not have budgeted and actual expenditures separately for WS and DS schemes. Some reports are in VND and it is not known what the costs are in Euros or what exchange rate has been used.

The accounting and reporting system should be transparent and consistent having the same reporting format from the scheme level to the whole programme level ensuring an audit trail to allow an auditor to trace the financial data from the reports and general ledger to the source document and view the full process of a given transaction.

3.9 Support to Institutional Strengthening and Capacity Development

The outcomes of the policy and institutional support to MOC and other relevant state agencies, especially in the view of the changing operating environment in Vietnam, including the privatization of the water supply sector? Have relevant policy-level changes happened as a result of WSPST?	NS
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In Phase I capacity building and experience exchange was provided at national, provincial, district and town levels. This support included national seminars on water supply and sanitation. The local institutions involved in these occasions were MOC, MPI, MONRE, MOF, VDB, State Treasury and provincial delegations. There were also many thematic seminars at provincial level covering themes such as Poverty, Financial Management, Quality Issues and Concessional Credit Management. The utility personnel of the WS and DS schemes were trained using a module system. In this training there were over 500 participants. The target group was the utility administration of both provincial and town levels and the treatment plant and network operation and maintenance personnel. Study tours were organised in Vietnam and overseas. It is not clear

in the reporting how the changing operating environment in Vietnam was presented in WSPST seminars and training courses or how Phase I demonstrated a modern governance and management system for water supply and wastewater utilities.

In Phase II regular information, Education and Communication (IEC) activities to improve the local understanding of the importance of water and sanitation services and to promote behaviour changes in sanitation practice in small towns. The Phase II TA consultant provided TPCs with a template of cost estimate for annual O&M activities and recommended rates for the activities based on the particular technical and geographical conditions of the projects. A model where the TPC is the asset owner but the provincial water supply and sewerage companies are responsible for O&M services was also recommended. The Phase II TA recommended that O&M costs for the initial year of operation should be included in the Design and Build contractor's contract. This would ensure that the scheme would be operated immediately upon the start of the defects liability period and project owners would have enough time to take over the responsibility from the contractors and to apply for an annual O&M budget from the higher authorities (for DS schemes). Phase II was mainly a construction project with less emphasis on capacity building. It is not reported how the changing operating environment in Vietnam was taken into account and if WSPST had any influence on it.

Phase III was meant to be mainly the phasing out of WSPST, designed to complete unfinished construction work, however the Phase III TA also provided significant support to institutional strengthening and capacity building. Phase III organised several training courses and published a number of studies. These included: workshops for WS and DS scheme managers, courses for WS and DS operators, consumer group training, revolving fund management training, sanitation revolving fund training, two views on the privatization of the water industry in England and Wales, a review of water supply management models, DS satisfaction survey reports, benchmarking of the performance of WSPST water supply schemes, Sanitation Revolving Fund internal audit reports, a draft outline for water supply services law of Vietnam, a report on O&M and water safety planning workshop in Do Son town, a template for a water safety plan for a Small Town WS Scheme in Vietnam, operator customer service and social marketing workshop reports, a study on international experience in legislation on water supply services, attracting more DS customers (base-paper for discussion), a report on preparation of detailed cost estimates for operation and maintenance of the DS schemes, the results of a staff survey and assessment, recommendations on HRD improvement and the application of information technology in the field of water supply in Finland, with a special focus on NRW and O&M training plans. Phase III also supported the preparation of the clean water supply law of Vietnam. These efforts of the TA in Phase III were highly appreciated in many meetings and Finland provided a very useful role in assisting the MOC.

As discussed under Efficiency, there was inadequate monitoring and reporting of higher-level outcomes in capacity building and institutional strengthening. The number of trainings and other events (inputs) are adequately documented, but the outcome and impact level results have not been measured nor analysed in project reports.

The appraisal report of Phase I (WaterPro Ltd, 2003) identified that water utilities would, in the near future, likely follow the corporatization model of the energy sector in Vietnam. It was therefore suggested that WSPST could make an important contribution to the water sector in Vietnam to demonstrate how a modern governance and management system operates in a corporatized, commercial water utility setting. It was recommended that "WSPST should support and facilitate the necessary governance change in the provincial water utility sector and request provincial commitment to the governance reform as a precondition for utility investments. The WSPST TA component should take the governance reform as a key implementation task". Unfortunately, this advice was not acted on until Phase III, and it can be concluded that WSPST contributed little to demonstrate how a modern governance and management system operates in a corporatized, commercial water utility setting. The evaluation team feel that this was a significant lost opportunity for Finland to contribute substantively to the water sector in Vietnam.

As the highest decision-making body of WSPST, the Steering Committee should have been expected to deliberate on the influence of the changing operating environment, including equitization and privatization, and how WSPST should take these changes into account. A review of the SC minutes from Phases I, II and III reveals this was not the case. The main focus of SC meetings was discussing implantation problems arising from the Design Build model, but broader development issues were not analysed in detail. It can be noted however that WSPST funding of MOC policy events, seminars/workshops and study tours acted as a catalyst for many of the developments in the sector that have occurred over the last 15 years.

Finally, the contribution of the Finnish TA located in MOC throughout Phases I, II and III should be mentioned. Without an agreed institutional strengthening plan or a formal capacity development programme, the influence and importance of Finnish TA has largely gone unrecorded, however the support was highly appreciated in the sector by all stakeholders, including government and development partners.

Without undertaking a detailed analysis of the support to institutional strengthening and capacity development provided by TA in Phases I, II and III, it is difficult for the evaluation team to score the overall contribution of WSPST to development of the water and sanitation sector. However, if we were to rate the TA in each phase of WSPST we would provide the following ratings:

Phase I: Good (3) TA support predominantly on establishing WSPST and promoting its agenda.

Phase II: Weak (2) TA support was directed mainly towards design and construction activities.

Phase III: Very Good (4) TA provided comprehensive and wide-ranging support to the sector within the constraints of the available TA budget in Phase III.

4. CONCLUSIONS

4.1 Impact

The Programme impact cannot be defined with certainty. It is likely that the WS schemes contributed positively to some extent on the health of local populations in terms of reduction of water-borne diseases. The data is based on statistical figures which are influenced by a variety of other important factors. Some anecdotal evidence from field interviews support the positive trends reported in programme documents. Impacts in terms of reduced poverty, increased economic activity and environmental sanitation are likely to neutral. Challenges with the DS schemes are likely to have caused some financial loss to the households who decided to connect to the schemes.

WSPST failed to demonstrate a replicable WS model for Class V towns in Vietnam. This is an unfortunate missed opportunity to impact the sector development in Vietnam⁸.

4.2 Relevance

Provision of water supply was relevant to households and local authorities in small towns, and there was clearly demand for water supply, which is reflected in high connection rates.

⁸ When comparing to other sector projects implemented in similar context, the Red River Delta Rural Water Supply Project funded by the World Bank, for example, was successful in anticipating (and possibly influencing) the equitization process by promoting private sector management and investment in the water supply sector in schemes of a similar size to WSPST WS schemes. The project has used a 'payment for results' approach and demonstrated since 2005 the 'joint stock company' model for the management and operation of large multi-commune water supply schemes.

WSPST was reasonably relevant to the MFA Development Policy, particularly the focus on poverty reduction, access to water and sanitation and health. However, the activities were not particularly targeted on the poorest residents.

WSPST was of limited relevance to WSCs and many opportunities were lost. The WSPST programme design in which the design and construction of WS schemes rested with entities that were not responsible for future O&M of the schemes (design-build contracts) did not facilitate the ownership building of the WSCs. It is likely that construction supervision would have improved if WS projects had been managed by WSCs. Implementation delays may have also been reduced if the complexity of WSPST management had been reduced via decentralisation.

The FRWF was relevant in the context that prevailed at the start of WSPST. However, WSPST was not able to adapt to the process of equitization and how it affected the relevance of funding modality. If privatised water companies are not able to access concessional loans it is highly likely they will not invest in infrastructure in small towns with systems that provide low or even negative rate of return.

Promoting the use of separate sewers and wastewater treatment for Class V towns in Vietnam was a solution to a problem that is not considered a priority in Vietnam. The MFA promoted a particular technology via WSPST without providing evidence-based reasoning for the technology, and was not open to change this: for example, it was very clear that the use of separate sewers and centralised wastewater treatment was unaffordable in Vietnam and that DS service areas would be much smaller than WS service areas. Improved drainage coupled with the promotion of on-site solutions would have achieved a far greater sanitation coverage than the separate sewerage system. The WSPST could have also promoted the building of household septic tanks to pre-treat wastewater, as required in Decree No. 88 (2007), resulting in a broader impact than the selected approach. Many recommendations for an alternative solution were not acted on. If providing water without sanitation was a primary concern, then WSPST could have worked directly with WSCs to improve their capacity: including business planning, identification and design of new investments and securing loans from e.g. the VDB.

4.3 Effectiveness

WSPST funded WS schemes have met the high demand for water supply services and good coverage has been achieved, with nearly all WS schemes having reached their designed service coverage. Schemes are generally functioning well, and water tariffs are collected on a regular basis.

The estimated water consumption rates appear over-optimistic, resulting in lower revenues than what was calculated to be feasible for guaranteeing financial sustainability of the schemes. This issue was known from the Phase I onwards, but the programme failed to change the financial feasibility assessment method to better respond to the reality. More broadly, WSPST appears to have approved all WS schemes, presumably on the basis that the PPC would subsidise the water supply service, as there was a clear demand. A debate on water pricing in loss-making schemes does not appear to have taken place within WSPST.

The technical approach for separate sewerage and wastewater treatment was inappropriate for the local settings and there was insufficient local involvement during the design stage, leading to weak functionality. Some DS schemes, such as in Toan Thang and Minh Duc were so clearly inappropriate for the settlement pattern of the town that it is not really conceivable they could have ever worked.

There was no local ownership and no interest in the effectiveness of the waste water treatment plants, which has resulted in the poor functionality of the plants. It is unlikely that the WWTPs are effective at minimising environmental impacts of sanitation. The evaluation team concludes that WSPST made no reliable analysis of the quality of the effluent from the WWTPs. Few WWTPs are today receiving wastewater and unless further investments are made

to rectify problems and the O&M budgets are secured for a service provider, it is likely that many of the WWTPs will fall out of operation in future.

Support to institutional strengthening and capacity development was appreciated for its impact on sector development at the national level, but more could have been done to measure the impacts and to prepare the transition of WSCs to private entities.

Due to burdensome administration and long lending cycle, transfer of the funds through the FRWF was not ideal for supporting smooth project implementation. Once it became clear that NRWF is not going to be established and that the equitization process moved on changing the financing set-up, WSPST should have updated the revolving fund modality, e.g. by funding WSCs to make operational improvements, such as in Non-Revenue Water (NRW) or in commercial improvements. The rate of return on activities is high and revenues cover debt service.

The Sanitation Revolving Fund has been effectively managed by the Vietnam Women's Union. The VWU have adapted the focus of lending to more useful/productive activities to support sanitation improvements than DS, and should be highly commended.

4.4 Efficiency

The programme achieved good coverage of WS at low cost and reasonable quality. It should however be noted that the low price of the WS schemes may be due to low quality specifications: for example, are WS schemes durable and sustainable and do they represent real long-term value for money?

WS schemes were viewed in isolation and not within the WSC's business plan. If the project had put WSCs – the future owners and operators of the schemes – in the centre of the project, it is possible that they had used the WSPST funds more efficiently to develop their business. The purpose of WSPST should have been to strengthen WSCs so they could develop a sound business approach to provide profitable services to all district towns in the province, using a cross-subsidy model if necessary.

The introduction of new technology would have demanded a much more hands-on approach by the International TA. The local consultants were unfamiliar with the new technology and would have benefitted from training. For example: complaints of textbook solutions being applied could have been met with a robust response from the TA, such as providing skilled design engineers for supervision. TA could have prepared a design manual for separate sewers together with the MOC, and been proactive to guide local engineers unfamiliar with sewer design. The TA could have also had a construction engineer on site to demonstrate best practice in laying sewer pipes to a constant gradient.

The solution for DS was technically complex and meant that many HH connected to WS would not be able to connect to DS schemes: for example, most of the WSPST towns in the northern mountainous provinces have topographical features that divide the town into multiple catchment zones. Water pipes working under pressure can cross zones, but it is impossible for sewers working under gravity to do so. Multiple decentralised DS schemes can and were built but this raised the costs of the DS schemes even more, as more sites for WWTPs were needed. Many DS schemes were not designed with the future expansion of the network in mind, which also should be a major concern.

Approval process and planning for the laboratory were lacking. The need to secure the approval for the laboratory to be established in MOC, and to have an establishment budget allocated to it before buying the equipment, should have both been pre-conditions. The SC was the competent authority to approve the purchase of equipment, but it was not the competent authority to establish the laboratory in MOC. Most likely this was also not the natural home for the laboratory.

The FRWF did manage to disburse funds to investments although there were many delays. Overall, the FRWF has not been able to fulfil expectations, partly due to management issues and partly due to the changing institutional environment.

4.5 Sustainability

Most WS schemes can cover full O&M costs and half of the schemes can also cover the debt servicing, whereas the other half falls short of meeting the debt payments. However, while the financial sustainability is at a relatively good level, there is a risk that some WS schemes may collapse without subsidies. There are also concerns about the affordability of future tariff rates: raising tariffs may drive down water consumption and in the process actually lower revenues for the WSCs; the removal of the minimum monthly charge (Degree 124/2011/ND CP) is also likely to reduce revenue.

Pricing of wastewater services at 5 to 10% of the water bill makes it impossible for DS to be sustainable. A well operated wastewater system in Europe will cost more to operate than a WS scheme. While this may not be the case in the WSPST DS schemes, it surely would cost more than 5 to 10% to be operated effectively. However, there is no willingness to pay for a service currently provided free of charge, and the political difficulty to raise a new charge that does not provide a proven tangible benefit, make it unlikely there will be change in the medium term. This limits the sustainability of the DS.

The revolving fund concept of the FWRP is best suited for providing short term loans, often for investments with a high rate of return or low value, so the fund is able to revolve on short cycles. The long grace period and low tariffs make it problematic in the long run for WS funding. **FRWF could be relevant today for providing short terms loans** (through VDB) to newly privatised water companies aiming to improve their commercial performance. The WSPST sanitation revolving fund is a good example of a successful revolving fund.

4.6 Cross Cutting Themes

Achievements in terms of all considered cross-cutting themes (gender equality, HRBA, and environment) remained modest at the general level; however, in each aspect the programme demonstrated specific positive achievements. Especially, the programme should be commended for making an effort in better integrating HRBA in Phase III, compared to Phases I and II, after increased attention to the topic from the MFA even if the timing was late in order to achieve substantial changes in the programme set-up. The factors of failing to sufficiently mainstream gender equality and environmental considerations into the Programme implementation were largely due to lack of context analysis to understand what measures would be needed and how to put in practice these cross-cutting themes. WSPST can provide lessons to MFA's internal work on clarifying the guidance related to cross-cutting objectives in the future, e.g. on how to address HRBA in the water sector in an ongoing intervention.

Given the brief time window when MFA highlighted the importance of mainstreaming HIV/AIDS in development cooperation, and the relatively low prevalence of HIV/AIDS in Vietnam, it is understandable that the issue was not considered a priority in WSPST. The non-inclusion of the issue in the programme document of Phase I, when the HIV/AIDS became one of the cross-cutting themes of Finland's development policy, constitutes a missed opportunity to some extent. WSPST could have carried out at least a basic analysis on the HIV/AIDS-related risks and mitigation measures to ensure that the intervention does not exacerbate the spread of the disease in the programme area.

4.7 Aid Effectiveness

WSPST overall performance in terms of Aid Effectiveness was average. Regarding positive aspects, WSPST succeeded in identifying a thematic and geographical niche in Vietnam; therefore, the programme was highly complementary (Complementarity). It also managed to

coordinate and exchange information with other relevant programmes relatively well (Coordination). WSPST also succeeded in implementing the programme following the principle of ownership at the general level; however, the separation of the design and build phase from the operation and maintenance phase of the infrastructure projects weakened the incentive for the service providers to ensure high quality design and construction. This situation, in turn, increased the risk of lowered ownership on the assets on behalf of the final operator (Ownership). In terms of Mutual Accountability, Transparency and Integrity, WSPST's performance suffered from shortcomings by not having sufficiently specific guidelines in place in all aspects of programme governance and information disclosure, but, a number of positive aspects also indicate strengths in mutual accountability especially at policy-level. In terms of coherence, WSPST can be considered one element among a wider portfolio of Finland in the water and sanitation sector in Vietnam, where the private sector actors had gained ground before their collaboration with the project, but where Finland's overall support to business development has been positive.

4.8 Programme Design, Steering and Monitoring

Much of what went wrong with WSPST can be attributed to deficiencies in programme design, steering and monitoring. Many of these deficiencies were highlighted in the WSPST reporting, however it seems to have proven impossible for the SC to make the necessary adjustments.

4.9 Support to Institutional Strengthening and Capacity Development

Support to institutional strengthening and capacity development was appreciated for its impact on sector development at the national level, but more could have been done to measure the impact, and to prepare the transition of WSCs to private entities.

WSPST also missed the opportunity to develop a new governance model for WSCs. WSPST should have worked much closer with WSCs to build their management and governance capacity in anticipation of the equitization process, and to improve their commercial and operational performance in general. Strong WSCs at the provincial level are a prerequisite to provide efficient water supply services in Class V towns.

5. RECOMMENDATIONS

Immediate recommendations to MFA and relevant Vietnamese stakeholders

- **Effectiveness:** The funds in the Sanitation Revolving Fund should remain in the bank account managed by Vietnam Women's Union, as this has been proven to be the best model to minimize bureaucracy and to continue the use of fund for small household investments.
- **Sustainability:** The evaluation team has identified the following options regarding the future of the Finnish Revolving Water Fund:

1. The fund will stay in VDB to provide loans to WSCs with the new terms. Under this scenario, VDB is required to do better business appraisals (which according to them they would do) whereas MFA must require details of the governance arrangements of the fund and insist on an annual report to MOF/MFA as the fund shareholders. Although the size of the FRWF is small (and will further be reduced by inflation), it will support investment in water sector in small towns alongside other funding sources, as was the original purpose of the fund. Validity of the recommendation depends on its legality under Finnish law.

2. As recommended in Condes report, the funds could be used for procurement of water safety management platform, provided that there is real need for it by the water utilities, that MOC is relevant and reliable executor for the platform, and that transfer of funds (and change of purpose of use) is legal under Vietnamese law.

3. Use the remaining funds to pay compensations for households who invested in drainage schemes without getting the service and to correct construction defects.

To MFA, on future infrastructure projects (including projects with private sector engagement)

- **Relevance:** Programmes designed to demonstrate the impact of a new solution must be in line with government policy or they must provide an affordable alternative. The selection and/or promotion of any approach or technical solution on a pilot basis must be based on sound reasoning (including technical & financial feasibility studies) with expected measurable benefits being clearly described before programme implementation begins.
- **Effectiveness:** Financial feasibility studies must be more rigorous, including financial modelling linking utility's/company's income statement, balance sheet and cash flow statement to give more accurate estimate of the financial feasibility of the investment. The assessment should also take into consideration the legal requirements and its enforcement, as well as socio-economic aspects (i.e. income level) and behaviour of the expected service users. Surveys of willingness-to-pay and a broader affordability analysis (see, for example, ADB guidelines) are critical in planning new investments in water and sanitation infrastructure. Investment decisions should be made based on project owners' business plans.
- **Effectiveness:** design of capacity building and institutional strengthening activities must be based on situation analysis and institutional capacity assessment; Progress towards achievement must be monitored and documented at least in Outcome level (if not impact level).
- **Efficiency:** Following elements must be included and carefully considered in the design of future infrastructure projects
 - Feasibility studies must assess multiple alternative technical solutions and implementation modalities and select the most locally appropriate solution;
 - MFA should prepare an accounting and reporting manual for transparent monitoring of infrastructure construction projects;
 - Fully costed contracts with a service provider for sustainable O&M of DS schemes should be a pre-condition for their construction;
 - The responsibilities and mandate of international TA must be explicit and understood by all stakeholders. MFA should introduce performance monitoring of TA contract with inputs judged against documented targets; International TA should be responsible for supervising the final technical designs, if the local engineers are sub-contractors under their main contract with the financing agency;

To MFA, on future bilateral programmes

- **Relevance:** Executive and implementing agencies as well as project steering committees/strategic advisors must stay alert to changes in the project implementation context and take action to adapt the project to the changes in order to the project to remain relevant; this is of outmost importance if the project involves institutional development/capacity building objectives.
- **Cross-cutting objectives:** All future bilateral programme of MFA must be subject to a human-rights, gender equality, and environmental issues analysis, which should inform the

formulation of the programme document, and subsequently, the implementation of the inception phase of the programme. Interventions should also earmark funds specifically to gender equality and HRBA related activities to be implemented throughout the project or programme, as was partly done in WSPST. The analysis of environmental aspects should focus on environmental impact of the intervention, but should also include climate change from the perspective of adaptation and mitigation when relevant.

- **Aid effectiveness:** To strengthen the transparency and governance of its bilateral development interventions MFA should consider the inclusion of the following aspects to the Manual for Bilateral Programmes (MFA, 2018):
- Related to the Rapid Transparency Assessment/section on policy- and practice-level transparency:
 - Making mandatory the establishment of a website for all programmes that would include relevant and timely information on the interventions.
 - Making mandatory public and timely disclosure of all project deliverables listed in the “Table 5: Phases of the Project Cycle” of the Manual for Bilateral Programmes either on the MFA website and/or programme website.
 - Related to the Rapid Transparency Assessment/section on accountability:
 - Consider including provisions for whistle-blower protection in MFA guidelines.
 - Special attention should be paid to governance and decision-making structures of bilateral programmes during formulation and inception phases to avoid ambiguities in the roles and responsibilities of key actors (especially members of programme management team, steering committee and supervisory board). Steering committees should, when relevant, include formal observers to strengthen the transparency and inclusiveness of the interventions.
 - Making mandatory the exposure of the MFA corruption hotline number (www.vaarinkayttoepailys.fi) on the wall of current and future bilateral programme offices and their websites.
 - Related to the Rapid Transparency Assessment/section on integrity:
 - Making mandatory a training on MFA guidelines and policies on transparency and integrity to all programme staff.

To MFA, on all development assistance programmes

- **Impact:** The evaluability of the impact must be planned at the design phase of the programme and monitoring data including a baseline must be collected during the first year of the project, to facilitate and enrich the final, ex post or impact evaluation. The expected impact of the programme must be crystal clear and supported by analysis on Theory of Change, impact pathway or similar tool. Especially, the intervention design should articulate clearly what is meant by reduction of poverty and inequalities in the form of impact indicators. Such definition is ever more important in future interventions as they are expected to contribute to the achievement of the Sustainable Development Goals (SDGs). Therefore, all interventions should be able to demonstrate their link with relevant SDG indicators under the Goal 1 (no poverty) and SDG 10 (reduced inequalities) at a minimum. Intervention-level indicators that address both of these SDGs, and others, depending on the context, should be added.

- **Effectiveness:** MFA should not engage in long-term financial commitments that extend beyond its approved engagement and as a minimum have an agreed exit strategy with the competent authority before any funds are committed.

6. LESSONS LEARNED

The Phase III completion report provides an extensive list of lessons learned, to which the reader is referred, and it is not the intention of the evaluation team to replicate that list herein. From a review of the documentation and the observations made during a short visit to Vietnam over a period of three weeks, the evaluation team would like to record here some thoughts on how WSPST could have been implemented differently. It is of course easy with the benefit of hindsight to identify what could have been done, based on what went wrong. In no particular order:

Importance of Project Ownership and Capacity Building

Being primarily an infrastructure project constructing WS and DS schemes, WSPST (perhaps unwittingly) was anchored at the results (efficiency) level. The implementation of the Programme therefore concentrated on the procurement of technical services and works contractors. The most expedient way to do this was for the International TA, with the support of the Programme Management Unit (PMU) in the MOC, to do this directly without the active and meaningful participation of the project investors (PPCs) and project owners (WSCs and TPCs). If the Logical Framework Approach had been applied appropriately in the original design of WSPST, then the focus would have been at the Purpose (Effectiveness) level and it would have been clear that WSPST should provide a significant effort to build the capacity of the project owners and a sense of local ownership. The absence of a structured and comprehensive capacity development programme was raised by all stakeholders in the provinces as a significant shortcoming of WSPST. Whether a more provincial based strategy would have reduced the delays experienced throughout the implementation of WSPST is not known, however it is likely that the investments would have been put to better use.

The Role of International Technical Assistance

International TA is very expensive, and it must be used efficiently to achieve effective results. The evaluation team have not found any record of a systematic approach to capacity development. There have undoubtedly been many unquantifiable benefits to MOC in having Finnish advisers in their offices providing on-the-job advice and support on a demand responsive basis. However, a clear capacity development plan may have guided the TA to achieve better results. Reporting on capacity development has tended towards describing activities in terms of study tours or funding workshops, rather than in terms of outputs (results). It seems the TA made insufficient supervision visits to the provinces to check on the progress of the construction of works.

So, what could have been done better? Linked to the issue of ownership described above, the TA could have worked closer with TPCs to determine the O&M budget requirements of their DS schemes in advance. It seems remarkable that in the Phase III completion report it is recommended that TPCs should calculate the budget needed for the O&M of their DS schemes and try to secure a budget. Furthermore, in the same report the TA raises the issues of lack of O&M manuals from the contractors. Support was not given to TPCs to carry out willingness-to-connect and willingness-to-pay surveys prior to construction. With regard to WSCs, it was already well known by Phase II that GOV would follow an equitization process. There were many opportunities for Finland to support this process in the provinces, yet the TA passed up this golden opportunity to focus on the implementation of WS and DS schemes.

The TA would have been better based outside of Hanoi, closer to the construction, and the number of provinces involved was too many. Three provinces in the Northern Mountains, easily reachable to each other, would have been more than enough. There should have been

consideration of the difficulty of efficient management by the TA when the MFA agreed with the political suggestion from MOC to expand WSPST to eight provinces. The problem lay with the design of the WSPST, or more specifically its failure to adapt to a new paradigm that arose over 14 years. GOV did not need DS schemes in small towns, but it did need trusted TA to support its equitization process, including the establishment of a water regulatory agency.

