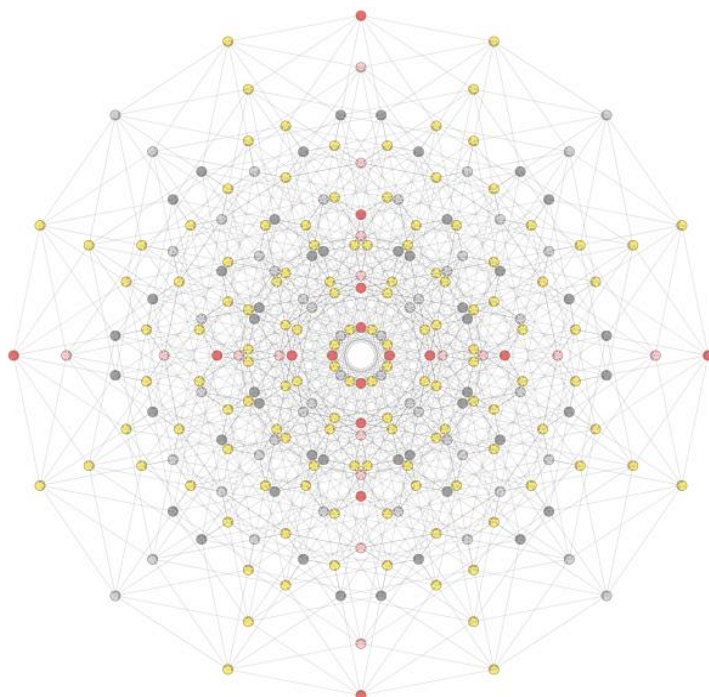


Final Evaluation of the Innovation Partnership Programme, Phase II



Final report

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Intended for

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EXECUTIVE SUMMARY

The Innovation Partnership Programme (IPP) aimed to support Vietnam in its intention to become a knowledge society and to strengthen the National Innovation System (NIS). Phase I of the IPP was implemented from August 2009 to February 2014 and Phase II from March 2014 to the end of December 2018. The first months of Phase II were focused on closing of Phase I and transitioning to Phase II. The official kick-off of Phase II was in December 2014.

The priority objectives of this final evaluation were to assess and analyse:

1. The impact of IPP II in the development of the start-up ecosystem and innovation policy in Vietnam and its value and merit in the perspective of the key stakeholders.
2. The role of IPP in supporting the transition from aid to trade between Finland and Vietnam.

The purpose of the final evaluation was to provide information, lessons learnt and recommendations for 1. Ensuring sustainability of results of IPP II and the future development of the sector (for the Ministry of Science and Technology (MOST) and other stakeholders), 2. Planning and implementation of future Science, Technology and Innovation (STI) programmes, especially in a transition context (for the Ministry for Foreign Affairs (MFA) in other countries and the MOST with other partners, for other donors) and, 3. The implementation of Finland's transition strategy for Vietnam 2016-2020 and the design of future transition strategies (for the MFA).

The standard OECD/DAC evaluation criteria were to be applied. The scope of the evaluation was defined to cover the period of implementation of the IPP Phase II (2014-2018). Geographically the evaluation was expected to cover the whole country, but the field work was directed to include the focus cities of the IPP II, namely Hanoi, Danang, Ho Chi Minh City (HCMC) and Can Tho.

The IPP II was implemented in the context in which Vietnam has been among the fastest growing economies in the ASEAN and living through a period of fast increasing entrepreneurial activity and number of small or medium-sized enterprises (SMEs) and start-ups. In 2017, the number of start-ups increased by 45 percent compared to 2016. Start-up financing and acquisition by investors have increased, but Vietnam still lags behind compared to other economies of South-East Asia.

The legal and regulatory environment of businesses has been consistently improved, with a lot of new initiatives and actions following the change of government of Vietnam in 2016. In spring 2016 Vietnam was announced to "become a start-up nation" and the focus moved to knowledge intensive innovative start-ups which were seen to be crucial for the country's economy to continue growing and developing. Several new policies and government regulations were published, perhaps the most important of which was the Prime Minister's Decision "Supporting National Innovative Start-up Ecosystem to 2025" project, through Decision 844/QD-TTg/2016." It set ambitious goals for the number of innovative start-ups in the country and the volume of their financing by 2025, committed to creating favourable conditions for them, and mandated the state and local administration to carry out several

measures to reach the targeted goals. Several more decisions and regulation have thereafter been prepared for the implementation of the Programme 844.

After 2016 a new role was assigned also to universities, which traditionally have focused on research, with very modest cooperation with businesses and little capacity and skills to support refining knowledge and ideas of researchers and students into commercially valuable services and products. The Prime Minister's Decision 1665/QĐ-TTg (October 2017) requested E&I education to take place in all universities and colleges in Vietnam.

In Finland the country strategy for Vietnam (2013-2016) aimed at changing the relationship gradually from grant-based development cooperation into more comprehensive partnership for mutual benefit. "*In order to move swiftly and efficiently from aid to trade*"¹ a more detailed strategy was, however needed. This transition strategy, envisioning also Finland that would be "*known in Vietnam as a reliable partner providing economically and environmentally sustainable solutions*", became approved in late 2016. The IPP II was in this strategy named as one of the key vehicles for the transition.

IPP II inherited and continued the IPP I overall aim to support the development of Vietnam's National Innovation System (NIS). Two major shifts took place in the programme logic and implementation. The first, after the inception phase, was a reorientation from the support of the National Innovation System (NIS) towards supporting it through new innovative start-ups with focus on their ability to develop new products and services to the international markets. For this purpose, the programme chose three result areas: 1) Institutional development and capacity building, 2) Partnership for innovation and 3) Innovation projects. The second shift took place at the end of the implementation, when in the programme's Exit Strategy (April 2017) increased emphasis was given to ensuring sustainability of results, as well as exigencies of the transition strategy. As a consequence, new tools for business partnerships (a Vietnam Market Access and Partnership Program VMAP) and city-to-city cooperation were embedded in the programme. In the Exit Strategy the number of result areas were reduced to two: 1) Institutional Support and Capacity Building; and 2) Partnership Creation and Sustainability.

Evaluation approach and challenges

Characteristic to the IPP II implementation has been that the programme logic, activities, outputs, outcomes, even the pursued overall goals and the intended impact have changed many times. The same applies to the programme indicators. The programme has thus been very flexible – adaptive, reactive or proactive, depending on interpretation. It has aimed at bringing about systemic changes in the Vietnamese innovation ecosystems – how consistently and guided by programming and plans, is somewhat difficult to ascertain.

The constant changes have caused challenges in monitoring and they can be said to have affected accountability, since all the changes and their justifications have not been well documented and reported. The changes also made it very difficult to evaluate the programme by using the standard evaluation approaches and methodologies. To overcome this challenge,

¹ The Transition Strategy:

https://um.fi/documents/35732/48132/cooperation_between_finland_and_vietnam_2016_2020

the evaluation team made use of e.g. system and network analysis, in addition to more customary evaluation approaches, methodologies and tools. The field visit to Vietnam was carried out between 19th November and 5th December 2018. Altogether 60 persons representing different stakeholder groups to the programme were interviewed during the field trip, in addition to the programme office and staff members of the Finnish Embassy. In Finland 26 persons were interviewed, among them there were 13 representatives of companies that participated in the VMAP, 8 from relevant ministries and government agencies plus representatives of universities and the implementing agency of the programme, NIRAS.

A network analysis among the Vietnamese NIS stakeholders was made during the field trip, together with a survey for universities, other knowledge providers, start-up enterprises and recipients of IPP II support.

Main findings and conclusions

Relevance and coherence

The Government of Vietnam (GoV) had given increased attention to SMEs and start-ups already before the time of implementation of the IPP II, but the emphasis on innovative start-ups became even stronger after the change of government in 2016. Several new laws and regulations were then developed and enacted to support the new policy orientation.

The final beneficiaries, i.e. Vietnamese start-ups, their founders, and other representatives of the local innovation ecosystems expressed appreciation towards the IPP II and its activities. The same applies to the Finnish enterprises involved in the VMAP, which provided them soft-landing/market entry service.

The Finnish government's (GoF) development policy goals, especially "*The growth of developing countries' economies to generate more jobs, livelihoods and well-being*" cover well especially the IPP II activities initiated before the Exit Strategy. The VMAP and the city-to-city cooperation were launched as part of the implementation of the Exit Strategy and supported more directly the different goals of the Transition Strategy.

The role of the IPP II in the transition process is mainly positive, but not consistent across the programme elements. The business-partnership programme VMAP for example, appears to have supported the trade-related principal goal of the transition strategy, but its relevance vis-à-vis the IPP II's original development objective, strengthening the Vietnamese innovation system (NIS) is not as clear.

The programme had large positive coverage in the Vietnamese media, which fits well with the Transition strategy's vision regarding the visibility and image of Finland in Vietnam.

Promotion of gender equality was not very prominent in the programme implementation, and there was for example no budget allocated specifically for activities for this purpose. No particular objectives nor results were set with the aim to reduce gender inequality. No indicators were created to monitor and assess the impact of the programme regarding human rights. For selecting companies and ecosystem projects to received funding, the criteria related to cross-cutting objectives were applied.

The timing was right for the IPP II. There was an obvious demand for such a programme. Simultaneously the programme also advocated for the importance of innovative start-ups,

influenced the government policy-making and supported it in drafting the new legislation and regulation.

There was a need for an IPP-like programme, for its network creation and facilitation activities, for the financial & soft support it orchestrated for start-ups and system developers, as well as for the teaching and coaching it arranged for various stakeholders. Especially the VMAP responded to the needs of Finnish enterprises interested in entering a new but challenging market. The overall relevance of the programme for the GoF, when assessed against its policy goals and the Transition strategy was good. The programme increased the visibility of Finland in Vietnam. For the Transition strategy's main goal of increasing trade and commercial cooperation, especially the VMAP element was beneficial.

The inclusion of new elements like the VMAP in the middle of the implementation period had, however negative effect on the coherence of the programme.

It is to be noted that the Transition strategy has several different goals, and it lacks clear, time-bound key performance indicators (KPIs). This, together with the differing nature of the IPP II elements, made it difficult to assess relevance of IPP II against the GoF goals.

The lack of systematic attention in the IPP II to the human rights-based approach (HRBA), gender issues, cross-cutting objectives or measures to ensure compliance of the programme to the GoF guidelines on these issues, weakens relevance of the program vis-à-vis the Finnish development policy goals.

Impact

The programme produced an impressive number of outputs – events, trainings, financial and soft support, capacity building and networking. For example:

- Models for innovation funding and capacity building instruments.
- A project portfolio, consisting of 18 high growth-seeking innovative company projects, 14 innovation and entrepreneurship ecosystem development consortium projects, and three integrated university projects across Vietnam, supported financially and/or with capacity building activities.
- Participation of 92 policy makers in the arranged training
- 12 training of trainers/start-up coaches and 20 VMAP coaches trained in Entrepreneurship and Innovation (E&I), together with more than 150 university lecturers and researchers.
- Development of the first ever open source entrepreneurship and innovation core curriculum in Vietnam.
- Participation of 24 Finnish enterprises in the VMAP.
- 2 policy discussion papers (on Funding and Finance for Start-Ups and on Higher Education for Entrepreneurship and Innovation Development in Vietnam), to support the government in finding appropriate financing models to support start-ups and in strengthening a commitment within the higher education sector to the attainment of a national E&I ecosystem.

The challenge in assessing the programme's impact is that sufficient good quality data is unavailable. There is a lot of reported data but it is mostly on input and output levels (like the

lists above). The indicator structure has changed several times, which also makes impact assessment challenging.

Notwithstanding the data and methodological challenges there is, however, evidence suggesting that the programme has made a contribution to its development goals. This is true especially in its result area 1² (Institutional support and capacity building), notably in enhancing policy makers' and university managements' ability to lead, coordinate and implement policy processes that stronger innovation ecosystems in Vietnam require. For example, the experts trained by IPP II participated in drafting the key legislation and regulation enacted since 2016, that are relevant for the development the start-up ecosystems.

The same applies to the result area 2 (Partnership creation and sustainability) particularly when it comes to creating partnerships between Finnish and Vietnamese enterprises. Especially the VMAP contributed to this outcome. At the same time some of the activities in this result area did not lead to intended outputs and outcomes (e.g. cross border funding pools and digital partnership platforms).

The network analysis carried out as part of this evaluation showed that the innovation ecosystem appears to have strengthened during the implementation of the IPP II programme, indicating a positive impact by the programme.

As the IPP II has contacted and cooperated with actors on practically all levels of the Vietnamese innovation ecosystems, and been able to give the required impulse to the development of these ecosystems, it has contributed to the good brand and image of Finland as a reliable technology partner as envisioned in the Transition strategy

The collected data indicates that the IPP II programme has at least to some extent contributed to strengthening the innovation ecosystem in Vietnam between 2014-2018.

Effectiveness

In its result area 1 (Exit strategy, 2017) of "Institutional support and capacity building", the IPP II achieved most of its targets, both quantitatively and qualitatively. There is evidence, confirmed during interviews, that the programme has contributed to strengthening institutional capacity on various levels of the NIS, thus enabling the building of a healthy start-up ecosystems. As a result of the IPP II training, events and knowledge sharing activities the policy makers and university management are more capable than before of leading, coordinating and implementing policy processes related to the support to the innovative start-up ecosystems. The programme created and disseminated E&I related training and other support material in an open and transparent manner.

In its result area 2, "Partnership creation and sustainability" the programme was not as successful. For example, the soft-landing/market entry support programme VMAP for the Finnish companies can be considered a success. Simultaneously the supported TEKES-Natif call was unsuccessful. The commercial consortia envisaged in the Exit strategy, to which part of the IPP II activities were to be outsourced, did not materialize. The same applies to the digital partnership platform and the cross-border financing pool.

² Result areas presented here as they are presented in the Exit Strategy of April 2017.

The programme liaised and coordinated very actively with the other Team Finland (TF) partners in Vietnam and Finland. Some stakeholders, however, reported of a need to improve knowledge sharing and communications by the programme.

Efficiency

The programme spent 91,9 % of its total budget, with the short-term expert costs representing approximately a third of the total TA budget. The large number of contract amendments (9) between the MFA and the implementor (NIRAS) was due to the adaptive nature of the programme and the MFA procurement rules; the contracts had to be amended following changes in the plans.

The efficiency analysis was difficult as the financial reporting refers to the programme components of the original Program Framework Document (PFD), whereas the performance reporting refers to the Exit strategy result areas. With this caveat, the overall efficiency of the programme was rated good. Low spending (in relation to total programme budget) appears to be partly due to co-sharing of activities with other development partners or stakeholders. High short-term technical assistance (STA) costs are very probably unavoidable and challenging to budget in advance, if a programme is to be implemented in an adaptive way as the IPP II.

Sustainability

There are several factors that speak for sustainability of the programme's results. For example, during the implementation of IPP II the government issued several new key policies and enacted laws and regulations that contribute to building a favourable environment for start-ups and start-up finance in Vietnam. The commitment of the GoV to further the "start-up nation" agenda appears strong. The IPP II -trained policy makers, managers, entrepreneurs and lecturers, on the other hand, form a pool of experts and advocates that can help in maintaining the results and spreading the influence of the programme. The open source knowledge products and the E&I curriculum produced by the programme provide tools for wider dissemination of E&I expertise in Vietnam.

The risks for sustainability, on the other hand, include the institutional inertia, i.e. the risk that the number and influence of the IPP II -trained decision makers and experts still at the end of the day not suffice to carry on and spread the new E&I culture in ministries, universities, local governments and other key organisations. There is also a risk that there will be insufficient public and private financial resources to allocate to innovative start-ups and to start-up ecosystems.

With the caveats on the institutional and financial aspects, the overall assessment of the programme's sustainability is "good".

Finnish value added

The programme has contributed to delivering Finnish added value and has offered an opportunity to share Finland's best innovation practices, including transparent support allocation mechanisms, open source knowledge products and a cooperation model for stakeholders in the innovation support system. The program has succeeded in creating a

positive image of Finland in Vietnam and has thus contributed to creating foundations for commercial cooperation to grow between Finland and Vietnam.

Aid effectiveness

The IPP II was implemented in line with the Paris declaration principles of ownership, alignment and harmonisation. Especially the Vietnamese government has shown clear commitment and results orientation in its innovation support activities. It has actively followed the implementation and effectiveness of its policies and has influenced the public through communications that support innovation.

Due to the changes in the results chains and deficient performance indicators the Paris declaration principle concerning measuring results has not fully been aligned with. This also lowers the degree to which the accountability principle is adhered to; reliable intervention logic and adequate indicators are needed for accountability.

Main recommendations and overall lessons

The evaluation team supports the recommendation made by the IPP II programme³ to the government of Vietnam, including e.g. further development of the start-ups and innovation - related regulatory framework; cultivation of culture and mindset encouraging collaboration; strengthening the competition based dynamic operational environment for innovative start-up; and improvement of investor protection.

In addition, the evaluation team suggests to continue keeping competitive processes transparent, e.g. when allocating grants and support; avoiding a controlling approach towards start-up ecosystems and focusing instead on creating an enabling environment in the implementation of the programme 844; streamlining bureaucracies and building trust (e.g. investor and IPR protection) between the participants in the innovation ecosystems and NIS.

For the government of Finland the evaluation team recommends, among others, that the following transition strategies are defined and designed in a way that would support their implementation, monitoring and evaluation. This would mean, for example, defining the goals and logical structure of these strategies clearly, using consistent indicator structures with time-bound targets. The theories of change of specific programmes implementing these strategies should be made and kept clear and their links to the strategy's goals explicit. Attention should be given to the adequacy of the indicators. The designers and managers should be required to apply systematically the MFA guidelines on HRBA and gender equality.

To avoid numerous amendments to the implementation contracts in adaptive programmes such as the IPP II, piloting of adaptive/flexible programme approaches and innovative procurement methods are recommended.

The Finnish government is also recommended to continue the VMAP kind of soft-landing services for Finnish enterprises interested in the Vietnamese markets. In the interviews Finnish VMAP-enterprises were mostly very satisfied with the programme. They criticized e.g.

³ Project completion report, 16.1.2019

its one-off-character and the indefiniteness of the next steps after the joint events, initial coaching by Vietnamese experts, and the end of programme activities.

Coordination between different TF institutions and stakeholders still needs to be improved. Now the IPP II had a very active role in e.g. recruiting Finnish companies to the VMAP. In the future the key TF institutions (Business Finland (BF), MFA) in Finland should take care of such tasks, to avoid overlapping activities with other actors, as well as with other country level programmes.

For the design, implementation and monitoring private sector development (PSD) and innovation partnership programmes the Finnish government is recommended to consider models, in which the focus would be on the ex-ante-set outcomes while simultaneously leaving room for the programme to adapt and modify its inputs, activities and outputs flexibly to achieve these outcomes in the best possible way. More generic, e.g. sector specific or thematic theories of change would support such a program design and ensure achievement of development goals.

A method of developing innovation partnership programmes by analysing the context and tailoring the program design to match observed needs is also presented at the end of this evaluation report.

As a summary, a more detailed assessment of the IPP II's relevance and coherence, impact, sustainability, effectiveness, efficiency, Finnish value-added and development effectiveness is presented in the table below.

Main findings, conclusions and recommendations.

CRITERION	FINDINGS	CONCLUSIONS	RECOMMENDATIONS
<p>Relevance and coherence</p>	<p>Relevance to the GoV, and coherence with its policies:</p> <p>The GoV had given attention to SMEs and start-ups already before the time of implementation of the IPP II. However, the emphasis on innovative start-ups became even stronger after the change of government in 2016. Several new laws and regulations were then developed to support the new policy orientation.</p> <p>The reorientation of the IPP II from more general NIS/triple helix support towards focusing on supporting innovative start-ups and the prerequisites for their success took place at the Inception phase of the project in 2014.</p>	<p>Relevance for the GoV and coherence with its policies: Very good</p> <p>The timing was right for the IPP II. There was an obvious demand for such a programme.</p> <p>Simultaneously the programme also advocated for the importance of innovative start-ups, influenced the government policy-making and supported it in drafting the new legislation and regulation.</p>	<p>GoV: See below in General recommendations</p>
	<p>Relevance for the final beneficiaries</p> <p>Vietnamese start-ups, their founders, and other representatives of the local innovation ecosystems signalled appreciation towards the IPP II and its activities, e.g. grants, seed and scale-up funding, training, bootcamps, Innovation Acceleration Programme and networking.</p> <p>The Finnish enterprises interviewed for the evaluation expressed overall satisfaction with the programme, especially when it comes to</p>	<p>Relevance for the final beneficiaries: Very good</p> <p>There was a need for an IPP-like programme, for its network creation and facilitation activities, for the financial & soft support it orchestrated for the start-ups and system developers, as well as for the teaching and coaching it arranged for various stakeholders.</p> <p>Especially the VMAP appears to have responded to the needs of Finnish enterprises interested in entering a new but challenging market.</p>	<p>See below recommendations for the GoF.</p>

	<p>the VMAP-programme with its soft-landing/market entry services.</p>		
	<p>Relevance for the GoF:</p> <p>The Finnish government's development policy goals, especially "The growth of developing countries' economies to generate more jobs, livelihoods and well-being", cover the IPP II activities.</p> <p>One of the several changes during the implementation period was the adding of transition-related elements (e.g. VMAP focusing on the market entrance of Finnish companies and city-to-city cooperation) in the programme, especially after the approval of the Exit Strategy in April 2017.</p> <p>The interviewed Vietnamese experts and the IPP II programme staff linked especially the VMAP tightly to efforts to increase trade and investments between the countries.</p> <p>The interviewed Finnish VMAP enterprises as well as the Finnish government representatives saw the VMAP as a novel and much needed way of supporting Finnish businesses' efforts to enter in a new market.</p> <p>The programme had large coverage in the Vietnamese media, and it was also known and mostly positively commented by those interviewees and organisations that were not directly participating in the programme or cooperating with it.</p>	<p>Relevance for the GoF and coherence with its policies: Good</p> <p>From the development policy point of view the relevance of the IPP II was mostly good.</p> <p>This also applies to its relation to the Transition Strategy, including the strategy's goal of increasing trade and commercial cooperation, for which especially the VMAP element was beneficial.</p> <p>The programme increased visibility of Finland in Vietnam</p> <p>The inclusion of transition-, especially trade related elements like the VMAP in the middle of the implementation period however, lessened the coherence of the programme.</p> <p>The transition strategy has several different goals, but it lacks clear, time-bound KPIs for them. This, together with the differing nature of the IPP II elements, makes the assessment of relevance against the GoF goals difficult.</p> <p>The lack of systematic attention in the IPP II to e.g. HRBA, gender, or measures to ensure compliance of the programme to the MFA guidelines on these issues, weakens relevance vis-à-vis the Finnish development policy goals.</p> <p>IPP II does not fulfil the criteria of being a human rights sensitive project, but contains elements for which it also cannot be rated as human rights</p>	<p>GoF: Define the goals of future transition strategies clearly, set indicators and their time-bound targets.</p> <p>When designing new transition strategies, tailor and deploy separate instruments/programmes for the identified need and purpose (instead of exploiting ones designed for other purposes)</p> <p>The Ministry for Foreign Affairs should continue to require program designers and managers to study and apply systematically the Ministry's guidelines on HRBA and gender equality as a cross-cutting objectives</p> <p>Key documentation on e.g. calls for proposals should be available in language versions that make it possible also for non-English-speakers to understand and participate.,</p>