Design, Build Contracts

The Design-Build (DB) model was criticised for the poor construction quality and other problems faced in the implementation of the WS and DS schemes. The DB model is an effective agreement if properly made, safeguarding the interest of the client. Breach of contract was not properly formulated in the contract, as there was no incentive for contractors to correct the construction errors. However, the Design-Build-Operate or Design-Build-Lease models would have been a better option, as the contractor would require better construction quality to save in future O&M costs. The Design-Build-Lease WS scheme implemented in Minh Duc by the World Bank, with financial support from MFA under WSPST Phase I, is an excellent example of how WSPST could have been implemented. With the lease already expired the scheme was handed over to the Haiphong Water Supply Company, who confirmed to the evaluation team that the assets received were in good order.

Financial Management and Reporting

Financial reporting differs in each phase of WSPST (each phase was implemented by a different consulting company). Financial reporting is also inadequate, as it is missing budgeted and actual data separately for WS and DS. Some reports are in VND and it is impossible to track how expenditures in VND are converted into EURO. Various summary financial reports do not match with each other. Computerised accounting software was introduced in the Programme accounting as late as at the end of 2014. Previously accounting was based on excel sheets where figures can easily be modified later on. WSPST has many transactions annually and thus requires double entry bookkeeping and use of a computerised accounting system.

Finnish Revolving Water Fund

Every country has its own monetary policy, internal money flows and existing financing instruments. Outsiders may lack knowledge and consequently run risks when becoming involved in financing arrangements and money transfers. It is recommended to use the existing financing instruments of the recipient country where possible, rather than establish something new and untested.

Human Rights Based Approach

The Human Rights Based Approach (HRBA) should be understood also from the perspective of programme beneficiaries' having access to a formal and accessible grievance redress mechanism, and that the expressed grievances are addressed adequately. WSPST Phase III responded to MFA's policy guidance by hiring a team of external consultants to raise awareness among the programme stakeholders on the topic of the right to water and sanitation. In addition, the Phase III allocated human resources for strengthening the HRBA aspects in the intervention, and specific activities and analysis related to consumer rights and responsibilities of service providers were implemented. These actions are positive as such. When the programme ran into challenges especially with the DS scheme's functionality, the need for a complaints' mechanism became relevant from the point of view of town residents. However, MFA does not specify in any of its guidelines that such systems should be put in place at programme level. The main channel for complaints is the corruption hotline established in 2014 and which is managed directly by the MFA headquarters. However, it might not be relevant for the hotline to process very project-specific issue that arises locally. Filing a complaint to a Finland-based unit might also represent too big a challenge for residents living in the small towns in Vietnam. Further, the systems should

ensure that when grievances are received, there are mechanisms in place to also address them adequately. Ideally, setting up programme grievance redress mechanisms should be part of the

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Appendix 1: Terms of Reference

Terms of Reference

Final evaluation of Water and Sanitation Programme for Small Towns in Vietnam (WSPST), phases I–III

20.6.2018

1. Background to the evaluation

The water and sanitation sector is probably the most well-known sector in the history of development cooperation between the governments of Finland and Vietnam. The cooperation started with Hanoi Water Supply Project in 1985 and was followed by another large scale urban programme in Haiphong in 1990, technical assistance to the Ministry of Construction (MOC) developing urban water supply and sanitation, and other urban projects in the sector financed with Finnish concessional credits.

Water and Sanitation Programme for Small Towns in Vietnam (WSPST), Phase I was mobilized in August 2004 with the overall objective to mitigate poverty according to Government of Vietnam's (GoV) poverty reduction strategy. While the previous projects had focused on cities, the new Programme shifted its main focus on small towns in the Red River Delta: Thai Binh, Hung Yen and Bac Kan provinces and Haiphong city. The purpose was to provide safe potable water supply and hygienic environment to satisfy the needs of urban population and economic activities in the Programme towns. Phase I was extended until August 2009.

Phase II started in September 2009 and it was designed to be the phasing-out phase and contribute to the achievement of the targets of Vietnam's five-year Socio-Economic Development Plan. Four new mountain provinces were included in the Programme area: Cao Bang, Ha Giang, Tuyen Quang and Yen Bai. After the expansion, WSPST supported in total 22 water supply schemes and 19 drainage and sewerage schemes in 25 small towns. Due to un-finished construction works, the Programme was extended until November 2013.

Phase III was designed to ensure that the construction works started during the previous two phases could be finalized and to ensure sustainability of the achieved results. It was to contribute to the achievement of the targets set in GoV's orientation plans for development of urban water supply and drainage. Phase III started in 2013 with an overall objective of "water supply and sanitation in the WSPST towns fulfil the needs of the population, services and businesses and contribute towards improved health, environmental hygiene, and enable projected development of towns". The programme purpose was "reliable and safe functioning of the water supply and sewerage schemes implemented within the WSPST towns". The phase III was extended from the end of 2016 until mid-2017. Although the main activities of the Programme, i.e. the construction of 22 water supply schemes and 19 drainage and sanitation schemes were finalized in early 2017 (final corrective works concluded), some pending Programme elements continue to exist, mainly the decision on the future of the Finnish Water Revolving Fund. The Programme closure is pending until all obligations have been fulfilled.

The purpose of this final evaluation is to provide independent and objective evidence to the Ministry for Foreign Affairs of Finland on achieved results in WSPST and their sustainability as well as provide lessons learned about best practices related to the planning and implementation of similar programmes. These results can also be utilized by the Ministry of Construction of Vietnam and other stakeholders, e.g. other donors active in Vietnam.

1.1. Context

Following Vietnam's graduation from least developed country status, the Governments of Vietnam and Finland agreed in the bilateral development cooperation negotiations in 2012 on gradual phasing out of the bilateral traditional development cooperation programme and broadening of the relations. In addition to extending WSPST into its III phase, two additional bilateral development cooperation programmes started in 2013 – Development of Management of Information System for the Forestry Sector in Vietnam – Phase II (FORMIS II) and Innovation Partnership Programme - Phase II (IPP II). Both these will come to an end in 2018, while WSPST III was supposed to close by the end of 2016. The three projects/programmes form the portfolio of last bilateral traditional development cooperation programmes in Vietnam funded through bilateral grants. In order to guide the transition from mainly development cooperation –based relations into broader cooperation, including trade and commerce, a transition strategy for Vietnam was prepared by MFA and approved in late 2016.

WSPST has been implemented since 2004. During this time the Programme has witnessed the shift from grant-based bilateral cooperation into more commercial-based relations in the relations between the two countries. The programme has also been implemented during the time of strong economic growth in Vietnam, fast poverty reduction and (partial) privatization of state owned enterprises, including water supply companies. When the Programme started in 2004, the main focus of the GoV was on water supply schemes while drainage and sanitation especially in small towns received less attention in terms of investment prioritization.

1.2. Description of the programme to be evaluated

Phase I

Phase I of the Water and Sanitation Programme for Small Towns (WSPST) in Vietnam (2004- 31th of August 2009) attempted to help reduce poverty in Vietnam's rapidly growing small towns via provision of safe potable water supply and hygienic environment to satisfy the needs of the towns' population and economic activities initially in four provinces, three of them in the Red River Delta Area.

The Programme activities included

1. Funding of infrastructure-investments (component B),
2. Study of raw water resources (component C),
3. Technical assistance to provincial water companies (components D,E,F and G), and
4. Policy support for the reform of Vietnam's urban water sector as well as technical assistance to Finnish concessional credit schemes in the area of water supply and waste water management (component H).

The programme activities were overseen by a management consultant (component A).

The framework programme document was finalized in April 2004, after which an inter-governmental agreement was signed and a management consultant procured, and subsequently, the programme was launched in August 2004. From August 2004 to March 2006, the set-up of the programme organization was completed together with approved management manual including a model for the financing of investments. The first pre-investment studies for water supply schemes in pilot programme towns were conducted during that time. The programme (component B) provided financing and technical support to the construction of 11 town water supply schemes in 4 provinces (3 in Thai Binh, 3 in Bac Kan, 3 in Hung Yen and 2 in Hai Phong) and 4 town drainage and sanitation schemes in 4 provinces (one in each province). By the end of Phase I, 4 water supply schemes had been completed and the rest were under construction. The work of supporting the remaining schemes continued under Phase II.

In addition, Phase I supported the development of important regulations in the Ministry of Construction (MOC), most notably Decree 117, which sets the legal framework for sustainable future financing of the sector through a National Revolving Water Fund (NRWF). Also, Phase I supported the laboratory capacity of Vietnam, enabling better assessment of the quality of water in the project area.

The Competent Authorities were Ministry for Planning and Investment (MPI) and the Ministry for Foreign Affairs of Finland (MFA). The Chairs of the Steering Committee were the Ministry of Construction and MFA. Other partners were Ministry of Natural Resources and Environment (MNRE) for raw water management and Ministry of Science and Technology (MOST) for consumer right matters. In addition to MOC, executing agencies were the Thai Binh, Hung Yen, Bac Kan and Haiphong Provincial People's Committees.

Phase II

The WSPST Phase II continued the left over work of the Programme Phase I. The slow progress and difficulties in completing the drainage and sewerage schemes (DS) of Phase I had prompted competent authorities to agree on a performance criteria setting the approach to implement the Programme. The performance criteria were signed on May 2013. The operationalization of the NRWF was a key component of Phase II as well.

The initial budget of the programme Phase II was MEUR 13.2. The contribution of the Government of Finland was MEUR 10.5 (80%) and the contribution of the Government of Vietnam MEUR 2.7 (20%). The Finnish contribution was on a grant basis. Following the request made by the Government of Vietnam for additional

fund for the programme during the country consultation in April 2009, the Government of Finland agreed to allocate additional two million euros to the programme.

WSPST phase 2 was structured into three result areas:

- Result 1: New piped water supply schemes and wastewater/drainage schemes properly designed and constructed to serve a target level of 50,000 people in Programme towns;
- Result 2: Management, operation and maintenance of water supply and wastewater services in Programme towns well established to ensure sustainable, efficient and transparent service; and
- Result 3: The Finnish Revolving Water Fund (FRWF) integrated in the National Revolving Water Fund (NRWF)

By the end of Phase II (31.10.2013), five (in addition to the four schemes completed in Phase I) WS schemes and seven DS schemes had been completed. The rest (12 WS schemes and 12 DS schemes) were in construction except for Nuoc Hai where construction had not started yet. The National Revolving Water Fund had not been created and thus FRWF had not been integrated into it.

The Competent Authorities and co-chairs of the Steering Committee were the Ministry of Construction of Vietnam and MFA of Finland.

Phase III

WSPST Phase III was implemented mainly in 25 towns located in eight provinces in Northern Vietnam. It was designed to contribute to achieving the targets set in GoV's orientation plans for development of urban water supply and drainage and to ensure that the construction of 41 schemes which had started during phases I and II, could be finalized and the results sustained. Institutional support and policy-level work was mainly conducted in Hanoi with the main counterpart, the Ministry of Construction.

The budget of Phase III – as per the Programme document of Phase III – totalled MEUR 2.92: MEUR 2.5 by GoF and MEUR 4.42 by GoV. The budget did not include any additional funds to finance investments. Unspent investment balances from Phase II were transferred to Phase III in 2016.

The drainage and sanitation schemes were financed through grants while the water supply schemes were grants from the Government of Finland to the Government of Vietnam which were then on-lent to the project owners through the Finnish Water Revolving Fund (FWRF) financing mechanism. The FWRF, which is managed by Vietnam Development Bank (VDB) was to be handed over to the Government of Vietnam and integrated into a local/national water fund, but since the local fund was not established during the programme implementation period, the negotiations regarding the handing over have not been concluded yet between the two governments.

Phase III was divided into three Components:

1. Component 1: Improvement of right holder access to potable water and hygienic sanitation;
2. Component 2: Management, operation and maintenance of water supply and waste water services in Programme towns well established; and
3. Component 3: Enabling environment and institutionalized support from MOC and VDB in place.

The main expected result of the first component was to complete all the remaining WS and DS schemes. According to the final report of the TA consultant, 39,200 households have been provided with a water connection and 9,000 households with a sewerage connection. The water connection target of 30,000 households was exceeded but the number sewerage connections was lower than targeted (9,800).

The second component aimed at securing the safety as the financial, institutional, technical and social sustainability of the schemes. In general, the targets for the WS schemes were achieved but four WS schemes struggle with financial sustainability. However, the results of the DS schemes were low with biggest issues being the low connections rates and lacking O&M. Due to various reasons, some of the DS schemes were not operational at the end of Phase III.

According to TA consultant's reporting, "[u]nder Component 3, very little was achieved. The main achievements were drafting of a draft Water Supply Law and its submission to MOC and dissemination of WSPST experience in a variety of forums. Progress towards other targets were blocked or delayed because of external factors." The FRWF remains unresolved in June 2018.

The Competent Authorities and co-chairs of the Steering Committee were the Ministry of Construction of Vietnam and MFA of Finland.

1.3. Previous evaluations

The mid-term review of phase I was completed in July 2006. The MTR gave recommendations related to the management of the programme, including the role of the management consultant, the Embassy of Finland and SC, the individual components of Phase I, such as investments, the Water Fund (later known as Finnish Revolving Water Fund) and the raw water study, the transition to Phase II and financial issues.

Final evaluation of Phase I was carried out in the beginning of 2009. The evaluation found the programme relevant and that the programme was "considered to have brought an important evolution in development of the water sector in the involved provinces". The performance of the Programme was assessed to be between satisfactory and good but that the set targets would not be achieved in full due to various constraints such as problems with the disbursement of funds and the weak to moderate quality of services provided by local consultancy firms. The capital investment costs of the Programme were considered to be high but justifiable due to substantial contribution in the development of a sustainable services model.

Risks related to the sewerage and sanitation component were perceived and it was recommended that it should be regarded as a pilot activity and its efficiency to be assessed differently from the water supply component. The financing mechanism within MOF and operated by VDB, concerning the Water Investment Fund, also known as the Finnish Revolving Water Fund, was found not to be working satisfactory nor to be sustainable. The Sanitation Revolving Fund was found not to have been very appealing to the borrowers.

At the same time with the evaluation assignment of Phase I, the Project Document of Phase II was independently reviewed. The results of the review and the evaluation were integrated to the final Project Document during the inception phase of WSPST Phase II.

A mid-term evaluation was carried out in the fall of 2011 during the implementation period of Phase II, but no final evaluation was carried out of Phase II. The MTR noted that the Programme was relevant and "[d]espite the many obstacles faced the Programme has managed to achieve a significant change in the lives of the target population". At the same time, it was concluded that "[t]he efficiency of the Programme has been rather poor and it is hard to justify the costs vis-à-vis the results achieved". However, other programmes in the same sector faced similar issues. The implementation of the WSS schemes had been seriously delayed from the planned schedule and at the same time the cost of construction had increased. The geographical location of the Programme towns was found to be challenging logistically, and more local presence was expected by the Project Owners. The poor quality of WS design had hampered the quality of the construction. The water supply schemes were found to be maintained and operated in a satisfactory manner. In the sanitation sector more difficulties were observed. The Sanitation Revolving Fund was found to be operating well.

Based on the recommendations of the MTR, Phase II was decided to be extended. The extension was intended to cover the defect liability period only. On the FRWF, it was decided that in the short term, part of the increased investment needs for Phase II WS projects were decided to be financed from the paid back loans from Phase I WS projects. The TA team with support from MOF and VDB were requested to prepare a mechanism for the management and utilization of the FRWF. Actions to improve financial management were agreed to be taken, incl. promotion and supporting of tariff increases. The application of preferentials for local bidders were agreed to be considered to employ local contractors. To ensure design and construction quality, an international short-term expert was agreed to be mobilized. To support O&M, standard O&M manuals were agreed to be prepared by contractors, management models for DS schemes to be approved by TPCs at an early stage and that operator staff will continue to be trained and retrained. No changes regarding the Water Laboratory were agreed to be made.

Both the final evaluation of Phase I and the MTR of Phase II found that the Programme could work as a model for other programmes.

In addition, three consultancy assignments (2011, 2015, 2018) have been commissioned to assess the FRWF and its future options. These assignments have not however been evaluations.

2. Rationale, purpose and objectives of the evaluation

The purpose of this final evaluation is to provide independent and objective evidence to the Ministry for Foreign Affairs of Finland on achieved results in WSPST and their sustainability. The evaluation is also expected to provide lessons learned and best practices related to the planning and implementation of water sector programmes that might include similar construction intensive elements in other countries and/or the establishment of a similar funding mechanism. This latter in view that the bilateral development cooperation programme will come to an end in Vietnam in 2018 and no further grant-based bilateral ODA funding is foreseen. These results can also be utilized by the Ministry of Construction of Vietnam and other stakeholders, e.g. other donors active in Vietnam.

Due to the delays in the finalizing of the works of the Programme and delays in the administrative closure of the project, it has not been possible to conduct a final evaluation earlier. It is expected that the pending tasks will be finalized during the evaluation. The evaluation will inform Finland inter alia on the current status of schemes that will be handed over to the Government of Vietnam.

The priority objectives of this evaluation are to assess:

- Functionality and sustainability of WS and DS schemes
 - The level of technical functioning of the WS and DS schemes with emphasis on DS schemes. Especially if the schemes are found to be non-functional, the reasons should be investigated.
 - The level of customer satisfaction of the WS and DS schemes that have been built during the programme lifetime
 - Are there discrepancies between men and women or majority and minority ethnic groups in customer satisfaction?
 - Sustainability of the WS and DS schemes with focus on financial sustainability of the WS schemes and O&M activities and the adequate level of customer connections of the DS schemes
- Planning and steering of the Programme, including
 - The timeliness and relevance of the decision to shift the supporting of water supply and drainage and sanitation sector from big cities to small towns
 - The advantages and challenges of funding the construction of WS schemes through a loan-based instrument (FRWF) vs. grant-based financing
 - The appropriateness of the decision made to design and enter Phase III to ensure the sustainability of the results of the Programme.
 - The appropriateness of the decision to design FRWF
 - The appropriateness of the technical choice to construct sewerage systems in small towns
 - The role of the MFA and the Embassy of Finland in Hanoi in the monitoring and steering of the Programme
- The performance of the TA consultants, with a focus on Phases II and III, in the management and monitoring of the Programme
- The functioning of the FRWF including its financial management, decision-making and financial appraisal procedures
- The functioning and impact of the Sanitation Revolving Fund
- The relevance of the selected method and outcomes of the social marketing activities carried out during the Phase III.
- The outcomes and impact of the policy and institutional support to MOC and other relevant state agencies, especially in the view of the changing operating environment in Vietnam, i.e. the privatization trend in the water supply sector.
- The efficiency of the investment made and use of the laboratory equipment procured by WSPST

The assessment of these issues should include an analysis on the influencing and determining factors behind them.

3. Scope of the evaluation

Although the evaluation will cover the full WSPST programme with all three phases, given that an MTR and a final evaluation have already been carried out on Phase I, the focus of the evaluation and especially the focus of the field work and interviews should be on Phases II and III of the Programme.

The evaluation covers eight programme provinces in Northern Vietnam. The fieldwork is expected to take place in selected towns in all eight provinces as well as in Hanoi. In the inception report, the evaluation team will present a plan of which of the 41 schemes will be selected. The selection should include WS and DS schemes that, based on the Phase III TA consultant's reporting, are functioning well as well as schemes showing operational difficulties and schemes having issues with sustainability aspects. They should also cover the schemes with different technologies in use (e.g. in DS schemes, both schemes with Bastaf tanks and those with biological pond -type wastewater treatment plants should be included) and include schemes whose construction has started in different Phases of the Programme.

The stakeholders to be consulted include Finnish and Vietnamese government officials (MFA, MOC, MOF, MPI, VDB, GO), TA team members, beneficiaries of the Programme (people living in the Programme towns), Project Owners and scheme operators, Provincial People's Committees (PPCs) and Town People's Committees TPCs. Other donors active in the sector should also be consulted.

4. Issues to be addressed and evaluation questions

While the evaluation questions below and in chapter 2 of this ToR indicate the priority issues under each criterion, the evaluation team should not limit the evaluation to these questions only. Emphasis should be on assessing impact, effectiveness and sustainability of the Programme. More detailed evaluation questions will be presented in the inception report.

Relevance

- To what extent has WSPST been consistent with the needs and priorities of the final beneficiaries (including women and girls, ethnic minorities)? Are these groups satisfied with the objectives and results of the Programme?

Impact

- How well has WSPST succeeded to make progress towards achieving its overall objectives including the promotion of the human rights-based approach and cross-cutting objectives of Finland's development policy?
- What are intended and unintended, short- and long-term, positive and negative impacts of supporting 1) the water supply and drainage and sanitation scheme construction in 25 towns and 2) providing institutional support to MOC and VDB? What have been the challenges? Has the privatization of water supply companies affected e.g. their sustainability, efficiency and/or level of service?

Effectiveness

- To what extent is the quality and quantity of the produced results and outputs in accordance with the plans? How are the results/outputs applied by the beneficiaries and other intended stakeholders?
- To what extent has the management mechanism of the FWRF been effective?
- To what extent have the coordination, collaboration and information sharing between different partners and stakeholders been effective?

Efficiency

- How well have the various activities transformed the available resources into intended results in terms of quantity, quality and time? Can the costs of the Programme be justified by the results?

Aid effectiveness

- How and to what extent has WSPST promoted mutual accountability and ownership?

Sustainability

- To what extent the programme has achieved sustainable results?
- What are the possible strengths/weaknesses/opportunities/threats that enhance or inhibit sustainability of project achievements including cross-cutting objectives? The analysis shall be broken down by economic/financial, institutional, technical, socio-cultural and environmental sustainability.
- To what extent are the implementing partners committed to achieving the results and maintaining them?

Coherence

- Has WSPST contributed to the implementation of other elements/projects in the country programme or the transition strategy? Has it contributed to private-sector or civil society cooperation?

Added value

- What is the added value provided by the Finnish support?

5. Methodology

The choice of methodology will be left to the evaluation team to propose in the inception report. With the aim of having an objective and independent evaluation, the team is expected to conduct the evaluation according to international criteria, and professional norms and standards adopted by the MFA (see annexes). The methodology defines methods of data collection and analysis. It is expected that multiple methods are used, both qualitative and quantitative. Consultations with the relevant partners and stakeholders will be conducted. These include Finnish and Vietnamese government officials, members of the TA team and final beneficiaries of the Programme.

Validation of results must be done through multiple sources. The evaluation shall demonstrate how triangulation of methods and multiple information sources are used to substantiate the findings and the assessment. Data shall be disaggregated by relevant categories. The evaluation must be gender and culturally sensitive and respect the confidentiality, the protection of the sources and dignity of those interviewed.

The evaluation is expected to summarize the evidence-based findings of the overall performance of the project under each OECD evaluation criteria using a four level grading system: (4/green =very good), (3/yellow = good), (2/orange = problems) and (1/red = serious deficiencies). The overall performance grading must reflect the findings of all evaluation questions under each evaluation criteria.

6. The evaluation process and time schedule

The evaluation is expected to be conducted in August–October 2018. The tentative starting date is 3 September 2018. The evaluation will include inception and desk study phases, field work and reporting. Field work will take place in selected sites in all 8 provinces and Hanoi.

The evaluation team will submit a work plan with curricula vitae of the team members for MFA's approval. Work plan includes roles and division of working days among experts, and a plan for quality assurance.

Sufficient time and resources for the fieldwork should be allocated taking into account the challenging logistics involved. It is also foreseen that the desk study phase will require a high time allocation given the amount of material related to the Programme.

The assignment will begin with a kick-off meeting with the MFA. When the evaluation team has submitted an inception report, before field work, a meeting will be held between the team and the MFA. The Embassy in

Hanoi will be connected via video link. The team shall also interview MFA officials in Helsinki or by Skype after the desk study phase.

The MFA will provide background documents. However, the evaluation team should also search for additional relevant documentation.

The evaluation results will be presented to the MFA.

Brief outline/dates:

- Approximately 3 weeks for the desk review, initial interviews in Helsinki or via Skype and preparations, inception report to the MFA by 30 September
- Inception report meeting and presentation to the MFA and Embassy (via videoconference) on 8 October
- Interviews in Helsinki or in Skype with MFA officials by 15 October
- 3 weeks in the field mission, split into two teams, after the approval of the inception report by the MFA; field work and interviews and drafting, until 10 November. If not split into two teams, field work is assessed to take 4–5 weeks.
- Debriefing of the field mission in Vietnam on 9 November
- 3 weeks finalizing the evaluation report, draft to the MFA by 30 November
- Presentation of the evaluation report, meeting with the MFA and Embassy in Helsinki (via videoconference) by 7 December
- 2 weeks finalizing the evaluation report after receiving the MFA's comments. The final report is expected to be delivered to the MFA by 21 December 2018
- A presentation of the final evaluation results to MFA staff at large after the acceptance of the final report in Helsinki in January 2019

7. Reporting

The evaluation team is requested to submit the following deliverables:

- Work plan
- Inception report (max. 25 pages)
- A debriefing workshop in Vietnam at the end of the field phase
- Draft final report
- Final report (max. 45 pages excl. annexes)
- Presentation on the evaluation findings in Finland. Vietnamese experts can join via video link organized by the Embassy.

Inception report: Before fieldwork and based on the desk study, the evaluation team shall present an inception report including initial findings and conclusions of the desk study, detailed and updated work methodologies, a work plan with planned field sites, detailed division of labour within the evaluation team, a list of major meetings and interviews planned for the field visits, and detailed evaluation questions linked to the evaluation criteria in an evaluation matrix.

The outline of an inception report can be found in the MFA Evaluation Manual through the following link: <https://eoppiva.zapter.io/evaluationmanual2018>

Draft final report of the evaluation will be submitted to the MFA three weeks after the field work. It will combine the desk study and the field findings. The MFA will submit comments to the report, which will then be revised based on these comments.

The outline of the final report is attached to this ToR.

The final report shall be submitted to the MFA in two weeks after receiving the comments on the draft final report.

Language of the deliverables is English but the final report will be both in English and Vietnamese. The consultant is responsible for good quality translation to Vietnamese.

Each deliverable is subjected to specific approval. The evaluation team is able to move to the next phase only after receiving a written statement of acceptance by the MFA.

8. Quality assurance

The evaluation team is expected to propose and implement a quality assurance system for the evaluation. The proposal must specify the quality assurance process, methodology and tools. Special attention needs to be paid to ensuring the independence of the evaluation process and that any differences of opinion within the evaluation team are visible in the final report.

During the evaluation, the MFA will commission an independent peer reviewer who will review the draft inception report and the draft final report.

9. Expertise required

The evaluation team is expected to consist of:

- Three international experts, one of them nominated as a Team Leader with a proven track record of having carried out evaluations successfully as a Team Leader.
- National expert(s) with good skills in Vietnamese.
- The team can also have an emerging evaluator.

The evaluation team shall ensure solid experience and knowledge in the following fields:

- Programme evaluations in water and sanitation sector. At least one international team member should have strong experience in ex-post evaluations.
- Civil engineering, construction management and water infrastructure works, preferably in Vietnam. In the composition of the team, it should be ensured that if the evaluation team is split into two teams during the field mission, this expertise is present in both teams.
- On-lending mechanisms and financial management.
- The operation and maintenance of small water supply and waste water utilities. In the composition of the team, it should be ensured that if the evaluation team is split into two teams during the field mission, this expertise is present in both teams.
- Institutional capacity building and policy guidance in water and sanitation sector
- Integrating cross cutting objectives in project planning, implementation, monitoring and evaluation: promotion of human rights and gender equality, reduction of inequalities and climate sustainability

- Fluency in English, both written and oral. At least one senior person in the team must have fluency in Finnish.
- Finnish development policy guidelines. At least one team member has knowledge of the guidelines from over a longer period of time given the length of the Programme to be evaluated.

The team members must not have been involved in the planning or the implementation of the programmes evaluated or in the implementing organisations. This applies to the sub-projects and other activities financed by the programmes and the organizations implementing these. The team members must not have been involved in the planning, management or monitoring of the Programme in the Ministry for Foreign Affairs of Finland or the Embassy of Finland in Hanoi.

10. Budget

The total available budget for this evaluation is 130.000 EUR, excluding VAT, which cannot be exceeded. The budget will include the fees of the experts and the reimbursable costs. A minimum of 75 work days must be reserved for the three international senior experts combined.

11. Mandate

The evaluation team is entitled and expected to discuss matters relevant to this evaluation with pertinent persons and organizations. However, it is not authorized to make any commitments on the behalf of the Government of Finland, those of the partner countries or on behalf of the implementing organisations.

12. Annexes

1. MFA's Evaluation Manual, to be found at <https://eoppiva.zapter.io/evaluationmanual2018>
2. Outline of the evaluation report
3. Checklist for the quality of the evaluation report
4. Tentative list of materials for the desk study

Appendix 2: Constructed Theory of Change for WSPST

We have made an effort to understand what might have been the underlying logic that steered the Programme from its start by developing a Theory of Change. In this process, we added some relevant elements that were not part of the original logical framework. For example, it is not emphasised in the Programme documents that the whole model of WSPST is based on the idea that the Water Revolving Fund would allow replicating and scaling up construction of WS and DS schemes in other small towns in Vietnam. However, that is what a revolving fund is essentially set up to do. The full TOC is presented on the next page.

Starting from the left-hand side, the TOC sets the stage by listing the main inputs in WSPST. In addition to the financial and technical assistance, we have also added political leverage from MFA Finland which we often see in the case of bilateral ODA. We have also included political support from GOV: we assume the role of Ministry of Construction (MOC) at central level is key in motivating provinces to step up their action for achieving high coverage of WS/DS services.

The following column (Components) links the TOC to the main intervention areas of WSPST, namely: WS, DS and the support to strengthening the enabling environment in Vietnam.

The **results (outputs)** column - which corresponds to the evaluation criterion of **Efficiency** - describes the tangible outputs that the Programme is expected to deliver and to which it has a high degree of influence. These include physical infrastructure (including the laboratory), training stakeholders to operate and maintain the facilities, and the social marketing efforts. At this level, the Programme aimed also at supporting the passing of new laws related to WS and DS.

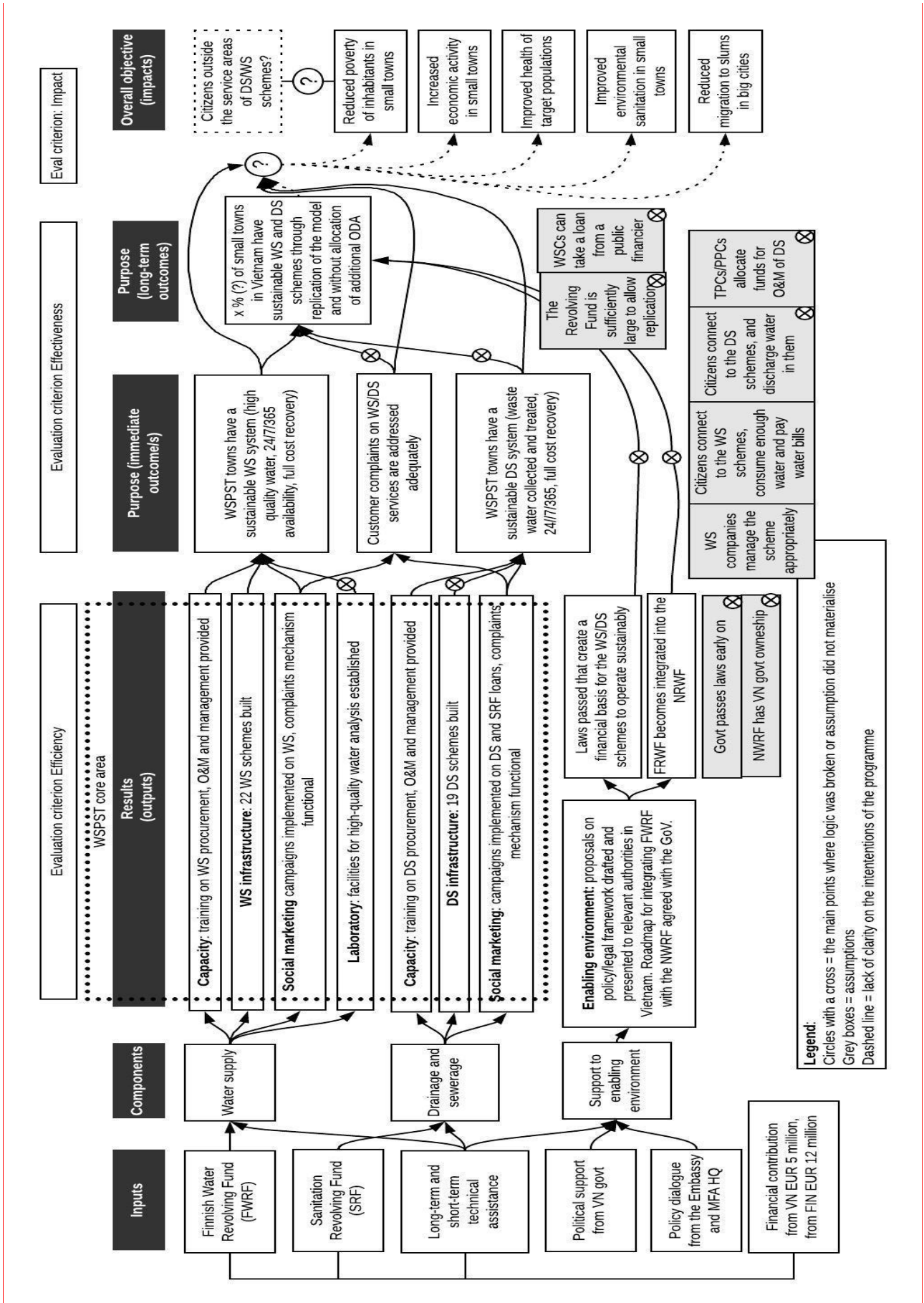
At the outputs level, it is expected that all infrastructure has been built, facilities are functioning, all the relevant people have been trained and informed, residents of the towns have been given the means to connect to the schemes, and everything is in place so that water and wastewater can continuously flow in the schemes. Also, gaps in national legislation have been filled by removing barriers for successful implementation of the Programme and the sector as a whole. Finally, FRWF has been integrated with NRWF to ensure sustainability of the financing system.

The FRWF never became integrated with NRWF. Therefore, the assumption that NRWF enjoys the ownership of government did not materialise. The issues with FRWF and NRWF are discussed in detail in the main body of the report.

Similarly, WSPST's institutional and legal support to Vietnam's water and sanitation sector remained rather modest. As a consequence, WSPST did not manage to remove any considerable barriers to the sustainability of water and sanitation services in Vietnam (e.g. lack of households' obligation to connect to DS schemes, securing budgets for TPCs to provide O&M on DS schemes).

In any case, what is clear is that the Programme was designed as an infrastructure construction intervention, not as a capacity development programme. For this reason, we have highlighted the Programme's "core area" with a dotted line in the TOC. We have also located the boxes on training courses at the same level with the building of the infrastructure projects because WSPST carried out both in parallel. The fact that the DS schemes did not meet quality requirements, caused the logical chain to become broken at this stage.

At the Purpose (Outcome) level – which corresponds to the evaluation criterion of Effectiveness - the picture becomes more complicated as the Programme's influence is gradually reduced. At this level, the results can no longer be "bought", meaning that the actors need to feel motivated to support the changes, and the conditions need to be favourable for the changes to happen. For the purpose of this evaluation, we have distinguished between immediate and long-term outcomes to better allow unpacking of the intervention logic.



In the first outcome column, we describe a system where the WS companies and DS operators, as well as local governments, all fulfil their own roles whether institutionally, socially, technically, or financially to ensure that the WS and DS schemes are operated and maintained properly and constantly over long periods of time. In addition, information flows between the customers and the operators and grievances are addressed.

The assumptions at this stage include that citizens connect to the WS and DS schemes, pay for and use the services. For DS, the logical chain was broken already (low quality of construction), which is one of the reasons for the low connection rates. The long-term outcome is that the Revolving Fund allows replication of the model in new towns. However, the size of the Fund allows only one town being covered per year, leaving its importance relatively small in the scale of Vietnam. Again, these topics are discussed more in detail in the main body of the report.

When it comes to Overall Objectives (Impact) level, it is unclear from the Programme documents what the expected impact should be. For this reason, we have used dashed lines between the boxes at this level in the TOC.

Appendix 3: WSPST Logical Frameworks Phases I, II and III

WSPST used Logical Frameworks to describe the intervention logic, i.e. to explain how the expected Overall Objective (or Impact in the RBM terminology) is to be achieved. Each Phase of WSPST had its own logical framework. Based on the information provided in the programme documents, we provide here a comparison of each level in the results “hierarchy”.

WSPST Overall Objectives (Impact) and Indicators

Phase I	Phase II	Phase III
Overall Objective (Impact)	Overall Objective (Impact)	Overall Objective (Impact)
By 2010, proportion of people below the international poverty line will be reduced by 40%, and the proportion of people under the international food poverty line by 75% in WSPST provinces.	By 2010, 95% of urban and 75% of rural populations have access to safe water and 40% of urban areas and 70% of industrial zones have centralised wastewater treatment	Safe potable water supply and environmentally sound sewerage will satisfy the needs of urban population as human right holders and will contribute to social and economic growth in WSPST towns
Indicators	Indicators	Indicators
Basic infrastructure , especially water supply and environmental hygiene, provided to cities and towns in Programme provinces	100% of the population in the service areas of water schemes implemented under WSPST have access to safe water .	100% of the population in the <u>service areas</u> have safe, potable water supply & environmentally sustainable drainage/sewerage
Percent of poor households reduced by 40% in the period 2000-2010 in Programme provinces and percentage of food-based poor households reduced by 75% from 2000 to 2010 in Programme provinces	100% Phase II towns have appropriate sewerage and drainage systems with target toward a centralised wastewater treatment system	
Average income of the lowest income quintile in Programme provinces has been increased from that in 2000 by 40% until 2005 and by 90% until 2010		
Slums and temporary housing eliminated in Vietnam by 2010.		

WSPST Logical Frameworks Phases I, II and III (continued)

WSPST Purpose (Outcome) and Indicators

Phase I	Phase II	Phase III
Purpose (Outcome)	Purpose (Outcome)	Purpose (Outcome)
Provision of safe potable water supply & hygienic environment to satisfy the needs of urban population and economic activities in the Programme towns	Safe potable water supply and wastewater services to satisfy the needs of urban population and economic activities in Programme towns	Improve the awareness of the population of their rights to water and sanitation. Improve the awareness of the population and enterprises regarding the risks of untreated water and wastewater as well as risks of unhygienic environment. The population and enterprises are able to connect to the municipal water and sewerage system or other system of similar hygienic impact at cost in accordance with national policies.
Indicators	Indicators	Indicators
WS schemes in at least 5 towns provide reliable 24 h/d supply of water meeting the Vietnamese drinking water quality standards. Pending only on the households’ willingness to connect, service coverage of the piped water schemes in WSPST towns is close to 100 %. Poorer population strata provided with equal opportunities to connect to WSS systems (possibly making use the provision to include their connection costs in the financing package).	50,000 people are targeted to be connected to and benefit from piped water supply and wastewater services as a result of Phase II.	Level of awareness of water and sanitation related human rights
Organisations responsible for water and wastewater facilities in Programme towns are capable of managing O&M & investments in a sustainable and financially viable manner and are supported – as needed – by their respective PPCs and PWSCs.	Water supply schemes in Programme towns provide reliable 24 h/d supply of water meeting Vietnamese drinking water quality standards.	Level of improvement in hygienic conditions and related health
A plan to ensure the availability of unpolluted raw water in small towns of the coastal Red River Delta has been completed	Wastewater schemes in WSPST towns comply with national environmental standards	All households willing and able to connect to networks connect to WS schemes in WSPST towns provide reliable 24 h/d supply of 100 lpcd of water with appropriate pressure meeting Vietnamese drinking water & effluent quality standards
Plans to collect wastewater in WSPST towns and to treat it to comply with national environmental standards prepared and three pilot schemes implemented	Organisations responsible for water & wastewater facilities in WSPST towns are capable of managing O&M and investments in a sustainable and financially viable manner and are supported as needed by the relevant authorities.	Service providers operate and maintain investments in a sustainable and financially viable manner : unaccounted for water is under 25% and revenues and subsidies cover all costs

WSPST Logical Frameworks Phases I, II and III (continued)

WSPST Results (Outputs)

Phase I	Phase II	Phase III
Results (Outputs)	Results (Outputs)	Results (Outputs)
Result 1: New piped WS schemes have been constructed and are properly operated and maintained in at least 5 WSPST towns, and construction works are ongoing in at least four to six towns. In support of water supply schemes beyond 2006, a flexible, efficient, transparent, and demand-driven financing mechanism has been designed.	Result 1: New piped WS and DS schemes are properly designed and constructed to serve the target of 50,000 people in WSPST towns	Result 1: Implementation of water supply and drainage/sewerage schemes completed
Result 2: Management of water supply and sewerage/drainage systems in the Programme provinces has been improved to ensure sustainable, efficient and transparent water supply service."	Result 2: Management of water supply and wastewater services in Programme towns well established to ensure sustainable, efficient and transparent service	Result 2.1: WS and DS provided by operators are safe, reliable, and satisfy customers' needs Result 2.2: Financial sustainability of water supply and drainage/sewerage schemes ensured Result 2.3: Institutional and technical sustainability of each water supply and drainage/ sewerage scheme ensured Result 2.4: Social and environmental sustainability of WS and DS schemes ensured
Result 3: Adequate supply of safe raw water for potable water production has been secured for the foreseeable needs of the Programme towns.	Result 3: Finnish Revolving Water Fund integrated in NRWF	Result 3.1: Necessary instruments to facilitate sustainable management of WS and DS services in WSPST towns developed, disseminated and in use Result 3.2: Water Centre of MOC upgraded to National Water Institute Result 3.3: FRWF institutionalised and handed over to the Government of Vietnam
Result 4: Pilot drainage & sewerage schemes and experimental treatment facilities have been constructed in at least two to three Programme towns.		

Appendix 4: Scoring WSPST Based on OECD DAC and Additional Criteria

Water Supply Schemes

DAC Criteria	Evaluation Question	Score	Scoring Indicators
Impact	1A. What is the impact of WS schemes on the health of people or in terms of convenience? 1B. Have piped WS helped to improve hygiene?	Not Scored	Not defined in PD. Health data is not disaggregated. There is no baseline data
Impact	2. What is the impact of the WS schemes for enterprise customers, schools or clinics?	Not Scored	Not defined in PD and there is no baseline data
Weighted Average Impact		Not Scored	

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Relevance	1. To what extent were WS schemes relevant to households?	3	50%	4= Very good 3= Good 2= Weak 1= Very Weak
Relevance	2. How relevant was the technical and financial assistance provided by Finland to the Provincial Water Supply Companies and Town People's Committees, as the project owners?	2	15%	4= Very good 3= Good 2= Weak 1= Very Weak
Relevance	3. To what extent were WS schemes relevant to Provincial People's Committees?	4	15%	4= Very good 3= Good 2= Weak 1= Very Weak
Relevance	4. To what extent were WS schemes relevant to Vietnam's sector policies for Class V towns?	4	15%	4= Very good 3= Good 2= Weak 1= Very Weak
Relevance	5. To what extent were WS schemes relevant to Finnish development cooperation policies?	3	5%	4= Very good 3= Good 2= Weak 1= Very Weak
Weighted Average Relevance		3.1	100%	

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Effectiveness	To what extent do the WS schemes provide safe and reliable water (24/7/365)?	3.5	50%	4= WS is safe, reliable with high-pressures in pipes 3= WS is unsafe but reliable with high-pressures 2= WS is low quality, intermittent or low pressure 1= WS scheme is not (or barely) functioning
Effectiveness	To what extent have HH connected to the new WS?	3	25%	4= >90% of HH in WS service area are connected and use the piped water as their only water source. 3= >90% of HH in WS service area are connected but consumers also use other water sources 2= >50% of HH in service area connect but water consumption is low as HH use alternative sources 1= <50% of HH in WS service area are connected
Effectiveness	To what extent are HH ready to pay for water?	3	25%	4= High willingness to pay and full cost recovery 3= High willingness to pay, WSC able to cover O&M 2= Low willingness to pay, WSC partly subsidised 1= People refuse to pay, WSC heavily subsidised
Weighted Average		3.3	100%	

Water Supply Schemes (continued)

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Efficiency	What was the level of the construction quality of the WS schemes?	3	50%	4= Construction quality meets high level standards 3= Construction quality meets expected standards in Vietnam in relation to the price of the works. 2= Construction fails to meet expected standards however it is accepted without major penalties. 1= Construction is very low quality and there are many disputes and penalties are applied.
Efficiency	To what extent were the activities delivered in a timely manner?	2	25%	4= Projects were completed in accordance with the planned schedule, with minor exceptions. 3= Projects were completed in accordance with the planned schedule, with some exceptions. 2= Projects were completed in accordance with the planned schedule, but many extensions required 1= Projects abandoned due to cost/time overruns.
Efficiency	Extent the unit cost/HH connecting to WS schemes was cost-efficient compare to similar programs in VN?	4	25%	4= significantly cheaper cost. 3= similar cost. 2= higher cost. 1= significantly higher cost
Weighted Average		3	100%	

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Sustainability	To what extent are the WS sustainable?	3	100%	4= WSCs able to provide WS on a sustainable basis with full cost recovery. 3= WSCs able to provide WS on a sustainable basis but not on a full cost recovery basis. 2= The mandated operator is able to provide WS but remains dependent on subsidies from PPC. 1= Infrastructure breaks, no water service
Weighted Average		3.0	100%	

Drainage and Sewerage Schemes

DAC Criteria	Evaluation Question	Score	Scoring Indicators
Impact	1A. What is the impact of the DS schemes on the health of people? 1B. What is the impact of DS in yards of HH?	Not Scored	Not defined in the PD. Data is not disaggregated and do not have baseline for health
Impact	2. What is the impact of the DS schemes on the wider environment? For example, pollution in local water bodies or for irrigation of crops	Not Scored	Not defined in the PD. There is no baseline data or EIA. Effluent only tested twice.
Impact	3. What is the impact of DS schemes in the centre of towns and/or for local business?	Not Scored	Not defined in the PD and there is no baseline data
Weighted Average Impact		Not Scored	

Drainage and Sewerage Schemes (continued)

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Relevance	1. To what extent were separate sewers relevant to households and enterprises within the service area of WSPST funded WS schemes?	1	50%	4= Very good 3= Good 2= Problems 1= Serious deficiencies
Relevance	2. To what extent were separate sewers relevant from the perspective of environmental protection?	NS	N/A	4= Very good 3= Good 2= Problems 1= Serious deficiencies
Relevance	3. To what extent were separate sewers relevant to the mandated operator of the DS schemes?	1	15%	4= Very good 3= Good 2= Problems 1= Serious deficiencies
Relevance	4. To what extent were separate sewers relevant to the Provincial People's Committee (PPC)?	1	15%	4= Very good 3= Good 2= Problems 1= Serious deficiencies
Relevance	5. To what extent were separate sewers and centralised wastewater treatment relevant to the Vietnamese sector policies and priorities?	1	10%	4= Very good 3= Good 2= Problems 1= Serious deficiencies
Relevance	6. To what extent were separate sewers relevant to development cooperation policies of Finland?	2	10%	4= Very good 3= Good 2= Problems 1= Serious deficiencies
Weighted Average Relevance		1.1	100%	

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Effectiveness	What % of households (HH) in the WS service area have access to adequate sanitation?	1	100%	4 = >90% HH in WS service area have adequate sanitation 3 = >90% HH in DS service area are connected to DS 2 = >50% HH in DS service area are connected to DS 1 = <50% HH in DS service area are connected to DS
Effectiveness	Quality of effluent discharged from the wastewater treatment facilities?	Not Scored		Not possible to score as most WWTPs have no effluent. Testing only done once by WSPST
Weighted Average		1	100%	

Drainage and Sewerage Schemes (continued)

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Efficiency	What was the level of design and construction quality of the DS schemes?	1.6	50%	4= Construction quality meets high level standards 3= Construction quality meets expected standards in Vietnam in relation to the price of the works. 2= Construction fails to meet expected standards however it is accepted without major penalties. 1= Serious deficiencies in the design and/or construction lead to many dysfunctional DS schemes
Efficiency	To what extent were the activities delivered in a timely manner?	2	50%	4= WSPST was implemented in accordance with plan/schedule. 3= The planned activities were completed in accordance with plan/schedule with minor extensions 2= Phase III was required (almost equivalent to Phase II) 1= DS were abandoned due to cost and/or time overrun
Efficiency	To what extent is the unit cost of a house connection to a DS scheme cost-efficient compared to similar projects in Class V towns in Vietnam?	Not Scored		No data available: there are no other separate sewers projects in Class V towns in Vietnam
Weighted Average		1.8	100%	

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Sustainability	To what extent are constructed separate sewers & wastewater treatment facilities sustainable?	1.5	100%	4= Mandated operator is able to undertake the required O&M and expand services if required. 3= Mandated operator is able to undertake the required O&M on a sustainable basis using revenue collected from users. 2= Mandated operator is able to operate the scheme but is highly dependent on subsidies from PPC. 1= Infrastructure collapses and DS services are abandoned.