	<p>Gender equality was included in cross-cutting objectives only to be discussed with applicants as additional criteria in the process of project evaluation for funding.</p> <p>In the PFD there was no budget allocated specifically for activities that promote gender equality. No particular objectives nor results were set with the aim to reduce gender inequality in areas where the project activities were to be undertaken</p> <p>For selecting companies and ecosystem projects to received funding, criteria relating to cross-cutting objectives were included, but none relating to HRBA.</p> <p>No indicators were created to monitor and assess the impact of the programme on human rights.</p> <p>A number of key intellectual products of IPP II are available for download on the website of the program, which is exceptional in Vietnam. Though, many of them are only available in English.</p> <p>A comparison of the key IPP II guiding documents shows, that along with the changes made during implementation HRBA and gender equality lost importance.</p>	<p>blind (by the definition of the Ministry for Foreign Affairs of Finland.)</p> <p>In its publication practices, as in many other ways of working the IPP II has promoted transparency, which is in line with the Finnish policies.</p> <p>It has been difficult for those who do not have a good command of English to get information and to participate.</p>	
Impact	<p>Despite several rounds of revisions of key documents, the IPP II Programme was still without an adequate theory of change. The new results chain developed during the preparation of the Exit Strategy did not fully</p>	<p>Impact in the Result area 1: Very good</p> <p>Impact in the Results are 2: Good</p> <p>In the absence of a clear theory of change, it is difficult to assess the overall impacts of the</p>	<p>GoV & GoF: In future programmes require a clearer theory of change.</p> <p>In the future, innovation programs should focus on securing and reporting outcome-level results as well as</p>

	<p>correspond to the MFA programming instructions.</p> <p>Many of the activities under IPP II have been considered successful by stakeholders, and there is also some monitoring data supporting the view that e.g. the Vietnamese NIS and ecosystems have been strengthened. The Finnish companies that participated in the VMAP programme gave very positive feedback of the programme and its usefulness.</p> <p>The network analysis carried out as part of this evaluation, showed that the innovation ecosystem had been strengthened (in terms of more actors joining, density and number of connections increased) during the implementation of the IPP II programme. The diversity of agents has also increased in terms of new intermediary organisations, innovation hubs and start-up companies joining the network.</p> <p>The cross-border funding pool did not materialize as envisaged for innovative projects of start-ups and SMEs, the digital partnership platform or commercial consortia to continue IPP II activities.</p>	<p>program. Most of the program achievements are also of such nature that the real impacts will be visible only after years to come.</p> <p>There is evidence backing the view that the IPP II has contributed to the development of the innovation ecosystem, the creation of legislation promoting innovation and start-up activities and the adoption of a new innovation culture. Especially the VMAP has strengthened commercial cooperation between Finland and Vietnam.</p> <p>The evidence gathered of the evaluation indicates impact in the Result area 1 (Institutional support and capacity building), whereas the impact in the Result area 2 (Partnership creation and sustainability) was not as clear.</p> <p>The structural position and centrality of the IPP II programme in the VN innovation network in 2018 was very high and interviews (e.g. with other donors) support that finding. It can be concluded that the IPP II programme has contributed to strengthening the innovation ecosystem in Vietnam between 2014-2018.</p>	<p>demonstrating sufficient justification on how outcome level goals can be expected to contribute to impact goals. (See below in General recommendations.).</p> <p>In order to follow up the development of the innovation ecosystem in Vietnam more systematic studies (both quantitative and qualitative) are needed to understand the dynamics and mechanisms of the growing network.</p>
Effectiveness	<p>It is difficult to assess effectiveness of the programme due to the several changes and deficiencies in the implementation logic.</p> <p>Many of the legislative reforms and policy guidelines made by the government benefitted from the background and support materials</p>	<p>Effectiveness in the Result area 1: Very good</p> <p>Effectiveness in the Result area 2: Good</p> <p>To overcome the evaluability problem, the evaluation team used the Exit Strategy results chain, and framework (despite their deficiencies,)</p>	<p>GoV & GoF: When changes are made during programme implementation, all baselines, indicators and target levels should follow the new priorities.</p> <p>GoF: The adaptive program model applied in the IPP II program needs to</p>

	<p>prepared by IPP II and human resources trained by IPP II.</p> <p>Various co-operation models were tested under result area 2., e.g.</p> <ul style="list-style-type: none"> - Support to the TEKES-NATIF call for business partnerships (which was unsuccessful). - The VMAP concept that offered Finnish companies with soft-landing services through Vietnamese consultants trained by IPP II. The Finnish companies' experiences with VMAP were positive, and a considerable portion of them see themselves having been helped to the Vietnamese market by the VMAP. <p>The programme liaised and coordinated actively with other TF-partners in Vietnam, though during the last two years it is said not to have communicated and shared information in the best possible way. The coordination with the same partners in Finland was mostly good, with some partners reporting the above - mentioned decrease of knowledge sharing and communications in the final two years of the programme implementation. In the identification of Finnish companies for VMAP, the direct contacts by the IPP II with Finnish companies played a significant role.</p>	<p>as a reference point when analysing effectiveness,</p> <p>In the result area 1 the output targets were mostly achieved, both quantitatively and qualitatively.</p> <p>The performance in the Result are 2 fell short of its original goals.</p> <p>The IPP II participated actively in the TF cooperation in Vietnam, but more effort would have been necessary to share knowledge and to communicate.</p>	<p>be further studied and modelled so that it could be applied to other innovation partnership and transition programs.</p> <p>To ensure adequacy of business initiatives aiming at new markets, and to ensure effective and efficient use of funds, good coordination of any IPP II like programme with the TF-parties in Finland, and cooperation between them are necessary.</p>
Efficiency	<p>The efficiency analysis was made difficult by the fact that the financial reporting refers to the programme components of the original PFD, whereas the performance reporting refers to the Exit strategy result areas.</p>	<p>Efficiency of the programme: Good</p> <p>The large number of amendments is mainly due to the programming and budgeting model applied by the MFA. The model may be too rigid when applied to adaptive programmes like the IPP II.</p>	<p>GoF: The MFA could pilot adaptive or flexible programming approaches and innovative procurement models already in use at some other ministries and government organisations in Finland.</p>

	<p>The implementation contract between the MFA and NIRAS was amended altogether nine times. In addition, there was another short-term expert (STE) contract between MFA and NIRAS, tendered separately in 2017 that had two contract amendments.</p> <p>The programme spent 91.9 % of its total budget (86% of the Implementation budget and only 67% of the Partnership for Innovation component).</p> <p>According to the Project Management Unit (PMU) of the IPP II and the Financial completion report the underspending was due to many activities (especially under this Partnership for Innovation component) carried out with no or shared costs with other partners.</p> <p>The programme's short-term expert costs have been relatively high (almost 1/3 of the total technical assistance (TA) budget).</p>	<p>The programme could have applied the adaptive approach also in usage of funds, and redirect resources in ways that would have strengthened and ensured its impact and sustainability.</p> <p>A high percentage of STE costs can be legitimized by the nature of the programme, positive feedback from the beneficiaries and stakeholders, together with the mostly positive outcomes of the programme.</p>	<p>In the future, the MFA should monitor the spending of programs more closely and emphasize the importance of the supervisory role of members of the steering committee.</p> <p>The use of TA budgets (including short-term experts) should be better planned in advance.</p>
Sustainability	<p>The evaluation identified <u>several factors that speak for sustainability</u> of the programme:</p> <ul style="list-style-type: none"> - The new policies, laws and regulations to develop the emergence of start-ups and develop their business environment, as well as the commitment and determination of the GoV on this. - The considerable number of trained policy makers and top management, specialists, lecturers and entrepreneurs/ start-up founders; emergence of a start-up community. 	<p>Overall sustainability: Good Institutional sustainability: Problems Political sustainability: Very good Cultural sustainability: Good Financial sustainability: Problems</p> <p>Balancing findings against each other leads to ranking the overall expected sustainability as "good" instead of "very good". Thanks to the commitment of the government to develop the NIS for the benefit of innovative start-ups, political sustainability appears very good, but especially when it comes to institutional and financial</p>	<p>GoV & GoF: Recommendations concerning sustainability: see the general recommendations below.</p>

	<p>- The approaches and open-source tools developed and piloted, including a transparent model for financial support, E&I curriculum, teaching and training materials.</p> <p><u>Risks for sustainability:</u></p> <ul style="list-style-type: none"> - Focus and possible dependency on individuals; potential lack of support of institutions. This worry was expressed by many interviewees, especially start-ups companies, financiers and university representatives. - Uncertainty regarding the continuation of an open, transparent operational model; suitability of the Finnish example to the Vietnamese context. - Uncertainty of the resources necessary for further policy implementation on various levels of the innovation ecosystems. - Challenges in mobilizing private financing for innovation support service organisations and innovative start-ups. - Limited cooperation of the programme with larger, more established SMEs and corporations, which in many countries are key participants in innovation ecosystems. 	<p>sustainability, the risks for sustainability of the IPP II's results are real.</p> <p>The IPP II also made clear progress in changing the culture/mind sets among stakeholders and participants in the innovation ecosystems, necessary for start-ups to thrive. It is however still questionable, whether this change has been profound enough to sustain.</p>	
<p>Aid effectiveness</p>	<p>The Vietnamese Government has been strongly committed to the IPP II program since its inception. Universities, provinces and major cities such as Ho Chi Minh City, Da Nang and Can Tho have also invested in the development of start-up ecosystems and integrated IPP II support into their own business development activities and other support programmes.</p>	<p>Aid effectiveness: Good</p> <p>The programme was well aligned with the Paris declaration principles of ownership, alignment and harmonisation. A strong GoV commitment is likely to provide a good basis for the development of the innovation system and the dissemination of good practices generated during the IPP II program.</p>	<p>GoF: The MFA could consider commissioning a separate study on the design and good practices of the transition phase programs, including the governments' role in them.</p> <p>Attention has to be given to proper intervention logic and adequate</p>

	There were several changes in the programme's result chains and intervention logic, and deficiencies in indicators and indicator structure.	The programme was not completely in line with the Paris declaration principle of measuring results. This affects also its alignment with the mutual accountability principle; reliable intervention logic and adequate indicators are needed for accountability.	indicators even in adaptive programmes like the IPP II.
Finnish value added	<p>The programme has offered opportunities for Finnish innovation agencies to establish mutually beneficial partnerships with Vietnamese counterparts</p> <p>It has also created a transparent model for processing financial and other support to innovative start-ups and ecosystem developers.</p> <p>It has provided Vietnam with models of cooperation within innovation support systems based on Finnish practices.</p> <p>The programme has contributed to establishing new structures and networks between innovation ecosystem participants, following Finnish models (e.g. Slush)</p>	<p>Finnish value added: Very good</p> <p>The programme has contributed to delivering Finnish added value and provided an opportunity to share Finland's best innovation practices with Vietnamese partners.</p>	GoF: See General recommendations
General recommendations (not exclusively linked to any separate evaluation criterion, or linked to several of them)			
	<p>GoV:</p> <p>The evaluation team subscribes to the recommendations listed in the Completion report of the IPP II, e.g.:</p> <ul style="list-style-type: none"> - Vietnamese start-ups and innovation related regulatory framework need further attention and international assistance to become harmonised and encouraging. - More attention for the cultivation of culture and mindset which encourage collaboration starting from ideas to co-creation and generation and facilitated by innovation specialized, professional network organisations, such as innovation hubs working closely with other ecosystem builders. - More competition based dynamic environment, conditions, incentive based KPIs. - Improvement of investors protection, especially to modernise the capital market and banking system in Vietnam to improve SMEs access to various forms of capital 		

	<p>In addition, the evaluation team suggests the following:</p> <ul style="list-style-type: none"> - to continue the IPP II's transparent, competitive processes in allocating grants and other financial and soft support. - In the implementation of the programme 844 the principle of enabling instead of controlling are applied to the extent possible. Innovations require space for new thinking and breaking the habitual rules and lines of thought. - to continue streamlining bureaucracies and procedures. - to build trust (e.g. investor and IPR protection) between the participants in the innovation ecosystem.
	<p>GoF:</p> <p>A. Finland should maintain the good visibility, brand and functionalities the IPP II has contributed to. It is important to continue the VMAP kind of soft-landing services for Finnish enterprises interested in Vietnamese markets. Such services could include e.g.</p> <ul style="list-style-type: none"> - Use of local experts to guide Finnish companies - Open, transparent selection of participating businesses - Training/preparing the Vietnamese consultants properly - Preparing the participating Finnish enterprises for the exigencies of the programme and the market. - Ensuring / setting as a prerequisite, that the partner country official counterpart organisations are mandated and resourced for the task, - Ensuring information flows and cooperation between the different TF actors in Finland. <p>B. The MFA should consider introducing new ways to design, implement and monitor adaptive PSD and innovation partnership programmes like the IPP II. The elementary concept of the proposed design is depicted in the figure 15 of this report.</p> <p>The core idea is to</p> <ol style="list-style-type: none"> 1. Focus the accountability on the ex-ante set of outcomes and leave it to the programme to adapt to its operational environment and modify inputs, activities and outputs flexibly to achieve outcomes in the best possible way. 2. Define more generic (e.g. sector specific/thematic) theories of change that would show with sufficient probability, that outcomes lead to intended kinds of impacts on development goals. <p>This kind of design would enable the programme to concentrate on practical implementation without resources being spent on reporting higher level relevance or impact.</p> <p>C. While some elements of the IPP II can be replicated elsewhere, the implementation environment of the IPP II in Vietnam and its economy have been particular. The programme's overall model may therefore not be replicable in other kind of circumstances, e.g. in many of Finland's African partner countries. At the end of this report a suggestion for the MFA is presented concerning a (simplified) method of developing innovation partnership programmes by analysing the operational context and tailoring solutions to match identified needs.</p>

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Abbreviations

AEE	Aalto University Executive Education Ltd
ASEAN	Association of Southeast Asian Nations
BEAM	Business with Impact – Program
BER	Basic Efficiency Resource Analysis
CTA	Chief Technical Adviser
DAC	Development Assistance Committee
DOST	Provincial Departments of Science and Technology
E&I	Entrepreneurship & Innovation
ESG	Environmental, social and corporate governance
GII	Global innovation index
GDP	Gross domestic product
GoF	Government of Finland
GoV	Government of Vietnam
HCMC	Ho Chi Minh City
HEI	Higher Education Institution
HEI-ICI	Higher Education Institutions-Institutional Cooperation Instrument
HRBA	Human Rights Based Approach
IBDE	International Business Development Expert
JE	Junior Expert
KPI	Key Performance Indicator
ICI	Institutional Cooperation Instrument
ICT	Information and Communication Technology
ICTEDU	Information and Communication Technology in Education
IPR	Intellectual Property Rights
IR	Inception Report
M&E	Monitoring & Evaluation
MARD	Ministry of Agriculture and Rural Development
MEE	Ministry of Economic Affairs and Employment of Finland
MFA	Ministry for Foreign Affairs of Finland
MIC	Middle-Income Country
MOF	Vietnam Ministry of Finance
MOET	Vietnam Ministry of Education and Training
MOIT	Vietnam Ministry of Industry and Trade
MOST	Vietnam Ministry of Science and Technology
MOU	Memorandum of Understanding
MPI	Vietnam Ministry of Planning and Investment
MTI	Ministry of Trade and Industry
MTR	Mid-Term Review
NASATI	Vietnam National Agency for Science and Technology Information
NATEC	Vietnam National Agency for Technology Entrepreneurship and Commercialization
NATIF	National Technology Innovation Fund
NIS	National Innovation System
OECD	Organisation for Economic Co-operation and Development
PCI	Vietnam Provincial Competitive Index
PD	Project Director
PFD	Project Framework Document
PM	Prime Minister

PMU	Program Management Unit
PPC	Provincial People's Committee in Vietnam
PPP	Public Private Partnership
PSD	Private sector development
PwC	PricewaterhouseCoopers
R&D	Research and Development
RSA	Republic of South Africa
SA	Systems Approach
SDG	Sustainable Development Goal
S&T	Science and Technology
ST&E	Science, Technology and Engineering
STE	Short-Term Expert
SC	Steering committee
SMEs	Small and Medium-sized Enterprises
TA	Technical Assistance
TECHFEST	Technology Festival
TF	Team Finland
TEKES	Finnish Funding Agency for Technology and Innovation
ToT	Training of Trainers
ToC	Theory of Change
ToR	Terms of Reference
TPT	Traditional Program Theory
VC	Venture capitalist
VCCI	Vietnam Chamber of Commerce and Industry
VMAP	Vietnam Market Access and Partnership Program
VN	Vietnam
WHISE	Ho Chi Minh City Innovation, Start-up and Entrepreneurship Week

1. INTRODUCTION

1.1. Evaluation's rationale, purpose, objectives, scope and main evaluation questions

The Innovation Partnership Programme IPP aimed to support Vietnam in its intention to become a knowledge society and to strengthen the National Innovation System (NIS). Phase I of the IPP was implemented from August 2009 to February 2014 and Phase II from March 2014 to the end of December 2018. The first months of Phase II were focused on closing of Phase I and transitioning to Phase II. The official kick-off of Phase II was in December 2014.

The purpose of the final evaluation is to assess the results of IPP II and their sustainability as well as to provide lessons learned about best practices regarding planning and implementation of similar programmes in a transition context⁴.

The **priority objectives** of the evaluation were to assess and analyse:

1. The impact of IPP II in the development of the start-up ecosystem and innovation policy in Vietnam and its value and merit in the perspective of the key stakeholders.
2. The role of IPP in supporting the transition from aid to trade between Finland and Vietnam.

The **purpose** of the final evaluation was to provide information, lessons learned and recommendations for:

1. Ensuring the sustainability of the results of IPP II and the future development of the sector (for the MOST and other stakeholders)
2. Planning and implementation of future STI programmes, especially in a transition context (for the MFA in other countries and the MOST with other partners, for other donors)
3. The implementation of Finland's transition strategy for Vietnam 2016–2020 and the design of future transition strategies (for the MFA)

The standard OECD/DAC evaluation criteria of **relevance, impact, effectiveness, efficiency, aid effectiveness** and **sustainability**, as well as **coherence** and **added value** of the programme were also to be applied.

The **scope** of the evaluation was defined to cover the period of implementation of the IPP Phase II (2014-2018). Geographically, the evaluation was expected to cover the whole country, but the field work was directed to include Hanoi, Danang, Ho Chi Minh City (HCMC) and Can Tho, which were the focus cities of the programme.

The relevant stakeholder groups to be consulted in Vietnam were instructed to include e.g. the key central government institutions (ministries, government agencies), provincial and city authorities in relevant locations, start-up companies, ecosystem service providers involved in the programme as well as higher education institutions. The international organisations/development partners of Vietnam (ADB, UNDP, SECO etc.) that support or have supported innovation and start-ups were also to be interviewed. At the inception phase

⁴ The complete Terms of Reference of the evaluation: see Annex 1.

the evaluation team also emphasized the need to gather views of potential investors and financiers of start-up companies.

In Finland the MFA, Finnish companies involved in VMAP and other governmental stakeholders (especially Business Finland and Ministry of Economy and Employment), as well as representatives of cities that have cooperated with Vietnamese cities in the programme, were included in the list of stakeholders to be consulted.

2. THE IMPLEMENTATION OF THE PROGRAMME

2.1. Context analysis

Vietnam is among the fastest growing economies in the ASEAN with 7.1% GDP growth in 2018⁵. PwC predicts that Vietnam will become “the 20th largest economy by 2050” spurred by its three major growth engines, namely, young and competitive workforce, competitive economy and stable government committed to growth.⁶ Vietnam has achieved significant improvements in the development of its national Innovation and Start-up Ecosystem since 2014. This year, 2018, Vietnam ranks as 45 out of 126 countries in the Global Innovation Index (GII). This is an improvement of 26 ranks from 2014 and 14 from 2016.⁷ Currently Vietnam has around “3,000 start-ups involved in sectors such as fintech, food tech, healthcare, and e-commerce”⁸. There were merely 400 start-ups in 2012 and roughly 1,500 in 2015.⁹

In 2017, the number of start-ups increased by 45 percent compared to 2016 and “92 start-ups received investments worth US\$ 291 million”. The biggest deal was the acquisition of Foody, a food social network start-up, with US\$ 64 million by SEA Group based in Singapore. Although recent developments have been encouraging, compared to other economies in Southeast Asia, the industry still lags behind in terms of scale and funding.¹⁰ Tech in Asia estimates that in 2017, the Southeast Asian region “attracted US\$ 7.86 billion in start-ups.”¹¹ Vietnamese start-ups accounted for less than 5% of this.¹²

According to a study conducted by the VCCI on the entrepreneurial spirit of 60 economies, Vietnam is among the top 20 globally. However, in terms of implementation and establishment of a new business, Vietnam is among the bottom 20.¹³ The ranking of Vietnam in the World Bank’s ease of doing business index is 68 out of 190, up 14 places from 2016, suggesting that the trend, nevertheless, is positive.¹⁴ According to PCI’s Business Thermometer measured over time (Figure 1) “the level of business enthusiasm has been recovering since 2013 and fifty-two percent of PCI 2017 survey respondents said that they planned to increase the size

⁵ ADB 2018

⁶ PwC 2018

⁷ Viet Nam News 2018 and GII 2014

⁸ Shira 2018

⁹ Huynh 2018

¹⁰ Shira 2018

¹¹ ” VOV 2018

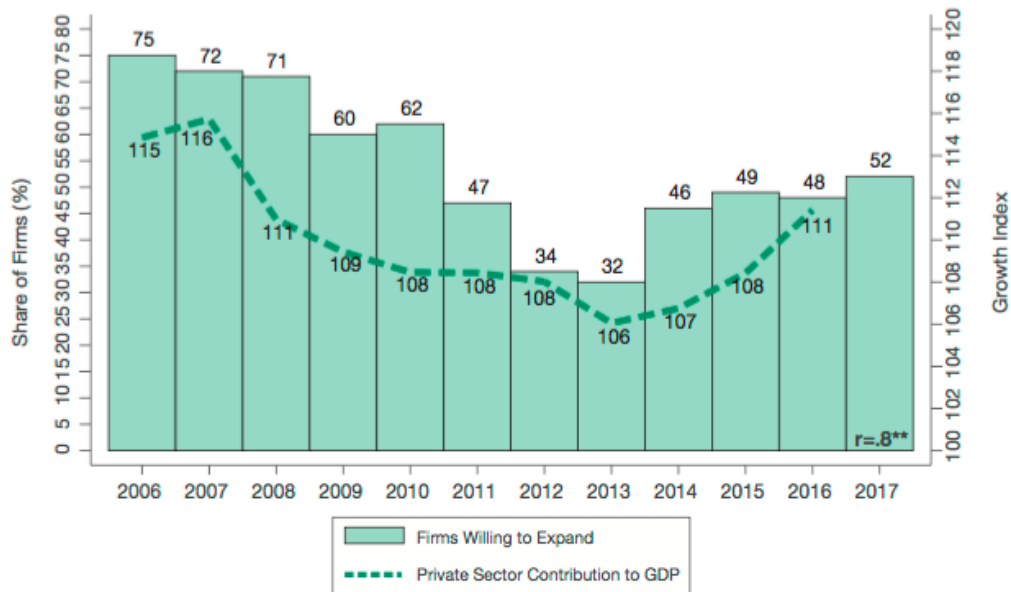
¹² Tu Minh Hieu, a representative from the Department of Market and Sci-Tech Enterprise Development, Ministry of Science and Technology” at Start-up Forum in Hanoi this year 2018

¹³ ibid

¹⁴ World Bank 2018 and PwC 2018

of their operations over the next two years, four percentage points above last year's level".¹⁵ The figure also suggests that there is a "strong correlation between reported expansion rates from the PCI survey and growth in the private sector's contribution to GDP as measured."¹⁶

Figure 1. PCI Business Thermometer over Time (Malesky et al. 2018). *PCI Survey Question A12, "Which statement best characterizes your firm's investment plans over the next 2 years?"* Figure reports the percentage of firms that responded that they will increase or considerably increase operations.