Finnish Revolving Water Fund

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Impact		Not Scored		
Relevance	To what extent is the concessional loan modality relevant to the WSC?	4	50%	4= Concessional loan modality was highly relevant in the past and it remains so from the perspective of the newly equitized WSCs
Effectiveness	To what extent did the FRWF provide a model for the establishment of NRWF	Not Applicable		Unexpected Outcome: not possible to score as NWFR was cancelled by GOV as policy of concessional loans was switched to policy of equitizing
Efficiency	To what VDB developed its capacity to process loan requests and payments in a timely manner?	2	25%	4= Points 3, plus procedures are updated to reduce time between request and payment. 3= Funds are disbursed with no significant time delays. 2= Funds are disbursed but with significant time delays. 1= Failure to disburse funds.
Sustainability	To what extent was the FRWF set up as a sustainable instrument?	2	25%	4= Point 3, plus procedures are updated to reduce time between request and payment. 3= Funds are disbursed with no significant time delays. 2= Funds are disbursed but with significant time delays. 1= Failure to disburse funds.
Weighted Average		3	100%	

Cross-cutting Themes

Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Gender Equality and Women & Girls' Rights	To what extent has gender equality and women and girls' rights been mainstreamed in WSPST?	2	35%	4= Gender mainstreamed or transformative 3= Gender sensitive 2= Gender aware 1= Gender blind See Appendix 13 for a description of the indicators
HRBA	To what extent has HRBA been mainstreamed in WSPST?	2	35%	1= Blind 2= Sensitive 3= Progressive 4= Transformative In the categories, taking into account: (1) services are free to beneficiaries or the costs are affordable (affordability), (2) the services are available at a reasonable distance (availability), (3) the technologies used are acceptable to the users and the facilities are of adequate quality to meet the needs of the beneficiaries (acceptability), (4) services are accessible to the final beneficiaries (accessibility). See Appendix 14 for a description of the indicators
Environment	To what extent have environmental considerations been mainstreamed in WSPST?	2	30%	4= WSPST caused no negative environmental effects or the effects were mitigated; environmental risk assessment procedures existed and were fully followed; the capacity of local communities to manage environmental risks was developed; WSPST contributed to long-term environmental sustainability and resilience of the beneficiary communities. 3= WSPST caused some negative environmental effects and they have been only partially mitigated; environmental risk assessment procedures existed to some extent; the capacity of local communities to manage environmental risks was developed but with some shortcomings; WSPST did not contribute to long-term environmental sustainability and/or the resilience of the beneficiary communities. 2= WSPST caused minor negative environmental effects and these have not been mitigated; risks of future contamination exist but effects are likely to be small; environmental risk assessments existed only on paper but not in practice; local communities were not engaged in the management of environmental risks. 1= WSPST caused severe negative effects to the environment and they have not been mitigated. There is a risk of severe future contamination. There were no procedures in place to ensure environmental sustainability of the intervention
Weighted Average		2.0	100%	

Aid Effectiveness

Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Coherence	To what extent has WSPST contributed to implementation of other elements/projects in the country programme or the transition strategy, including the private sector and civil society cooperation?	2	20%	4= The contribution of WSPST to the implementation of other elements/projects in Finland's country programme and/or transition strategy, including private sector cooperation, was a key factor in Finland's development cooperation in Vietnam. 3= Several concrete examples of WSPST contribution to the implementation of other elements/ projects in the country programme or the transition strategy, including private sector cooperation. 2= A few minor examples of WSPST contributing to the implementation of other elements/projects in the country programme or the transition strategy exist, including private sector cooperation 1= WSPST has not at all contributed to the implementation of other elements/projects in the country programme or the transition strategy, nor private sector cooperation.
Complementarity	To what extent has WSPST been complementary with other donor-funded water and sanitation projects in Vietnam?	4	20%	4= The design of WSPST took into account the location of similar efforts supported by other donors and no geographical duplication existed with other donor-funded water and sanitation programmes; WSPST maintained its complementary role throughout the implementation period. 3= The design of WSPST took into account the location of similar efforts supported by other donors but WSPST was only partially able to adopt to the changing context in the water and sanitation sector in Vietnam, leading to minor duplication of efforts during implementation. 2= The design of WSPST did not take into account the location of similar efforts supported by other donors; some action was taken to rectify the situation, but important duplication of efforts remained in the implementation. 1= The design of WSPST did not take into account the location of similar efforts supported by other donors and no efforts were made during implementation to re-focus the intervention area, which led to duplication of efforts in isolation from other relevant actors.
Coordination	To what extent has WSPST coordinated, collaborated and shared information with different partners and stakeholders?	3	20%	4= WSPST coordinated, collaborated and shared information with key partners and stakeholders throughout programme implementation; in addition, joint financing or other concrete and formal efforts formed an important part of the intervention. 3= WSPST coordinated, collaborated and shared information with key partners and stakeholders throughout programme implementation through established mechanisms and/or on cases with clear objectives. 2= Coordination was mainly based on ad hoc informal exchanges. 1= WSPST operated largely in isolation from key stakeholders.
Mutual Accountability	To what extent has WSPST promoted mutual accountability?	2.3	20%	4= Rapid Transparency Assessment in category "strong" 3= Rapid Transparency Assessment in category "above average" 2= Rapid Transparency Assessment in category "below average" 1= Rapid Transparency Assessment in the category "weak"
Ownership	To what extent were infrastructure projects delivered using existing country systems (and avoiding creating parallel structures)?	2	20%	4 = WSPST delivered its infrastructure projects entirely through existing country systems. WSPST staff had only an advisory role. 3= WSPST delivered its infrastructure projects entirely through existing country systems. WSPST staff had a role for ensuring quality through approvals of different steps of implementation. 2= WSPST delivered its infrastructure projects entirely through existing country systems. However, implementation was led by WSPST staff leaving a passive role to the project owners and other key Vietnamese actors. 1= WSPST infrastructure projects were implemented fully outside existing country systems, laws and procedures.
Weighted Average		2.7	100%	

Efficiency of Programme Steering

DAC Criteria	Evaluation Question	Score	Weight	Scoring Indicators
Efficiency	To what extent did the WSPST Steering Committee provide direction (to project investors/owners) and solve problems?	2	40%	4= Successes and challenges feed into the policy dialogue and strategic decisions, in addition to 3. 3= Meetings include proactive problem solving, options and different solutions discussed, plus performs minimum functions expected from SC 2= Complied with minimum functions of the SC 1= Failed to perform minimum functions of the SC (regular meetings, recording meeting minutes, making decisions and approving plans/reports)
Efficiency	To what extent was Embassy of Finland [Water Advisor, Head of Cooperation and Ambassador] able to represent MFA and supervise the International TA	2	10%	4= Leads sector debate with GoV outside the SC, organises relevant events with GoV and other key stakeholders, regular policy dialogue, plus level 3 3= Active intervention at SC meetings, influences specific decisions on WSPST, active participation in donor coordination, support other sector influencers. 2= Attend SC meetings, but passive in participation, and fails to properly supervise the international TA consultants 1= Fails to regularly attend SC meetings and fails to properly supervise the international TA consultants
Efficiency	Performance of TA Consultants for Water Supply	2	20%	4= In addition to the elements described in score 3= Deliver added value beyond the contractual expectations, e.g. support to the Embassy on policy dialogue and strategy analysis, identify future sector trends in the national and international context. 3= Deliver expected outputs within agreed times, outputs meet quality standards, important issues are taken to the SC (e.g. release of local budget and other issues outside the control of the TA), proactive risk management to mitigate negative impacts and presentation of innovative solutions to the identified problems, translating examples from other countries into potential solutions in the country context. 2= Outputs to the expected quality standards. When obstacles outside the influence of the TA were encountered (e.g. time delays related to counterpart contributions, payment of invoices, etc.), they were recorded and reported to the Steering Committee and/or Embassy of Finland. 1= Failed to deliver effective works, failed to recognise and report the proposed solution is not appropriate for Vietnam or the specific locality.
Efficiency	Performance of TA Consultants for Sanitation	1.5	20%	As above for International TA Consultants (WS)
Efficiency	Extent that VDB performed its role as an independent entity able to approve/reject business plans?	2	10%	4= VDB made loans based on financial feasibility with some schemes rejected. 3= VDB carries out full appraisals as an independent body, records objections, but approves all proposals. 2= VDB approves loans on basis of state subsidy. 1= VDB did not approve any loans
Weighted Average		1.9	100%	

Appendix 5: Map of Evaluation Questions and Priority Assessments

This Appendix maps the location of the response to Evaluation Questions, Priority Assessments and Guiding Questions, included in the Inception Report, in the Findings Section of this report.

3.1 Impact

Evaluation Question #01

“To what extent has WSPST been consistent with the needs and priorities of the final beneficiaries (including women and girls and ethnic minorities)? Are these groups satisfied with the objectives and results of WSPST?” Has the level of satisfaction changed over the course of WSPST? Did the final beneficiaries need the services provided by the programme?

Evaluation Question #02

How well has WSPST succeeded to make progress towards achieving its overall objectives including the promotion of the human rights-based approach and the cross-cutting objectives of Finland’s development policy

Guiding Question

To what extent has WSPST achieved its expected impact in relation to its logical frameworks and the Theory of Change developed as an analytical tool for this evaluation (Section 4)? Did WSPST work and report towards outcomes and impacts? Were the objectives realistic?

Guiding Question

To what extent and in what ways has the programme managed to reduce poverty? Has the health of the target population improved? Is there evidence of reduced migration from rural areas and small towns to big cities as a result of improved water supply and sanitation?

3.2 Relevance

Guiding Question

What was the relevance of the decision to construct drainage and sewerage in small towns?

Guiding Question

To what extent has WSPST provided a vision for the provision of water supply, drainage and sewerage services in Category IV and V towns in Vietnam?

Priority Assessment

What was the relevance of using a loan-based instrument (FRWF) to build WS schemes (instead of grant-based financing) and what implementation challenges did the FRWF create?

Priority Assessment

What was the relevance of the decision to shift MFA support from big cities to small towns?

Priority Assessment

Relevance of the selected method and outcomes of the social marketing activities in Phase III

3.3 Effectiveness

Evaluation Question #03

What are the intended and unintended, short and long-term, positive and negative impacts of (i) supporting the water supply and drainage and sanitation scheme construction in 25 towns and (ii) providing institutional support to MOC and VDB? What have been the challenges?

Guiding Question

To what extent has WSPST contributed to capacity development and the strengthening of institutions? What have been the key factors contributing and limiting capacity development?

Guiding Question

The outcomes of the policy and institutional support to MOC and other state agencies, especially in the view of the changing operating environment in Vietnam, including the privatization of the water supply sector? Have relevant policy-level changes happened as a result of WSPST?

Evaluation Question #04

To what extent have the coordination, collaboration and information sharing between different partners and stakeholders been effective

Priority Assessment [Box]

Functioning and Impact of the Sanitation Revolving Fund?

Guiding Question [Box]

What outcomes emerged as a result of the implementation of the Sanitation Revolving Fund?

Guiding Question

Have Vietnamese authorities allocated better financial and institutional resources to maintain the services in the long run compared to non-Finnish funded provinces and small towns? Are WS+DS schemes able to achieve full cost recovery, including loan and interest repayment?

3.4 Efficiency

Evaluation Question #05

To what extent is the quality and quantity of the produced results and outputs in accordance with plans? How are results and outputs applied by the beneficiaries and other stakeholders

Evaluation Question #07

How well have the various activities transformed the available resources into intended results in terms of quantity, quality and time? Can the costs of WSPST be justified by the results?

Evaluation Question #06

To what extent has the management mechanism of the FRWF been efficient

Priority Assessment

The functioning of the FRWF including its financial management, decision-making and financial appraisal procedures

Priority Assessment

The efficiency of the investment made and use of laboratory equipment purchased by WSPST

3.5 Sustainability

Evaluation Question #08

To what extent the programme has achieved sustainable results

Evaluation Question #10

To what extent are the implementing partners committed to maintaining services?

Priority Assessment

Functionality and Sustainability of WS and DS schemes

1. The level of technical functioning of the WS and DS schemes with emphasis on DS schemes. Especially if the schemes are found to be non-functional, the reasons should be investigated
2. The level of customer satisfaction of the WS and DS schemes that have been built during the programme lifetime
3. Are there discrepancies between men and women or majority and minority ethnic groups in customer satisfaction?
4. Sustainability of the WS and DS schemes with focus on financial sustainability of the WS schemes and O&M activities and the adequate level of customer connections of the DS schemes

Priority Assessment

Has the privatization of water services affected sustainability, efficiency and/or level of service?

Guiding Question

To what extent and in what ways has the design and implementation of WSPST addressed the issue of environmental sustainability?

3.6 Cross Cutting Objectives

Guiding Question

To what extent did WSPST promote the cross-cutting issues of Finland's development policy?

3.7 Aid Effectiveness

Evaluation Question #11

How and to what extent has WSPST promoted mutual accountability and ownership?

Guiding Question

To what extent and how has WSPST coordinated with other relevant interventions? Is there evidence on mutual learning/joint efforts to achieve higher effectiveness of the interventions?

Guiding Question

To what extent and how does the WSPST complement thematically interventions by other donors? Has duplication of efforts been avoided? Did WSPST work towards mutually beneficial goals with the other interventions in the programme areas?

Evaluation Question #12

Has WSPST contributed to the implementation of other projects in the country or the sector transition strategy? Has it contributed to private-sector or civil society cooperation?

Guiding Question

Assess the involvement and cooperation between line ministries, including the coordination structures/mechanism between MOC and the Ministries of Finance and Planning and Investment and the Provincial People's Committee

Guiding Question

Assess the involvement and cooperation of WSPST with government agencies at all levels and other development partners active in the financing of piped water supply and drainage/sanitation schemes in Vietnam

Evaluation Question #13

What is the added value provided by the Finnish support?

Guiding Question

What is the value added by WSPST as a framework for the provision of water supply, drainage and sanitation services and for development generally within Vietnam?

3.8 Programme Design, Steering and Monitoring

Guiding Question

Was WSPST managed with reasonable regard for efficiency? What measures were taken to ensure that resources, including personnel were efficiently used?

Guiding Question

Could WSPST have been implemented differently to achieve the same (or better) results in a more cost-effective manner?

Guiding Question

How could efficiency be improved with future programs e.g. to avoid time delays?

Priority Assessment

Role of MFA and Embassy of Finland in Hanoi in the monitoring and steering of the Programme

Priority Assessment

Performance of TA consultants in the management and monitoring of the Programme

Priority Assessment [Box]

The appropriateness of the decision made to design and enter Phase III to ensure the sustainability of the results of the Programme.

The Evaluation Team did not prepare SWOT analyses for the sustainability of WS and DS as per Evaluation Question #09 (below) to avoid duplication as the responses are included in the text.

What are the possible strengths/weaknesses/opportunities/threats that enhance or inhibit the sustainability of the achievements including cross-cutting objectives? The SWOT analysis will address economic/financial, institutional, technical and socio-cultural aspects of WS and DS

Appendix 6: Fieldwork Schedule

Date	Overnight	Team Members	Event
Sun 28 Oct	Hanoi		Team Arrive Hanoi Team Dinner (19:00)
Mon 29	Hanoi	Technical Team	09:00 Team Meeting (without interpreters) 14:00 Meeting at Embassy of Finland
Tue 30	Hanoi	SG + QH	Meetings with Key Stakeholders in Hanoi 09:00 Director NCERWASS 11:00 Former Director NTP Rural Water Supply 14:00 World Bank 16:30 Asian Development Bank (Full Team)
Tue 30	Hanoi	HP + NH + NV	Meetings with Key Stakeholders in Hanoi 08:30 Ministry of Finance 28 Tran Hung Dao Street- Ha Noi 10:30 Vietnam Development Bank 25 A Cat Linh street- Ha Noi 14:00 Ministry of Planning and Investment 6B HoanG Dieu, Ha Noi 080 43358 - 04 38455298 16:30 Asian Development Bank (Full Team) 16 Phan Chu Trinh, Hoan Kiem Ha Noi
Tue 30	Hanoi	PM + T2	Meetings with Key Stakeholders in Hanoi 09:00 Ministry Construction 37 Lê Đại Hành - Hà Nội. Điện thoại: (84-4) 3821 5137 11:00 NORAD 14:00 Vietnam Women’s Union (VWU) 39 Hang Chuoi Street, Ha Noi, Tel: +84 4 39720060; 16:30 Asian Development Bank (Full Team) 16 Phan Chu Trinh, Hoan Kiem Ha Noi
Wed 31	Hanoi	Full Team	08:00 Travel to Hung Yen Town Provincial Meetings in Hung Yen 10:00 PPC 13.30 DOC 15:00 VBD + Treasury 16:30 Travel to Hanoi or stay in Hung Yen
Thu 01 Nov	Haiphong	Full Team	08:00 Travel to Toang Thang District 10:00 Meeting with Toan Thang authorities and women union 14.00- Visit Toang Thang WS + DS 15:30 Travel to Haiphong
Fri 02	Haiphong	Full Team	Provincial Meetings in Haiphong 08:00 PPC 09:30 DOC 11:00 VBD + Treasury 14:00 Haiphong Water Supply Company 15:30 Haiphong Sewerage and Drainage Company
Sat 03	Hanoi	Full Team	08:00 Travel to Minh Duc (District of Haiphong City) 09:00 Visit Minh Duc DS 14:00 Visit WS (to be confirmed) 16:00 Travel to Hanoi
Sun 04	Ha Giang	Team 1	Travel to Ha Giang
	Cao Bang	Team 2	Travel to Cao Bang
Mon 05	Ha Giang	Team 1	Provincial Meetings in Ha Giang 13:30 PPC 15:00 DOC 16:30 VBD + Treasury
	Cao Bang	Team 2	Provincial Meetings in Cao Bang 10:00 PPC 14:00 DOC 15:30 VBD + Treasury
Tue 06	Ha Giang	Team 1	Travel to Tam Son District 10.00. -District Meetings + with authorities and women union 14.00 - Visit Tam Son DS Travel to Ha Giang
	Cao Bang (HanhNat)	Team 2	Travel to Hanh Nat District 9:30 - District Meetings + with authorities and women union 14:30 - Visit Hanh Nat DS 16:30 - Travel to Cao Bang

Wed 07 Nov	Tuyen Quang	Team 1	Travel to Tuyen Quang Provincial Meetings in Tuyen Quang 13:30 PPC 15:00 DOC 16:30 VBD + Treasury
	Bac Kan	Team 2	Travel to Bac Kan Provincial Meetings in Bac Khan 10:00 PPC 14:00 DOC 15:30 VBD + Treasury
Thu 08	Tuyen Quang	Team 1	Travel to Vinh Loc District 10.00 District Meetings + with authorities and women union 14. 00 Visit Vinh Loc DS (+WS) Travel to Tuyen Quang
	Bac Kan (ChoMoi)	Team 2	Travel to Cho Moi District 9:30 - District Meetings + with authorities and women union 14:30 - Visit Cho Moi DS 16:30 - Travel to Bac Kan
Fri 09	Tuyen Quang	Team 1	Travel to Hanoi
	Bac Kan	Team 2	Travel to Hanoi
Sat 10	Hanoi	Technical Team	Report Writing HP departure from Vietnam
Mon 12	Yen Bai	Team 1	Travel to Yen Bai Provincial Meetings in Yen Bai 13.:30 PPC 15:00 DOC 16:30 VBD + Treasury
	Thai Binh	Team 2	Travel to Thai Binh Provincial Meetings in Thai Binh 10:00 PPC 14:00 DOC 15:30 VBD + Treasury
Tue 13	Yen Bai	Team 1	Travel to Nghia Lo District 10.00 District Meetings with authorities and women union 14. 00 Visit DS (+WS) Travel to Yen Bai
	Thai Binh (TienHung)	Team 2	Travel to Tien Hung District 9:30 - District Meetings with authorities and women union 14:30 - Visit DS 16:30 - Travel to Hanoi
Wed 14	Hanoi	Team 1	Travel to Hanoi Report Writing + Catch Up/Supplementary Meetings)
		Team 2	Report Writing + Catch Up/Supplementary Meetings)
			14.00- Vietnam Water supply and Sewarage Association (whole team)
Thu 15	Hanoi	Technical Team	Report Writing Prepare for Debriefing
Fri 16	Hanoi	Technical Team	08:00 Report Writing Prepare for Debriefing 13:00 Debriefing Meeting at Embassy of Finland
Sat 17			SG + PM departure from Vietnam

Notes:

1. International Evaluators: SG = Stephen Grenhalgh | PM = Petra Mikkolainen | HP = Harry Piirainen
2. National Evaluators: QH = Nguyễn Quý Hoà | NH = Nguyễn Hang
3. Team 1 SG + NH + Nguyễn Van (NV, Interpreter)
4. Team 2 PM + HP + QH + TBC (T₂, Interpreter)

Appendix 7: List of Persons Consulted

Vietnam Sub-National Government				
Family name	First name	Position	Male Female	Province
Nong	Hien	Head of Administration	Female	Bac Kan
Dinh	Thu Ha	Staff District Natural Resources & Environment	Female	Bac Kan
Le	Nhu Quang	Vice Head of Administration of Cho Moi District	Male	Bac Kan
Mai	Van Quy	Staff of Finance-Planning Unit	Male	Bac Kan
Nguyen	Van Hung	Vice Chairman of PC of Cho Moi District	Male	Bac Kan
Trieu	Thu	Staff, Agency Technical Infrastructure, Cho Moi	Female	Bac Kan
Nguyen	Thu	Head of WU of Cho Moi Town	Female	Bac Kan
Ta	Xuan Bac	Com. Party Secretary and Head PMU	Male	Bac Kan
Tran Thi	Kim Chung	Technical staff of PMU	Female	Bac Kan
Leng	Van Chien	Director, DoC	Male	Bac Kan
Hoang	Thuy	Vice Director, DoC	Female	Bac Kan
Nong Thi	Lam Luyen	Head Audit, DoC	Female	Bac Kan
Vu Thi	Thanh Tam	Staff of Administration, DoC	Female	Bac Kan
Hoang	Hang	Vice Director, DoF	Female	Bac Kan
Ngo	Van Vien	Vice Director DoNRE	Male	Bac Kan
Tran	Cong Hoa	Vice Director, DPI	Male	Bac Kan
Luong	Van Thong	Head of Economy-External Relations	Male	Bac Kan
Ly	Thai Hai	Chairman of PPC	Male	Bac Kan
Ngo	Quang Huy	Vice Director, Treasury	Male	Bac Kan
Bui	Xuan Ki	Head of Agency of Technical Infrastructure, DoC	Male	Cao Bang
Le	Viet Hung	Head of Economy and Materials	Male	Cao Bang
Nguyen Thi	Ngoc Anh	Staff of Agency of Technical Infrastructure, DoC	Female	Cao Bang
Nong	Xuan Yem	Vice Director DoC	Male	Cao Bang
Dam	Hai Tieu	Deputy Head of Economy Section	Male	Cao Bang
Ly	Van Kinh	Deputy Head of Administration	Male	Cao Bang
Nguyen	Trung Thao	Vice chairman	Male	Cao Bang
Be	Dong	Head of town health center	Female	Cao Bang
Be	Van Tinh	Operation worker, Thanh Nhat WS	Male	Cao Bang
Hoang	The Anh	Chairman of Thanh Nhat town	Male	Cao Bang
Hoang	Danh	Director of PMU, Thanh Nhat	Female	Cao Bang
Hoang	Tuyet	Health worker of town health Center	Female	Cao Bang
Luong	Hoan	Women Union of Thanh Nhat Town	Female	Cao Bang
Nong	Hien	Health worker of town health Center	Female	Cao Bang
Hoang	A Chinh	Director	Male	Ha Giang
Nguyen	Quang Hung	Vice Director	Male	Ha Giang
Nguyen	Hanh	Former Accountant of the program	Female	Ha Giang
Nguyen	Kim Tuyen	Head of Urban Development Division	Female	Ha Giang
Trinh	Huy Dong	Former Deputy Head of Infrastructure Division	Male	Ha Giang
Nguyen	Van Toan	Technical officer of PMU Ha Giang	Male	Ha Giang
Ha	Minh Hanh	Vice Chairman of PPC	Female	Ha Giang
La	Tien Sang	Head of PPC office	Male	Ha Giang

Vietnam Sub-National Government				
Family name	First name	Position	Male Female	Province
Dang	Van Dung	Former Director/Vice director of DOC	Male	Ha Giang
Do	Minh Hue	Chairman	Female	Ha Giang
Hoang	Nga	Citizen	Female	Ha Giang
Lenh	Phong Dien	Chairman of TPC	Male	Ha Giang
Le	Trung Khanh	Vice Director	Male	Ha Giang
Bui	Ba Son	Deputy Head of Administration	Male	Haiphong
Nguyen	Thai Hoa	Staff of Administration	Male	Haiphong
Nguyen	Quang Anh	Agency of Technical Infrastructure	Male	Haiphong
To	Van Long	Vice Head	Male	Haiphong
Vu	Huu Thanh	Director	Male	Haiphong
Tran Thi	Hai Yen	Head of External Relation Unit	Female	Haiphong
Nguyen	Trung Hieu	Vice Director	Male	Haiphong
Bui	Duy Hien	Vice Chairman of Minh Duc Town	Male	Haiphong
Bui	Ngoc Khang	Vice Chairman of Minh Duc Town	Male	Haiphong
Le	Luan	Secretary of Communist Party	Female	Haiphong
Le	Luu	Chairperson of WU of Minh Duc Town	Female	Haiphong
Le	Van Dung	Chairman of Minh Duc Town	Male	Haiphong
Nguyen	Xuan Binh	Vice Chairman	Male	Haiphong
Ngo	Hai Truong	Vice Director	Male	Haiphong
Chanh	(-)	Deputy Head, Agency Technical Infrastructure Unit	Male	Haiphong
Do	Minh Tuan	Director	Male	Hung Yen
Luong	Anh Tuan	Director of Department of Construction	Male	Hung Yen
Pham	Ly	Vice Director of the Department of Finance	Female	Hung Yen
Pham	Nam Luong	Vice Director	Male	Hung Yen
Nguyen	Van Cuong	Vice Director, DPI	Male	Hung Yen
Do	Thuy	Head of Controlling the money paying out	Female	Hung Yen
Nguyen	Thanh Hường	Director	Female	Hung Yen
To	Thanh Minh	Vice Director	Male	Hung Yen
Dao	Thanh Hai	Chairman	Male	Hung Yen
Nguyen	Van thang	Staff of Land management and Environment Unit	Male	Hung Yen
Dang	Ngoc Quynh	Vice Chairman of the PPC	Male	Hung Yen
Nguyen	Xuan Phuong	Deputy Head	Male	Hung Yen
Nguyen	Van Nguyen	Vice Director of State Treasury	Male	Hung Yen
Nguyen	Trong Vinh	Director, Agency of Technical Infrastructure	Male	Thai Binh
Pham	Trong Dat	Staff, Agency of Technical Infrastructure	Male	Thai Binh
Do	Truong Sinh	Vice Head of Agriculture Unit	Male	Thai Binh
Nguyen	Van Chuc	Head of Agriculture Unit	Male	Thai Binh
Vu	Van Thuan	Vice chairman	Male	Thai Binh
Nguyen	Van Dien	Director, Thang Long Water Supply Plant	Male	Thai Binh
Le	Van Hai	Chairman	Male	Tuyen Quang
Nguyen	Van Thang	Vice Director	Male	Tuyen Quang
Vu	Thuy Mai	Staff	Female	Tuyen Quang

Vietnam Sub-National Government				
Family name	First name	Position	Male Female	Province
Do	Xuan Minh	Head of Water Resources Division	Male	Tuyen Quang
Nguyen	Bich Ngoc	Head of Economic and Foreign Affairs	Female	Tuyen Quang
Ha	Nhan Hop	Land Administration issues	Male	Tuyen Quang
Ha	Quyên	Staff of TPC office	Female	Tuyen Quang
Truong	Trong Dung	Head	Male	Tuyen Quang
Nguyen	Trong Tien	Vice head of Planning Division	Male	Yen Bai
Nguyen	Lam Thang	Director	Male	Yen Bai
Le	Ngoc Long	Chairman	Male	Yen Bai
Nguyen	Kim Nguyen	Office staff	Female	Yen Bai
Vu	Hue	Accountant	Female	Yen Bai
Vu	Quang Diep	Land Administration Staff	Male	Yen Bai
Vu	Ngoc Vinh	Chairman	Male	Yen Bai
Vu	Thanh	Vice Chairman	Female	Yen Bai
Pham	Duy Linh	Vice Head of Economic and Foreign Division	Male	Yen Bai
Bui	Ngoc Hung	Vice Director	Male	Yen Bai
Ta	Van Long	Chairman	Male	Yen Bai
Vuong	Thanh Lam	Vice head of Office	Female	Yen Bai
Do	Van Dong	Vice Head of Economic Division	Male	Yen Bai

Water Supply and/or Sewerage Company				
Family name	First name	Position	Male Female	Province
Do	Thanh Hoa	Vice Head of Business Unit	Female	Bac Kan
Nguyen	Ngoc Bich	Head of Huan Resources Unit	Female	Bac Kan
Nguyen	Van Thanh	Head of Business Unit	Male	Bac Kan
Pham	Cong Lap	Director, WASCo Bac Kan	Male	Bac Kan
Trieu	Thi Thuy	Vice Head of Technical Unit	Female	Bac Kan
Du	Huu Nghia	Director WACo	Male	Cao Bang
Le	Xuan Tien	Chief Accountant, WACo	Male	Cao Bang
Nguyen	Van Dinh	Head of Business Unit, WACo	Male	Cao Bang
Tran	Van Hoi	Vice Director WACo	Male	Cao Bang
Truong	Duc Khanh	Director	Male	Ha Giang
Nguyen	Chien Thang	Operator	Male	Ha Giang
Hoang	Trong Hung	Operational Staff	Male	Haiphong
Le	Huy Sang	Team Leader -	Male	Haiphong
Pham	Van Manh	Technical Staff	Male	Haiphong
Hoang	Ha	Vice team leader-SADCO based in Minh Duc	Male	Haiphong
Nguyen	Minh Tuan	Chairman and Director	Male	Haiphong
Pham	Cong Binh	Team leader -SADCO based in Minh Duc	Male	Haiphong
Tran	Thi Thuy	Vice Head of Accounting Division	Female	Haiphong
Trinh	Quang Hung	Vice team leader-SADCO based in Minh Duc	Male	Haiphong
Le	Thi Hoa	Head of Planning Unit	Female	Haiphong

Water Supply and/or Sewerage Company				
Family name	First name	Position	Male Female	Province
Nguyen	Minh Tuan	Director General	Male	Haiphong
Cao	Van Quy	Vice Director General	Male	Haiphong
Nguyen Thi	Mai Hoa	Vice President of the Executive Council	Female	Hung Yen
Nguyen	Thien Bac	Director of WACo	Male	Thai Binh
Tran	Sy Tuan	Vice Director [in charge of Vinh Loc Schemes]	Male	Tuyen Quang
Vu	Truong Lam	Director [in charge of Vinh Loc Schemes]	Male	Tuyen Quang
Bui	Ngoc Tan	Head of Planning and Technical Division	Male	Tuyen Quang
Dao	Hai Son	Head of Planning and Technical Division	Male	Tuyen Quang
Dinh	Tien Dung	Head of Planning and Technical Division	Male	Tuyen Quang
Hoang	Kim Huong	Technical Staff in charge of the WSPST	Female	Tuyen Quang
Nguyen	Quang Huy	Secretary	Male	Tuyen Quang
Nong	Song Van	Director	Female	Tuyen Quang
Pham	Quang Sam	Vice Director	Male	Tuyen Quang
Phung	Quoc	Head of the Admin and Organ Division	Male	Tuyen Quang
Tran	Thi Khanh	Chief Accountant	Male	Tuyen Quang
Trinh	Dinh Tuan	Head of Business Division	Male	Tuyen Quang
Do	Van Tieu	Head of WSTP	Male	Yen Bai
Nguyen	Anh Tuan	Technical Staff	Male	Yen Bai
Tran	Dinh Chieu	Vice Director	Male	Yen Bai
Dinh	Tien Dung	Vice Head of Infrastructure and Economics Division	Female	Yen Bai
Ha	Khoa	Vice Chairman	Male	Yen Bai
Nguyen	Huu Luc	Staff of the Office	Male	Yen Bai

WSPST team members or (sub-)contracted experts				
Family name	First name	Position	Organisation	Male Female
Do	Manh Tuan	Programme Coordinator	WSPST	Male
Härkki	Jani	Managing Director	Vesiotec Oy	Male
Hedberg	Carina	Auditor	KPMG	Female
Keski-Saari	Olli	O&M Adviser Phase III	Consultant	Male
Lariola	Martti	Managing Director	Larcon Oy	Male
Leppäniemi	Matti	WSPST Home Office Coordinator	Econet	Male
Lundin	Anders	Auditor	KPMG	Male
Nguyen	Quang Huan	President BOD	HALCOM	Male
Renko	Esa	DTL/Institutional Specialist Phase II	WSPST	Male
Seppälä	Riikka	Junior Expert WSPST Phase III	WSPST	Female
Tran Nguyen	Elina	Short-term Consultant for WSPST	FIANT	Female
Vikman	Hannu	Chief Technical Adviser	WSPST	Male
von Weissenberg	Tom	Short-term Consultant for WSPST	Consultant	Male
Wallenius	Tapio	Consultant	Consultant	Male

MFA of Finland				
Family name	First name	Position	Male Female	Unit
Hares	Minna	Programme Manager	Female	Department of the Americas and Asia (ASA)
Kaipola	Annika	Counsellor	Female	Hanoi Embassy (HAN)
Kontula	Eero	Water Adviser	Male	Department for Development Policy (KEO-20)
Le	Dai Nghia	Program Coordinator	Male	Hanoi Embassy (HAN)
Lehtinen	Eeva	Counsellor	Female	Department of the Americas and Asia (ASA)
Leino	Sami	Director (Head of Unit)	Male	Department of the Americas and Asia (ASA)
Meranto	Marita	Desk Officer	Female	Department of the Americas and Asia (ASA)
Pulkkinen	Sanna	Programme Manager	Female	Department of the Americas and Asia (ASA)
Rautavaara	Antti	Senior Water Adviser	Male	Department for Development Policy (KEO-20)
Särkioja	Tomi	Counsellor	Male	Embassy of Finland in Hanoi (HAN)
Schalín	Johan	Director (Head of Unit)	Male	Department of the Americas and Asia (ASA)
Sykkö	Janne	Counsellor	Male	Embassy of Finland in Hanoi (HAN)
Takala	Sanna	Advisor	Female	Department of the Americas and Asia (ASA)
Voutilainen	Venla	Programme Manager	Female	Department of the Americas and Asia (ASA)
Markkinen	Tiina	Senior Adviser, Development Policy	Female	Department for Development Policy, Unit for Sectoral Policy
Sario	Katariina	Senior Adviser, Development Policy (non- discrimination and persons with disabilities)	Female	Department for Development Policy, Unit for Sectoral Policy
Mikkonen- Jeanneret	Eeva- Maria	Senior Adviser, Development Policy (gender equality)	Female	Department for Development Policy, Unit for Sectoral Policy
Myatt- Hirvonen	Outi	Senior Adviser, Development Policy (environment and climate)	Female	Department for Development Policy, Unit for Sectoral Policy

Vietnam Development Bank				
Family name	First name	Position	Male Female	Province
Hoang	Bich Thao	Staff in charge of the Program in Ha Giang	Female	Ha Giang
Nguyen	Khac Tuan	Vice Director	Male	Ha Giang
Nguyen	Thi Huyen Diu	Director	Female	Ha Giang
Tran	Manh Tuan	Head of credit division	Male	Ha Giang
Nguyen	Minh Huong	Vice director	Female	Haiphong
Tran	Ngoc Lam	Head of Credit division	Female	Haiphong
Nguyen	Minh Huong	Vice Director of VDB	Female	Haiphong
Dao	Ngoc Chau	Vice-Director, Foreign Capital Management	Female	Hanoi
Nguyen	Tuan Trung	Vice Director,	Male	Hung Yen

Vietnam Women's Union*				
Family name	First name	Position	Male Female	Province

Tran	Thi Hoan	Head of WU	Female	Ha Giang
Nguyen	Thi Luyen	Accountant of Sanitation Revolving Fund	Female	Haiphong
Nguyen	Phuong Nhung	Staff of Family and Social Affairs Department	Female	Hanoi
Nguyen	Tuyet Mai	Head of Family and Social Affairs Department	Female	Hanoi
Pham	Thi Thom	Chairperson, VWU Toan Thang Commune	Female	Hung Yen
Truong	Hong Anh	Chairperson, VWU Kim Dong district	Female	Hung Yen
Bui	Thi Voc	Chairperson of WU	Female	Thai Binh
Bui	Lien Huong	Chair	Female	Tuyen Quang
Dam	Thi Hue	Team Leader Hamlet 1	Female	Tuyen Quang
Vuong	Thi Thang	Chairwoman	Female	Yen Bai

* Most of the Women’s Union interviewees can be considered as representatives of large groups of final beneficiaries

Final beneficiaries				
Family name	First name	Position	Male/female	Province
Pham	Huu Sang	Representative of Hoang Long village, Minh Duc Town	Male	Haiphong
Nguyen	Ngoc Thu	Head of Quyet Thanh Village, Minh Duc Town	Male	Haiphong
Pham	Van Duong	Deputy Head of Quyet Thanh Village, Minh Duc Town	Male	Haiphong
Nguyen	Duc Hieu	Household in Bach Dang Village, Minh Duc Town	Male	Haiphong
Pham	Van Thich	Head of Bach Dang Village	Male	Haiphong
Do	Xuan Thinh	Farmer	Male	Thai Binh
Vu	Duc Kha	Farmer	Male	Thai Binh

Vietnam central government				
Family name	First name	Position	Organisation	Male Female
Luong	Van Anh	Director National Rural Water Supply and Environmental Sanitation	Ministry of Agriculture and Rural development	Male
Mai Thi	Lien Huong	Director General Administration of Technical Infrastructure	Ministry of Construction	Female
Nguyen	Minh Duc	Head of water supply management division, ATI	Ministry of Construction	Male
Nguyen	Huy Hoang	Senior officer, Department of Foreign Economic Relationship,	Ministry of Planning and Investment	Male
Nguyen	Hoang Lam	Head of Bilateral Division, Ministry of Finance	MOF- Debt management and External Finance	Male
Nguyen Thi	Hong Khanh	Vice-Head, Water Supply Management Division, ATI	Ministry of Construction	Female

Multilateral development banks				
Family name	First name	Position	Organisation	Male Female
Nguyen	Diem Hang	Water and Sanitation Specialist, Water Global Practice	The World Bank	Female
Nguyen	Quang Vinh	Senior Water and Sanitation Specialist, Water Global Practice	The World Bank	Male
Pham	Quang Tien	Urban Development and Water Specialist	Asian Development Bank	Male
Satoshi	Ishii	Principal Urban Development Specialist	Asian Development Bank	Male

Vietnam Water Supply and Sewerage Association				
Family name	First name	Position	Male Female	
(-)	Hong Nhung	Staff in charge of Water and sanitation issues	Female	
Ha	Thanh Hang	Head of Policy and International Cooperation	Female	
Nguyen	Hong Tien	Vice Chairman cum. General Secretary	Male	

Appendix 8: Evaluation Approach and Design

Approach

The final evaluation is an ex-post summative evaluation of which first purpose is to provide information to the MFA for accountability purposes through validation of programme results. The second purpose is to inform the Governments of Vietnam and Finland, as well as key stakeholders, on the lessons learnt and good practices emerging from the intervention. Although the evaluation embraced all phases of WSPST, the assessment focused on Phases II and III.

The evaluation follows the principles of a basic non-experimental design given that the assignment was carried out after the activities had been implemented, and no baseline data was available. It was also not possible to assess the programme results against a comparison group; however, a basic benchmarking exercise with other WS/DS programmes implemented by other donors in the sector was used as references for the criterion of efficiency (see Findings section in the main body of the report).

Given the lack of robust reference points to measure the relative success or failure of the WSPST, we strengthened the analysis by including the following elements into the evaluation design:

- **Development of a Programme Theory Model:** given the weaknesses of the WSPST logical frameworks, the evaluation team considered it useful to reconstruct a programme Theory of Change (TOC) based on the elements described in the programme documents and information obtained in interviews with international TA and MFA staff. This approach allowed to visualise and discuss the “why” and “how” the programme was, or should have been, implemented. The TOC can be found in Appendix 2.
- **Process Analysis:** the evaluation analysed some of the key processes of the programme in the form of a time line by including the most important moments of decision-making along that continuum (e.g. DS scheme construction). This approach allows to better understand which factors contributed to the failure of the component.
- **Multiple Data Collection Methods:** the approach was to focus mainly on qualitative information; however, quantitative data was also collected and analysed as a central element especially of the financial analyses.
- **Contextual Analysis:** the evaluation took into account the evolving context in which the 14-year programme had been implemented. The team has strong expertise over several decades from the WS/DS sectors and development cooperation in Vietnam and elsewhere, which allowed the evaluation results to be mirrored against the real political and social situation in Vietnam.
- **Triangulation:** all findings and conclusions are based on triangulation of data consisting of desk review of secondary information, field observation, interviews, benchmarking information with other donors’ interventions and collection of some primary information.

The study follows the evaluation criteria and principles for evaluation of development assistance formulated by the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) (OECD DAC, 1991b, 1991a). In addition, the assignment integrates two additional groups of criteria; Cross-cutting themes/objectives (gender equality, human rights-based approach and consideration of environmental issues) and Aid Effectiveness (Coherence, Complementarity, Coordination, Mutual Accountability, and Ownership). An additional evaluation criterion of Programme Management and Steering was proposed by the evaluation team in the inception phase to allow better grouping of the evaluation questions.

Evaluation Framework

The Terms of Reference (Appendix 1) identified 13 Evaluation Questions (EQs) grouped under OECD DAC evaluation criteria and 8 Priority Assessments (PAs) related to the functionality and sustainability of the WS and DS schemes, and various other topics.

Given the large number of aspects to be addressed by the evaluation, and the multitude of layers which are inter-connected, the evaluation team formulated a methodology that would cover all elements systematically. This method required unpacking and re-distributing the EQs and PAs under the evaluation criteria. Nevertheless, the proposed structure is fully faithful to the original request from the client. Appendix 5 maps the location of the responses to the EQs and PAs in the TOR to the structure of this evaluation report.

The OECD DAC terms guide the structure of this report and the terminology from the Results-Based Management (RBM) framework is used even if WSPST was managed under the Logical Framework Approach (LFA) because RBM is what MFA currently uses. The linkages between these frameworks is presented in Table A8.1.

Table A8.1: Linkages between LFA, RBM and OECD DAC Evaluation Criteria

Framework	Level of Results		
Logical Framework Approach (LFA)	Result	Purpose	Overall Objective
Results Based Management (RBM)	Output	Outcome	Impact
OECD DAC Criteria	Efficiency	Effectiveness	Impact

From the evaluation’s perspective, WSPST is an infrastructure programme with three main components: WS schemes, DS schemes and the Finnish Revolving Water Fund (FRWF). Each of these was assessed against the DAC criteria of Relevance, Effectiveness, Efficiency, and Sustainability. WSPST worked also on institutional development aspect to a certain extent; however, its main focus was on construction projects. The criterion of Programme Design, Steering and Monitoring is included as a separate row in the evaluation matrix due to its distinctive focus on the different programme actors, such as MFA, GOV, the Steering Committee and the International TA Consultants. The Cross-cutting Themes and Aid Effectiveness were not evaluated against the three main programme components but based on the intervention as a whole. Table A8.2 presents the basic structure of the evaluation matrix.

For each cell shown in the Evaluation Matrix, scoring criteria were developed following a scale from 1 to 4. In the TOR level 1/red equals “serious deficiencies”, 2/orange equals “problems”, 3/yellow equals “good”, and 4/green equals “very good”. In this report however, level 1/red equals “very weak”, 2/orange is “weak”, 3/yellow is “good”, and 4/green is “very good”.

The scoring indicators were derived from programme documents, as well as from the team’s understanding of the sector context. The evaluation team paid careful attention to come up with indicators that reflect a realistic level of ambition for WSPST. In addition to the score, each EQ and criterion was allocated its own weight in the calculation. The full Evaluation Matrix, including the scoring indicators, is presented in Appendix 4. The criterion of Impact was not scored due to the lack of clarity on the expected impacts of WSPST as discussed in the Findings section.

Table A8.2: Basic Structure of the Evaluation Matrix

	Main Analysis		
Criteria/Components	WS	DS	FRWF
Impact (impact)	Not scored		
Relevance	Scoring	Scoring	Scoring
Effectiveness (outcomes)	Scoring	Scoring	Scoring
Efficiency (outputs)	Scoring	Scoring	Scoring
Sustainability	Scoring	Scoring	Scoring

	Additional Analysis
Criteria/Components	WSPST as a whole
Cross-cutting Themes	Scoring
Aid effectiveness	Scoring
Programme Design, Steering and Monitoring	Scoring

Site Selection and Sampling

Sampling of the schemes that were visited during the evaluation implementation phase is presented in Table A8.3. The selection was not based on random sampling but rather dictated by practical considerations. The main reasoning behind the site selection was that none of the selected schemes were included in a prior audit conducted by KPMG, with the exception of The WS and DS at Vinh Loc. We ensured that the selected DS schemes have different functionality status and technology, i.e. both BASTAF tanks and biological ponds.

Table A8.3 List of the Visited Water Supply and Drainage and Sanitation Schemes

Province	WS	DS
Hai Phong	(Minh Duc / DBLT)	Minh Duc
Thai Binh	Tien Hung	Tien Hung
Hung Yen		Toan Thang
Cao Bang	Thanh Nhat	Thanh Nhat
Bac Kan		Cho Moi
Ha Giang	Tam Son	Tam Son
Tuyen Quang	Vinh Loc	Vinh Loc
Yen Bai	Nghia Lo Farm Town	Nghia Lo Farm Town

Data Collection and Analysis

The evaluation utilised both quantitative data (existing benchmarking and financial data) and qualitative data (documentation, including project reports and previous evaluations, policy documents and guidelines, and meeting minutes) in the analysis. Primary data was collected through individual Key Informant Interviews (KII) and Focus Group Discussions (FGDs) with a range of stakeholders, including the project financier, members of the Steering Committee, project implementers (International TA Consultants and local government bodies) and final beneficiaries. Additionally, field observations on the selected schemes provides solid evidence on the status of the schemes. Interview and discussion guidelines and field observation checklists were prepared prior to the field mission.

The financial performance documents, supplemented by financial data collected during field visits, formed the basis the analysis on WS and DS Schemes' financial results. The financial assessment looked into the water and sewerage companies' financial management systems, income generation plans and tariff levels, long-term financial sustainability predictions, sources of funding and the efficiency of resource use. However, given the fact that the equitization process of the WS companies has progressed considerably since the end of the Programme, it was difficult to obtain detailed financial data from the water companies.

The evaluation team obtained documentary resources from (1) MFA in several submissions, (2) from MOC including hundreds of programme files, mainly from Phases II and III, (3) previous programme staff and sub-consultants, (4) PPCs and TPCs who had prepared WS/DS scheme status reports specifically for the evaluation, and (5) other documents from key informants and from the internet.

Specific Analysis

For evaluating the criterion of Mutual Accountability, which essentially deals with transparency, we adopted a tool developed by Transparency International. It consists of a series of questions grouped under three titles; Transparency, Accountability and Integrity. The tool uses a scoring based on four grades, in which 1/ corresponds to weak, 2/ is below average, 3/ above average and 4/ is strong. See Appendix 12.

To assess the inclusion of gender mainstreaming in WSPST, we used a tool developed by the Global Environment Facility, which outlines five categories of inclusion; gender blind, gender aware, gender sensitive, gender mainstreamed, and gender transformative. Because this evaluation uses the 4-level scoring system, we combined gender mainstreamed and gender transformative into the same level. See Appendix 13.

In terms of assessing the degree to which WSPST had managed to include HRBA considerations, we developed a scoring tool based on MFA's HRBA guidelines. For HRBA, we developed a tool with 4-level grading system. See Appendix 14.

Stakeholder Mapping and Consultations

Stakeholder mapping was conducted to identify the most relevant stakeholders to be consulted prior to and during the field mission. By "stakeholder" we mean any group or entity that effects change or is affected by it in the context of the intervention. Therefore, the definition is wider than the group of final beneficiaries (i.e. the households and businesses that have received a connection to WS and/or DS schemes). It includes also the individuals and organisations that participated or influenced the programme activities in one way or another.

We distinguish between 5 main categories of stakeholders, as follows:

1. Direct Stakeholders:
 - a. MFA Finland, including the Embassy of Finland in Hanoi
 - b. the contractual counterpart of the MFA of Finland; Ministry of Construction (MOC)
 - c. the competent authority of Phase I; Ministry of Planning and Investment of Vietnam
 - d. the manager of FRWF; Vietnam Development Bank (VDB) at national and provincial level
 - e. Programme Management Unit (PMU), including International Technical Assistance (TA) and the service provider of International TA, as well as programme sub-contractors
2. Primary Target Groups:
 - a. Operators and owners of water supply/sewerage and drainage services
 - b. Provincial and town-level People's Committees (PPC and TPC)
 - c. Provincial Departments of Construction (DOC)
 - d. Provincial Departments of Planning and Investment (DPIs) (relevant for Phase I)
 - e. Women's Union (manager of the Sanitation Revolving Fund)
3. Secondary Target Groups:
 - f. Ministry of Finance (MOF)
 - g. Vietnam Water Supply and Sewerage Association (VWSA)
4. Final Beneficiaries:
 - a. Customers of the completed WS and DS projects; the residents of the Programme towns and economic activities in the service areas of water and sewerage schemes
 - b. The poor, sub poor and the poor marginal groups like ethnic minorities as a target group for micro-credit services
5. Other Stakeholders:
 - a. Finnish Water Forum
 - b. Provincial and town-level Youth/Veteran's Union
 - c. Other bilateral and multi-lateral agencies, such as ADB, GIZ and the World Bank
 - d. International, Finnish, and Vietnamese Non-Governmental Organizations (NGOs)
 - e. International, Finnish, and/or Vietnamese academia and research institutions
 - f. Private sector in Vietnam and Finland
 - g. Key informants

It is worth noting that, in the programme documents, the terms 'target group' and 'beneficiary' are used differently to our stakeholder classification. By 'target group' we mean the institutions (and individuals) that were involved in programme activities and by 'beneficiary' we mean those persons whose quality of life was expected to be improved as a result of the intervention.

Regarding the interviews with final beneficiaries, it was beyond the scope of the evaluation to select randomly a group of people that would be fulfil the requirements of statistically significant sampling. WSPST had between 30 000 and 40 000 beneficiaries; therefore, selecting even just one percent of the population would have meant interviewing over 300 beneficiaries. Instead, we approached residents that represent larger groups of inhabitants of the towns (e.g. village head or citizen's group representative) and carried out in-depth interviews with them. Often these were Women's Union staff who were also knowledgeable on the SRF. The evaluation team made sure that both men's and women's voices are heard. Also, elderly people and representatives of ethnic minorities were interviewed when possible.

Discussions were carried out in a participatory manner in an open and respectful atmosphere. All the information gathered from the informants has been treated confidentially. The stakeholders consulted during the evaluation are listed in Appendix 7.

Evaluation Process

The evaluation was conducted in three main stages:

1. Inception Phase
 - 1.1. Desk study: including a review of the programme reports and other relevant documents
 - 1.2. Interviews in Helsinki and by Skype with persons associated with WSPST
 - 1.3. Preparation of Inception Report and presentation to MFA and Embassy of Finland in Hanoi
2. Implementation Phase
 - 2.1. Team methodological workshop in Hanoi
 - 2.2. Interviews in Hanoi with Government of Vietnam stakeholders
 - 2.3. Fieldwork, including meetings with government officials, service owners and operators, end users and physical inspections of WS and DS schemes in selected small towns
 - 2.3.1. Visit to Haiphong and Hung Yen provinces as a full team to test the methodology and fine tune the interview questionnaires
 - 2.3.2. Division into two sub-teams for the remainder of the visit to the provinces
 - 2.4. Presentation of preliminary findings at Embassy of Finland and key government partners
3. Analysis and reporting
 - 3.1. Preparation of Draft Final Report and circulation for comments
 - 3.2. Submission of Final Report, including incorporation of feedback received
 - 3.3. Presentation of evaluation results in Helsinki

In the map below, the black circles show locations where the team visited together as a whole. Yellow and red circles indicate the provinces where the evaluators visited as two separate teams.



Evaluation Team and Division of Tasks

The evaluation team comprised three international experts and two national experts, as follows:

Team Leader/Technical Expert:	Dr Stephen Greenhalgh (SG), Field Team 1
National Institutional/Social Expert:	Ms Nguyen <u>Hang</u> , Field Team 1
International Evaluation Expert:	Ms Petra Mikkolainen (PM), Field Team 2
National Technical Expert:	Mr Nguyen Quy <u>Hoa</u> , Field Team 2
International Financial Expert:	Mr Harry Piirainen (HP), Field Team 2

FCG Home office:

FCG Quality Assurance:	Ms. Pamela White (PW), Based in Helsinki
FCG Home Office Coordination:	Ms. Sini Pellinen (SP), Based in Helsinki

In addition, two interpreters were hired to facilitate the international experts during field visits.