Regulatory Framework

Science and Technology first emerged in legislation in Vietnam during the period of economic liberalisation, Doi Moi, in 1987-95, when the state monopoly was removed on Science and Technology (S&T) activities, R&D organizations were allowed to enter into contractual relationships with individuals, non-state organizations and rules for technological transfer were introduced and legal basis for intellectual property rights were established. The budget for Science and Technology was decided to be doubled, although the majority of the funding was allocated exclusively to governmental S&T organisations. Linkages between Research and Development (R&D) institutions and private sector remained weak.¹⁷ Early 2000s was characterised by multiple new legislations, institutional arrangements and infrastructures that developed the S&T environment.¹⁸ From 2010 onwards marks another phase in the development of an innovation ecosystem in Vietnam. The new law on Science and Technology, approved in June 2013, is the first legal document defining the commitments of Vietnam to the development of innovation. The legal basis was further developed by adopting the 2011-15 Socio-Economic Plan, the 2011-20 Development Strategy and the resolution of Party Central Committee on S&T development. Also institutions went through reforms and the

¹⁵ Malesky et al. 2018

¹⁶ ibid

¹⁷ OECD 2014, 22

¹⁸ ibid, 24

National Agency for Technological Entrepreneurship and Commercialisation (NATEC), as well as National Technology Innovation Fund (NATIF), were established.¹⁹ According to interviewees of this evaluation, the first incubators and accelerators started their activities after 2010, at the same time that the government set the first targets for the number of new start-ups.

Phase I of the IPP started in August 2009 and lasted until February 2014. It was immediately followed by Phase II, which ended in December of 2018. Vietnam reached the status of a lower middle-income country in 2010. However, when the Phase 2 was started in 2014, the start-up and innovation ecosystem in Vietnam was still in a relatively nascent stage. The legal & governmental policy frameworks to support start-ups and enable I&E Ecosystem remained underdeveloped, there was a lack of appropriate tools to support start-ups, a lack of human capital and an absence of a culture of innovation. Therefore, the operational environment for IPP II in its initiation was challenging. The programme aimed to be one of the key drivers of the emergence and maturation of the innovation and start-up Ecosystem in Vietnam.

The change of government in 2016 constituted a turning point for the Vietnamese innovation policies, as well as for the IPP II. The economic policies, previously more closely linked to the established, larger corporations, and SMEs on traditional sectors, became more focused on innovation and innovative start-ups. In 2016 the Prime Minister approved the “Supporting National Innovative Start-up Ecosystem to 2025” project, through Decision 844/QD-TTg/2016, more commonly known as Project 844. “It focuses on supporting the national innovation start-up ecosystem through 2025 and developing a legal system and a national e-portal for start-ups by 2020. In addition, it also provides funding support to 200 start-up enterprises”²⁰. Together with the law on Technology Transfer passed in 2017, these acts started to lay down the legal foundation for the start-up movement and I&E Ecosystem in Vietnam. In May 2016, the Government adopted a resolution on Enterprise Development Policy to 2020. It was decided that Vietnam should “undergo a considerable economic restructuring, enhance the economic growth index on the basis of innovations, initiatives, information and technology, focus on private enterprises and take them as a driving force for economy competitiveness and autonomy.”²¹ The resolution engages all levels of government and, for the first time, focus was on high growth innovative companies and provision of soft support for start-ups via innovation accelerators.

Key supporting administrative reforms regarding the successful enforcement of Enterprise Development Policy include “Resolution No.19/2016/NQ-CP from 2016 on key responsibilities and measures for improving business environment and national competitiveness, Document No.66/TB-VPCP from 2016 on the execution of the Law on Enterprises and Law on Investment and Resolution No.36a/NQ-CP from 2015 on E-government. It includes “the creation of favourable business environment for start-ups and innovative enterprises”. Under this resolution The Ministry of Planning and Investment (MPI) is in charge of e.g. examining and evaluating “the effectiveness and execution progress of enterprise development policies, especially for start-ups and innovative enterprises.” The Ministry of Science and Technology

¹⁹ *ibid*

²⁰ Shira 2018

²¹ Government of Vietnam Resolution No. 35/NQ-CP, 2016

(MOST) is responsible for executing the start-up ecosystem plan approved by the Prime Minister.²²

Assistance Policies on National Innovative Start-up Ecosystem to 2025 was approved in 2016. The objective was “to create a favourable condition for the development of enterprises that have potentials for rapid growth by utilization of propriety assets, technology and business initiatives and to promptly complete legislations on assistances in start-up ecosystems; to set up a national start-up ecosystem portal; to provide an estimated funding of 1,000 billion dong for 800 start-up projects and 200 start-ups including 50 enterprises financed with venture capital. The objective is to have: 2,000 start-up projects, 600 start-ups and 100 start-ups under the Scheme financed by venture investors with the estimated amount of 2,000 billion dong by end of 2025.”²³

Actions stated to be taken include that the government “shall facilitate market penetration of domestic start-up partners and investors as well as allocate science and development funds and grant concessional loans or borrowings and contribute capital to start-ups”.²⁴

Project 939 in 2017 on supporting women’s start-ups was announced one year after Project 844. Project 1665 in 2017 on supporting student start-ups followed after Project 939, marking a focus on start-ups from universities in Vietnam.

The strengthening of the legal framework has continued. In 2018, the Government has promulgated regulations and programmes to further support start-ups, including Decree 38/2018/NĐ-CP on innovative start-up investment²⁵. Decree 38 identifies and recognises innovative start-up investment activities as business activities and “identifies the legal status of innovative start-up companies and funds”²⁶. “The decree is expected to provide a legal basis for private investors when jointly contributing capital to establish a creative start-up fund and streamline capital flows for creative start-up activities”²⁷.

Despite the determination of the government, and regulatory reforms, businesses still report considerable difficulties in their operations, related for example to the number of business conditions (specific requirements that enterprises must meet to be allowed to do business), or different kinds of unofficial costs (such as traffic police and inspectors, market management, various units of the state management agencies involved in the procedures etc).²⁸

The new role of universities

“The Government of Vietnam has adopted an ambitious strategy for the development and application of science and technology (S&T) until 2020, aiming e.g. to boost the value of high-tech products to 45% of total industrial production value by 2020.”²⁹ “Efforts to develop a better understanding of the role of universities and research institutions have increasingly been conceptualized within the Triple Helix model of innovation-driven economic growth³⁰, in which

²² (Government of Vietnam Resolution No. 35/NQ-CP, 2016.)

²³ Government of Vietnam Resolution No.35/NQ-CP.

²⁴ Government of Vietnam Resolution No.35/NQ-CP

²⁵ VOV 2018

²⁶ *ibid*

²⁷ *ibid*

²⁸ Tuổi Trẻ October 13, 2018

²⁹ Vietnam News in Baark 2016

³⁰ Etzkowitz, 2008 in Baark 2016

these institutions work closely in complex, interactive relationships with government agencies and private enterprises”³¹. After 2016 the perspective has been widened still, focusing on the more extensive concept of innovation ecosystems.

In Vietnam, the key weakness of the National Innovation System (NIS) has been the low level of investment in R&D activities, as it is quarter of a percentage of GDP. Therefore, through innovation policy reforms, more resources have been tried to mobilize for R&D, including private sector funding which accounted for less than 20% of the total at the time the implementation of the IPP II begun.³²

Many universities have focused on teaching and “few universities have developed advanced research or postgraduate training”. The technology facilities are lagging behind.³³ One of the key barriers for the Triple-helix model, but also to the wider innovation ecosystem development has been the limited autonomy of universities and research institutions. In 2005, A Higher Education Reform Agenda (Resolution 14/2005/NQ-CP) introduced measures intended to achieve further significant growth and change in the system by 2020.³⁴ The resolution included notions of increasing the autonomy for the universities.

Vietnam has made significant strides on tertiary education.³⁵ Access to tertiary education has expanded appreciably with enrolment more than doubling from 900,000 in 2000 to 2.2 million in 2016.

However, according to the World Economic Forum’s Global Competitiveness Report, 2017-18, Vietnam ranked 84 out of 137 countries on the quality of its higher education system and 79 out of 137 on its capacity for innovation. Vietnam is moving in the right direction on autonomy of higher education institutions, but progress is limited in scope and clarity.

Transition from aid to trade and investment-based cooperation between Finland and Vietnam

A significant shift in the operational environment of the IPP II was the decision by the Finnish government to end aid-based development cooperation with Vietnam and move towards more reciprocal trade and investment-based relations. This decision was made already in 2012 and was included in the country programme for Vietnam (2013-2016). However “*..in order to move swiftly and efficiently from aid to trade, a well-planned and efficiently executed transition strategy*”³⁶ was needed. This transition strategy was approved in late 2016.

The objective of the transition strategy was:” *to further strengthen economic relations and increase trade volumes*”³⁷, though no specific targets for e.g. the trade volumes were set. Likewise, “*the targeted outcome of the transition is a strengthened bilateral partnership with trade and commercial relations as its new core, based on the notions of equality and mutual benefits*”, This goal in the strategy’s mission complemented “other mutually beneficial

³¹ Leydesdorff and Meyer, 2006 in Baark 2016

³² Baark 2016

³³ Baark 2016)

³⁴ Sheridan 2010

³⁵ Ousmane Dione, Country Director for the World Bank in Vietnam

³⁶ The Transition Strategy:

https://um.fi/documents/35732/48132/cooperation_between_finland_and_vietnam_2016_2020

³⁷ *ibid*

partnerships” and a vision of Finland “...*known in Vietnam as a reliable partner providing economically and environmentally sustainable solutions that contribute to Vietnam’s development goal of become an innovative, knowledge based economy*”.

The increased trade and strengthened commercial relations are thus the key objectives of the strategy, but Finland also aims at other goals in its relations with Vietnam.

The strategy states that, during the transition, Finland would focus on the following sectors: water; forestry; science, technology and innovation; energy and other cleantech solutions; and education. Completion of the implementation of the IPP II got an important role in the transition towards the new kind of cooperation in the science, technology and innovation sector.

2.2. The Programme logic and its transformation

The Vietnam-Finland Innovation Partnership Programme, Phase 2 (IPP II) an Official Development Assistance Programme was jointly financed by the governments of Finland and Vietnam from March 2014 to December 2018 with 11 million EUR budget. The Finnish grant contribution was up to 9.9 million EUR and the Vietnamese maximum 1.1 million EUR. The Competent Authorities of IPP II were the Ministry for Foreign Affairs of Finland represented in Vietnam by the Embassy of Finland, and the Ministry of Science and Technology of Vietnam.

The Counterpart, the Ministry of Science and Technology (MOST) appointed Program Director (PD) who was in charge of the Program Management, coordinating preparations for decisions and executed the Program jointly with the Chief Technical Advisor (CTA).

The program resourcing and planning decisions were made in the quarterly meetings of the Program Steering Committee (SC) which consisted of the Vietnam ODA management regulations (Degree 38, later Degree 16) required ministries of Finance and Planning and Investment besides the representatives of MOST and the Donor (MFA). Also a Program Management Unit (PMU) was set up, as required in Vietnam.

The contents of the IPP II programme

IPP II inherited and continued the IPP I overall aim to support the development of Vietnam’s National Innovation System (NIS). During the inception phase, a significant narrowing and redefinition of the programme focus from the more general NIS support to innovative start-ups was made. The programme mapped and analysed actors, stakeholders and participants of the Vietnamese innovation scene, as well as their activities and resources. While the common RDI policy and practice in Vietnam at the beginning of the implementation period often focused on cooperation in technology development with larger (often state owned) enterprises and origination of projects by more established R&I institutions and knowledge providers, the programme preferred open calls, transparent selection procedures and bottom-up origination mechanism. This approach enabled access to support for students, researchers and newly established, or to-be-established companies with often little experience, references or maturity but possibly viable innovative solutions and potential for growth.

The part of the NIS the IPP II concentrated on was thus chosen to be the innovative start-up enterprises and supporting them in producing new innovative products and services to the international market. The IPP II opted to “...*work as a catalyst and seed funding organization to create a pipeline of internationally scalable innovative solutions and innovation hubs to*

attract multiple partners, professionals and other resources to strengthen the National Innovation System in Vietnam".³⁸

This change was to be crucial for the operations, added value and impact of the programme³⁹. But to support this focus, the capacity of other actors of innovation systems – government and its agencies, universities and other knowledge producers as well as innovation service providers such as incubators – was assessed as needing strengthening. New partnerships were also seen to be necessary. The legal and regulatory environment of start-ups was seen to need improvements. The programme evolved even more strongly towards the multi-helix-type of approach, and working with larger numbers of innovation field stakeholders than the IPP I.

The three components/result areas serving for the new focus were stated to be:⁴⁰

1) Institutional development and capacity building / *“Capacity of public and private stakeholders increased through focused and comprehensive innovation and entrepreneurship curriculum”*.

2) Partnership for innovation / *“Collaborative actions of innovation system stakeholders on national, regional and international levels”*. This component aimed at piloting innovation hub models in four regions (Hanoi, Da Nang, Ho Chi Minh City and Can Tho) by creating and supporting hubs in these locations.

3) Innovation Projects / *“Improved support for new innovative companies targeting international markets”*, with funding and soft support to innovative spin-off and start-up businesses.

Towards the end of the implementation period, the need to ensure programme impacts and their sustainability guided the programme design and implementation.

The GoV, on the other hand, assumed, through its new policies and regulations, the responsibility of creating/maintaining a conducive environment for innovative start-ups through legal and regulative reforms and financial support; continuation of support to capacity building; maintaining the conditions for networks and ecosystems to operate; and creating space and trust for private investors to start financing Vietnamese innovative start-up companies. (844 programme among others – see chapter 2.1.

In order to intensify programme implementation before closing, to react to discussions at e.g. SC concerning the programme’s measurability, and to ensure sustainability of its results, the Exit Strategy was approved in April 2017. In this strategy the number of components/result areas was reduced to two: 1) Institutional Support and Capacity Building, aiming at creating strengthened institutional capacity that will enable the building of a healthy start-up ecosystem, and 2) Partnership Creation and Sustainability pursued creating cross-border investment, institutional and commercial collaboration platforms.

³⁸ Inception Report, March 2015

³⁹ The backgrounds and reasoning of the change cannot, though, be exhaustively found in the programme documentation. The description of the change here relies therefore mostly on the interviews of various IPP II stakeholders.

⁴⁰ Inception Report, March 2015

The result area of **Innovation Projects** of the previous strategies was thus merged in the two other result areas. The programme's intended overall impact was reformulated. The transition-related interests were made more visible than in the previous guiding documents.

As a way of ensuring sustainability of the supported activities, an outsourcing model was selected, with the intention of ensuring the continuation, on a commercial basis, of the IPP-type capacity building and partnership creation services.

The results chain of the Exit Strategy, including the new result areas is presented in Annex 6.

Transition-related elements

Towards the end of the IPP II some new elements were added to it that reflected mostly the needs of the transition strategy of the GoF, regarding the cooperation with Vietnam.

At the end of 2016, TEKES and NATIF⁴¹ organized an open call for Finnish-Vietnamese business partnerships aimed at bringing together commercial entities from both countries and thus creating a platform for later trade- or investment-based cooperation.

After this call had proved unsuccessful, the Vietnam Market Access and Partnerships Programme (VMAP) was launched in June 2017. The programme arranged a call for Finnish innovative companies interested in exploring Vietnam in their international expansion strategy and willing to tailor their solutions through local partnerships. VMAP was linked to the IPP II innovation expert training by assigning local professionals to work with the selected Finnish companies for business creation in Vietnam. The team leaders assigned to work with the Finnish companies were ToT-trained. IPP II covered the costs of the Vietnamese and international experts. After selection procedures, 24 Finnish companies participated in the programme.

Also the city-to-city cooperation was named as one of the activity areas that supported the transition and Exit Strategy of the IPP II programme. At the beginning there were three Finnish cities - namely Turku, Helsinki and Tampere - and two Vietnamese cities: HCMC, and Danang, that were interested in starting a Smart-city collaboration. University of Tampere and University of Turku had already, at that time, close academic collaboration and joint programmes. The University of Tampere has been providing master's education in public finance in Hanoi, Vietnam, in collaboration with the Vietnamese National Academy of Public Administration.

The University of Turku has had several cooperation programmes with Vietnamese universities. The Business and Innovation Development unit at the University of Turku started in March 2013, together with the Hanoi University of Science and Technology (HUST) and the University of Danang (UD) in Vietnam - a HEI ICI development project "ICTEDU". The Project aimed to enhance the relevance of higher education and the employability of higher education students in the Hanoi and Danang regions. The role of the University of Turku in the ICTEDU project was to advise and support the Vietnamese partner universities in their efforts in the development of University curricula in ICT and in providing the students with more relevant educational programmes answering to the needs of the ICT businesses. During the transition period Turku Science Park has become a key intermediary organisation and the coordinator of the Smart-city cooperation between City of Turku, City of Danang and HCMC. IPP II

⁴¹ Originally NATEC, but the responsibility for the call was in Vietnam transferred from NATEC to NATIF.

programme has supported this cooperation and taken Smart-city cooperation as one of the transition activities. Although, financial support from the IPP II to the city of Turku has been marginal, it has helped Turku to find network partners in HCMC and Da Nang. This has resulted in collaboration agreements and MoUs.

Programme logic and management

Perhaps the most discernible characteristic of the IPP II has been a constant change: be it of pursued goals and outcomes, implementation modalities and activities, indicators, or the allocation of programme budget. Flexibility and adaptivity as an implementation approach have been emphasized right from the beginning⁴².

This adaptivity and willingness to change has manifested itself in the evolution of key programme documents. Four versions of the programme document (or similar guiding documents like strategies) and a large number of logical frameworks and indicator sets have been produced during the 4 years of implementation of the programme.⁴³

That the original programme framework document is reviewed during the implementation, and more detailed plans are added, is a normal practise in programme management; it may be necessary to alter resource allocation, activities and inputs to ensure the achievement of the overall goals and production of the intended impact. The change of overall goals or intended impact, on the other hand, or variance on how they are understood, is more uncommon. In the case of IPP II, the pursued overall objectives, goals or impacts (depending on the results chain version) and even the positions of the intended outcomes and impacts in the results chain have changed and varied from one key document or implementation stage to another. At times it looks as if the higher levels /later stages of the results chain have been reformulated to accommodate with the changes made in the lower levels/earlier stages of the chain, i.e. activities and inputs, or to clarify for the SC the direction to which the programme was heading.

Some of the key documentation in which such changes have occurred, have been listed in Table 1 below. Annex 5, “Development of programme overall objective, purpose and results/result areas/components of the IPP II” shows the changes that have occurred in the key documents.

Table 1. A sample of key documents produced during the planning, inception phase and implementation.

Date	Documents
October 2013	Project framework document (PFD) + Logframe
October 2014	Inception report + Logframe
July 2015	Baseline study + Table of IPP revised monitoring indicators

⁴² See e.g. the discussion on Inception report in the SC 2, 14.11.2014

⁴³ The steering committee has repeatedly requested the programme to produce such documents to better justify, record and communicate the changes, the intended activities as well as their success/results.

October 2015	The updated strategy
April 2016	Logframe revisited after SC comments and fitting the new strategy
April 2017	Exit Strategy
	Results chain of the Exit Strategy

Whether IPP II has been adaptive, reactive or proactive when implemented like this is a matter of definition. In some cases, the programme can be said to have **adapted** to accommodate the new information collected and received from the operational environment. An example of such an adaptive approach is e.g. the change of focus to start-ups at the early stages of implementation, after analysing the roles and positions of different participants in the Vietnamese innovation ecosystem.

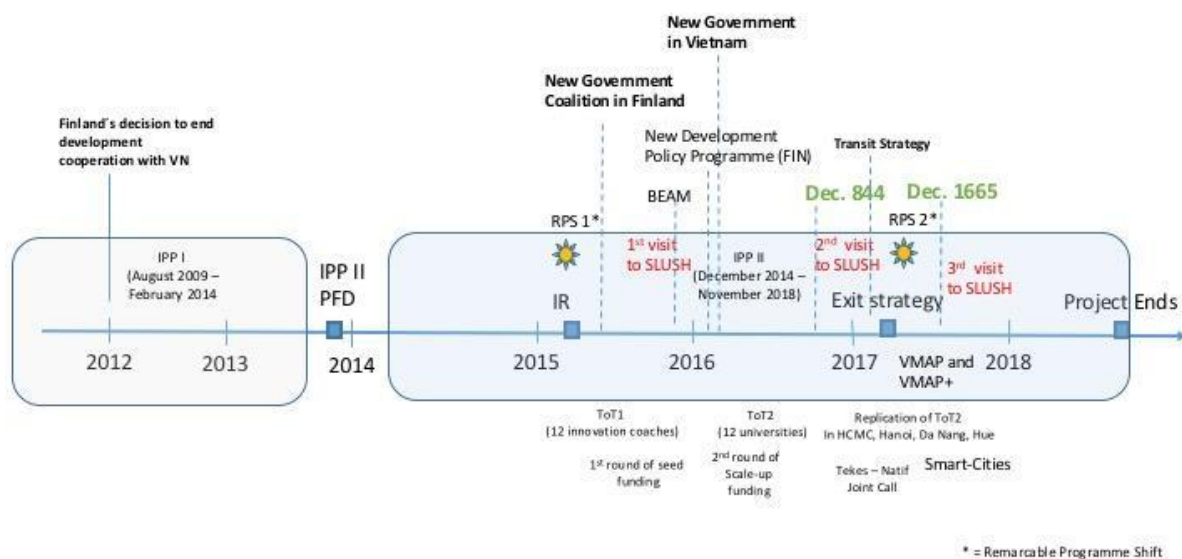
The way IPP II has strived to influence Vietnamese policy-makers and support them in developing the regulative framework (e.g. Prime Minister's decisions 844 and 1665) may provide an example of the **proactive** way in which the programme has functioned. The same can be seen as a **reaction** to the change of the government and as seizing the opportunity, as policies of governments can often be best influenced just after the regime change.

As a part of this adaptivity a large number of activities, outputs and outcomes appeared in the programme documentation in some phase of the implementation, just to disappear again later, often with little to no reference to the possible realization of them, or justification for their disappearance. Example of this, scattered through the programme documentation is abundant, including e.g.:

- Creation of international multi-helix partnerships (at least six) for selected regional innovation-driven product chains (PFD)
- Innovation Award (PFD)
- Cross border funding pool for innovative projects of start-ups and SMEs (Exit Strategy results chain)
- Operationalisation of e-platform and Digital platforms for partnership creation and matchmaking (Exit-strategy results chain)
- Establishment of the outsourcing model for continuation, on commercial basis of the capacity building and partnership creation services
- etc.

The same applies to indicators, of which there are different sets attached to different core programme documents. Very few of the indicators of e.g. PFD were actually monitored and reported on. The same repeats with the indicators of the later stages, at the IR, or even Exit-strategy phase. The indicators in the Completion report, again, mostly do not match with the indicators of the previous phases, even with the indicator set defined at the Exit Strategy phase. Most of the Completion report indicators are at the activity/input or output levels of the causal chain (consisting of e.g. no. of people trained or participated, no. of organized events or similar).

Figure 2. Critical events and milestones of the IPP II Programme.



The causal, contribution and attribution linkages themselves are often difficult to discern from the documentation, even in the final, Exit-phase results chain (see Annex 6). A framework of standard programme theory structure, including concepts and tools, is superimposed on a flow of loosely linked adaptive, reactive and proactive actions and activities.

Figure 2. describes the major events and milestones of the IPP II Programme. There are two major programme shifts: the first one is the Inception Report in March 2015 and the second is the Exit Strategy in April 2017 (especially the results chain and redefined set of indicators). The Inception report introduces a new systemic approach for developing innovation ecosystems in Vietnam. Revised programme objectives (or purposes as stated in the Inception Report) were: 1) Initiate a shift in business culture from small to high growth mindset 2) Build the capacity of public and private stakeholders to introduce innovative solutions to domestic and international markets 3) Sustainability through alignment within and between Key National, Regional, and Global innovation stakeholders and partners.

The shift was justified by the early phase experiences and interviews with the beneficiaries and stakeholders. During that time there was a change of Government in Finland and a new Development Policy Programme under preparation, with a strong emphasis on the private sector, innovations and new know-how, value chains and technologies that are used in ways for the benefit of sustainable development. Also a new instrument BEAM⁴⁴ (MFA and Business Finland's joint program with the government to support Finnish companies generate sustainable business in developing countries) was under preparation.

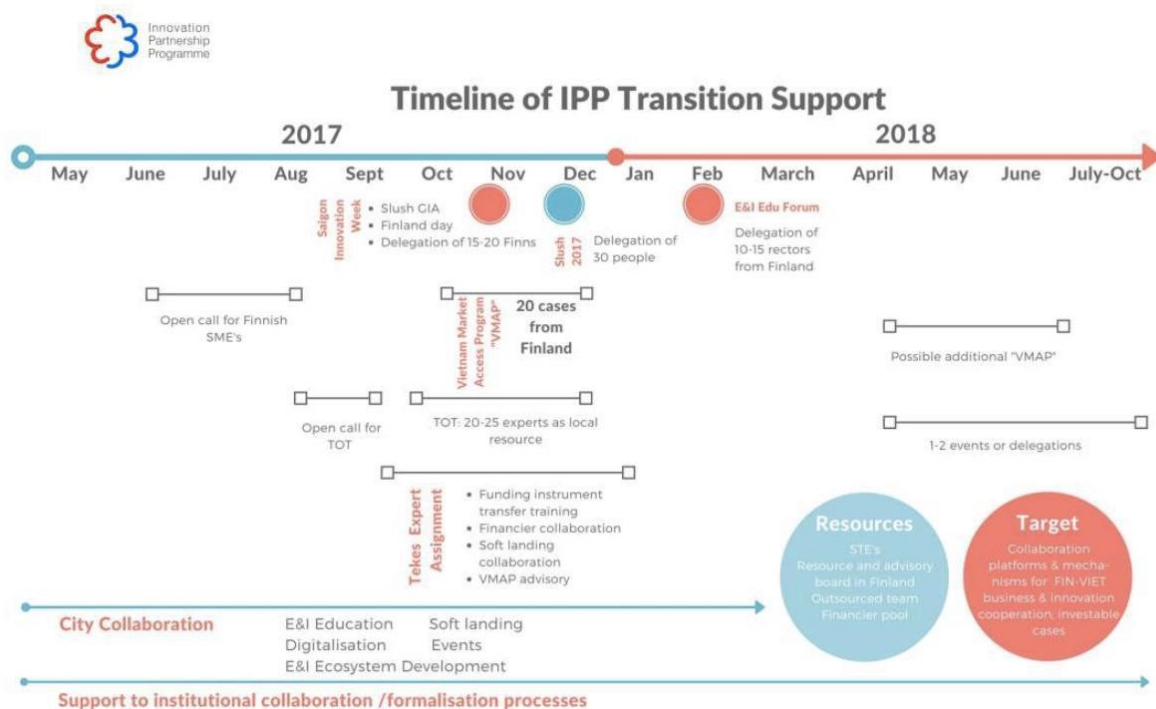
In 2016 there was a change of Government in Vietnam. A new government, headed by the Prime Minister Nguyen Xuan Phuc, strongly supported the Innovation Ecosystem Development and emphasised the importance of start-ups as main drivers of the system.

⁴⁴ BEAM is a five-year program with a budget of 50 million euros, aiming to create sustainable business in developing countries with Finnish innovation. The funds are equally provided by Business Finland and the Ministry for Foreign Affairs.

Israel had given an example by announcing the country as start-up nation. Vietnam wanted to follow this path. Some of the interviewees said that the visit of the high-level Vietnamese delegation to the SLUSH conference in Finland turned then Finland into an international benchmark for Vietnam in the field of start-up ecosystem development⁴⁵.

Soon after the new government had started its term, MOST began to make preparations for drafting the 844 regulation to support a start-up ecosystem. Later on it was followed by Decision no. 1665 to support universities to introduce E&I-related curricula. Decision no. 844 was given by the Prime Minister on May 18, 2016, effective through 2025. Additionally, in June 2017, the National Assembly passed the law on SME Support, which recognizes venture capital funds, enables tax incentives for start-up investors and allows the creation of “fund of funds”, a remarkable opportunity for Vietnam’s private sector. IPP II programme and some of the ToT1 change agents played an important role during the preparations of these PM decisions.

Figure 3. IPP Transit Support (Exit Strategy, April 2017)



The other major shift in IPP II objectives and indicators took place with the approval of the Exit Strategy (April 2017).

2.3. The Programme implementation: Main achievements

In the original Programme Framework Document, the programme was divided into three Result Areas (Components) which were:

⁴⁵ MOST Vice Minister Tran Van Tung had attended SLUSH in Helsinki, in 2014 as a precursor to the first TechFest in Vietnam in 2015, which was supported partly by IPP II.

- **Result 1** (Component 1 Institutional development and capacity building): Public sector agencies, enterprises and research institutions have strengthened institutional capability for planning, guiding and implementing innovation related policies

- **Result 2** (Component 2 Partnerships for innovation): National and international partnerships formed for innovation eco-systems in the selected regions and sectors

- **Result 3** (Component 3 Innovation projects): Development of innovative products and services in selected regions with established multi-helix partnerships, and innovation modelling developed and demonstrated

In the 2017 results chain (see Annex 6), the Program's intervention logic was redefined. The new results chain consists of a single impact target with two outcome targets (result areas), each of them having a limited number of defined outputs. These reformulated result areas were:

- **Result area 1:** Institutional Support and Capacity Building

- **Result area 2:** Partnership for Innovation

Result area 1 consists of two main parts: 1) Institutional support and 2) capacity building. In the first area the IPP II aimed at providing innovation systems examples and policy guidelines for Vietnamese policy makers that helped them to learn and absorb for better E&I policy design and implementation (in MOST and other relevant ministries such as MPI, MOET and MoF).

The Program conducted a consultative process, engaging over 100 relevant stakeholders and resulting in two policy discussion papers recording a number of evidence-based policy recommendations (for E&I education and start-ups-SMEs innovation funding) which were submitted by IPP2 to the attention of relevant Government authorities. Supported by these activities, several laws (such as Amended Law on Technology Transfer 2017), Government Resolutions (e.g. Government Resolution 35/NQ-CP issued on May 16, 2016), PM Decisions (Prime Minister Decision 844/QD-TTG issued on May 18, 2016 on "Support for the national innovative start-up ecosystem till 2025), guidelines (A guideline of Ministry of Education and Training (MOET) on innovative start-up implementation on higher education institutions, no. 2101/BGDĐT-KHCNMT issued on May 24, 2018) were issued. IPP II also supported the process, initiating Program 1665 after a Prime Minister Decision was issued in 2017 on supporting student start-ups, marking a focus on start-ups from universities in Vietnam.

IPP2 conducted capacity building in the context of the Entrepreneurship and Innovation ecosystem development. An Open Source Entrepreneurship & Innovation Core Curriculum was created, tested and later popularized across the country by Training of Trainers Concepts. The IPP II trained over 200 trainers through Open Calls (competitive process). The selected Innovation Champions have disseminated gained knowledge within their communities and institutions, including over 30 universities across Vietnam. The IPP II's capacity-building activities consisted of 45 events with 2,450 participants which were carried out at grassroots level as well as the management and highest Government leadership levels.

The main outputs or achievements in Result Area 1:

- Four executive training courses for high ranking government officials which enabled the participants to understand better innovation needed reforms in Vietnam, motivating them to support new policy design. The Program conducted 2 training courses on innovation management, 2 courses on funding for innovation and entrepreneurship, and policy for E&I

education. In total, there were 92 policy makers and implementers from MOST, MOET, MoF, MPI and MTI, ST&E, Committee of National Assembly and the Government Office. Also cities and provinces, E&I ecosystem enablers and Vietnamese universities participated in these activities.

- Establishment of the first Vietnam Open Source Entrepreneurship and Innovation Core Curriculum to be adopted and modified for multiple E&I capacity building purposes. This curriculum has been already widely used by universities, ecosystem developers and others delivering needed E&I substance contents and teaching methodologies. The IPP II trained beneficiaries (IPP alumni) reported in the summer 2018 conducted impact survey, that they have trained to date, in total, over 12,000 people using the established curriculum.
- Creation of training of trainers - E&I capacity building- concepts to train innovation Champions capable to a) coach start-ups b) train E&I in educational establishments. Training of Trainers 1 (ToT1) qualified the prominent national innovation experts. E.g. MOST is relying on the ToT1 trained in start-up innovation ecosystem activities development. The output was 12 first ever start-up coaches in Vietnam which worked on the IPP II granted 18 start-ups over 9 months. In 2017 this concept was modified to train 20 Innovation Coaches which worked on the IPP II selected Finnish innovative company cases in Vietnam Market Access Partnership operation over a year.
- Training of Trainers 2 (ToT2) targeting E&I lecturers in higher education institutions was started in 2016. The first batch consisted of 35 lecturers from the IPP II selected 11 universities and training organizations. 4 IPP II co-organised replications followed in HCMC, Hanoi, Danang and Hue. In total, ToT2 gave rise to 154 IPP II certificated ToT2 trainees, representing 54 universities and other training institutions.

The aim of Result Area 2. (Partnership for Innovation) was to provide a test bed in how partnerships can be created as a foundation for sustainable innovation collaboration. Partnership building achievements formed the foundation for collaboration platforms development. Over the program's last 18 months, a city-city collaboration between Finnish and Vietnamese cities was facilitated by IPP II, supporting the Government of Finland transition agenda building in Vietnam. Work focused on the National Innovation System functionality improving Innovation-SMART City agendas development and related implementation preparations within collaboration interested cities of HCMC, Da Nang and Binh Duong. Earlier, the IPP II facilitated a NATEC-TEKES lead collaboration initiative (joint funding call for enterprises). Unfortunately, it did not lead to any concrete projects.

The main outputs or achievements in Result Area 2:

- Establishment of Vietnam Market Access and Partnership Programme (VMAP), a new collaboration platform for Finnish and Vietnamese companies. The Finnish applicant companies interviewed and evaluated prior to joining VMAP reported having little/none market presence in Vietnam. VMAP attracted 33 Expressions-of-Interest, out of which 24 were accepted.
- The IPP II established grant projects portfolio consisted of: 18 Phase 1 (seed funding) start-up company projects, 4 Phase 1 ecosystem (consortia) projects, 5 start-up company Phase 2 (scale up funding) projects, 2 ecosystem Phase 2 projects and 7 new integrated projects (run by universities and ecosystem supporters). The IPP II supported start-ups were proven to become exceptionally successful. Over 70% of them have been reported to survive after 3 years of operation.

- Facilitation of Finland-Vietnam city-city innovation collaboration to support Finland's transition from ODA to trade resulting by end of 2018 in total 9 formalised collaboration agreements. Worked on Smart to Innovation city developments within the trade-based innovation partnerships interested cities.
- Organising in Vietnam 92 different IPP II networking events over the program lifetime with over 5,400 participants across the Country. Bringing in SLUSH Helsinki nearly 100 Vietnamese start-ups and their supporters to learn and network. Organising programs and contacts connecting 90 Finnish organisations and companies through IPP II involved initiatives such as WHISE and VMAP.

The implementation of IPP II started in early 2015 with the creation of the start-up and ecosystem project portfolio and first series of ToT1 trainings. The aim of the open calls was to select beneficiaries that were to be supported by IPP II established funding and capacity-building mechanisms. According to the IPP II Project Completion Report, these on-the-ground piloted practices for entrepreneurship and innovation promotion formed much-needed evidence and confidence, enabling their adoption and upscaling by Vietnamese start-ups and innovation ecosystem supporters.

3. KEY FINDINGS

In the following chapters the findings (the gathered information and data) of the evaluation are presented that shed light on the key evaluation criteria stated in the ToR.

3.1. Relevance and coherence

The overall relevance of the programme is understood to consist of its relevance for the three key stakeholder groups:

1. The Government of Vietnam;
2. The final beneficiaries, i.e. Vietnamese and Finnish start-ups and SMEs and;
3. The Government of Finland.

Some notes will also be made on the findings regarding the coherence of the programme (the internal coherence and the coherence with the two governments policies and goals.)

3.1.1. Relevance for the Government of Vietnam

As described in chapter 2 the attention given to innovative start-ups was a policy shift by the new government in 2016, but also a continuation of previous governments' policies and strategies. The importance of S&T and SMEs was acknowledged already in the 2011-2015 Socio-economic plan, during the implementation of which, for example, NATEC and NATIF were established.

At this time, however, the idea of supporting S&T and R&D was still tilted towards supporting the traditional production sectors of Vietnam, as well as cooperation of the public research institutions with more established, larger corporations in technology improvement and in developing the efficiency of their production processes.

After assuming power in 2016, the new government delegated to the MOST the responsibility to support innovation ecosystems in the country. The Prime Minister announced the intention

to turn Vietnam into a start-up nation. Several new laws and regulations were developed to support the new policy orientation.⁴⁶ There was an apparent increase of interest and enthusiasm towards the innovative start-ups, and recognition of their importance for the longer-term growth prospects of the Vietnamese economy.

At the time IPP II was initiated, and even at the time (end of 2014) when the programme was reoriented towards supporting internationally oriented growth-searching start-ups, the government-level policy change had obviously not yet taken place. It is, however, likely that the new thinking, or at least seeds of it, had already been developing inside the government administration⁴⁷.

The programme documents and interviews made for this evaluation show that the SC at that time appeared to not yet have grasped the new thinking, but rather understood the IPP II as a continuation and an implementation of the habituated S&T and R&D support. The new model of capacity and partnership building, together with financial and soft support for the innovation ecosystem's different layers, with the final focus on the innovative start-ups, was principally initiated and presented to the SC by the IPP II project office and staff. IPP II thus paced ahead of its time and paved a way for the new approach towards innovation and start-ups. At the same time, it happened to be implemented at a time when there was a need and niche for a programme that would demonstrate and further elaborate the implementation of the GoV's emerging new policies.

3.1.2. Relevance for the final beneficiaries (Vietnamese start-ups and their founders, Finnish enterprises and innovation ecosystem stakeholders)

The interviews made for this evaluation were among Vietnamese start-ups, their founders, and other representatives of the local innovation ecosystems, together with the surveys carried out by the IPP II programme, witness appreciation towards the IPP II and recognition of its relevance. This applies to many of its activities, e.g. grants, seed and scale-up funding, training, bootcamps, Innovation Acceleration Programme and networking.

Especially the interviewed start-up community members appreciated the IPP II for the fact that it was – despite its cooperation with authorities on various levels of government - conceived to function also outside of the “official structures” and to understand the logic of businesses and entrepreneurs. In the view of these stakeholders, innovation often happens bottom-up, in an unguided way, breaking established and settled structures or ways to proceed. Innovation and innovative environment are therefore difficult to combine with top-down, hierarchical organisational or regime structures.

The assessment of the relevance for the Finnish enterprises suffers from the scarcity of data (see Annex 2), but the Finnish enterprises interviewed for the evaluation expressed overall, though somewhat varying, satisfaction with the programme. The most relevant programme element for them was the VMAP, for which continuation was hoped for. Some of the 24 Finnish

⁴⁶ See chapter 2.

⁴⁷ It is to be noted, that the Embassy of Finland in Vietnam disagreed with the Evaluation mission on the importance of the government change. According to the Embassy there was rather a continuation of previously adopted policies by the new government. In a similar way, the Embassy regarded the role of the IPP II in initiating the new start-up -related legislation more influential.

enterprises involved in VMAP had succeeded in creating partnerships and establishing new businesses in Vietnam, though, for some others, this proved to be too challenging.

3.1.3. Relevance for the Government of Finland

The Finnish government’s development policy goals, especially “The growth of developing countries’ economies to generate more jobs, livelihoods and well-being” cover the activities like the IPP II’s support in building of innovation and start-up ecosystems and transforming of the Vietnamese economy into a knowledge-based economy. The importance of innovation in ending poverty and ensuring sustainability is highlighted both in the Finnish Government key policy papers⁴⁸ and in the UN Sustainable Development Goals (e.g. SDGs 1, 9 and 12).

The evaluation found some evidence of adherence to, or guidance by, the cross-cutting objectives of the Finnish development policy (gender equality, climate sustainability, reduction of inequalities) in the implementation of the IPP II. For example, the grant calls used selection criteria related to the cross-cutting objectives.

VMAP, which was embedded in the programme in its later stages, consists of market entry and soft-landing type of services to Finnish enterprises, delivered with the help of the IPP II trained Vietnamese experts and international professionals. The Vietnamese interviewees linked VMAP to efforts to increase trade and investments between the two countries with little emphasis on cross-cutting objectives.

The sample (13) of the Finnish VMAP enterprises that were interviewed considered the VMAP programme important and saw it as a novel and very much needed way of supporting Finnish businesses entry in the new market. When asked to assess the usefulness of the VMAP programme for their interests and intentions in the Vietnamese market, 4 of the interviewed companies gave the programme the best possible score (5) and 5 the next best (4).

Table 2. Assessment of the VMAP usefulness by the sample of Finnish companies that participated in the programme, scale 1 (lowest) to 5 (highest).

Score	1	2	3	4	5
Nr of companies	0	0	4	5	4

This view was shared by the representatives of the GoF (the MFA and the MEE) and public actors/agencies in Finland (e.g. Business Finland and the BEAM programme). That many of the Finnish VMAP enterprises succeeded in creating business partnerships, in initiating joint projects, and some are even investing in Vietnam, has a bearing on the relevance of the programme for the Finnish transition strategy’s goals.

The IPP II liaised and cooperated with a large number of stakeholders within the Vietnamese innovation system in several ways. The programme has therefore had large coverage in the Vietnamese media, and it was known and mostly positively commented by those persons and organisations interviewed, many of them not directly participating in the programme or

⁴⁸ Finland’s Development Policy. One world common future – towards sustainable development. Government Report to Parliament, 34 February 2016.
https://um.fi/documents/35732/48132/government_report_on_development_policy_2016

cooperating with it. That the programme was funded by Finland and that it aimed to transfer the Finnish innovation policy and management expertise were also well known.

Smart City cooperation is an essential part of the innovation ecosystem activities. Cooperation between the Cities of Turku and Da Nang and HCMC can in the long-term be an important area of cross-border economic cooperation and innovation partnership. Success is largely dependent on the concrete cooperation projects and partners' capacity to mobilize external funding.

Gender and Human Rights Based Approach

Inclusion of women has been defined as a human right in IPP II. Human rights and human rights-based approach (HRBA) were mentioned 19 times in the Project Framework Document (PFD). Various ways for the programme to address HRBA were listed:

- supporting the implementation of selected commitments of the International Covenant on Economic, Social and Cultural Rights (ESCR), which Vietnam ratified in 1982, the right to work, equal rights of men and women in enjoying innovation activities and innovation projects;
- promoting access to information and free exchange of ideas on innovation;
- promoting the right to participate effectively and meaningfully in making decisions affecting one's life;
- inclusion of women, indigenous people and other social groups for them to actively participate in and influence innovation processes;
- hiring a part-time expert to assist the pilots in planning and setting monitoring mechanism (framework with rights and responsibilities), monitoring of rights-based processes, in organizing training as well as in linking training to the innovation results, to guide consultation processes and improve grassroots innovation processes.
- organising grassroots innovation workshops with the assistance of intermediary organizations.

However, in the PFD, there was no budget allocated specifically for activities that promote gender equality and human rights. No particular objectives nor results were set with the aim to reduce gender inequality. No indicators were created to monitor the impact on the promotion of human rights. Later on, the programme reported participants in e.g. many events and training sessions and modules in a disaggregated way.

In the logical framework dated October 2013 an indicator concerning gender was set - *Cross cutting issues (gender and social inclusion) included in each value chain support.*

Later, in the Baseline Study 2015 it was reported that cross-cutting objectives and HRBA were not visibly integrated into the programme monitoring indicators, and therefore it was not evident how the IPP II was going to achieve these objectives. The Baseline Study also brought up that the "*design of curricula, accessibility and participation of training courses*" and in particular the "*selection criteria and process for innovation projects to be funded by IPP II*" shall respect, meet and ensure achievement of the MFA cross-cutting objectives. It was considered important that these principles, processes and practices were well documented to ensure their transferability. In the same document it was also noted that as IPP II operates

with *private sector partners*, it is important that the programme keeps up a dialogue with the partners to ensure their operations are in line with cross-cutting objectives and HRBA.