FCG Home Office (HOC & QA) supported and monitored the entire evaluation process taking early note if some aspects of the evaluation were not fulfilled and supported the team in taking corrective measures in time. MFA Evaluation Manual, along with the TOR, were the key reference document for the QA in the course of the evaluation. Clients' and peer reviewers' comments to the deliverables were managed using a 'Response to Comments' table. The final QA of deliverables paid attention on the content vis-à-vis requirements of the TOR, fluency of the text and the layout. The division of responsibilities within the evaluation team was as follows:

Division of Responsibilities within the Team	TL SG	IE PM	IE HP	NE Hoa	NE Hang	QA PM	HO SP
Evaluation management, valuation management, reporting and presentation							
Team leadership, field mission coordination and overall responsibility	R						C
Design of methodology (data triangulation, sampling) & detailed workplan	R	C	C	C	C		
Development of meeting schedule, meeting arrangements	C	C		C	R		C
Inception report, draft final and final evaluation reports (English)	R	C	C	C	C		
Coordination/checking translation of final report in Vietnamese					C		R
Quality assurance for process and outputs (reports)						R	C
Presentation of Final Evaluation Report in Finland and Vietnam	R	R					
Issues to be Studied							
Overall Relevance; Impact; Effectiveness; Efficiency and Sustainability of WSPST and its results	R	C	C				
Relevance of the Programme at different levels	R	C	C	C	C		
Impacts of Programme at different levels, including							
1. Access to safe water, drainage and sanitation	R	C	C	C	C		
2. Institutional development	R	C	C	C	C		
3. Promotion of human rights and cross-cutting objectives	C	R	C	C	C		
Effectiveness in reaching expected results (quality and quantity), division of resources, reaching the target groups							
1. Reaching expected results	R	C	C	C	C		
2. FRWF management mechanism	C	C	R	C	C		
3. Coordination and collaboration	R	C	C	C	C		

Division of Responsibilities within the Team	TL SG	IE PM	IE HP	NE Hoa	NE Hang	QA PM	HO SP
Efficiency of programme in terms of achieving results with used resources & programme management							
1. Technical assessment	R	C	C	C	C		
2. Financial assessment	C	C	R	C	C		
Sustainability of the programme							
1. Economic/financial sustainability	C	C	R	C	C		
2. Institutional and technical sustainability	R	C	C	C	C		
3. Socio-cultural sustainability	C	R	C	C	C		
4. Environmental sustainability	C	R	C	C	C		
Review of appropriateness and status of FRWF		C	R				
Review WSPST in terms of cross-cutting objectives & HRBA	C	R	C	C	C		
Analysis of coordination, complementarity and coherence with other projects in the sector (GOV and others esp. Finnish funded)	C	R	R	C	C		
Assessment of the alignment with Vietnamese planning and other donors	R	C	C	C	C		

In addition, an external peer review hired by MFA provided comments to the draft Inception Report and draft Final Report

Deliverables

The reporting requirements for the evaluation team included:

- Workplan:** laid out the sequence of tasks and deliverables over the evaluation period.
- Inception Report:** submitted prior to the fieldwork phase and was based on a desk study of relevant programme documents and meetings with MFA to clarify the understanding of the TOR and the focus of the evaluation. The Inception Report included initial findings from the desk study, detailed methodology for the field work investigations and the selection of the sites to be visited, division of labour within the evaluation team, and the detailed evaluation questions and supplementary questions to be used. The report was revised, and the final version was submitted to the MFA incorporating also the comments from the external peer review.
- Debriefing Workshop:** The meeting was held on Friday 16th November 2018 at the end of the fieldwork phase. The workshop took place in the Embassy of Finland in Hanoi with Embassy staff. Government officials were invited; however, none of them could be present that day. The workshop presented initial findings from the field work followed by a discussion between the team and the MFA. One evaluation team member, the HOC from FCG, and two representatives from MFA participated in the meeting via video link.
- Draft Final Report:** combined the study findings based on analysis and interpretation of the results of the desk study, interviews, and field work investigations. Government Authorities and relevant stakeholders submitted comments on the draft final report to the consultant. The report was submitted to MFA on 9th December.
- Final Report:** was submitted two weeks after receiving comments on the draft final report.
- Translation of the executive summary in Vietnamese:** after the final report was approved, the translation of the executive summary was submitted in Vietnamese.
- Final presentation in Helsinki:** after the approval of the final report, the team presented the results of the evaluation to MFA representatives in April 2019.

Limitations and Challenges

Limitation	Mitigation
Large scope in relation to available resources	Focus on priority issues; the list of priority assessments provided in the TOR were prioritised. The systematic evaluation method allowed increasing the efficiency of the evaluation while covering all the required aspects, and more.
Heavy reliance on secondary information	Triangulation with several sources of information before making findings statements or drawing conclusions.
Site selection	The evaluation focused on sites that had not been covered by a previous audit by KPMG (KPMG, 2015), particularly with regard to the DS schemes. The evaluation team also visited all provinces, and while it did not visit all sites, feedback concerning all schemes was collected during provincial-level meetings. The evaluation team also received reports from each province that had been prepared specifically for the evaluation.
Small non-random sample of final beneficiaries	Requests were made to meet with representatives of residents' groups and Women's Union members, who are well informed on the situation in their area. Interviews were carried out without the presence of local authorities (when possible).
Non-experimental design of the evaluation	As described in the section on overall approach and design of the evaluation, we used a number of measures to strengthen the methodology of the evaluation, such as the reconstruction and testing of the programme Theory of Change. The interview guides applied in the interviews were first tested by the whole team visiting Hai Phong province before splitting into two separate teams, which ensured that all team members were familiar with the methodology and protocols.
Reluctance of informants to speak to the evaluators	The evaluation team emphasised the confidential nature of the interviews and, when possible, organised more informal interview sessions. Nevertheless, several key potential interviewees declined to participate in the evaluation.
Politeness and Diplomacy	In most formal meetings the evaluation team would be told how much the ODA from Finland was appreciated by all concerned, invariably 'WSPST had been a success and the level of satisfaction was high'. This is quite normal behaviour in Vietnam. To mitigate against an inbuilt desire to be polite and diplomatic, the evaluation team would undertake the site visit before having formal meetings with the higher authorities. In this way, the challenges for the Programme and the concerns of the primary beneficiaries could be put on the table for far more open and fruitful discussions.
Language	The evaluation team had to rely on interpretation between English and Vietnamese when carrying out stakeholder interviews. High quality and experienced interpreters were hired for both sub-teams. In addition, each sub-team included one Vietnamese expert who could control that the interpreters understand the conversations correctly. However, it is inevitable that some degree of sensitivity is lost when operating through interpreters.
Subjectivity of the scoring indicators	The scoring indicators were developed by the evaluation team. They were based on the long-term experience in both Finland's other donor's development cooperation as well as knowledge on Vietnam country context and the water sector. The MOC and the MFA of Finland have had a chance to provide comments on the indicators.
Reliability of previous evaluations	The evaluation team assumed that the previous evaluation/MTR reports were of acceptable quality for using them as a source of evidence. Their quality was not checked against pre-defined criteria. However, all information was triangulated to ensure reliability of findings.

Appendix 9: DS Schemes | Timeline for Decision Making

Date	Milestone	Highlights
1985		Hanoi Water Supply Project Establishes the brand 'Nước Phần Lan' in the minds of Hanoi and boosts reputation of Finland in Vietnam
1990		Haiphong Water and Sanitation Project includes: 1. Conversion of bucket latrines 2. Introduce sewer jetting and dredging techniques 3. Improve faecal sludge management system 4. Improve solid waste management collection 5. Capacity development of SADCO/URENCO 6. Preparation of WB Haiphong Sanitation Project – upgrading and extension of combined DS system 7. Proposed first separate sewer system in Haiphong is abandoned when demarcated land for wastewater treatment ponds cannot be secured by the PPC.
Dec 2003	Appraisal Report	The recommendations of the appraisal include: 1. Focus TA on the strengthening of the PWCs 2. Support government's 'equitization' process 3. Emphasizing water sector investments 4. Focus on improving the storm water network 5. Piped wastewater systems are unaffordable
Apr 2004	Phase I Programme Document	Red River Delta (Haiphong City plus 3 provinces) Budget: Finland €19 million Vietnam €1.8 million Investment Budget for DS: EUR 2.7 million
May 2004	Signed Agreement on WSPST	
Phase I		
Aug 2004	WSPST Begins	Mobilisation of the Management Consultant
Aug 2005	Provincial TA Mobilized	TA Consultants: Plancenter Ltd (later FCG) POYRY
Jul 2006	Phase I Mid-Term Review	Recommends "sewage conveyance system could be combined with run-off waters. Wastewater treatment could consist of low-cost aerated lagoons dimensioned to treat sewage flow and 'first flush' of rain water" Finds "community not yet a high demand on sanitation services, especially DS and not willing to pay for them" Finds "management of DS schemes requires careful consideration to find proper and effective solutions."
Nov 2008	Phase II Final Draft PD	
Mar 2009	Comments on Phase II Draft PD	Key Recommendation: "In principle, no further new investments in centralised sewerage schemes should be approved, unless overriding arguments apply, instead we recommend regarding the development of the centralised sanitation services as a pilot and learning area and to use the Phase I towns with sewage schemes as test towns. In addition, we recommend that in these test towns a model will be developed, which aims at achieving 100% coverage in the use of sustainable sanitation services. For this, on-site options should also be considered"

Date	Milestone	Highlights
Phase I		
Apr 2009	Phase I Final Evaluation Report	Basic designs cover only town centres and do not take into account possible future expansion of DS schemes making it technically difficult to connect other clusters “TPCs, whose experience and capacity with O&M reaches not much further than cleaning open drainage channels, which often is not managed properly due to lack of resources and/or capacities. The management model for sewerage that is developing in WSPST does not foresee support to the owner or service provider, which raises serious concerns for the sustainability and quality of these services. A not properly managed DS scheme may pose a higher risk to the environment and public health than present sanitation practices”
Jun 2009	Phase II Programme Document	
Aug 2009	Phase I Completion Report	07 DS schemes under construction in ‘old’ provinces 23 investment reports, basic designs (including 12 DS projects) and bid documents for Phase II are complete Concerns regarding quality of local design consultants Concerns raised with regard to future O&M for the DS Suggests more on-site sanitation, and raises concerns regarding future connections and willingness to pay
Phase II		
Sep 2009	Phase II Begins	TA Consultants: WSP ANYCON POYRY
Apr 2010	Annual Report 2009	None of the 7 DS schemes that started construction in Phase I have been completed by the end 2009
Jun 2010	Review of Basic WS/DS Design	Identifies multiple flaws in the design of WS and DS designs prepared during Phase I. Flaws mostly related to technical issues, design standards, functionality of the system and contractual matters. Includes method for checking basic design report and bidding dossiers.
Nov 2011	Phase II Mid-Term Review	1. Identifies a need for sanitation design guidelines 2. Contractors operating DS, do not report defects 3. WWTPs not operating, sludge treatment unresolved
26.10.2012	Status of DS in Phase I Towns [A report requested by the SC]	1. Multiple problems preventing hand-over of schemes 2. Multiple concerns of residents and project owners 3. Low connection rates and low willingness to pay 3. Access roads to WWTP for O&M missing in designs 4. Need to calculate O&M costs for most DS schemes
Nov 2012 [21.11.2012]	Analysis of options for the implementation of Phase II DS [MOC, Embassy and TA meet to discuss options for Phase II DS in light of report of 26.10.2012]	TA provide an opinion on 3 options for Phase II DS 1. Complete 3 DS and cancel the remaining 9 DS 2. Complete 2 DS in each province and cancel 4 DS 3. Convert all planned 12 DS into combined sewers to avoid building a further 12 non-functional WWTPs Programme Management and Provincial Programme Directors ‘agree on the application of Option 3’
03.12.2012	TA Proposal for Phase II DS	MFA request TA for more information and justification for Option 3 to allow SC to make an informed decision regarding the 12 Phase II DS projects.

Date	Milestone	Highlights
Phase II		
18.12.2012	Implementation of Phase II DS	PowerPoint presentation to 10 th SC by TA consultants
18.12.2012	Minutes of the 10 th SC Meeting	<p>“The Embassy of Finland welcomed the improvement proposal by the TA team but noted a Second Opinion has been commissioned and its recommendations should be incorporated into the implementation plan”</p> <p>“The key issue for MFA is that water supply and sanitation always go hand in hand. Therefore, waste water treatment plants <u>must</u> be constructed in all towns where Finland finances water supply”.</p>
Dec 2012	Second Opinion on DS schemes	<p>Recognises that savings on construction of the WWTPs would accrue to PPCs but recommends proper end-of-pipe treatment plants shall be provided to all networks but only after connection rates reach a threshold.</p> <p>Multiple recommendations to overcome the problems in Phase I but most of these are only statements of intent of what needs to be done, rather than solutions.</p>
Oct 2013	Completion Report	<p>Lessons learned include:</p> <ol style="list-style-type: none"> 1. Design-Build concept results in poor quality designs 2. Severe problems with the quality of construction 3. Continued unresolved O&M management model 4. Continued unresolved budget allocation for O&M 5. No facilities at WWTP for sludge treatment + FSM 6. Major sustainability risk for DS – low connection rates lead to low income and low sewage flows
Nov 2013	Phase II Ends	4,870 HH are connected to DS in 7 towns in 9 years
Phase III		
Nov 2013	Programme Document	Target DS HH connections at end Phase III is 14,500
Dec 2013	Phase III Begins	TA Consultants: ECONET/Finland HALCOM/Vietnam
Nov 2017	Completion Report Phase III	<p>Additional 4,430 HH connected to DS during Phase III</p> <p>Lessons learned include:</p> <ol style="list-style-type: none"> 1. Demand for improved wastewater management is still low in Vietnam. <u>Pushing</u> wastewater infrastructure development as a condition for investment in WS leads to mis-investments. There are many WWTPs with very low (sometimes negligible) influent in WSPST towns and elsewhere in Vietnam. In such cases investment in wastewater treatment has been premature. In terms of public health, it would be more important – in most cases – to get sewage out of densely populated areas to be discharged further away, even at the cost of temporary concentration of negative environmental impacts. 2. Service areas of WS and DS only cover central areas of towns [and by extension many poor/vulnerable and ethnic minority people live outside the service areas.]
Nov 2017	Project Completion Dossier	Project description + drawings for all WS/DS schemes

Source: As indicated in the table above

Appendix 10: Investments Costs Made by Finland and PPCs

Water Supply Schemes

SN	Province	Town	WS Loan	WS PPC	WS Total	Other Costs	WS Net Total
			EUR	EUR	EUR	EUR	EUR
1	Haiphong	An Lao	103,582	101,399	204,981	28,654	176,327
2	Haiphong	Tien Lang	284,845	213,017	497,862	34,285	463,577
3	Bac Kan	Bang Lung	271,053	24,952	296,005	34,874	261,131
4	Bac Kan	Na Phac	?	?	?	0	0
5	Bac Kan	Cho Ra	288,925	30,108	319,033	24,385	294,648
6	Bac Kan	Yen Lac	309,243	181,490	490,733	44,410	446,323
7	Hung Yen	Vuong	570,759	24,077	594,836	708,988	-114,152
8	Hung Yen	Phung Hung	1,272,861	316,377	1,589,238	0	1,589,238
9	Hung Yen	Toan Thang	298,600	53,449	352,049	0	352,049
10	Hung Yen	An Thi	395,600	280,483	676,083	0	676,083
11	Thai Binh	An Bai	481,900	85,592	567,492	43,529	523,963
12	Thai Binh	Hung Nhan	528,667	80,999	609,666	44,870	564,796
13	Thai Binh	Tien Hung	314,104	47,918	362,022	34,417	327,605
14	Thai Binh	Nam Trung	575,751	228,637	804,388	73,815	730,573
15	Cao Bang	Thanh Nhat	288,243	173,575	461,818	47,373	414,445
16	Cao Bang	Nuoc Hai	182,276	184,089	366,365	24,749	341,616
17	Ha Giang	Yen Minh	334,660	299,105	633,765	86,049	547,716
18	Ha Giang	Tam Son	309,188	186,259	495,447	38,121	457,326
19	Tuyen Quang	Na Hang	376,854	281,310	658,164	32,454	625,710
20	Tuyen Quang	Vinh Loc	158,770	99,238	258,008	18,128	239,880
21	Yen Bai	Nghia Lo FT	336,165	206,904	543,069	80,542	462,527
22	Yen Bai	Mu Cang Chai	128,526	139,145	267,671	32,196	235,475
Total (EUR)			7,810,572	3,238,123	11,048,695	1,431,839	9,616,856

Source Compiled from WSPST Project Completion Dossiers for 22 WS Schemes

Other Costs = project management, design, appraisal, construction supervision and compensation cost

Drainage and Sewerage Schemes

SN	Province	Town	DS Loan	DS PPC	DS Total	Other Costs	DS Net Total
			EUR	EUR	EUR	EUR	EUR
1	Haiphong	Tien Lang	576,417	92,506	668,923	108,397	560,526
2	Haiphong	Minh Duc	319,342	217,969	537,311	84,651	452,660
3	Bac kan	Cho Ra	500,213	153,731	653,944	175,095	478,849
4	Bac kan	Yen Lac	526,518	128,627	655,145	89,460	565,685
5	Bac kan	Cho Moi	322,060	46,882	368,942	49,352	319,590
6	Hung Yen	Toan Thang	554,736	65,151	619,887	0	619,887
7	Hung Yen	An Thi	421,368	257,520	678,888	0	678,888
8	Hung Yen	Yen My	424,689	51,576	476,265	0	476,265
9	Thai Binh	An Bai	489,365	77,342	566,707	51,336	515,371
10	Thai Binh	Tien Hung	403,422	68,736	472,158	38,555	433,603
11	Thai Binh	Nam Trung	516,889	174,699	691,588	75,589	615,999
12	Cao Bang	Thanh Nhat	215,021	114,193	329,214	40,678	288,536
13	Cao Bang	Nuoc Hai	292,141	146,391	438,532	76,970	361,562
14	Ha Giang	Yen Minh	395,931	304,182	700,113	169,788	530,325
15	Ha Giang	Tam Son	365,770	294,786	660,556	191,782	468,774
16	Tuyen Quang	Na Hang	233,479	157,717	391,196	31,245	359,951
17	Tuyen Quang	Vinh Loc	206,690	167,879	374,569	59,397	315,172
18	Yen Bai	Nghia Lo FT	344,645	125,923	470,568	38,575	431,993
19	Yen Bai	Mu Cang Chai	261,175	140,517	401,692	23,669	378,023
			7,369,871	2,786,327	10,156,198	1,304,539	8,851,659

Source Compiled from WSPST Project Completion Dossiers for 19 DS Schemes

Other Costs = project management, design, appraisal, construction supervision and compensation cost

Appendix 11: DS Schemes | Impact and Status

SN	Province	Town	Impact	Comments	O&M Budget?
1	Haiphong	Tien Lang	Impressive	High connection rate in urban area. Haiphong PPC provide O&M budget. Best performing WWTP.	Yes
2	Haiphong	Minh Duc	Negative	Sewer pipes put inside box-culvert drains, TPC requested SADCO/PPC to remove DS scheme. PPC agree to remove wastewater charge after protests in recognition the DS scheme does not work.	N/A
3	Bac kan	Cho Ra	Insignificant	Negligible interest of the TPC. Only a handful of residents have connected	No
4	Bac kan	Yen Lac	Initially fairly significant	Positive interest of TPC, one of the best WSPST DS schemes with 280 connections but after the transfer of O&M to DPC the DS becomes degraded and Bastaff tanks cause nuisance in surroundings.	No
5	Bac kan	Cho Moi	Insignificant	Negligible interest of the TPC. Only a handful of residents have connected	No
6	Hung Yen	Toan Thang	Insignificant	Most residents have disconnected with no trust that the scheme can ever be operated. ET told by TPC they operate the pump about once/month	
7	Hung Yen	An Thi	Considerable due to Drainage	669 household connected to DS scheme (about 100% of the design). Well functioning WWTP. Elimination of local flooding problems	No
8	Hung Yen	Yen My	Insignificant	Some flooding issues resolved but frequent breaks in the pressure pipe often leave pump station out of action for weeks, even months	No
9	Thai Binh	An Bai	Considerable due to Drainage	1,046 household connections. Elimination of local flooding problems due to 4,750m drainage pipes.	No
10	Thai Binh	Tien Hung	Considerable due to Drainage	746 household connections. Elimination of local flooding problems due to 1,340m drainage pipes	TPC use own funds to do basic O&M
11	Thai Binh	Nam Trung	Considerable due to Drainage	500 household connections. Elimination of local flooding problems due to 1,500m drainage pipes	No
12	Cao Bang	Thanh Nhat	Insigniificant	A handful of connections. Possibly the worst construction quality of WSPST. Long lengths of sewer destroyed by a road project not replaced. Considered by TA consultants to be a lost case	No
13	Cao Bang	Nuoc Hai	Insigniificant	Only a handful of connections. Strong resistance from the community regarding land use rights and compensation. No interest of DS by TPC	No
14	Ha Giang	Yen Minh	Negligible	Households along the main road disconnected wastewater from drains and connected to sewers. Low satisfaction of residents/multiple complaints	No
15	Ha Giang	Tam Son	Negligible	Households along the main road disconnected wastewater from drains and connected to sewers. [ET observe no wastewater arriving at WWTP]	No
16	Tuyen Quang	Na Hang	Positive	Elimination of stagnant pools of wastewater. Only 25% of households connected to the WS have a wastewater connection	O&M provided FOC by TQ WWSCo.
17	Tuyen Quang	Vinh Loc	Positive	Elimination of stagnant pools of wastewater. Only 21% of households connected to the WS have a wastewater connection	O&M provided FOC by TQ WWSCo.
18	Yen Bai	Nghia Lo FT	Modest	316 households connected. ET noted very little (if any) wastewater arriving at the treatment plant	No
19	Yen Bai	Mu Cang Chai	Modest	219 households connected.	No

Source: Compiled from WSPST Project Completion Dossiers for 19 DS Schemes

Appendix 12: Rapid Transparency Assessment

To assess the transparency, accountability and integrity of WSPST processes the evaluation has adapted a model developed by Transparency International (Transparency International, 2014).

The tables below provide 12 questions (and guidance questions) for transparency (2 questions), accountability (7 questions) and integrity (3 questions) along with the WSPST findings. The scoring scenarios and the score for WSPST are also included. The scoring system is based on three levels, namely: weak (1=red), average (2/3= orange) and strong (4=green) performance. If the scenario does not fall easily into categories 1=red or 4=green, the intermediate numbers 2 or 3 (orange) are used.

Table A12.1 (on the last page of this Appendix) provides a ‘Summary of the Total Scores for Transparency, Accountability and Integrity’. Overall, WSPST scores 1.78 and is considered weak for transparency, accountability and integrity of WSPST processes.

Criteria	Transparency (1)
Question	Are there policy provisions in place for public access to information regarding WSPST’s administration and operations including activities, outputs and decisions?
Guidance Questions	Do guidelines regarding public access to information/information disclosure exist? Do these guidelines cover information conveyed both through meetings and by documentation? If yes, do these apply to all phases of the project cycle (appointment, accreditation, application, reporting, disbursement, management, implementation, monitoring and evaluation)? If yes, are there deadlines for making such information available? If yes, do the provisions allow for any exemptions of information disclosure and confidentiality? If so, to what extent are these exemptions justified? Are the exemptions weighed against the greater public interest and the right to know? Do the guidelines allow for an appeal procedure to request non-disclosed information?
FINDINGS	There are only a few minor mentions regarding public access to WSPST-related information, although it is assumed that MFA’s general rules regarding public access to documents apply. For example, the bilateral agreements between the governments of Finland and Vietnam stipulate that “the Programme shall be implemented in accordance with the principles of transparency and open dialogue” (Government of the Socialist Republic of Vietnam & Government of the Republic of Finland, 2004). There are no provisions, for example, for public disclosure of Programme Documents, workplans, annual reports or evaluation reports in the Programme manuals. The WSPST Bidding Manual describes the level of public access to the tendering documents in the various steps of procurement (WSPST, 2012). Phase III Programme Document mentions the following: “Programme will use web sites to disseminate experiences, studies, surveys and planning documents. WSPST web site shall be updated accordingly. While the Programme is in the final phase, the material shall be transferred to a relevant web site (e.g. MOC) to operate after the WSPST is closed”. There is no website to disseminate information on WSPST.
(1) Weak	There are no provisions in place.
(2) Below Average (3) Above Average	There are provisions in place, but they are not comprehensive or time-bound.
(4) Strong	There are clear, comprehensive and time-bound provisions in place governing all relevant phases of the project cycle.
SCORE	(3) ABOVE AVERAGE

Criteria	Transparency (2)
Scoring Question	In practice, can members of the public obtain relevant and timely information on WSPST’s policies, procedures, activities, outputs and decisions throughout the project cycle?
Guidance Questions	Is this information: available freely online or on request; accurate and complete; coherent and understandable; timely and reliable, as in required within a certain time frame or by a specific deadline if one exists, or within a reasonable timeframe if no deadline exists; and regularly updated? If access to information provisions allow for confidentiality/non-disclosure of information, in practice are these provisions interpreted and applied with good justification with regard to greater public interests and the right to know?
Findings	Some basic information on the programme is available on the internet, e.g. main funding decisions. However, WSPST does not have a website, which would allow the public to access information on the programme management, activities, and results. Most key WSPST documents (e.g. appraisal or programme documents) did not indicate the names of the consultants who had participated in the assignments. It is acknowledged that WSPST documents are public documents for the most part and they are available for review from MFA archives at request. Nevertheless, there is a considerable difference between timely online access of documents and having to request them specifically from the institution’s archives.
(1) Weak	There are no provisions in place.
(2) Below Average (3) Above Average	The information is either available publicly or upon request and is somewhat accurate, complete and timely.
(4) Strong	There are clear, comprehensive and time-bound provisions in place governing all relevant phases of the project cycle.
SCORE	2 BELOW AVERAGE

Criteria	Accountability (1)
Scoring Question	Does WSPST have effective financial reporting guidelines in place? Are the activities of the relevant organisational decision-making body subject to audits?
Guidance Questions	Is WSPST required to submit financial reports? If so, how often? What types of expenditure are required to be documented in these reports? Are there mechanisms in place to vet the validity of any financial reports? In practice, are there examples of inadequate or fraudulent WSPST financial reports being filed? How often are audits required to be conducted? What activities do these audits cover? Are they performed by internal auditing bodies or external agencies? Are the results of audits available to the public?
FINDINGS	WSPST Financial Management Guidelines include detailed provisions on the reporting responsibilities and information flows between the different levels and actors in the programme implementation, including audits (WSPST, 2007). Bilateral guidelines also apply to WSPST. Similarly, the bilateral agreement mentions the right of both parties to carry out audits (Government of the Socialist Republic of Vietnam & Government of the Republic of Finland, 2004). A programme-wide audit has been carried out at least seven times based on the files provided to the evaluation team (2006, 2007, 2009, 2010, 2011, 2013 and 2015). The last audit report prepared by KPMG commends the programme for improvements made in the financial management; however, the report does not include an overall conclusion on the quality of financial management of the programme (KPMG, 2015). The audits are implemented by external agencies. Results of audits not available to the public but only through specific request.
(1) Weak	There are no financial reporting requirements.
(2) Below Average (3) Above Average	Financial reporting requirements exist but are not sufficiently thorough or inconsistently applied.