Along with the Baseline Study, the monitoring indicators were revised in 2015. One indicator was set as “*increase in Vietnam’s ranking in the Human Development, Gender equality and GINI Index (to measure inclusive and human-rights based development)*” which was to be assessed 3-5 years after the completion of the program.

Despite these frequent references to HRBA, the correspondent criteria were not used when selecting companies and ecosystem projects to receive IPP II funding. In the guidebook “**IPP Innovation Funding Instrument**”, cross-cutting issues were included as additional selection criteria, which evaluators of funding applications would discuss with the applicants during the evaluation process. The guidebook does not explicitly state that priority will be given to projects that directly or indirectly enhance human rights or socially responsible businesses that will empower vulnerable and marginalised groups (e.g. increase accessibility of the labour market and productive resources)⁴⁹.

Several key intellectual products of IPP II are available for download on its website. This strive towards transparency was new in Vietnam and well in line with the policies of the Finnish governments. Such practices promoted an equal and universal access to the information produced and the programme’s support modalities.

Many of the documents are only available in English. This applies, for example, to the guidebook on how to access IPP funding, IPP Innovation Funding Instrument, the E&I Capacity Building Instrument, the Open Source Curriculum on Innovation & Entrepreneurship and Building an Accelerator Program.

The Exit Strategy 2017 did not include anything about human rights, human rights-based approach or gender, whereas, in the Project Completion Report, human rights were mentioned twice. According to the Project Completion Report, in the context of IPP II, HRBA has meant broadening participation as applicable and disaggregating data to examine how widespread the programme benefits reach across populations.

The Finnish VMAP companies that were interviewed for the evaluation witness, that the HRBA and gender issues were addressed in the VMAP information and preparation events organized in Finland by the Business Finland. None of them recalled that these issues would have surfaced later, in the form of e.g. guidance or reporting during their participation in the VMAP.

As can be found in the IPP II lists of participants, reported in the Project Completion Report and observed in interviews during the field period, the programme has managed to involve a wide range and a large number of stakeholders, men and women. However, no evidence has been found that HRBA was a topic of discussion in the IPP II events, in training materials or in the funded innovation projects. Moreover, it is evident that, as plans of the IPP II changed, no part-time HRBA expert was hired as planned in the PFD 2013, and HRBA was not systematically promoted during the implementation.

This view was also supported by the information gathered through the interviews in Vietnam. The question on how the HRBA and gender issues had been taken into account and affected the programme implementation was included in all interviews carried out during the field trip.

⁴⁹ Human Rights Based Approach in Finland’s Development Cooperation, Guidance Notes 2015, Ministry for Foreign Affairs

No one of the interviewees pointed out any specific way, besides the participation of women in different events and training sessions. Some of the women trained by IPP II had initiated women's networks by themselves. In many cases the question surprised the interviewees, in some cases it even caused amusement. The HRBA and gender issues were not seen very relevant for a programme like the IPP II.

There has been no systematic integration of HRBA as a means and an objective in the IPP II. Human rights principles did not systematically guide the programming, implementation and monitoring of the programme. There was no proper gender analysis, no basic human rights assessment, no assessment of the risk of unintentional harmful effects carried out at the planning stage of the IPP II.

3.2. Impact

Impact is discussed here in terms of (i) the quality of evidence available (attribution) and the evaluability of the subject matter, (ii) Contribution to the impact's goals at national innovation system level, (iii) Indirect impacts and systemic changes supported by the IPP II programme. Given the numerous changes in programme design, the impact assessment in this chapter is based on the objectives and indicators of the 2017 Exit Strategy.

(i) Evaluation evidence

As explained in Annex 2, the evaluation of the program's impact is a rather challenging task, due to constant changes of the program's impact objectives and the respective indicators. Also, the impact-related terminology varies from overall programme objectives to impact and anticipated results that support impacts. The original overall objective (as stated in the PFD 2013, Inception Report 2014 and Updated Strategy 2015) was the following:

"The National Innovation System (NIS) is strengthened in capacity, capability and through public-private partnerships that enable improved NIS contribution to the socioeconomic development of Vietnam". This objective emphasises National Innovation System, capacity building and PPP-arrangements. It emphasises strongly the institutional support element of the innovation system development. The Inception Report (March 2015), however, changed that priority towards innovation ecosystem and high growth company support. Table 3 describes the IPP II Impact goals and respective indicators as reported in IPP II Exit Phase Monitoring Table.

Table 3. Impact part of the results chain in 2017.

Results chain objective		Indicators	Baseline vs. end-line (target 2017)
IMPACT	An enabling innovation ecosystem that supports the generation of high growth innovative companies,	- Increase in Vietnam's ranking on the Global Competitiveness Index, sub-index C Innovation and sophistication factors. - Increase in Vietnam's ranking on the Global	Status: Rank 98/144; 88/140; 84/138. Status: GCI 2014, 2015, 2016

	promotes collaboration with foreign, particularly Finnish, partners and contributes to innovation-led economic development	Innovation Index - Number of new companies registered, including SMEs, increased in Vietnam	Status: Rank 71/143; 52/141; 59/128 Ref: GII 2014, 2015, 2016 No baseline
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The impact and especially the set of indicators in this Results Framework have been set to a fairly high macro level (Vietnam's rank in international innovation comparisons). This may be a relevant long-term global objective, but the impact objectives of the IPP program should have a more direct link with the implementation of the program and its direct goals.

The Mid-term Review report makes critical comments on the impact objectives and indicators of the IPP II program. The main criticism relates e.g. to the prevalence of impact goals and the validity problems of the impact indicators. The report lists the following conclusions related to the impact targets⁵⁰:

- The current overall objective is extremely broad, but probably reflects the wishes of MOST to link the goal clearly to those of the GOV, which is understandable.
- However, an impact indicator could be used to make the objective more realistic in its linkage to what a programme of the size and nature of IPP-2 could realistically contribute to such a huge goal, but this has not happened (as the Baseline Report highlights).
- The existing indicators will therefore not indicate whether or not the project has had impact as their achievement is well beyond the capacity of the IPP-2 to contribute to other than extremely marginally: for example, an increase in Vietnam's GCI could be caused by a wide range of global, regional and national factors that have nothing to do with whether IPP-2 has been successful or not.
- There is a need to increase the credibility of future claims of impact by having a more realistic indicator to which IPP-2 can claim both attribution and contribution to results.

Most of the problems listed by the MTR Evaluation Team still remain valid. It could even be said that, as part of the review of the impact goals in the Exit Strategy, some of the indicators (e.g. Vietnam's ranking in the Global Competitiveness Index) are even further away than setting the goal for the innovation ecosystem. Also, the PMU realises the difficulties of an Innovation Programme like IPP II to provide hard evidence on achievements of the impact goals. IPP II Project Completion Report (p. 21) states that:

"We understand that the Program is not expected to achieve the impact but to contribute towards its achievement as much as possible. During the course of the Program the mindset of all stakeholders has moved towards more innovation ecosystem thinking in line with extensive capacity building programmes and policy support. Networks of E&I actors such as innovation policy makers, start-up coaches, system builders, university trainers have been initiated".

All this is quite true. Most of the IPP II program activities (start-up and innovation legislation, training and coaching, incubator activities, attempts to change culture and mind sets, etc.) are of such a nature that their impact at system level can only be verified years after the end of

⁵⁰ Centennial 2016, p. 31

the programme. This makes it very difficult to assess the exact attribution of IPP II in this context. We will therefore proceed to examine the contribution of the program in relation to the above- mentioned impact target as presented in the results chain in 2017.

(ii) Contribution to the impacts goals at innovation ecosystem level

There were two major strategic turning points in the programme implementation: 1) the inception phase that changed focus towards start-up ecosystems and 2) Spring 2017 when the Exit Strategy was drafted and the new results chain was introduced. The chronology of events and the interviews with the key informants indicate that the revised results chain, in fact, reflected the operational activities that had already been implemented. Thus, the strategy was rewritten to justify the "new programme reality".

Notwithstanding these deficiencies in the design and programming, the evidence suggests that the IPP II has contributed to strengthening of the capacity and capability of the main innovation actors, e.g. relevant ministries such as MOST, MPI, MOET, NATEC and NATIF, municipalities, start-up communities, start-up ecosystems and universities.

- **Ministries:** The capacity and capability of the main ministries was enhanced by providing capacity building and training support to top-management. The institutional development and policy support included four executive training courses on innovation management, education and finance for E&I that were organised during 2016-2017. This has led to a network of approx. 90 senior policy makers and implementers from various beneficiary groups: from central government bodies to provinces; from policy making to provincial implementation. According to the surveys reported by the PMU, 90% of government officials and 78% of university leaders considered IPP II training courses relevant or highly relevant for performing their tasks. Also, the training of the change agents under ToT 1 served that purpose. Most of the ministry level interviewees stated that there is a clear evidence of capacity enhancement. One indication of this is the new regulation (844 and 1665) supporting innovation ecosystem development and start-up culture in Vietnam.

For some reason the NATIF, that was supposed to be one of the key vehicles in innovation funding, does not seem to possess the necessary kind of capacity, and the organisation appears not to have been strengthened during the IPP II implementation. It is yet to be seen what the future role of NATIF will be in innovation ecosystem funding and implementation of the 844 decision.

- **Provinces and Cities:** After the strategy shift in 2017, the role of major regional innovation hubs such as Hanoi, Ho Chi Minh City and Da Nang has been strengthened. Domestic Smart City activities started in these Vietnamese cities was later broadened to Smart City Collaboration with the city of Turku in Finland. The major regional players are not only the cities (e.g. people's committees or city administration) but also the regional agencies collaborating with the Ministry of Science and Technology, like the DOST offices. Altogether, more than 30 provinces/cities have approved their action plans to implement 844 Project in localities, and they now have to reserve the provincial/city budget for their action plans. HCMC and Da Nang are leading in this front and the city People Committees have already approved a fixed budget for the city action plans. In the future innovation funding system, they play a major role in implementing the 844 regulation.

- **Universities** are major nodes in well-functioning innovation ecosystem. Vietnam's HE sector is at an early stage of appreciation of the importance of the concept of a national E&I ecosystem. According to the IPP Policy Discussion Paper - Higher Education on E&I Development in Vietnam "The international partnership with Finland through IPP II has provided a valuable opportunity for Vietnam to generate ideas for E&I ecosystem development. It has allowed E&I education programs for university lecturers to be tested; it has raised awareness of the notion of E&I among university leaders; and it has contributed to the establishment of networks with a focus on the transferal of E&I knowledge to lecturers engaged in delivering E&I courses/programs".

- **Start-ups:** Start-up development is one of the main accelerators to economic growth, innovation and job creation. Evidence from around the world has, however, shown that a high percentage of start-ups fail after the first few years of development. The IPP II programme has strongly emphasised the importance and need for start-up support. Various IPP II activities have been implemented according to the revised plan. According to the IPP Policy Discussion paper - Funding and Finance for Start-ups - "the Programme's main strengths include: its smooth combination of financial and soft supports; its efficient selection and monitoring process; and its ability to deliver both short-term impacts for its beneficiaries and long-term impacts for the ecosystem as a whole. Its main drawbacks include: no specific KPI setting for the grant beneficiaries and loose structure of the funding mechanism; and external conditions that hinder it from scaling up". Observations and interviews during the field visit suggest that many start-ups have received valuable support from the IPP II Programme and reported enhanced capacity (e.g. Abivin, EzCloud, Harmona, SEN, Cold Plasma (PlasmaMED), Beeketing). It is however too early to make a generalising final impact statement on the success of the start-up companies and ecosystems.

- **VMAP model** (i.e. provision of market entry/soft landing services for Finnish companies by IPP-trained Vietnamese consultants) was considered to be a good idea and model by most interviewed stakeholders. Most VMAP consultants and Finnish companies have been satisfied with the collaboration. Most of the companies that participated in the programme had relatively little previous knowledge of Vietnam's market. The products and services of the Finnish companies did in most cases not fit directly to the Vietnamese market. Having helped to analyse the market, to make right contacts and to adjust the Finnish offering to the market needs, VMAP has promoted business relations between Finland and Vietnam. Little evidence was found, though, on its linkages to the wider development of the Vietnamese innovation ecosystems.

- **City-to-city cooperation** has also been named as one of the cooperation modes that are likely to enhance sustainability and serve as tools to support and implement Finland's transition strategy. The cooperation started at the end of the IPP II programme and was not one of the original IPP II measures. The City of Turku has been most active in partnering with Vietnamese cities (HCMC and Da Nang). This has led to several MoUs and Collaboration Agreements. It is however premature to assess its overall impact at this stage of development.

(iii) Indirect impacts and systemic changes supported by the IPP II programme.

The logic of entrepreneurial or innovation ecosystem development has sometimes been labelled as effectuation. Effectual models begin with given means and seek to create new ends using non-predictive strategies. In addition to altering conventional relationships between

means and ends and between prediction and control, effectuation rearranges many other traditional relationships, such as those between organism and environment, parts and whole, subjective and objective, individual and social, and so on. Network analysis carried out as part of this evaluation has demonstrated how the innovation ecosystem has grown and diversified during the implementation of the IPP II Programme. These positive systemic changes can have a major impact on the innovation ecosystem as a whole.

Section 2.2 described how the programme has changed on several occasions during its implementation. The changes have been justified by the so-called adaptable programming approach and state that only such flexible program implementation can genuinely take into account the rapidly changing operating environment and the needs of the innovation ecosystem beneficiaries and stakeholders. On the other hand, there may also be doubts as to whether this is an indication of the "programme drifting" rather than adaptation. There seems to be an inevitable trade-off between results-orientation and accountability emphasis in this case.

In order to truly understand the adaptive approach of the program and the results achieved, this evaluation also needs to apply an alternative approach to the programme. In the following, the implementation of the program has been assessed through a systems perspective.

Figure 4. The relations and causalities between the NIS participants (modified from the IPP II Inception report)

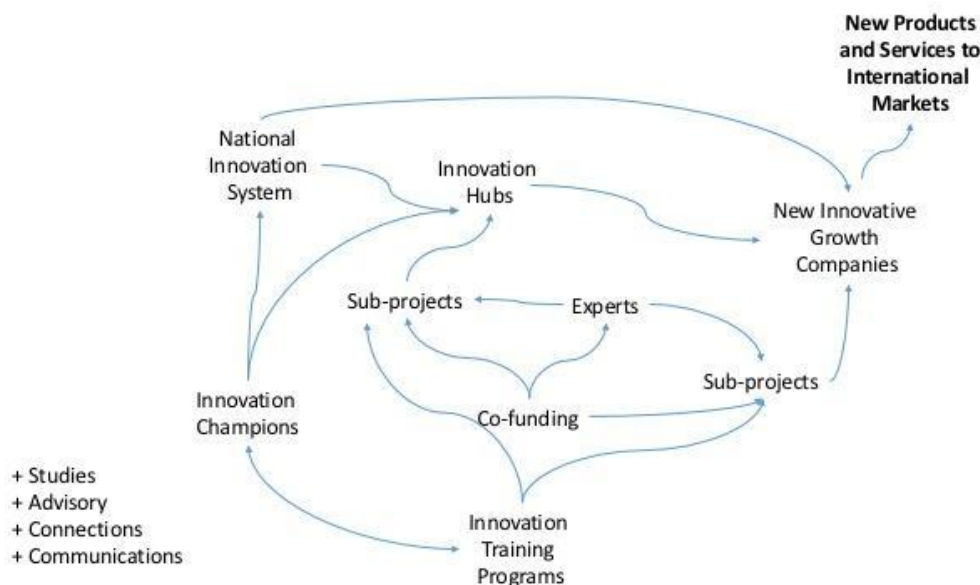
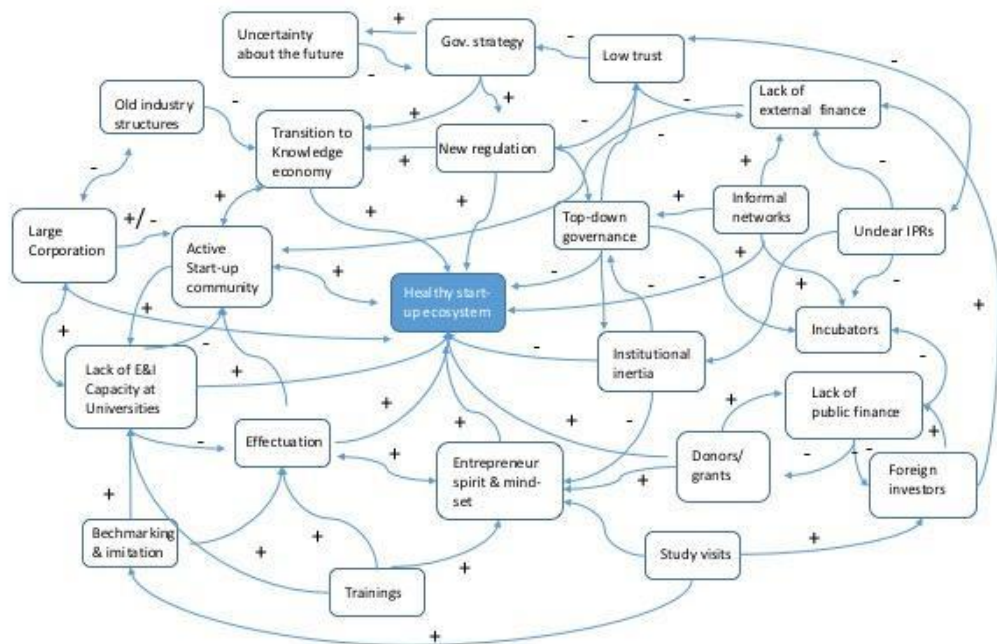


Figure 4. shows the connections between IPP II activities and how they were intended to target the main beneficiaries. When looking at the pattern, one can see how the systemic approach was already strongly integrated with the IPP II programme. There is a major difference compared to the strong linear, top-down weighting of the program document. At the heart of the pattern are the innovation Champions and Experts. Their role is to create a readiness and willingness to change, and to act as critical change agents at different levels of the innovation system. Such a strong protagonist is justified from the point of view of creating change preparedness. The challenge is to achieve sustainability of the results.

Figure 5. A Systemic impact path of the Vietnamese innovation ecosystem.



In Figure 5, the previous systemic image of change has been extended by utilising information gathered during the field interviews and observations. The impact of the IPP II program or the conditions for its creation cannot be understood without looking at a wider context of the innovation ecosystem. In the figure, regulatory changes and changes in the economic environment create the premise and boundary conditions for the development of the innovation ecosystem. Many interviewees emphasized that understanding external funding, market dynamics, and the ability to scale innovation is key element to overall impacts. Without favourable legislation or strengthened capacity this transformation is not possible.

The strength of Vietnam's innovation system is the ability to make fast system-level decisions (e.g. PM decisions 844 and 1665) and to bind regional innovation actors behind decisions. What is questionable, however, is the genuine guiding role of the loose framework legislation, especially if there are not sufficient financial resources and incentives available for implementing these decisions. Investing in a start-up ecosystem is a risky strategy. Although, it is possible to inspire young entrepreneurs and to create a rapid systemic change that can contribute to fundamentally modifying economic structures. It is also a well-known fact that more than half of the start-up companies in the United States do not survive for more than four years. In a market such as Vietnam, where it is difficult to get the risk financing of start-ups, the corresponding figure may well be 70%. This means, in practice that, for start-ups, critical mass must be so large that over 30% of companies who have survived "the valley of death" are sufficient to reverse the economic direction.

The Government has set a significant role for universities in the development of the Vietnam innovation system. For this reason, it has been quite justified that the IPP II program has also invested in universities E&I training and through ToT2 training for teachers' innovation know-how. University capacity and competence in the field of commercialisation of research-driven innovations are, however, quite modest. Universities lack long-term and goal-oriented R&D cooperation with companies (especially large companies).

The IPP II adopted a very transparent and open approach when e.g. informing and announcing about funding and support services, selecting projects to receive grant funding and sharing the knowledge products generated by the IPP-linked experts. This transparency was widely appreciated by the programme stakeholders interviewed during the field period.

Network analysis

Below, the actors-driven dynamics of Vietnam's innovation ecosystem will be assessed by applying network analysis. One of the key objectives of the IPP II program has been to develop an innovation ecosystem by narrowing the silos and gaps between administrative sectors and levels. In practice, this has been done by strengthening the ties among relevant organizations of the innovation ecosystem and by colliding with different actors. The purpose of network analysis is to empirically verify how the network has developed between 2014 and 2018.

The network data was collected through the IPP II programme informant interviews. Interviewees were asked to reconstruct the 2014 innovation ecosystem by identifying key ecosystem operators in the following categories (max 10 / category): 1) central government organizations (up to 10), 2) regional or local government organizations, 3) universities and research institutes, 4) enterprises, 5) intermediary organizations (e.g. tech hubs, incubators and accelerators), and 6) other organizations (donors, programmes, projects etc.).

After that, informants were asked to name max. 10 most relevant organizations in the Innovation Ecosystem in Vietnam. Relationship intensity was requested to be described on a scale 0-3, where 0 = no relationship in 2018; 1 = weak relationship, 2 = rather strong relationship, 3 = very strong relationship.

The same procedure was repeated for 2018. This resulted in a total of twelve 10x10 matrixes with a total of 1,200 (minus self-referrals) relations or connections. This material was first encoded into Excel worksheets and then transferred to the UCINET network analysis program. The results presented here should therefore be interpreted as perceptions of the IPP II management on the changes in innovation ecosystem, rather than objective transformation of the field.

Figure 6. Innovation Ecosystem Network in Vietnam in 2014.

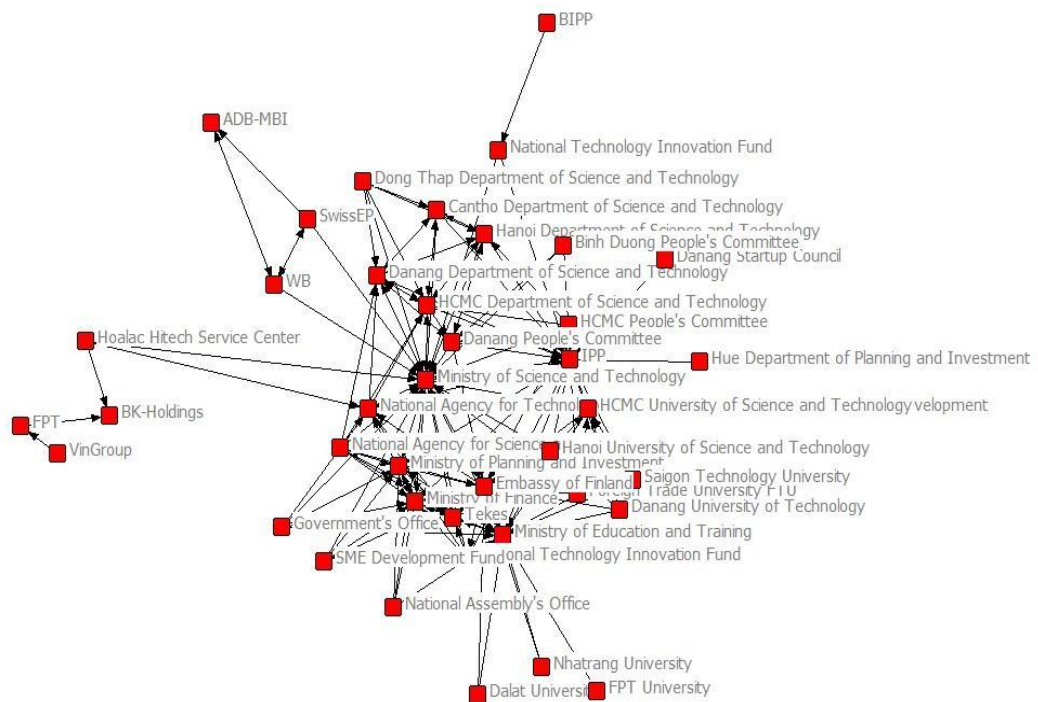


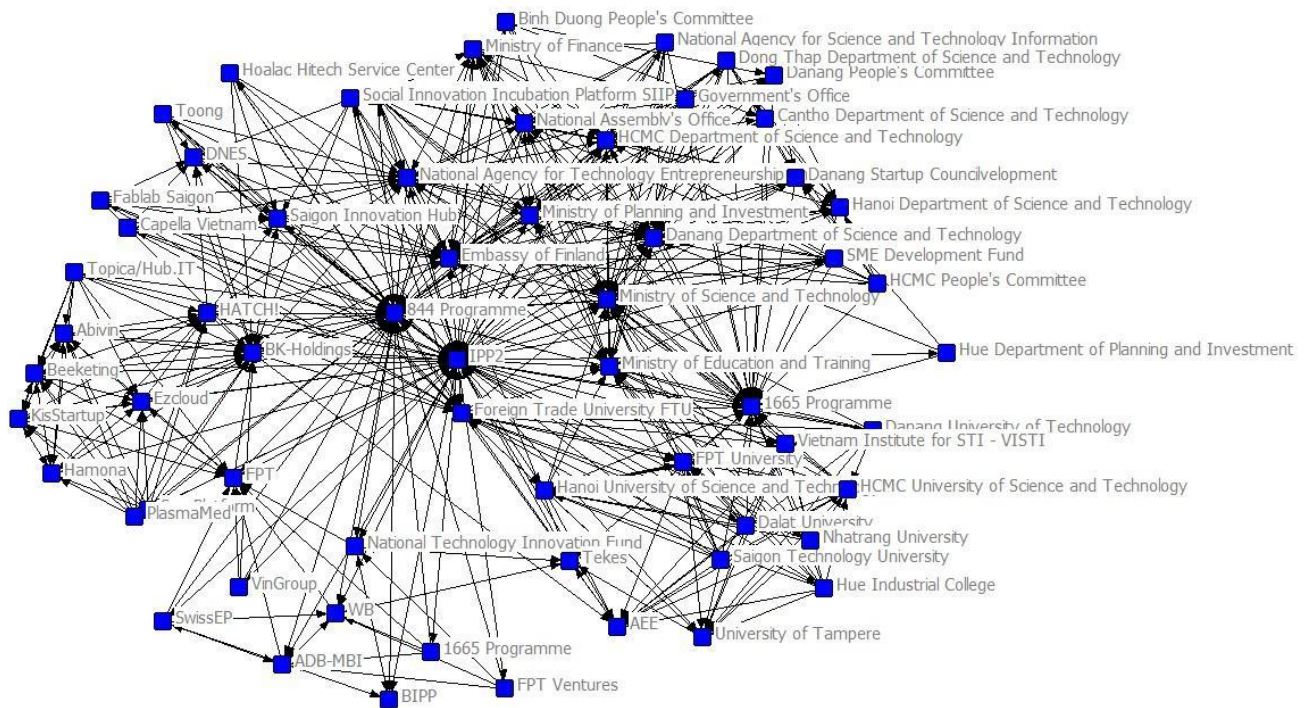
Figure 6. shows that in 2014 the Vietnamese innovation ecosystem was in a preparatory phase. Some of the innovation system concepts such as innovation, ecosystem, networks and incubators were not widely shared and sometimes did not have an appropriate Vietnamese translation. The network largely resembles the traditional National Innovation System (NIS), which depends strongly on central government organisations, and reflects more traditional industrial policy than knowledge-based economy. Analysis of the network shows that the Ministry of Science and Technology, the Ministry of Education and Training and the Ministry of Finance, together with the Ministry of Planning and Infrastructure, are the most important players (nodes) of the innovation system. The Embassy of Finland and the IPP II program are at a very high level due to the second phase (The World Bank is ranked 28th with the First Programme and VIIT).

Centrality	Innovation Agents	Rank
0,28	Ministry of Science and Technology	1
0,15	Ministry of Education and	2
0,15	Embassy of Finland	3
0,13	IPP	4
0,11	Ministry of Finance	5
0,11	Ministry of Planning and	6
0,10	HCMC Department of Scienc	7
0,08	National Agency for Techn	8
0,07	Danang Department of Scie	9
0,07	Danang People's Committee	10
0,07	Hanoi University of Scien	11
0,07	HCMC University of Scienc	12
0,07	TEKES	13
0,06	National Agency for Scien	14
0,06	HCMC People's Committee	15
0,06	Hanoi Department of Scien	16

0,05	National Technology Innov	17
0,05	Government's Office	18
0,05	National Assembly's Offic	19
0,05	Cantho Department of Scie	20
0,05	Danang University of Tech	21
0,04	SME Development Fund	22
0,04	Dong Thap Department of S	23
0,04	Foreign Trade University	24
0,03	Saigon Technology Unvers	25

Immediately after the strong ministries (as well as NATIF and NATEC) there is a cluster of strong regional innovation system operators such as the HCMC Department of Science and Technology, the Da Nang Department of Science and Technology and leading universities such as Hanoi University of Science and Technology. It is worth noting that the role of companies and brokerage organizations as well as investors/financiers in the innovation ecosystem is quite marginal. Similarly, the prominence of the provinces and cities is rather low. Also, intermediary organisations such as incubators, innovation hubs and financiers seem to be missing.

Figure 7. Innovation ecosystem in Vietnam in 2018.



The perception of the IIP2 Programme office on the innovation ecosystem in Vietnam in 2018 is presented in figure 7. The graph shows that there has been a remarkable quantitative and qualitative change in the Innovation Ecosystem in 2018 compared to 2014. New players have joined the network, the number of contacts, the cohesion of the network and the flow of information have increased.

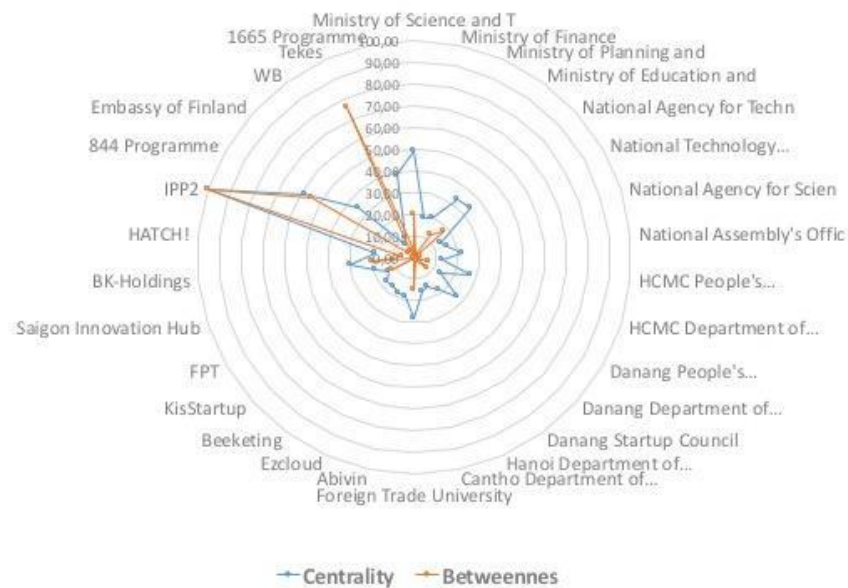
Alongside MOST, the IPP II program, the 844 programme, the 1665 program and NATEC have risen to the top of the innovation network. Strong universities have maintained their position, and a number of companies and brokerage organizations (e.g. BK-Holdings, Ezcloud

and Saigon Innovation Hub) have risen among the 25 key innovators. Their new position was also highlighted during the interviews with the field trip and the Techfest event. However, large corporations that play an important role in many national innovation systems are missing. Still, large commercial investors such as Dragon Capital, FPT, Malaysian based 1337 Ventures that are critical for scaling up innovations in Vietnam, do not appear in the perceived network. The same applies to smaller venture capitalists, business angels and other high-risk tolerant financiers.

Centrality (norm)	Innovation Agents	Rank
0,909	IPP II	1
0,532	844 Programme	2
0,446	Ministry of Science and Technology	3
0,355	1665 Programme	4
0,312	National Agency for Techn	5
0,312	Embassy of Finland	6
0,301	Ministry of Education and	7
0,274	BK-Holdings	8
0,258	Foreign Trade University	9
0,247	HCMC Department of Scienc	10
0,242	Danang Department of Scie	11
0,21	Hanoi University of Scien	12
0,199	National Assembly's Offic	13
0,188	HCMC University of Scienc	14
0,183	Ministry of Planning and	15
0,172	Ministry of Finance	16
0,172	Danang Start-up Council	17
0,172	Saigon Innovation Hub	18
0,167	Abivin	19
0,167	HATCH!	20
0,161	FPT University	21
0,161	Ezcloud	22
0,156	KisStart-up	23
0,151	Beeketing	24
0,145	National Agency for Scien	25

Finland's role in the development of the Vietnam innovation system has been rather strong when it comes to the position of the IPP II, TEKES/Business Finland and the Finnish Embassy. Finnish innovation support actors seem to have, also, a very strong brokerage position (operationalised as betweenness centrality measurement, i.e. linking other actors to the network (see figure 12. This observation already provisionally confirms the impact of the IPP II program and emphasizes the wider impact of the action. These findings are also reintroduced in Chapter 4 when the review is based on the OECD / DAC criteria.

Figure 8. Centrality degrees and betweenness centralities in Vietnam's Innovation Network in 2018⁵¹.

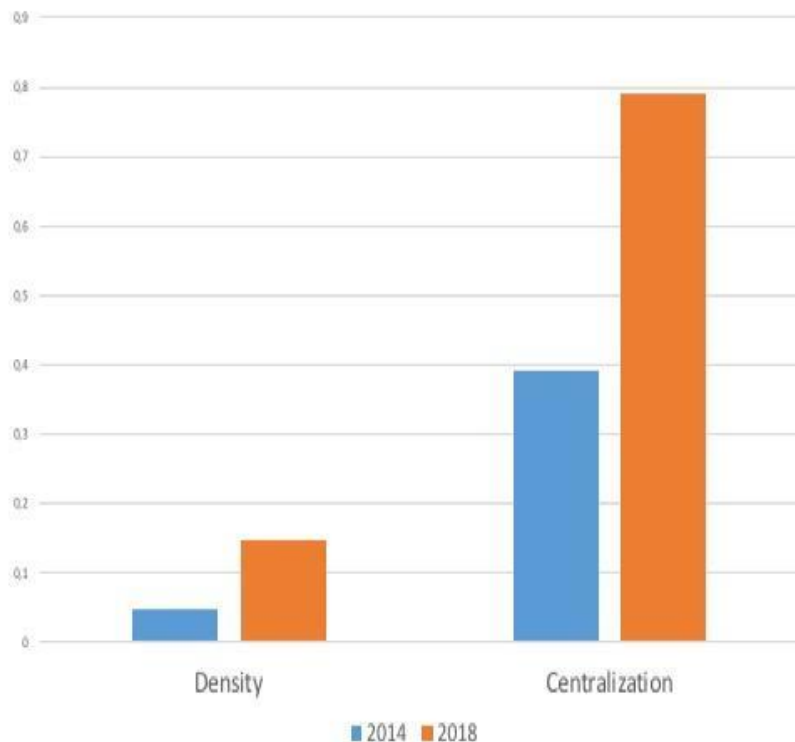


Finally, the change in the innovation ecosystem can be seen from the point of view of network cohesion (density⁵²) and concentration (centralization). The network density ($d = 0.05$) and network coverage of the 2018 network ($d = 0.15$) are shown in Figure 8. This highlights even more clearly than the earlier observation that the number of network connections has increased with the IPP II program, i.e. the density of the network has increased. At the same time, however, network centralization has increased. This means that more and more innovators are in contact with the same few. In practice, the most prominent role of both the MOST and the IPP II program as sources of funding has meant that horizontal tightness between other actors has been replaced by closer relations with central nodes.

⁵¹ Degree centrality can be defined as the number of links incident upon a node (i.e., the number of ties that a node has). Betweenness centrality quantifies the number of times a node acts as a bridge along the shortest path between two other nodes. It was introduced as a measure for quantifying the control of a human on the communication between other humans in a social network by Linton Freeman. See more Freeman (1979) or Johanson et. al (1995).

⁵² Density is the measurement of network cohesion. The density (D) of a network is defined as a ratio of the number of edges (E) to the number of possible edges. We apply valued data so density is defined as the average strength of ties across all possible (not all actual) ties. Where the data are symmetric or un-directed, density is calculated relative to the number of unique pairs $((n*n-1)/2)$.

Figure 9. Density and Centralization Scores in Vietnam’s Innovation Network in 2014 and 2018.



3.3. Effectiveness

Effectiveness measures the appropriateness of project purpose, mission and the degree to which the project has achieved its desired objectives. Effectiveness of the IPP II Programme is a result of several factors: 1) the relevance and appropriateness of the set goals and objectives, 2) the degree of robustness or volatility of these goals, 3) the nature of the external operating environment (stable, complicated or complex), 4) the transparency of the processes and 5) the availability of valid and reliable monitoring data and feedback information.

Since the IPP II goals and objectives have changed several times, the effectiveness analysis has to be modified according to that. Table 4. below is based on results chain and indicators as presented in the Exit Strategy. Before that, the customer satisfaction results of the training courses will be briefly presented.

In general, the content and the quality of the training were considered to be rather high. Figure 10. illustrates a summary (average scores) of the training responses as reported in Annex 4 of the Draft Final Report of the IPP II Program. Three evaluation criteria have been applied here (relevance, quality and meeting the expectations) for three content areas (Innovation Management, Financial mechanisms for E&I Ecosystem and Education for E&I Ecosystems). The same positive feedback was also received during the interviews of ToT1 participants during the field mission to Vietnam. To what extent the acquired knowledge actually will be applied and utilized by the participants is, however, unknown.

Figure 10. Participants' feedback on ToT 1. (relevance, quality and meeting the expectations⁵³).

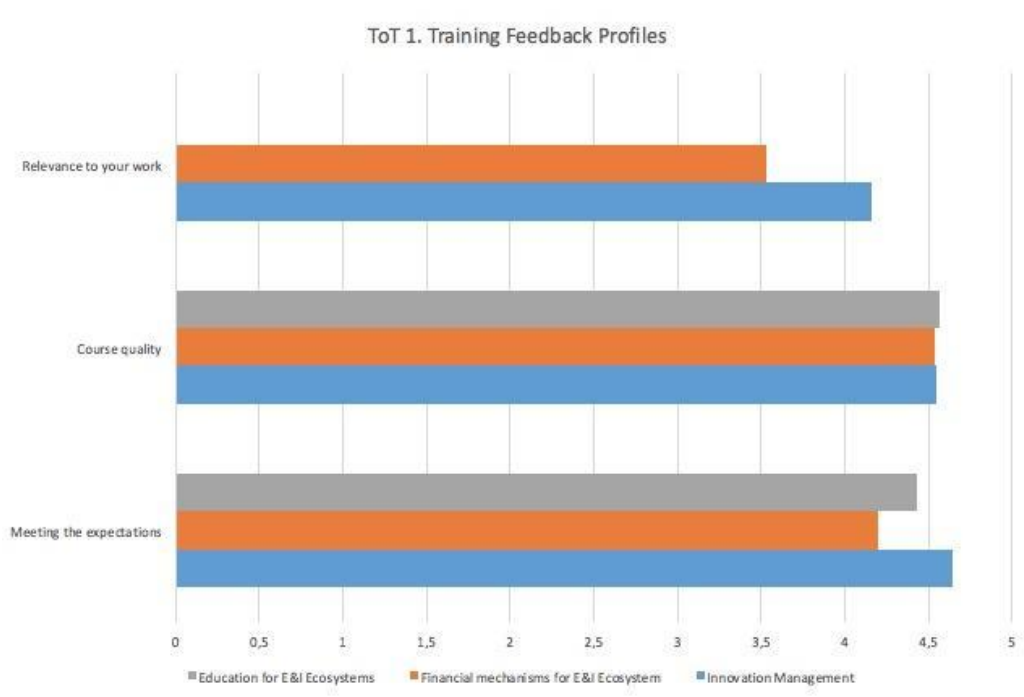
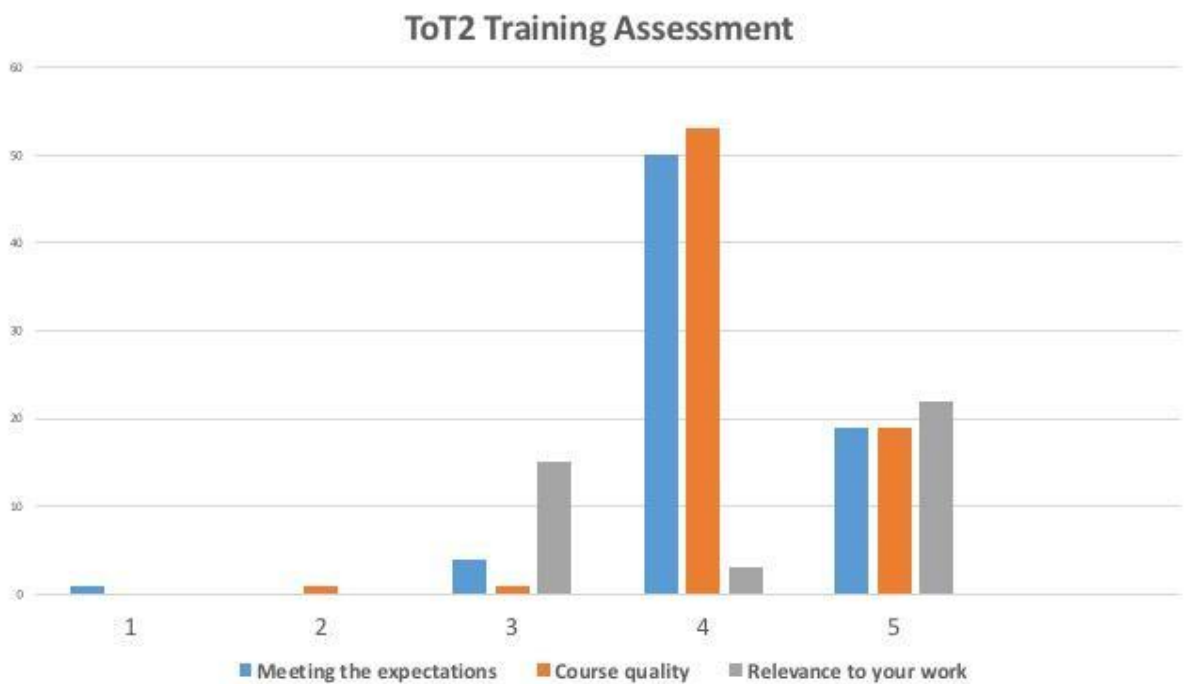


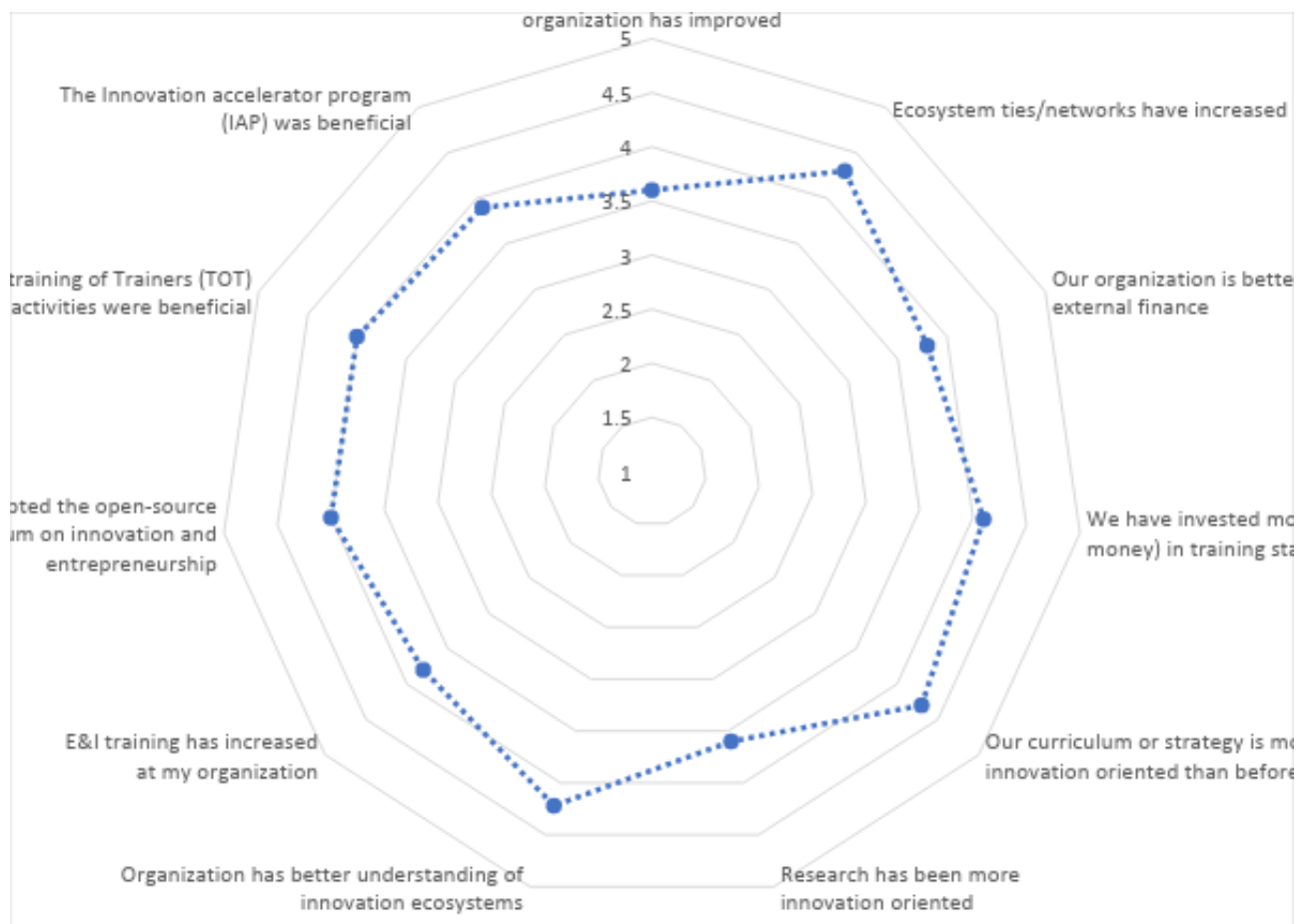
Figure 11. The feedback from three ToT2 training courses (scale 1 to 5, where 1 = Not at all satisfied and 5 = Very satisfied).