(4) Strong	Explicit reporting guidelines are in place and effectively enforced.
SCORE:	3 ABOVE AVERAGE

Criteria	Accountability (2)
Scoring Question	Are WSPST’s decisions governed by clear and effective accountability mechanisms ?* <i>* where relevant (that is, decision-making bodies only)</i>
Guidance questions	Is WSPST required to explain its decisions to relevant external actors? Are the decisions of WSPST subject to timely and enforceable review? Are explanations of decisions provided to stakeholders in a predictable and timely fashion? Are there provisions in place detailing the procedures for affected parties to appeal contested decisions made by WSPST? Are those procedures publicly available? In practice, how often are appeals to review decisions granted?
FINDINGS	The main decision-making body of the WSPST is the Steering Committee composed of both Vietnamese and Finnish representatives. The programme’s Management Manual includes basic provisions on the roles and responsibilities of all key actors (WSPST, 2005). WSPST has been subject to two mid-term reviews (Phases I and II) and one final evaluation (Phase II), in addition to the present evaluation covering all the three phases. The Steering Committee meetings are subject to internal and external audits that look at SC work and periodic evaluations. However, the MFA/WSPST have not prepared any management responses to the evaluations, which might be due to the fact that the evaluation norm of the MFA became effective only in 2015 (MFA, 2015a). Programme documents and manuals are ambiguous about the role of the international TA. The Programme Document of the Phase I allocates an advisory role to the TA (WSPST, 2003), while the Management Manual and the Procurement Manual include provisions that make the TA accountable on the quality of the infrastructure. At the same time, there are no clear provisions on how accountability should be ensured, including the role of all relevant actors, in case of low-quality infrastructure being built or other issues that require.
(1) Weak	WSPST is not required to explain its decisions and there are no appeal or review provisions.
(2) Below Average (3) Above Average	Procedures for the provision of explanations of decisions as well as for the appeal of decisions are in place, but they are unclear and/or ineffective.
(4) Strong	WSPST provides comprehensive explanations of its decisions on a regular and predictable basis. Clear appeal procedures are publicly available and are consistently adhered to.
SCORE	2 BELOW AVERAGE

Criteria	Accountability (3)
Scoring Question	Throughout WSPST’s project cycle, are there provisions for effective, independent and enforceable whistle blower protection for any Fund-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any Fund-related action?
Guidance Questions	Is there any official policy or system for whistleblowing or the exposure of wrongdoing? How is the policy or system enforced? What are the procedures for handling disclosures from whistle blowers and other types of reports of wrongdoing? Are whistle blowers protected from termination, harassment or other forms of reprisals? Have whistle blowers faced adverse consequences for their actions? If so, please describe. What types of compensation or relief are available for whistle blowers who have been retaliated against? Have any whistle blowers been compensated for retaliation? Have employees, contractors and subcontractors, among others, reported wrongdoing? If so, what were the results of the disclosures? Please describe
FINDINGS	There is no protection for whistle blowers.
(1) Weak	There is no protection for whistle blowers.
(2) Below Average (3) Above Average	Provisions exist to protect whistle blowers but they are incomplete, poorly enforced and/or individuals who expose wrongdoing are still subject to reprisals in practice.

(4) Strong	Whistle blowers are provided with comprehensive protection both in law and in practice.
SCORE:	1 WEAK

Criteria	Accountability (4)
Scoring Question	Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud ?
Guidance Questions	<p>Are their explicit procedures for how external actors can lodge complaints against WSPST?</p> <p>Are those procedures publicly available?</p> <p>Is there a dedicated body within WSPST to handle complaints? Is WSPST required to respond to complaints. In practice, how often does WSPST respond to complaints about its activities or actions?</p>
FINDINGS	<p>WSPST does not have or has not had a formal grievance redress mechanism apart from MFA’s global mechanism to report alleged misuse of funds. The MFA global mechanism has been available only since June 2014 (Laakso, 2014), although regulations on reporting corruption/misuse of public funds have existed also prior to this in Finland. Therefore, during most of the programme implementation period, there was no formal grievance redress mechanism available for WSPST stakeholders. According to interviews in the field, final beneficiaries reported that their usual mechanism to file complaints on the WS/DS schemes was either directly to the WS companies or addressing Town People’s Committee representatives either through letters or by expressing concerns in public meetings. Citizens are not provided open access to the registries on complaints. However, in general, the final beneficiaries were more concerned on the fact that mistakes are not corrected rather than the transparency of the complaint’s mechanism. The interviewed WS companies informed that they also do not have formal complaints mechanisms. However, company staff who collect fees and other customer service officers commonly receive the complaints from consumers after which they are processed. According to the final report of Phase III, 31 WS schemes process complaints within a period of one week or less (ECONET & HALCOM, 2017). The evaluation team did not obtain access to WS company complaints registries.</p>
(1) Weak	There are no provisions to handle complaints.
(2) Below Average (3) Above Average	There are provisions in place to manage complaints, but they are not applied in a consistent manner.
(4) Strong	There is a clear and accessible complaint procedure that is consistently applied.
SCORE	2 BELOW AVERAGE

Criteria	Accountability (5)
Scoring Question	Are there effective policies and procedures in place to penalise corruption and fraud?
Guidance Questions	<p>Does WSPST have policies and procedures which require that sanctions or punishments for corrupt or fraudulent behaviour or activity are imposed and enforced at all levels of WSPST and throughout the project cycle?</p> <p>What is the scope of the policy coverage?</p> <p>If a policy exists, to what extent has it been applied?</p> <p>Does the policy require that sanctions are determined in a fair and independent manner? Does the policy allow for an appeals process?</p> <p>Is information on these policies and on sanctions imposed publicly available?</p>

FINDINGS	<p>The bilateral agreement between the two countries stipulates that “no offer, gift, payment of any kind, which would or could be considered as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts” (Government of the Socialist Republic of Vietnam & Government of the Republic of Finland, 2004). The Chapter 8.1 on Illegal or Corrupt Practices of the WSPST Management Manual provides that “There shall be clauses against illegal and corrupt practices in all agreements involved with the Programme. If any partner in the Programme offers, gives or agrees to give or has offered or given a gift or benefit of any kind, that would or could be regarded as an illegal or corrupt practice, the competent authorities may cancel the contracts” (WSPST, 2005). The evaluation team was not able to verify whether the contracts between the design, construction and supervision companies and the project owner included provisions against corruption and fraud. The contracts between the MFA and the TA consultants did include explicit clauses on such matters.</p> <p>In 2012, the MFA published an Anti-Corruption Handbook for Development Practitioners (MFA, 2012a).</p>
(1) Weak	There are no effective policies and procedures in place to penalise corruption and fraud
(2) Below Average (3) Above Average	There are policies and procedures in place to penalise corruption or fraud, but they are insufficient and/or inconsistent
(4) Strong	There are effective policies and procedures in place to penalise corruption and fraud at all levels
SCORE	It was not possible to fully verify the existence of effective policies and procedures in place to penalise corruption and fraud in all aspects of the programme. For those that such verification was possible, clauses on penalties existed, and MFA guidelines require their inclusion.

Criteria	Accountability (6)
Scoring Question	Is WSPST required to consult with civil society throughout the project cycle
Guidance Questions	<p>Are there policies in place requiring WSPST to actively consult with civil society regarding their decisions or actions?</p> <p>Are there clearly stated and enforceable penalties for failures to consult with civil society?</p> <p>In practice, how extensive are consultations between WSPST and civil society?</p> <p>In practice, to what extent are civil society recommendations acted upon?</p>
FINDINGS	
(1) Weak	There is no consultation between WSPST and civil society.
(2) Below Average (3) Above Average	There are provisions requiring consultation, but consultation is irregular, limited and/or recommendations are rarely acted upon.
(4) Strong	Comprehensive and meaningful consultation between WSPST and civil society takes place on a regular basis.
SCORE	Due to the irrelevance of the question in the context of WSPST, this aspect is not scored.

Criteria	Accountability (7)
Scoring Question	Do indirect stakeholder actors participate meaningfully in the proceedings of WSPST? ⁹
Guidance Questions	<p>Are indirect stakeholders allowed to participate in meetings?</p> <p>In practice, are members of civil society indirect stakeholder groups allowed meaningful access to WSPST proceedings?</p> <p>Which indirect stakeholders regularly participate? How are they selected? Do they have ties to appointed members?</p>
FINDINGS	Indirect stakeholder groups were not invited as observers to WSPST Steering Committee meetings. Programme events and trainings seem to have been targeted mainly to government staff at central and sub-national levels (direct stakeholders) with little engagement with other stakeholder groups. There is no evidence that stakeholders would have been declined the possibility to attend WSPST's events.
(1) Weak	Indirect stakeholder representatives are not allowed to participate in any of WSPST's proceedings.
(2) Below Average (3) Above Average	Indirect stakeholder representatives may attend proceedings, but participation is largely passive.
(4) Strong	Indirect stakeholder representatives are afforded access to proceedings and provided with the opportunity to contribute meaningfully.
SCORE	2 BELOW AVERAGE

Criteria	Integrity (1)
Scoring Question	Does WSPST have a policy and respective guidelines which require individual employees of WSPST or other "members" to be bound by an <i>effective</i> code of conduct which requires ethical, anti-corrupt behaviour and prohibits corrupt or fraudulent behaviour, including conflicts of interest?
Guidance Questions	<p>Are there comprehensive codes of conduct written into the guiding documents for WSPST? Are those documents publicly available? If they do exist, how are existing codes of conduct enforced?</p> <p>In practice, do appointed members and technical staff comport themselves according to widely accepted standards of professional conduct? What, if any, sanctions exist for non-compliance?</p> <p>Does WSPST have a conflict of interest policy? If so, what does it cover (for example, additional employment, inside information, private/business interests, policy advice, gifts and other forms of benefit, personal, family and community expectations and opportunities)?</p> <p>Are appointments to WSPST made on a clear set of professional criteria? In practice, are the professional backgrounds of nominated Members relevant to the mandate of WSPST or body they would be serving under?</p> <p>Who appoints these Members? Are sitting Members in WSPST subject to disclosure requirements?</p> <p>Are there any procedures to verify submitted disclosure reports as accurate?</p>
FINDINGS	The Management Manual of WSPST includes provisions towards external contractors in cases of conflict of interest (WSPST, 2005). While we did not have access to contracts between individual staff members and the WSPST, the contracts between the MFA and the TA consultant included clauses on anti-corruption. The evaluation team observes that some individuals have been employed repeatedly by the MFA (or indirectly through TA consulting firms) to both design and implement certain stages of the programme. There are no reasons to expect that the MFA would have broken laws or rules in this respect because the exclusion from tendering based on conflict of interest can only be done based on the criteria set out in the tender materials of each individual procurement. In general terms, situations that lead to the same consultants being used in both

⁹ Due to the fact that the civil society is weak in Vietnam compared to many other countries, and given the context of the programme, we have modified the question to cover "indirect stakeholder groups" instead of "civil society". Indirect stakeholders include players such as representatives of other similar donor programmes, UN organisations or international non-governmental organisations working in the same sector as WSPST.

	planning and implementation can be considered stretching the limits of good and transparent practices in international development implementation.
(1) Weak	There are no guidelines relating to professional conduct. There is no conflict of interest policy, appointments are not based on a clear process or criteria, and there are no disclosure requirements.
(2) Below Average (3) Above Average	Guidelines exist but they are not comprehensive, and/or actively monitored or enforced. A conflict of interest policy exists, appointments are made on the basis of a clear process and criteria, and disclosure requirements exist. However, these are neither sufficient nor comprehensive enough to meet comparable international standards
(4) Strong	Clearly established, comprehensive guidelines exist, are available publicly and actively enforced. An effective conflict of interest policy exists, appointments are made based on clear criteria and there are clear and comprehensive disclosure requirements that are regularly enforced.
SCORE	3 ABOVE AVERAGE

Criteria	Integrity (2)
Scoring Question	Are appointed Members and technical staff subject to integrity screenings or background checks prior to employment?
Guidance Questions	Are integrity screenings or background checks required to be conducted? If so, what do they cover (education, employment history, reference checks, credential verification, criminal records, sanctioning by relevant regulatory authorities, identification as a possible politically exposed person, adverse media coverage, and conflicts of interest, among others)? Are they conducted by internal or external bodies?
FINDINGS	International TA is procured through competitive process in which CVs and other documents are checked prior to contracting. Short-term consultants were selected through similar mechanisms and the final approval was given by competent authorities. Based on an interview with previous international TA of WSPST, the programme did not apply integrity screenings or background checks prior to employing local staff, at least not in Phase III.
(1) Weak	There is no requirement for integrity screenings or background checks to be conducted.
(2) Below Average (3) Above Average	Screenings or checks are required but they are either not conducted or not comprehensive and/or conducted by independent actors.
(4) Strong	Comprehensive screenings and checks are required prior to employment and carried out by independent actors.
SCORE	3 ABOVE AVERAGE

Criteria	Integrity (3)
Scoring Question	(3) Are appointed Members and technical staff trained on issues of integrity ?
Guidance Questions	Are there requirements for staff to be trained on codes of professional conduct or integrity as part of their orientation? Are appointees and staff required to attend any classes or briefings explaining in detail the respective codes of conduct they are subject to? What, if any, sanctions exist for non-compliance?
FINDINGS	International TA reported that integrity trainings have not been conducted in WSPST, at least not in Phase III. The documents provided by MOC did not include training materials related to integrity.
(1) Weak	There is no integrity training that takes place.

(2) Below Average (3) Above Average	Evidence of some actors being trained is available but for other actors such training is unknown. Training may be offered but optional and not required.
(4) Strong	Integrity training is required and there are clear and widely enforced penalties for non-participation.
SCORE	1 WEAK

Table A12.1: Summary Scores for Transparency, Accountability and Integrity

Transparency	2.5
(1) Are there policy provisions in place for public access to information regarding WSPST’s administration and operations including activities, outputs and decisions?	3.0
(2) In practice, can members of the public obtain relevant and timely information on WSPST’s policies, procedures, activities, outputs and decisions throughout the project cycle?	2.0
Accountability	2.0
(1) Does WSPST have effective financial reporting guidelines in place? Are the activities of the relevant organisational decision-making body subject to audits?	3.0
(2) Are WSPST’s decisions governed by clear and effective accountability mechanisms?	2.0
(3) Throughout WSPST’s project cycle, are there provisions for effective, independent and enforceable whistle blower protection for any WSPST-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any WSPST-related action?	1.0
(4) Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?	2.0
(5) Are there effective policies and procedures in place to penalise corruption and fraud?	not rated
(6) Is WSPST required to consult with civil society throughout the project cycle?	NS
⁽⁷⁾ Do indirect stakeholder actors participate meaningfully in the proceedings of WSPST?	2.0
Integrity	2.3
(1) Does WSPST have a policy and respective guidelines which require individual employees of WSPST or other “members” to be bound by an <i>effective</i> code of conduct which requires ethical, anti-corrupt behaviour and prohibits corrupt or fraudulent behaviour, including conflicts of interest?	3.0

(2) Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?	3.0
(3) Are appointed members and technical staff trained on issues of integrity?	1.0
TOTAL AVERAGE (calculated from sub-totals)	2.3

Appendix 13: Gender Mainstreaming Analysis Tool

The evaluation will assess WSPST against a rating system based on five different scales; gender-blind, gender-aware, gender-sensitive, gender-mainstreamed, and gender-transformative. The tool has been developed by the Global Environment Facility (GEF) (GEF, 2018).

RATING	DEFINITION
Gender-blind	<p>Project does not demonstrate awareness of the set of roles, rights, responsibilities, and power relations associated with being male or female.</p> <p>Gender is not mentioned in project documents beyond an isolated mention in the context description, gender is not tracked by the tracking tools and M&E instruments, no gender analysis took place, no gender action plan or gender strategy was developed for the project.</p>
Gender-aware	<p>Project recognizes the economic/social/political roles, rights, entitlements, responsibilities, obligations and power relations socially assigned to men and women, but might work around existing gender differences and inequalities, or does not sufficiently show how it addresses gender differences and promotes gender equality.</p> <p>Gender is mentioned in the project document, but it is unclear how gender equality is being promoted. There might be one or two gender disaggregated indicators, but it is unclear whether and how that data informs project management. Gender might be mentioned in a social assessment, but it is unclear what is done with that information. No gender action plan or gender strategy was developed for the project.</p>
Gender-sensitive	<p>Project adopts gender sensitive methodologies to address gender differences and promote gender equality.</p> <p>A gender analysis or social analysis with gender aspects is undertaken, gender disaggregated data are collected, gender sensitive indicators are integrated in monitoring and evaluation, and the data collected informs project management. But the gender focus is only apparent in a limited number of project activities.</p>
Gender-mainstreamed	<p>Project ensures that gender perspectives and attention to the goal of gender equality are central to most, if not all, activities. It assesses the implications for women and men of any planned action, including legislation, policies or programs, in any area and at all levels.</p> <p>Like gender-sensitive, but there are gender relevant components in most, if not all, activities.</p>
Gender-transformative	<p>Project goes beyond gender-mainstreaming and facilitates a 'critical examination' of gender norms, roles, and relationships; strengthens or creates systems that support gender equity; and/or questions and changes gender norms and dynamics.</p> <p>Like gender-mainstreamed, but the way gender is addressed might result in behavioural changes towards gender norms and dynamics in the systems targeted by the project.</p>

Appendix 14: Tool for Assessing Inclusion of HRBA

The evaluation built its assessment on the inclusion of the Human Rights Based Approach (HRBA) on the most recent guidance provided by the MFA on the matter; the Human Rights Based Approach in Finland's Development Cooperation – Guidance Note 2015 (MFA, 2015).

The MFA defines the Human Rights as "universally agreed basic rights which guarantee the dignity of human beings". They consist of human rights that are internationally agreed standards to protect human dignity; civil and political rights, economic, social and cultural rights; and collective rights. States and authorities have the responsibility to respect, protect and fulfil the rights of the citizens.

In the HRBA, two main categories of actors are typically identified: the rights-holders and the duty-bearers. Rights-holders must have the capacity to: (i) exercise rights; (ii) formulate claims and hold duty-bearers accountable; and (iii) seek redress. Duty bearers, in turn, should have the capacity of the state at all levels to meet its duties to respect, protect and fulfil human rights.

The main approach of the evaluation was to assess the WSPST against the four categories of HRBA applied by the MFA. See Tables A14.1 and A14.2.

In addition, human rights are based on the principles of Universality, Interrelatedness and Indivisibility; Equality and Non-Discrimination; Participation and Inclusion; Accountability; and Transparency. The definitions of the concepts are provided in Table A13.3. We have included all these aspects in the evaluation matrix at least indirectly.

Furthermore, we have integrated the normative human rights criteria of affordability, availability, acceptability, accessibility and accountability as part of the evaluation matrix when assessing the access of the final beneficiaries to the water supply and sewerage services. In the context of the WSPST, the concepts meant that (1) the schemes are available at a reasonable distance, (2) they are free to beneficiaries or the costs are affordable, (3) the water supply or sewerage facilities are accessible to the final beneficiaries, (4) the technologies used are acceptable to the users, and that (5) the facilities are of adequate quality to meet the needs of the beneficiaries (Wiman, 2003)

Specifically, in the case of water and sanitation, the UN declaration on Right to Water and Sanitation (2010), which is also signed by Vietnam, states the following:

1. Right of everyone to sufficient, acceptable, physically accessible and affordable water for personal and domestic use.
11. Right of everyone to access to sanitation which is safe, hygienic, secure, socially and culturally acceptable, provides privacy & ensures dignity

The definitions of the HRBA mainstreaming categories in the context of WSPST are defined in Table A14.4. Accountability, which is a key component of HRBA is included under the evaluation criterion Aid Effectiveness, and was, therefore, omitted from the HRBA assessment.

Table A14.1: Levels of Human Rights Considerations in Development Cooperation

<p>Human rights blind</p> <p>The development intervention is ignorant of human rights and the risk of unintentional harmful effects has not been assessed.</p>
<p>Human rights sensitive – application of human rights as a process</p> <p>Human rights principles guide the programming, implementation, monitoring and evaluation of the intervention. A basic human rights assessment has been carried out in order to be sufficiently aware of the human rights situation. This is done to avoid unintentional negative effects on the enjoyment of human rights and to ensure that the intervention does not contribute to discriminatory structures, norms and practices. The intervention does not have an explicit commitment to human rights in terms of expected results. Elements related to capacity development or advocacy may be included in the intervention.</p>
<p>Human rights progressive – application of human rights as a process and partial integration as expected results</p> <p>The development intervention adheres to human rights principles in its processes and includes expected results that further the respect, protection or fulfilment of human rights. The needs, concerns and capacity of different duty-bearers and right-holders – especially vulnerable groups – are addressed in the project activities and expected results. Disaggregated data is systematically used and analysed when planning and monitoring the interventions and their results. However, root causes in legislation, customs, norms and practices might be unattended to by the intervention. Elements of capacity development or advocacy may be included in the intervention.</p>
<p>Human rights transformative – application of human rights as a process and full integration in terms of expected results, with explicit focus on capacity development and advocacy work</p> <p>The development intervention actively seeks to transform societies and eliminate discrimination by addressing root causes in legislation, customs, norms and practices, in line with human rights standards and principles. Human rights guide the identification of expected results. Determined action is directed towards capacity development and advocacy. Accountability is emphasised as programming is explicitly framed in terms of rights and obligations. The development intervention is coupled with a strategic policy dialogue on specific human rights concerns relevant to the intervention.</p>

Source: (MFA, 2015)

Table A14.2: Key Elements of HRBA Levels

Key elements of each HRBA level				
Human rights principles guide the programming, implementation, monitoring and evaluation of the intervention at each human rights level <ul style="list-style-type: none"> • Universality, Interrelatedness and Indivisibility • Equality and Non-discrimination • Participation and Inclusion • Accountability • Transparency 	Human rights sensitive	Human rights progressive	Human rights transformative	
	Identification	Human rights promotion is fully integrated in the project output, outcome and impact level results. At this level, the project actively seeks to address the identified root causes and patterns of non-fulfilment of human rights and discrimination. Human rights guide the identification of expected results. It has explicit focus on capacity development and advocacy work. The process of formulating the strategy and expected results is explicitly framed in the rights and obligations.		
	Human rights sensitive	Human rights progressive	Human rights transformative	
Formulation	Improvement in fulfilment of human rights commitments or enjoyment is not explicitly part of the expected results. However, the formulation of expected results, strategies and planned activities are well informed by the considerations identified in the HR assessment: The strategy and approach include measures to avoid and mitigate any potential risks related to human rights, and the project/programme includes measures to prevent exclusion of any relevant stakeholders from participating or benefitting from the project.	Partial integration of human rights as expected results. The needs, concerns and capacity gaps of identified relevant duty-bearers and rights-holders are addressed in selected project activities and expected results (output, outcome and impact level). Disaggregated data is systematically used and analysed in the programming process.	Human rights promotion is fully integrated in the project output, outcome and impact level results. At this level, the project actively seeks to address the identified root causes and patterns of non-fulfilment of human rights and discrimination. Human rights guide the identification of expected results. It has explicit focus on capacity development and advocacy work. The process of formulating the strategy and expected results is explicitly framed in the rights and obligations.	
Implementation	Mechanisms and work plans in place to ensure the human rights principles are integrated in the implementation.	Disaggregated data is systematically gathered as part of the implementation and used as an indication to analyse the aspects of equality, inclusion and non-discrimination in the programme.	The specific needs and rights of persons in a vulnerable or marginalized situations systematically included in expected results, indicators and targets. Baselines and indicators are based on human rights monitoring mechanisms or human rights research.	

		Human rights sensitive	Human rights progressive	Human rights transformative
	Monitoring and Evaluation	Consultative process and use of potential process indicators to ensure the successful implementation of the HR principles. Although systematic use of disaggregated data is not mandatory at this level, it is highly recommended and useful tool.	Data is disaggregated by sex and, when relevant, by other characteristics (age, disability, ethnicity, etc.). The intervention has both outcome and process indicators in place that capture some key elements of the intended level of human rights consideration	Data is disaggregated by sex and, when relevant, by other characteristics. The intervention has both outcome and process indicators in place that capture the key elements of the intended level of human rights consideration. Monitoring includes consultations with right-holders and human rights organizations or experts

Source: (MFA, 2015)

Table H14.3: Human Rights Principles

Universality, interrelatedness and indivisibility:
 Human rights reflect universal values and belong to all human beings. Human rights are inalienable, indivisible and interrelated; rights cannot be taken away and different rights depend on and complement each other.

Equality and non-discrimination:
 All human beings are entitled to their rights without discrimination of any kind (race, colour, sexual orientation or gender identity, ethnicity, age, language, religion, political or other opinion, national or social origin, disability, property, or any other reason).

Participation and inclusion:
 Individuals and groups have the right to free, active and meaningful participation in relation to issues that concern them and the development of their society.

Accountability:
 States are accountable for respecting, protecting and fulfilling the human rights they have committed to. The HRBA emphasises accountability relationships between authorities and people instead of focusing merely on donor-partner government accountability.

Transparency:
 Access to information, freedom of expression, openness in decision-making processes to ensure participation, inclusion and accountability. A free media is an important key to holding governance structures accountable.