⁵³ ToT training profiles have been recalculated from the IPP II monitoring data by the evaluation team.

Like ToT1, Training for Trainers (ToT2) received quite positive feedback from the participants. Figure 11. illustrates the feedback for meeting the expectations, quality and utilization factors. In the interviews conducted by the ToT2 trainees in connection with the field trip, several interviewees stated that the training provided new information on entrepreneurship, start-up and innovation ecosystems but was also able to change their mindsets and wake up enthusiasm for start-up activity. Many participants have sought to disseminate this knowledge and spirit in their own universities after training. The best reception has been in universities where university leadership (e.g. rector or vice principal) has also been involved in IPP II training, and especially in Aalto Executive training in Finland or Singapore.

Figure 12. How your organization has benefited from IPP II (Final Evaluation Survey 2018)



A survey sent to universities, firms and incubators/hubs by the final evaluation team in November 2018 included one question related to the added value and benefits of the IPP II activities to final beneficiaries. Figure 12 shows that respondents reported considerable benefits (average score above 3.5/5 in all areas). The most highly valued areas of benefit are:

- Ecosystem ties/networks have increased (avg. 4.3)
- Our curriculum or strategy is more innovation oriented than before (avg. 4.3)
- Organization has better understanding of innovation ecosystems (avg. 4.2)
- We have invested more resources in training our staff in E&I related issues (avg. 4.1)
- Organization has adopted the open-source curriculum on innovation and entrepreneurship (avg. 4.0)

Meeting the objectives

This subsection reports the goal-achievement levels of the IPP II (as formulated in the results chain in 2017). Overall assessment in Table 3. strictly follows the goal setting of the results chain and indicators related to it (see Annex 6).

Table 4. The assessment of the Result Chain of the IPP II Programme as presented in the Exit Strategy.

Results chain		Findings
OUTCOME 1.	Strengthened institutional capacity enabling the building of a healthy start-up ecosystem	<p>Since the start of the IPP II implementation, the GoV has introduced several regulations and policy guidelines (such as 844 and 1665) that have created a legal framework for implementing innovation policy initiatives in Vietnam.</p> <p>The IPP II program has sought to support the strengthening of innovation in national level (legislation and capacity) and regional/local level (universities, cities, incubators). There is evidence that those actors directly involved in the IPP II training and other activities have better knowledge and understanding on innovation ecosystems.</p> <p>It is, however, still unclear how the individual-level results finally translate into institutional level capacity. Performance target was met (more than 50 universities have participated and most of them have introduced the E&I curriculum). The regulation 1665 sets developing such a curriculum as a mandatory task for all public universities in Vietnam.</p> <p>It is, however, likely that the content and level of execution in practice will vary during the next few years. Interviews with lecturers and rectors in several universities indicate that the institutional capacity for E&I teaching and running start-up incubators is in many cases rather low.</p> <p>The Government of Vietnam has demonstrated a strong commitment to develop innovation and start-up culture in Vietnam. Stable innovation funding is, however, still one of the challenges of the system. The 844 regulation may help in improving the situation.</p> <p>The IPP II has managed to create and disseminate a model for a transparent and open funding scheme for public or grant-based finance. It is not yet sure how programs like 844 will apply this scheme when launching public calls.</p>
OUTPUT 1a	Policy makers and university management are capable of leading, coordinating and implementing policy processes related to the PM Decision No. 844	<p>This part of the results chain contains several different objectives and indicators. Some of them are very much output-related, e.g. number of discussion papers and number of training courses.</p> <p>The description (Policy makers and university management are capable of leading, coordinating and implementing policy processes related to the PM Decision No. 844), however, is already a higher end goal and should be rated rather as an outcome or even impact.</p> <p>However, the policy level output targets have mostly been met and, for example, the quality of both discussion papers (Funding and Finance for Start-ups and Higher Education for Entrepreneurship and Innovation</p>

		Development in Vietnam) is good. They are comprehensive, informative and well-written papers.
OUTPUT 1b	IPPs capacity building, funding and knowledge tools disseminated and institutionalized for replication	<p>The training courses and boot camps (ToT 1 and ToT2) together with AEE training were all well organized and implemented in a highly professional manner.</p> <p>Most of the participants interviewed were satisfied with the content and process of these training courses. The world class trainers have also given additional support and consultation to beneficiaries after the events free of charge. This supports the finding that these events were more than training courses, and instead an integrated part of the ecosystem building. The IPP II has produced, published and disseminated lots of E&I-related material and toolkits. One example of that is the Capacity Building Instrument package (https://drive.google.com/file/d/1Q8eYaGfbB-URR1KNPgBjWfx5S3N-62jm/view)</p> <p>This Open-source curriculum on E&I focuses on the key concepts, tools and techniques for growth company generation as well as coaching/teaching methodology. The core curriculum, training slides and videos are public to everyone at IPP's Online Library (http://ipp.vn/en/library/).</p> <p>In all, the dissemination of the E&I-related training and other support material has been carried out in an open and transparent manner.</p>
OUTCOME 2.	Cross-border investment, institutional and commercial collaboration platforms created.	<p>The creation of cross-border investment, together with enhancing institutional and commercial collaboration platforms, was meant to support the implementation of the Transition Strategy. In practice the programme did not succeed in establishing such platforms (for investors/financiers).</p> <p>The IPP II -supported TEKES-Natif joint call that was prepared in Spring 2016 and was aimed to link Finnish and Vietnamese companies together. The Call was launched simultaneously in Finland and Vietnam. Altogether, 12 project proposals were received. Thereafter, 3 proposals were qualified for further scrutiny. None of the candidates listed from the Vietnamese side qualified. Finally, only one company appeared to be eligible for funding. Even that was not finally implemented at all.</p>
OUTPUT 2a	Cross-border funding pool created for innovative projects of start-ups and SMEs	After the unsuccessful TEKES-NATIF-call, the VMAP (Vietnam Market Access and Partnership) program concept was introduced to vitalize the commercial collaboration between Finland and Vietnam. The idea of VMAP was to initiate long-term Finnish-Vietnamese partnerships and projects that bring either Ecosystem Solutions or Business Solutions to the Vietnamese market. The Vietnamese experts coached by international business creation professionals were teamed up and high-trusted networks leveraged upon to support each invited company intensively over the course of the program. The companies joining VMAP covered their share of project costs by making two trips to Vietnam during the program.
OUTPUT 2 b	Digital and physical platforms for partnership creation and match-making developed	<p>The concept of VMAP was justified, and the contracted Vietnamese consultants' training background as well as competence profile fit well to the programme needs. A total of 24 Finnish companies were brought in to work with Vietnamese consultants. The idea was to jointly seek new market launches and Vietnamese partners. Some Finnish companies received funding through the BEAM programme.</p> <p>The VMAP co-operation led to practical results for a considerable number of the participating companies. According to Vietnamese consultants, some of them, however, had limited experience in international trade and</p>

		<p>exports, were relatively risk averse and also, in some cases, financially too weak to start operations overseas.</p> <p>Smart-city cooperation between Finland and Vietnam appeared rather late into the program, but the IPP II managed to have several regional innovation support activities in HCMC, Da Nang and Binh Duong city that laid ground for the cross-border smart city collaboration. City of Turku (strongly supported by the University of Turku and Turku Science Park) has signed MoUs with Ho Chi Minh city and Da Nang to enhance the smart city collaboration in the future. The main contribution of the IPP II programme in this context has been the support for networking and concept building. Financial support by the IPP II has been relatively modest.</p>
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Regarding the institutional and organisational effectiveness, it was noted that the programme has been in constant contact with the Embassy of Finland and participated in the Team Finland meetings the Embassy has organised. Some of the interviewees to this evaluation stated, however, that there were, at times, considerable gaps in the cooperation and flow of information between IPP II and the actors (e.g. Finnpartnership, Finnfund, Business Finland) and instruments (e.g. BEAM, Matchmaking and Business Partnership Support, other financial support instruments of the Business Finland) of the Finnish private sector development in developing countries.

3.4. Efficiency

Financial Management

Total actual expenditures of the IPP II programme were 10,104,599 euros, of which contributions of (9,128,775 euros) from the Government of Finland accounted for 90.3% of the total programme expenditures. The contribution from the Government of Vietnam was 975,824 euros and accounted for 9.7% of the total programme expenditures.

The total expenditures by the end of the programme accounted for 91.9% of the total programme budget and 86% of the implementation budget. Of the Partnership for Innovation component only 67% was spent since many activities under this component were carried out with no costs or shared costs with other partners.

By the end of the Programme 44% of the total expenditures were used for three implementation components in two Result areas⁵⁴. However, this rate varied a lot annually. It was very low in the beginning of the Programme and increased during the following years. The rate was high in 2016 (52%) and 2017 (60%) showing that the programme implementation efforts were intensified in these years.

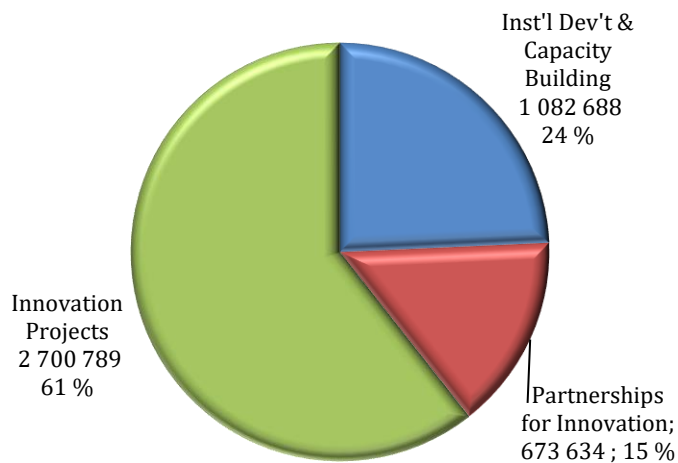
The Partnership Innovation component expenditures were used for several activities, especially costs for events and workshops such as Slush events, WHISE event, Harvest Day and IPP Alumni events. This component was also charged for partnership facilitation and

⁵⁴ It should be noted that the terminology of the programme structure varies from financial reports to performance reporting. Financial report refers to programme components (as in the original PFD) and performance measures (e.g. in exit strategy) have been reported by results areas.

partnership building and VMAP activities. During the programme period, the total expenditures of the component 2 were 523,033 Euros.

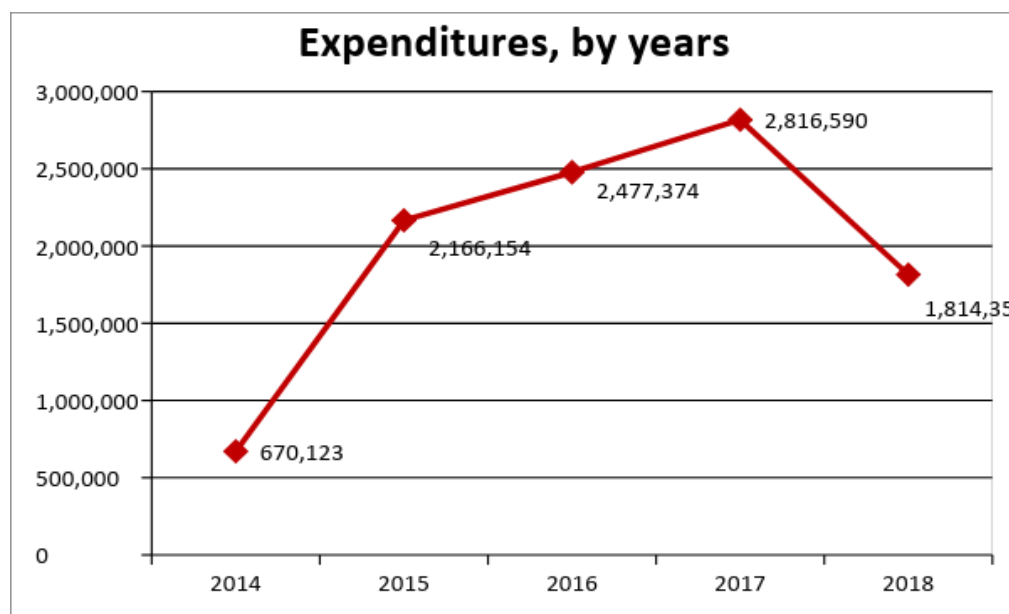
The total expenditures of three implementation components during the programme period were 4,456,511 Euros. Expenditures of the component 3: Innovation Projects was the highest amounting to 2,700,789 Euros, accounting for 61% of the total expenditures of three implementation components.

Figure 13. Use of funds under the three implementation components



Expenditures of component 3 were mainly used for innovation projects (82%). Apart from the IPP II contribution for the implementation of the projects, there was a big contribution of more than 1 million Euros (28.3 billion VND) from the subproject owners which showed a considerable commitment

Figure 14. Annual expenditures (2014 – 2018)

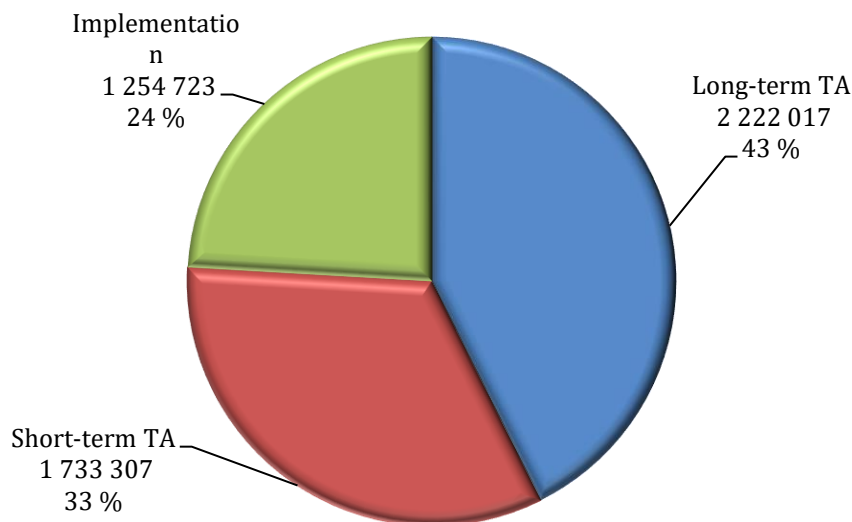


By end of the programme, there were 46 subprojects granted by the IPP II, the total number of contracts being 79. The total reimbursement value excluding the audit fee was 55.5 million VND, accounting for 92% of the contract value.

In the original budget design, the technical assistance component was only budgeted for international long-term consultancy, including costs for one Chief Technical Advisor (CTA), one International Business Development Expert (IBDE), one Junior Expert (JE) and for Home Office coordination. During the implementation, the IPP II needed a lot of international short-term experts to carry out assignments under the implementation budget. Budget resources were shifted from implementation components to Technical Assistance component. The original budget for Technical Assistance was only 2,385,000 Euros, after revision the estimation of Technical Assistance budget was up to 3,827,902 Euros. This budget based on actual cost of 2014-2016 plus cost estimation of 2017 and 2018 approved in the SC 11 meeting. In the SC 16 the budget was increased by 100,000 Euros for costs expected for the extension period of November and December 2018.

All international short-term consultants were hired and managed by NIRAS following Finnish government procurement procedures. The total fees and reimbursable costs that NIRAS paid for international short-term experts from 2014 – middle 2017 were 977,117 Euros. In 2017 the MFA signed a package contract of 662,550 Euros with NIRAS for the international short-term experts from middle 2017 until end of October 2018. In addition, an extra amount of EUR 99,600 was allocated for international short-term experts during the extension period of November and December 2018. The total estimated budget for the international short-term experts was 1,739,267 Euros.

Figure 15. Use of the MFA funds through NIRAS



The MFA and NIRAS signed a consultancy contract in March 2014 for the implementation of the IPP II during the period from 2014 to 2018. The contract was amended altogether nine times. The total value of the contract is EUR 4,468,379. The number of amendments to the contract between MFA and NIRAS (In addition there is another STE contract between MFA and NIRAS, tendered separately in 2017 that has 2 contract amendments) reflects the adaptive nature of the IPP II Programme.

The app. 800,000 Euros unspent can be seen as an indication of a lean and cost-efficient programme implementation. On the other hand, one could question whether these resources could have been spent on additional activities that could have supported, for example, transition or sustainability of results. The programme's short-term expert costs have been relatively high (almost 1/3 of the total TA budget). Such a high percentage can however be legitimized by the nature of the programme, positive feedback from the beneficiaries and stakeholders, together with the mostly positive outcomes of the programme.

Value for money analysis

Budget allocations and financial reports do not tell about the effectiveness of the program unless the financial statements can be reviewed against the outputs or results of the program. In the IPP II program, application of a systematic cost benefit analysis or cost effectiveness analysis is almost impossible because the budget breakdown structure does not follow the framework the programme used when reporting outputs or results. In addition, the program's result chain has been changed repeatedly, and in the final report of the program the outputs and results are reported through two result areas whereas the financial reporting follows the original three component structure.

For the above reasons, the evaluation team applies a so called BER Analysis method (Basic Efficiency Resource Analysis) instead of the traditional cost-benefit, cost-effectiveness or cost-utility analysis. A BER analysis provides a framework for evaluating complex programs by comparing impact to resources and offering a relative perspective on performance where units analysed are judged in comparison to other peer units. This approach simplifies complex information and should not be relied on alone. It should be used in conjunction with other data and never as the only analytical approach.

Data applied in this analysis is based on five main sources:

- 1) IPP II Financial Completion Report (Jan 16, 2019)
- 2) IPP II Project Completion Report (December 2018)
- 3) Draft Audit Report of the Innovation Partnership Programme, Phase II (December 2018)
- 4) Interviews and discussions in Finland (MFA, Niras)
- 5) Interviews during the Field Mission in Vietnam (November - December 2018)

Result Area 1: Institutional Support and Capacity Building

The total expenditures by the end of the Programme used for the Result Area 1, Institutional Development and Capacity Building was 1,082,688 Euros. This amount excluded the fees and reimbursable costs for international short-term experts used for this component. 71% of component expenditures were used for executive training courses and 21% used for TOT Programmes. Costs for international short-term input were rather high in the capacity building part of the Result Area 1. The total estimated budget for the international short-term experts was 1,739,267 Euros. The Vietnamese counterpart fund was used mainly for Institutional Development and Capacity Building component (43%) and PMU office costs (33%),

Figure 16. BER Analysis on Result Area 1. (Institutional Support and Capacity Building)

INPUT	High	LOW EFFICIENCY	Capacity Building
	Low	MEDIUM EFFICIENCY	Institutional Support (HIGH EFFICIENCY)
		Low	High
OUTPUT			

As a general assessment, a fairly large number of relevant outputs (see chapter 3.3.) were achieved in the result area 1. The IPP II program supported and contributed to the emergence of key entrepreneurial and innovation laws and decisions with a relatively low budget contribution. It was also possible to reduce costs by directing the Vietnamese government's own contribution to this area.

For the Capacity building -output the programme also produced a significant amount of training and coaching activities, the immediate impact of which was quite positive. The input-output ratio, and above all the cost-effectiveness ratio, is lower than in the Institutional support, mainly due to high financial investments. Here, in particular, the high cost of international short-term experts weakens the input-output ratio. At the same time, however, it has to be noted that the spending resulted in high-quality coaching events (e.g. bootcamps) and - on the basis of the information acquired through field trip interviews - international experts have continued to support and mentor the participants.

Result Area 2: Partnership for Innovation

The Partnership Innovation component expenditures were used for several activities, especially events and workshops such as Slush, WHISE, Harvest Day, and IPP Alumni. Also in partnership facilitation, partnership building and VMAP activities were carried out under this results area. Total expenditures of the result area 2 were 673,034 EUR, which means that only 67% of the budget was used. According to IPP II Financial Completion Report " The use of 67% of component 2 budget can be explained by the following reasons: (1) Many events were combined together (2) some activities co-organised with other partners and shared costs (3) Use of other resources such as use of the international short-term experts from TA budget for events, workshops".

Figure 17. Result Area 2. (Partnership for Innovation)

INPUT	High		Study visits
	Low		

		Joint call (Tekes - NATIF) Smart City Collaboration	Grant Projects Networking events VMAP
		Low	High
		OUTPUT	

The Partnership for Innovation Result Area contains very different elements. For example, in grant funding for companies and ecosystems the inputs and immediate outputs can be measured even in the short-term. (A real cost-impact analysis would require monitoring and follow-up information on the growth and financial success of companies and hubs.) All in all, this sub-area can be seen as a fairly cost-effective component.

Some activities to support the transition, such as the TEKES-NATIF joint search, Smart City collaboration, and VMAP, on the other hand raise more questions. The financial contributions to them were not very high, but the concrete results remain uncertain.

3.5. Sustainability

There are several findings that speak for sustainability of the programme's outcomes and impact:

(i) The new policies, laws and regulations as well as the commitment and determination of the GoV.

- After the determined effort of the government, the Vietnamese legal and regulatory environment of start-ups has been markedly improved, especially if compared to the situation 4-5 years ago (see chapter 2 for the main new legal and regulatory measures). The commitment of the GoV can be seen from the intensive promotion of the start-up-nation-goal, from the speed with which the province and city-level administrations have been involved in the implementation of the new policies, and with which the necessary budgetary procedures have been created⁵⁵, as well as from the frequency with which even the highest representatives of the government participate in the events and appear in media, conveying the message of start-ups as a significant model of renewing and developing the country's economy.

(ii) The number of trained policy makers and top-management, specialists, lecturers and entrepreneurs/ start-up founders; emergence of a start-up community.

- As described in chapter 2.3 the IPP II has trained a significant number (90) of policy makers and key experts from various ministries, government agencies and universities, as well as from provincial and city administrations. Almost 200 people have participated in the ToT-2 training, and many of them have started to disseminate what they have learned. Local, regional, and even national level networks have been created. Many of the interviewed

⁵⁵ The team was told that already over 20 provinces have produced their own programme on how to implement Decision 844.

representatives or founders of the start-up companies referred to a “start-up community”, which they said did actually not exist before the time of the IPP II.

- Most of these people expressed interest, inspirations, even enthusiasm regarding the insights they had gained via the IPP II activities. They also declared their willingness and determination to find out ways in which they themselves or their organisations could continue to carry on the activities and the model piloted by the IPP II. In this pool of human capital and initiative, the IPP II has significant force to sustain the changes in the Vietnamese innovation ecosystems.