Source: (MFA, 2015)

Table H14.4: Definition of Human Rights Scores

Category	Description:
<p>Human rights blind Score 1</p>	<p>The development intervention is ignorant of human rights and the risk of unintentional harmful effects has not been assessed.</p>
<p>Human rights sensitive Score 2</p>	<p>Application of human rights-based approach as a process: Human rights principles guide the programming, implementation, monitoring and evaluation of the intervention. A basic human rights assessment has been carried out in order to be sufficiently aware of the human rights situation. This is done to avoid unintentional negative effects on the enjoyment of human rights and to ensure that the intervention does not contribute to discriminatory structures, norms and practices. The intervention does not have an explicit commitment to human rights in terms of expected results. Elements related to capacity development or advocacy may be included in the intervention.</p> <p>The extent to which the normative human rights criteria of <u>affordability, availability, acceptability, and accessibility</u> are fulfilled. In the context of the WSPST, the concepts would mean that (1) services are free to beneficiaries or the costs are affordable (affordability), (2) the services are available at a reasonable distance (availability) , (3) the technologies used are acceptable to the users and the facilities are of adequate quality to meet the needs of the beneficiaries (acceptability), (4) services are accessible to the final beneficiaries (accessibility).</p>
<p>Human rights progressive Score 3</p>	<p>Application of human rights as a process and partial integration as expected results: The development intervention adheres to human rights principles in its processes and includes expected results that further the respect, protection or fulfilment of human rights. The needs, concerns and capacity of different duty-bearers and right-holders - especially vulnerable groups - are addressed in the project activities and expected results. Disaggregated data is systematically used and analysed when planning and monitoring the interventions and their results. However, root causes in legislation, customs, norms and practices might be unattended to by the intervention. Elements of capacity development or advocacy may be included in the intervention.</p> <p>The extent to which the normative human rights criteria of <u>affordability, availability, acceptability, and accessibility</u> are fulfilled. In the context of the WSPST, the concepts would mean that (1) services are free to beneficiaries or the costs are affordable (affordability), (2) the services are available at a reasonable distance (availability) , (3) the technologies used are acceptable to the users and the facilities are of adequate quality to meet the needs of the beneficiaries (acceptability), (4) services are accessible to the final beneficiaries (accessibility).</p>
<p>Human rights transformative Score 4</p>	<p>Application of human rights as a process and full integration in terms of expected results, with explicit focus on capacity development and advocacy work: The development intervention actively seeks to transform societies and eliminate discrimination by addressing root causes in legislation, customs, norms and practices, in line with human rights standards and principles. Human rights guide the identification of expected results. Determined action is directed towards capacity development and advocacy. Accountability is emphasised as programming is explicitly framed in terms of rights and obligations. The development intervention is couple with a strategic policy dialogue on specific human rights concerns relevant to the intervention.</p> <p>The extent to which the normative human rights criteria of <u>affordability, availability, acceptability, and accessibility</u> are fulfilled. In the context of the WSPST, the concepts would mean that (1) services are free to beneficiaries or the costs are affordable (affordability), (2) the services are available at a reasonable distance (availability) , (3) the technologies used are acceptable to the users and the facilities are of adequate quality to meet the needs of the beneficiaries (acceptability), (4) services are accessible to the final beneficiaries (accessibility).</p>

Appendix 15: Documents Reviewed

Type of Document	Dates	Remarks
Programme Documents	2004, 2009, 2013	Phases I, II and III
Appraisal Reports and comments	2002, 2008, 2009, 2012, 2013	Appraisal reports Phases I, II and III MFA appraisal mission report (2008) Identification back to office (2008) Appraisal comments on PD (2009) Second opinion report, Comments on WSPST III conditions, Phase III project preparation/back to office report, mobilization report,
Phase III extension, requests	2016, 2017	Proposal to extend Phase III, MOC request
Project Inception Reports	2004, 2009, 2013	Phases I, II and III
Annual Plans	2015, 2016	Phase III
Annual Progress & Financial Reports	2005-2009; 2010-2012; 2014-2016	Phases I, II and III Additional 'status reports' (Phases II and III) Quarterly reports 2014-2016 (Phase III)
Completion Reports	2009, 2013, 2017 (draft)	Phases I, II and III
Technical Dossier of Phase III completion report	2017	Technical and financial details of all 22 WS and 19 DS projects implemented under WSPST. Including baseline and current status data, maps and drawings
KPMG Audit Reports	2006 – 2009; 2010-2013; 2015, 2016, 2018	Phases I, II and III Annual audit reports, performance audit reports,
Mid-Term Review Reports	2006, 2011	Phases I and II
Final Evaluation Report	2009	Phase 1
FRWF Assessment, concept paper/report	2015, 2018	Assessment of options for handing over of the WSPST revolving fund; Handing over and developing a future management mechanism for FRWF
Letters on future of Finnish Revolving Water Fund	2016, 2017, 2018	Official letters and comments on FRWF
Sanitation Revolving Fund document	2007	Implementation of FRWF, management manual
Country Agreement, Bilateral Agreements	2006, 2007, 2009, 2013	Agreements and Amendments to agreements
Project Manuals & Guidelines	2005, 2007, 2012; 2015	Phase I: Management manual, Financial manual for sanitation revolving fund, Financial Management of Investment Funds; Phase II: Calculation of O&M Costs for newly constructed Sewerage and Drainage Schemes, Bidding manual, Guidelines for carrying out risk assessment and providing controls; Phase III: Sanitation revolving fund credit and financial management manual
Steering Committee Minutes	2004-2009; 2009-2013; 2014-2016	Phases I, II and III; signed minutes and SC material
Proposals for corrective action, option analysis,	2012,	'Proposal of solutions for D/S projects in Phase II', 'Analysis of options for implementation of WSPST Phase II drainage and sanitation projects'
Internal audit reports for sanitation revolving funds	2016	Town and group level internal audits
Hanke-esitykset ja lausunnot	2003, 2005, 2008, 2009, 2012, 2013	Statements by MFA water advisors, project proposals, statements by quality control group
Matkaraportit	2010, 2012, 2013, 2015	Monitoring back to office reports, discussion memos,
Sisäiset muistiot	2013	Situation analysis, mission reports, TA team self-assessment report

Appendix 16: Milestones in the Finnish Water Revolving Fund

Phase I Appraisal Report (December 2003)

The mission agrees with the draft Programme Document (PD) that the Development Assistance Fund (DAF) is a suitable financial intermediary, in principle. The proposal is in compliance with the Government regulations for on-lending from foreign grant resources. Provincial Water Companies (PWCs) are acceptable clients to DAF, whereas the state management and (local) administrative agencies are not eligible for loans on-lent from Government foreign grant sources.

DAF was established in 2000. It is a quasi-independent entity under the supervision of MOF. DAF is in charge of providing subsidised government loans for medium to long-term investments. The fund has a registered capital of BVND 5, and its outstanding credit portfolio at the end of 2002 was BVND 60.3.

During its short period of existence, DAF has also gained experience from water supply and sanitation sectors. It acts as financial agency and a lender with local government guarantees to 49 provincial water companies with the total commitments of 385 million USD in 2003. DAF is not the only potential financial intermediary in Vietnam for the proposed purpose, although it is preferred by the MOF. Mission conclusions:

- DAF is suitable financial intermediary for WSPST. The Mission impression of the capacity and professional skills of the provincial offices visited was positive, although sector specific technical assistance is needed.
- Based on mission findings, the PD underestimates the relative size of water supply projects in small towns. The investment cost assumption is a critical issue for the viability assessment of the Water Fund.
- According to the findings of the mission the per capita investment cost is three times higher than given in the PD, on which basis the proposed financing policies of the Water Fund will have to be redesigned to make (higher) loans affordable to service users.
- The debt capacity of PWCs, the proposed borrowers, sets effective limits to loan financing of projects in small town. This bottleneck to acquire new loans is already real in Thai Binh due to existing high indebtedness of the PWC, and it is threatening Bac Kan water utility.

Phase I Mid-Term Review (July 2006)

The Financial mechanism has been formulated and approved in the Steering Committee in October 2005 and endorsed in March 2006. The Prime Minister Office has approved the model and nominated Ministry of Finance to be the lead agency to define the details. DAF was selected as the management agency of the Water Fund.

Currently, there are 261 projects managed and on-lent by DAF with a total loan commitment of USD 5.9 billion. Of the total, 54 projects are in the water sector. The interest rate of different financiers is not the same and causes unequal treatment of the borrowers.

DAF is willing and capable to serve as a management agency of the Water Fund at national and local levels. DAFs' lending procedures and credit policies are suitable for the Programme borrowers. There is no need to establish any Loan Management Unit at DAFs' Provincial Branch Office, as was suggested in the WSPST documentation. Recommendations

- The arrangement to appoint DAF as the management agency of the Water Fund should be formally endorsed by the Finnish and Vietnamese Governments.
- DAF should prepare a lending manual for the water fund including detailed instructions on eligibility, lending terms, lending/appraisal procedure as well as monitoring/reporting.
- DAF should base its credit decisions on project and borrower merits only and turn down non-feasible loan applications.
- WSPST should endorse the Lending Manual and sign an agreement with DAF on Water Fund management.
- WSPST should support DAF in water project appraisal techniques, as required.
- Provincial TA should assess the level of current financial management arrangements in the participating PWCs and assist them in building up their capacity in cost centre management and Management Information Systems.

- The financial analyses in the Feasibility Studies should be improved to include – in addition to the financial analysis and projections of the project - the borrowers' current financial status and their financial projections (Income statement, Balance Sheet & Cash Flow) on the yearly basic.
- The Provincial TA should assist local consultants to upgrade the financial analysis in the Feasibility Studies.

Phase I Final Evaluation report (April 2009)

High priority should be given by MOC, MOF, VDB and WSPST to integrate the Finnish Water Investment Fund (FWRP) with the planned (decree 117 Article 30¹⁰) NRWF. This should go hand in hand with strong attempts to involve other donors, which have expressed interest like the French, Japanese and Dutch as well with the ADB and World Bank. It is recommended that a working group, chaired by MOF and with participation of and the support from the Embassy of Finland will lead the process. The working group should start the negotiation between MOC and MOF to establish the NRWF (Decree 117 Article 30¹¹). If, for some reason, the negotiations fail to establish the NRWF, it is recommended to continue with the same financing mechanism as has been established during Phase I. In case, but only in case, the NRWF does not materialize before WSPST Phase II is finalised and phased out, the responsibility of the Finnish Water Investment Fund is recommended to be transferred to MOF and VDB using one separate bank account for this Fund.

Phase I Completion Report, Volume A (August 2009)

The financial mechanism of the on-lent water supply funds was channelled via Vietnam Development Bank (VDB) and sanitation grant funds via State and Provincial Treasuries (ST). The negotiations to structure the financial mechanism took over a year and later the implementation was delayed several months, in some cases almost a year. The problems were partly administrative and partly concerning the loan and grant documentation, which were the responsibilities of the project owner. The practices in different units of VDB varied and things got stuck until the central VDB solved them. When the financial mechanism of an individual project was cleared from obstacles, the financial flow normally functioned in a satisfactory way.

There were heavy problems in local financial management to transfer funds from VDB or State Treasury accounts to construction companies. Because of this, the mobilization of projects was delayed several months, some for over a year. It is probable that similar problems are expected in the four new provinces, where the Programme practices are again new.

Phase II, Planning Mission for WSPST (April 2008)

Soft on-lending terms applied in Phase I decrease the revolving effect of the water fund and the selection of uncreditworthy investment owners in new Phase II provinces creates a risk.

Phase II, Comments made by Evaluation and Appraisal Mission (March 2009)

Capacity of the management and staff of VDB's head office and branches need to be strengthened in financial appraisal and loan management activities. The preconditions of the operationalization of NRWF supported and NRWF made a long-term sustainable funding source for such water supply and sanitation investment projects throughout Vietnam that meet the eligibility criteria in the then current Vietnamese legislation and VDB's project feasibility and creditworthiness criteria for investment owners.

¹⁰ "To set up the water supply rotation fund managed by the Vietnam Development Bank with a view to creating available referential financial sources for investment projects on water supply development in small urban centers and concentrated population quarters".

¹¹ "Ministry of Finance shall coordinate with the Construction Ministry and the Ministry of Agriculture and Rural Development in studying and submitting to the Prime Minister for decision and promulgation on operation mechanism applicable to the water supply rotation fund".

Phase II Programme Document (June 2009)

Revolving of the revolving fund at risk, due to the small size of the fund, long lending periods combined with inflation (audit). SC will approve the projects that will receive ODA funding within the WSPST (phase II), after a VDB financial appraisal has been completed. VDB will determine the loan conditions in accordance with the Vietnamese regulations for on-lending of ODA funds (Prime Minister's Decision No. 181/2007/QD-TTg). VDB will act as a management agent of the funds, as in Phase I, on behalf of MOF until the NRWF has been established and FRWF has been integrated to NRWF. During this period VDB will act as an intermediary between MOF, who is the credit risk bearer, and PWCs who are the investment owners. After the NRWF has been established, and the FRWF integrated into it, the financial procedures of the programme, including the role of VDB, need to be changed in line with the NRWF.

The financing mechanism and financial management procedures for Phase I of WSPST were finalised and approved by all stakeholders in early 2007. At that time financing conditions followed Circular No.40/2005/TT-BC. The financing conditions will need to be updated to reflect the changes in financing conditions described in the Decision No.181/2007/QD-TTg. Financial management procedures state that the loans for water supply investments are facilitated by the VDB and the grants for sanitation investments, as well as the counterpart funds for both water supply and sanitation investments are handled through the MOF, DOF and State Treasury system. Phase II will continue using financial management mechanism established in Phase I.

By the end of WSPST Phase II, the remaining investment capital and the future capital reimbursements from prior projects are transferred to NRWF, referred to in article 30.2 of Decree 117/2007/ND-CP. This Fund will continue to provide a long-term sustainable funding source for water supply and sanitation investments throughout Vietnam meeting eligibility criteria in the then current Vietnamese legislation and VDB's project feasibility and investment owner's creditworthiness criteria.

STATUS REPORT RESULT III, July 2011

The concept of a NRWF was developed during the implementation of Phase I. During Phase I the Programme disbursed financing via the channelling mechanism provided by the VDB on a credit basis to level 5 towns to support investment in municipal water supply infrastructure. Even though the credits were made on very highly concessional terms, there was an intention on the part of the Programme that borrowers would repay the amounts borrowed. These repayments were meant to function as the initial capitalisation of the NRWF

MOC does not necessarily concur that the non-subsidised financing of potable water infrastructure investment in small towns is desirable at present.

MOF (See section 5.3 and Appendix 1) The MOF is of the view that there already exist mechanisms within the state infrastructure investment financing apparatus, and in the VDB in particular, for financing municipal water supply. Thus, the organizational structure of the fund should be similar to other revolving funds currently managed by VDB. The management board members for the fund should be from MOF, MPI, Ministry of Trade and related agencies.

This relative interruption in activity in pursuit of Result III was the outcome of difficulties arising in the realisation of Result III, at least as per the manner in which Result III was outlined in the Phase II Programme Document (PD). Originally the PD gave Result III as, "the Finnish Revolving Water Fund (FRWF) integrated in the National Revolving Water Fund (NRWF)." This objective for Result III presupposed that an NRWF would be created by the end of Phase II.

The main conclusion arrived at during the development of this Status Report is that it is not, at present (mid-2011), possible to establish NRWF (or a credit line) as envisioned in Decree 117/2007/ND-CP and outlined in section 5, above. This is for two reasons:

a) The only, at this moment, confirmed source for financing the capitalisation of the fund is the debt service payments of the project owners of Phase I (and eventually Phase II) of the WSPTS. However, the capital inflows to the fund from this source are very limited (see section 4.2, above). It will be some years before a sufficient mass of value has accumulated from this source to allow yet additional loan operations to be made to yet more project owners.

b) Other possible sources of financing the capitalisation of the fund, interventions from other donors and/or the state budget, are not yet in position to realise this financing. Other donors are currently locked into ongoing (and agreed) programmes which will have to be played out first, and the state budget will not extend to financing this capitalisation.

Because of these difficult issues related to the capitalising of the fund, we have come to conclude that it is perhaps not practical to promote the development and implementation of financial control mechanisms for the fund at the present time. This is because the fund has not yet accumulated a critical mass of value to allow it to begin operations and will not for some years yet. The testing and adjusting of the financial control mechanisms can only be made while they are in use, and the fund will not be operational to put them to use for some time.

Phase II Mid-Term Review (November 2011)

The national revolving water fund is set to initiate investments, however to be operational it needs more capital. The relevant decision makers have not cooperated fully in getting the fund operational even though the necessary regulation framework is in place already. Regarding the National Revolving Water Fund (NRWF)

- Stop projects not meeting set criteria and use remaining balance for setting up the NRWF;
- Establish a board for NRWF with key stakeholder; and
- VDB shall administrate NRWF.

It is obvious that the remaining Finnish fund cannot cover the NRWF capital. The Finnish fund could only cover a marginal fraction of the funds needed of what has been indicated by TA consultant. The remaining funds could be used for initiating the fund. If the result will be successful there may be possibilities to attract financing from other donors. It is suggested that applying the condition that has been set up by the VDB and the regulation that has been developed it could serve as a pilot project in order to start the fund. It is important that the fund will identify "bankable projects" that are able to cover all their costs including debt service. By applying the regulations, it should be able to have the fund increased through the interest charged from the projects. Currently VDB is charging the project towns with a small interest, while the interest is supposed to cover all the administrative cost of VDB. This indicates that the fund will revolve but the inflation will eat the capital on the long run and therefore using the regulation it could serve as a pilot project. If this approach is realistic or not cannot be assessed in this stage but this option has to be explored in order to develop the water sector in small towns. It has been noticed that there is some cooperation among the bilateral agents and this should be deepened and if possible aim on capitalizing on the water fund instead of running each program by themselves.

Phase II Completion report (October 2013)

Although the establishment of NRWF has not been successful the attempts to develop the fund need to be continued. As temporary solution, agreement on the future usage of the Finnish fund allocated to VDB is recommended to be made.

According to the Programme Document, the Result 3 of the Programme is defined as 'FRWF integrated into NRWF' and the output has 5 indicators accordingly. It is interpreted based on the indicators that provided the NRWF is established, the FRWF will be integrated into the NRWF. In the Inception report for the Result III, the objective with verified indicators stated that FRWF integrated into NRWF, and the NRWF is operational with the assumption that the relevant ministries (Finance, Construction, Agriculture and Rural Development) take decisions needed,

There were various discussions on the development of the NRWF among the competent authorities and relevant parties during 2010-2012 period. The Competent Authorities requested the TA Consultant to prepare the Status Report which identifies the current preconditions for the establishment of the NRWF and provides a outline sketch of the NRWF. Since the preconditions are not available during the timeframe of the WSPST Phase II, in the 9th Steering Committee Meeting, the Steering Committee had agreed to consider the TA Consultant's proposal for

utilisation of Phase I Water Supply Project's capital returns during the phasing out of Phase II and during the time frame of Phase III. Accordingly, the VDB will continue working for the Programme and managing the loans for WS projects of the WSPST. Upon the establishment of the NRWF (as it may be in future), the FRWF will be integrated into the NRWF.

Phase III Completion report (November 2017)

In compliance with the decision of the Steering Committee, the vast majority of the savings is proposed to be used for the cooperation between the ATI and FWF in risk management and water safety. In spite of the end of grant-based development cooperation between Finland and Vietnam close cooperation between the long-term partners is expected continue on a commercial basis. In association with Minister Lenita Toivakka's visit to Vietnam in March 2016 the Administration of Technical Infrastructure (ATI) of MOC and Finnish Water Forum (FWF) signed a Memorandum of Understanding (MoU) on cooperation activities in relation to water supply risk management. This is a positive and promising indication of transition towards commercial cooperation. WSP Advisory Office is seen as instrumental to launch larger scale application of Finnish knowhow and technology in Vietnam through the nationwide implementation of risk management in association with National Water Safety Program.

ASSESSMENT OF OPTIONS FOR HANDING OVER WSPST REVOLVING FUND FOR WS PROJECTS, 10 September 2015 AdWeiss4U Tom von Weissenberg

The report presents several alternatives for the future of FRWF and analyses the related pros and cons. As the NRWF or other similar funds to integrate with is not available, the study is focusing on stand-alone alternatives and recognizes several options for both revolving fund and sinking fund options. Revolving fund-mechanism is not recommended as that alternative is considered unrealistic. Instead, it recommends that the future FRWF is restructured as a sinking fund involving the private sector.

The government policy promotes privatization of water service projects, which means that also the funding should come from private sources, i.e. commercial banks on market-based interest rates. To ease the financial burden of WSCs, it is proposed that the FRWF repayments are used to subsidize the interest rates. It is proposed that available fund (approximately 195 BVND or 8,14 MEUR) is used to subsidize around 2/3 of the commercial interest rate assumed as 10%. Thus, the interest rate payable for WSC can remain at present level of 3,2% while the remaining 6,8% is charged from the FRWF. This proposed mechanism is presented as Alternative 7 in chapter 8.2.2 below and will cover interest expenses for a loan volume of up to 300 MVND (12,5 MEUR) over a foreseeable future.

Handing over and developing a future management mechanism for the FRWF under WSPST in Vietnam, CONCEPT PAPER, 13TH APRIL 2018 CONDES LTD

The future total value of the FRWF, including repaid loans and interests on the VDB account plus loan and interest receivables, has been estimated to be approximately BVND 200, or MEUR 8.33. The Finnish Government is seeking ways to hand over the FRWF to Vietnam. It is proposed in this concept paper, that:

1. The resources of the FRWF available until the end of 2020 would be used in measures aiming at improving the operational environment of privately-owned water supply companies in Vietnam. This would include:

- Procurement of a web-based water safety management platform and support its installation and use in a sample of big and small (Category V) towns.
- Support to Ministry of Construction and, if needed, relevant DOCs in starting to collect and use information and data stemming from the installed water safety management platforms.
- Creating a PPC-WSC performance/service contract standard model and supporting its introduction and application at WSCs.
- Strengthening WSCs' corporate governance, increasing their transparency as commercial entities, and subsequently enhancing their creditworthiness.

2. The rest of the resources, available between 2020-2036 would be used for on-lending to small towns' private/privatized WSCs similar to WSPST but focusing on greenfield companies and those privatized companies that would have benefitted from the activities listed above.

KPMG WSPST Performance Audit from March 2015 to June 2017, August 2018

The estimated accumulated amount to be recovered under FRWF until end of 2036 is MEUR 8.14. Future administration and use of FRWF has not been decided at the time of the KPMG review. Several options for the future use of the fund have been analysed and discussed but no decision has however been taken.

A further assessment of options for future use of the FRWF should still be completed and a decision of the handing over taken in order to formally close the Programme. Considering a major materialized risk is that inadequate O&M, particularly of DS schemes, will have serious impacts on the sustainability of the investments, it would be of value to assess any possibilities to use the long-term fund flow from the FRWF to support O&M activities on the investments.

Most of the funding has been provided out as loans that will be recovered and be available for future utilisation. Based on information received from MFA the balance of undisbursed funds and accrued interest in the FRWF account was VND 2,731 million (EUR 104,000) at the end of June 2017. In addition to the unused ODA balance there are based on the VDB information collected capital and interest amounting to VND 53,548 million (Euro 2,0 million) subject to the future use of FRWF.

In order to prepare for the formal close and handover of Programme a reconciliation of cumulative funding paid by MFA to FRWF, total disbursements, repaid funds, accrued interest and ending balances should be provided as part of the WSPST Completion Report.

Appendix 17: Steering Committee Deliberations on Water Laboratory

With regard to governance decisions that underpin the support of WSPST to the water laboratory, the following summaries the highlights recorded in the minutes of Steering Committee meetings.

During Phase I

5th SC meeting on 14.02.2006: identified the need for a feasibility study for the water laboratory to clarify the capacity, qualification and tasks of the stakeholders in the water laboratory sector in Vietnam, the future role of the planned water laboratory, the market and customer base of the laboratory, qualifications and certification of the laboratory, estimated revenue and costs, personnel issues like recruitment plan, task descriptions and salary policies, the financial sustainability, administrative position in the MOC structure, decisions needed to establish the laboratory and physical design, equipment plans, training plans and the issues demanded by Decree 16 of the public investments. The estimated cost of the study was EUR 45,000.

7th SC meeting on 21.12.2006: records the feasibility study for the water laboratory is finalised. MFA suggest that an appraisal of the FS should be made and there is also a need to clarify if the proposed institutional arrangements would qualify for Official Development Assistance – ODA cannot be used to support a commercial enterprise, such as VIWASE which is being equitized.

11th SC meeting on 13.04.2008: records water laboratory civil construction was completed using VN funds in 2007. Tender for the laboratory equipment was started in March 2008. SC approval to proceed with the purchase of the laboratory equipment is not record in the minutes of the previous SC meetings, however the procurement was not questioned during the 11th meeting.

13th SC meeting on 03.12.2008: reports all the laboratory equipment has arrived in Vietnam. The recruitment of staff has been postponed because the financial arrangements of the laboratory have not been defined by MOC

14th SC meeting on 26.03.2009: noted changes in the laboratory facilities were substantially completed. Contract on laboratory equipment had been drafted between MOC and VIWASE. Recruitment still pending. 15th SC meeting on 12.06.2009 notes recruitment progressing slowly.

During Phase II

3rd SC meeting on 21.09.2010: MOC requested the TA consultant to work with VIWASE to follow-up and report the development. Also need to prepare a plan to begin operations. MFA propose to set a deadline for VIWASE to submit the report and plan to put the laboratory into operation. SC agree that the laboratory should be put into operation by VIWASE in early October 2010.

4th SC meeting on 20.01.2011: MFA emphasise the importance of deciding how the laboratory can function in a financially viable manner. The key issue for the laboratory development and operation is the source of core funding for the operation. MOC request TA for the water laboratory to be completed before mid-2011.

6th SC meeting on 09.09.2011: reports on proposed meeting with VIWASE JSC on 12.09.2011 to discuss plan for the laboratory development and a meeting to be chaired by the Vice-Minister on 16.09.2011 to make final decisions on development of the laboratory. SC recognise that the MTR in November 2011 might also provide suitable recommendation on the best way forward.

7th SC meeting on 30.11.2011: SC recommended implementation of the agreed actions, if no results after 6 months, find another solution

9th SC meeting on 21.08.2012: the management service contract between MOC and VIWASE expired on 20.04.2012. TA propose to extend the contract of VIWASE pending the identification of office space for the laboratory transfer to MOC. MOC is requested to take action to ensure the appropriate condition and utilization of the laboratory equipment,