(iii) The approaches and tools developed and piloted, including a transparent model for financial support, E&I curriculum, teaching and training materials

- One of the key outputs of the IPP II has been the open source E&I core curriculum, which was tested in ToT trainings and meant to be later used by universities and different other stakeholders, such as various ecosystem developers. Many of the interviewed universities and other organisations referred to this curriculum and reported use of it, or modified parts of it. There was an obvious need for such a curriculum in Vietnam. Most universities in the country have traditionally concentrated on research, with little cooperation with private businesses, and modest capacities or institutional arrangements aimed at developing innovations and escorting them towards commercial viability.

- The same applies to open source training material developed for ToT courses; they have already now been applied by, and/or modified to, needs of many higher education institutions as well as system developers, accelerators and incubators. Such use and replication of the material will contribute to the dissemination and spreading the outcomes and results of the IPP II.

- Many of the personal and organisational/institutional level contacts and networks that the IPP II has helped to emerge, have also found ways to continue activities and strengthen the start-up stakeholder communities of Vietnam. A large portion of the people interviewed for this evaluation told the evaluation team that they continue to be active in such networks, and are willing to invest their own time to maintain them and do the advocacy work in their own organisations, in order to spread the new kind of thinking and understanding on E&I that they themselves have assumed from the IPP II. Programme 844 will also allocate or mandate the provincial and local level authorities to allocate resources for such kind of networking.

Risks to sustainability

(i) Focus on individuals vs. inertia and lack of support of institutions

- One of the key weaknesses of the IPP II, in terms of sustainability, may be the same feature that has favoured the programme: its focus on individuals through a bottom-up approach. Throughout the implementation period there have been different kinds of ideas on which institution(s) should take over the activities and care for the programme results when the programme itself has ended, and how this should be done⁵⁶. The question is still partly open.

- This lack of certainty regarding continuity and ownership manifests itself on practically all levels of the developing national innovation ecosystem. It appears, for example, that changes

⁵⁶ MOST, NATEC, NATIF, provinces and cities, private financiers and private consortia making business by using the tools and approaches created by IPP II are among the different options that have been in discussion.

of legislation and regulation have often been initialized by some active, mostly fairly young, civil servants (trained by the IPP II) in key ministries. They have developed new ideas (e.g. Techfest) in an informal horizontal cooperation, and then introduced these ideas to more senior management and convinced them to approve them. But are there sufficiently enough of such innovation/start-up champions in the administration to make lasting difference? Will they be given time and space to operate like this in the future? What happens if their careers lead them to somewhere else? Has the change of mind set achieved the critical mass within the government that ensures its continuity and further development?

Many of the E&I experts, civil servants, financiers and entrepreneurs interviewed for this evaluation had doubts on these questions. They expressed the view that, despite the strong message from the political leadership of the country, only a fraction of civil servants in a few key ministries have changed their thinking. According to these views, the great bulk of the rest of the government has not yet really subscribed to the thinking and modes of operating that are needed to effectively support the innovative start-ups. Red tape and cumbersome procedures are still claimed to hinder, e.g. the willingness of start-up founders to register their companies in Vietnam, or their possibilities to develop and expand their businesses.

In Figures 18. and 19. below, the challenge of institutional sustainability is illustrated by simplifying the Vietnamese NIS into 4 broad levels of actors (policy, institutions, firms, individuals). In Figure 18., the role of the IPP II is shown in influencing and feeding in on each of the levels and in bringing the levels in contact with each other. In Figure 19. the situation is shown after the IPP II intervention.

Figure 18. The role of the IPP II in supporting the the NIS of Vietnam.

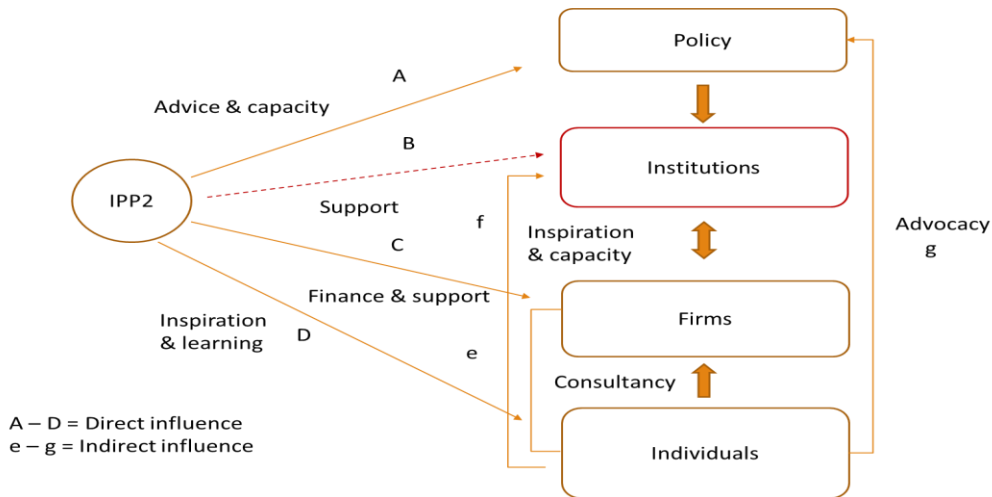
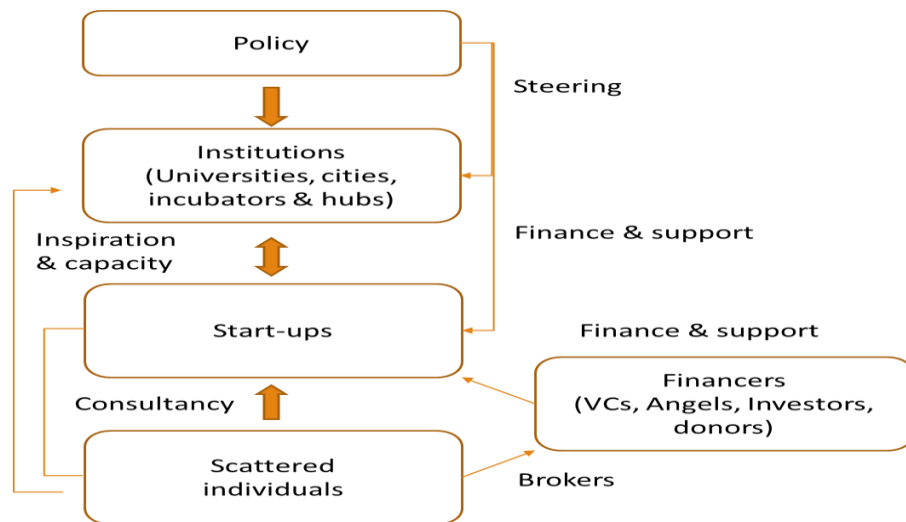


Figure 19. The situation after the end of programme implementation.



(ii) Continuation of open, transparent operational model; suitability of the Finnish example to the Vietnamese context

Some of the interviewees also expressed misgivings on whether the innovation system model of Finland, or even main elements of it, can be transferred to Vietnam, due to the great differences in the way governments and their institutions function. Can innovations – which by definition entail breaking direct or implicit rules or habitual ways of thinking – be incentivized and mandated from above? If one of the explanations to the IPP II’s success has been its adaptivity and change, will the implementation of the programme 844 allow for a similar kind of adaptivity and flexibility? Will the transparent and swift procedures of IPP II in allocating financial and other support continue, and be even possible, according to Vietnamese legislation? Many of the interviewees, especially from the private and financial sector, voiced reservations. They emphasized that the success of Programme 844 would, most of all, require trust in that the government focuses on enabling, instead of guiding and controlling. They expressed concern on whether this will be the case. The evaluation team subscribes to these worries and regards them as substantial risks to sustainability of the IPP II results.

(iii) Resources for the further policy implementation on various levels of the innovation ecosystems.

The implementation of Decision 844 and other innovation supporting policies will require resources at least for the following (partly intertwined) functions:

- 1) Capacity building and training in the central and local governments, government agencies and universities, leading to e.g. more enabling legal, regulatory and administrative environment for innovation and start-ups
- 2) Conceptualization, commercialization and marketing of e.g. universities and research institutes’ knowledge products
- 3) Running of accelerators, incubators and other service providers
- 4) Seed and other early stage risk financing for start-ups

When it comes to the first two (partly three) functions above, the most plausible financing options in the near future are the public funds of the government/local authorities and the availability of support from development partners/international organisations. The allocations in the central government budgets will, at least at the beginning, be modest, and the activities and plans of the international partners of Vietnam appear still to be somewhat unclear and uncoordinated. The implementation depends, to a high degree, on the provinces and cities, their willingness to allocate funds for these purposes and, since their allocations do not appear to match the needs, on their ability to mobilize more financial resources.

In principle, the universities could gather private financing for the different services and products built on their research expertise and excellence. In practice, most of the Vietnamese universities still appear to have little understanding and few tools to make this happen.

(iv) Mobilization of private finance

Regarding the innovation support service providers, like incubators ((iii) above), the interviewees referred to great differences in their capacities and professionalism. A small number of them have been operating already before the cooperation with the IPP II, are well established and thriving. A significant share of the rest, however, struggle to find their niche, business model and consequently financing for the time after the IPP II support. It appears that running an incubator and/or providing business development services to start-ups on a commercial basis is not yet a business model established enough in Vietnam to attract private financiers' substantial participation. Of the five interviewed organisations participating in such service provision with the support from the IPP II, only one reported commercial viability. This can also partly explain why the commercial consortia that, in the Exit Strategy, were envisaged to continue IPP II service delivery activities on commercial basis, did not materialize.

Regarding the seed and other risk financing to the start-ups, Decision 844 commits the government to an "...estimated funding of 1,000 billion dong for 800 start-up projects and 200 start-ups including 50 enterprises financed with venture capital"⁵⁷.

The GoV is investigating new mechanisms and channels to financially support start-up companies from public funds. Currently, there are, in principle, three channels for this: through Programme 844, through NATIF (which is waiting for the redefinition of its functions and strategy), or through the National Technology Innovation Programme.

The long-term objective of the GoV is, however, that the bulk of such financing (especially after the very early stages of business development) comes from risk-tolerant private investors. This is a necessity, due to the discrepancy between the needed amounts of finance and the available public resources, and the expertise required in assessing the business potential of start-ups. It is also the financial market that, all things considered, should and can select the commercially viable business models, services and products, and bear the corresponding risk.

There is clearly a lot of new interest towards start-up financing in the Vietnamese financial market. There was, in 2017, around 40 investment funds active in the country⁵⁸, mostly

⁵⁷ The Prime Minister's Decision No: 844/QĐ-TTg: "Approval for "assistance policies on national innovative start-up ecosystem to 2025", Hanoi, May 18, 2016.

⁵⁸ <https://drive.google.com/file/d/1zRjFc-U3jCHfxWejnSLUQBrcjrlnSBO8/view>

registered in, and operating from, other ASEAN countries. The first domestic venture capital (VC) fund has just been registered. Some banks⁵⁹ and larger corporations⁶⁰ have recently established their own start-up funds and/or incubators. Numerous angel investors were also said to be actively looking for suitable start-up investments. According to some indicative data, the number of deals executed by domestic venture capital and angel investors overcame the number of deals executed by foreign investors for the first time in 2017, though the total value of the domestic deals still remained lower.⁶¹

The circles of such risk-tolerant domestic investors are, however, still in a nascent phase and fairly disorganized. The government, some cities and provinces, and their incubators or accelerators, have made efforts to bring start-up entrepreneurs and potential investors together. Investor networks have been initiated but, according to investors met with during this evaluation, the market is still very dependent on personal networks, and functions through informal cooperation.

The IPP II has, from the beginning of its implementation, pursued establishing structures and networks to connect start-ups looking for financing, and private financiers looking for investments. One of the IPP II's exit-strategy outputs was a "*Cross-border funding pool created for innovative projects of start-ups and SMES*", and one of the two programme outcomes was stated to be "*Cross-border investment, institutional and commercial collaboration platforms created*". Such goals were very ambitious to start with, taking into account the complexity and difficulty of start-up financing, and the requirements of the commercially oriented investors. Unsurprisingly, the results have been modest, apart from discussions with various potential investors. As the network analysis in section 3.3. shows, the informants to this evaluation did not consider financiers to be very essential actors of the innovation networks, neither did they have much contacts with investors.

Besides the ambitiousness of the IPP II plans, there appear to be many other reasons behind this. Investors appreciate the GoVs openings towards improving the governance of innovation system, i.e. the establishment of more stable legal and regulatory environment for start-ups and their financing. Many of them, however, still avoid exposing themselves to the market and policy risks in Vietnam - some are even determined to stay away from the start-ups/companies supported by the government. A common strategy among them appears to be testing the market with small investments that they can afford to lose.

There also appears to be a lack of financeable projects/start-ups. Even the most risk-tolerant angel investor building his/her portfolio of investments requires some kind of probability for cash flows in a foreseeable future. According to interviews carried out for this evaluation, the ideas and innovations presented to investors often fall short of this criterion and show little understanding on the mechanisms of commercialization and requirements of finance. The Vietnamese universities' (with a few clear exceptions) skills to refine their scientific knowledge

⁵⁹ E.g. VPBank's USD 1 million start-up fund <https://vneconomicstimes.com/article/banking-finance/vpbank-launches-vpbank-start-up-project>

⁶⁰ E.g. The USD 86 million start-up fund of the Vingroup, the biggest private company in Vietnam <http://vingroup.net/en-us/news-events/news-events/vingroup-to-nurture-tech-start-ups-3277.aspx>

⁶¹ <https://www.slideshare.net/topicafounderinstitute/vietnam-start-up-deals-insight-2017-87618940>. Note the data providers' disclaimers regarding the accuracy of the data.

and excellence into commercially viable products and services were assessed critically by investors.

(i) Omitting the larger, more established SMEs and corporations

The approach chosen by the IPP to work with start-ups and spin-offs, government, agencies, universities and service providers, with less attention to cooperation with more established SMEs and larger companies⁶², may also affect the sustainability of the programme's results. The chosen approach is no doubt necessary for the long-term goal of creating new innovative growth companies for the international market by establishing conditions on which innovations and start-ups can emerge. This "bottom-up" approach focuses on enabling the supply of innovations and start-ups.

Related to the quality of innovations and their financeability, the complementing "demand side" and connection to markets were also yearned for in the interviews carried out for the evaluation. Many start-ups focus on R&I but fail to bring their ideas into the market. In many countries the well-established SMEs and larger corporates play an important role in local, enterprise-driven innovation systems. They know the market requirements and developments and are able to assess the innovations and their potential from this perspective. Best results are achieved when private sector enterprises of all kinds and sizes work closely with universities, research institutions and other knowledge producers⁶³. The cooperation with authorities responsible for public procurement can also provide the start-ups with connections to an immediate demand of their technologies and services. Robust market-linkage of knowledge-based innovations enables start-ups to capitalize their ideas or technologies.

Seen from this point, there is a risk that the sustainability of the IPP II results may be affected by the limited attention given to more established enterprises and their role in ensuring linkages between knowledge and innovation on one side, and the market conditions and demand on the other.

Sustainability of VMAP

Regarding the VMAP, the feedback from the interviewed Finnish companies⁶⁴ that had participated in it was that the programme has opened up new markets and partnerships. Some of the companies had succeeded in identifying potential customers, some had even signed deals and planned investments in Vietnam. At the same time the "one-off" character of the programme was criticized, and the need for continued, consistent presence of an IPP II -like programme in Vietnam pointed out, together with the importance of local partners/consultants. The detachedness of the VMAP from some other Finnish instruments for PSD and Team Finland organisations, as well as the deficient coordination between them were also pointed out by the interviewees representing some of the TF institutions.

⁶² See the results of the network analysis in section 3.2: very few SME or larger company appears to be in a central role in the networks that have emerged between 2014 and 2018.

⁶³ As an anecdote, it can be observed that OECD has, in its 2017 assessment, criticized the Finnish Innovation system, in which large companies have traditionally been prominent, for too few and weak linkages especially with the SMEs.. <http://www.oecd.org/finland/oecd-reviews-of-innovation-policy-finland-2017-9789264276369-en.htm>

⁶⁴ The evaluation could not gather the views of all Finnish VMAP companies, since the list of them and their contact information was not available.

The Vietnamese VMAP consultants shared with the Finnish companies the positive assessment of VMAP. They, however, voiced some scepticism, especially in when it comes to preparedness of the Finnish companies to enter the Vietnamese market. In their view, the selection of the Finnish enterprises, and the preparation of them, should have been done in a more rigorous and less hasty manner, to ensure the sustainability of the initiated market entry activities.

3.6. Aid effectiveness

The Paris Declaration outlines the following five fundamental principles for making aid more effective (applied here in the middle-income country context):

- Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
- Alignment: Donor countries align behind these objectives and use local systems.
- Harmonisation: Donor countries coordinate, simplify procedures and share information to avoid duplication.
- Results: Developing countries and donors shift focus to development results and results get measured.
- Mutual accountability: Donors and partners are accountable for development results.

The Vietnamese Government has been strongly committed to the IPP II program since its inception. In particular, the role of the Ministry of Science and Technology (MOST) and the Ministry of Finance (MOF) and, at a later stage, the Ministry of Education and Training (MOET) has been central. The program has been linked to Vietnam's own innovation development strategies and supporting legislation. It is particularly positive that the country's top political leadership, including the Prime Minister, has been very committed to the IPP II program and has given it all their support.

Universities, provinces and major cities such as Ho Chi Minh City, Da Nang and Can Tho have also invested in the development of start-up ecosystems and integrated IPP II support into their own business development activities and other support programmes.

Alignment and harmonization are central to the Paris Declaration and Accra Agenda for Action. The ongoing innovation programs in Vietnam by various donors have supported one another and worked closely together. According to the interviews, the closest cooperation with IPP II has been made by the Asian Development Bank, Switzerland and UNDP. Other donors recognized the Finnish IPP project and found it to be innovative and successful. (Other innovation programmes are listed in Annex 7.)

The Vietnamese government has shown clear results orientation in its innovation activities. It has actively followed the implementation and effectiveness of its policy action and has influenced publicity through communications that support innovation. The Vietnamese government has also emphasized its accountability in relation to the success of innovation policy.

The constant changes in the logical framework and the result chains, as well as the deficiencies in the indicator structure, on the other hand, are not in line with the principle of measuring results. This also affects the alignment with the principle of mutual accountability.

3.7. Finnish added value

The concept of Finnish value-added is normally interpreted as whether a small donor such as Finland can make a difference in its development cooperation by bringing in something extra, beyond the sheer volume of aid (e.g. money). A second issue is what that extra might be. Sometimes this has been referred also as assumed Finnish strengths, including consistency and perseverance, good ability to cooperate and an approach based on the aims and needs of the partner countries, as well as paying attention to people in weaker position.⁶⁵

The intended impact of the IPP II was (shortened from the Exit strategy results chain) an enabling innovation ecosystem, in which Vietnamese companies collaborate with foreign, especially Finnish partners.

The IPP II has contributed to the operationalisation of a shift to new cooperation modalities between Vietnam and Finland. It has offered opportunities for Finnish innovation agencies to establish mutually beneficial partnerships with Vietnamese counterparts.

In addition, the IPP II has established a transparent model for processing financial and other support to innovative start-ups and ecosystem developers. It has also provided Vietnam with the models and procedures of innovation support systems based on the Finnish practices.

The IPP II has created models for Business Partnerships in Vietnam. Potential partners in Finland such as TEKES/Business Finland, Aalto University and private companies have been contacted. VMAP has been created as a model of a soft-landing instrument for Finnish Companies. Study visits organised by the IPP II Programme have also given Finnish Innovation Ecosystem actors and institutions (Aalto, Turku Science Park, Business Finland etc.) an opportunity to show and explain how the Finnish Innovation Ecosystem works in practice.

4. CONCLUSIONS

The assessment of the performance of the programme below is based on the findings presented in previous chapters⁶⁶.

The scoring in this section follows the four-step scale:

4 Very good. The program has achieved all its objectives and, in addition, has been able to generate added value that could not be expected when the program was prepared.

3 Good. The program has achieved some of the objectives set for it and, in addition, has produced some positive unintended effects or impacts.

2 Problems. The program is clearly lagging behind some of its objectives and there are little or no positive non-intended effects or impacts.

⁶⁵ Koponen, J & Suoheimo, M & Rugumamu, S & Sharma, S. & Kanner, J. (2012). Finnish Value-Added: Boon or bane to aid effectiveness? Ministry for Foreign Affairs, Finland.

⁶⁶ In cases where the stakeholders' views or collected data have led to conclusions of the evaluation team that differ from the views of the MFA, these have been explained in a foot note.

1 Serious deficiencies. The program has failed to meet key objectives and the implementation of the program.

4.1. Relevance

The relevance of the IPP II consists of its relevance for 1. The Government of Vietnam, 2. Final beneficiaries (the Vietnamese start-ups and their founders, Finnish enterprises and innovation ecosystem stakeholders) 3. The Government of Finland.

4.1.1. Relevance for the GoV

It appears that the timing of IPP II was right and there was an obvious demand for such a programme. Its relevance for the GoV can be considered very good; it has also been very much in line - i.e. coherent - with the GoV policies and goals during the programme implementation. The project benefitted from good timing vis-à-vis the emphasis of GoV innovation and entrepreneurship policies on innovative start-ups since 2016. Simultaneously, the programme also influenced this situation and created a demand for its model and services.

4.1.2. Relevance for the final beneficiaries

There was obviously a need for an IPP-like programme, for its network creation and facilitation activities, for the financial & soft support it orchestrated for the start-ups and system developers, as well as for the teaching and coaching it has arranged for various stakeholders. For many start-ups and their founders, the IPP II has also been about the recognition of the importance and of the value of entrepreneurship and start-ups, about encouragement and inspiration, and about the change in thinking.

From the perspective of the Finnish enterprises and other innovation ecosystem stakeholders, the IPP II appears to be good of relevance. This applies especially to the VMAP programme.

The Vietnamese universities have clearly benefited from the training arranged by the IPP II (ToT) and from the Programme 1665, which give them a clear legal basis for organizing E&I training. More than 50 universities have participated in the program activities, and app. 80% of those continue the E&I training developed by the IPP II.

4.1.3. Relevance for the GoF

The overall relevance and coherence of the IPP II, seen from the GoF perspective, are considered good.

The transition strategy, against which relevance is assessed, has several goals, with trade and investment-related being most prominent in the strategy text. In addition to the Transition strategy, relevance is assessed against the development policy objectives of the Finnish government.

Many of the programme's activities to support building of innovation and start-up ecosystem and transforming of the Vietnamese economy into a knowledge-based economy were highly relevant from the development policy perspective. Especially the objective of supporting "*the growth of developing countries' economies to generate more jobs, livelihoods and well-being*" is covered in IPP II activities.

VMAP served somewhat separate purpose and logic from the rest of the programme. It had limited relevance to the programme's overall goal, i.e. strengthening the innovation ecosystems of Vietnam. The possible causal chain from the VMAP activities to this overall goal is weak and indirect.

On the other hand, the VMAP appears to be highly relevant to the transition of Finnish cooperation with Vietnam, especially in furthering the increase of trade and investments between the two countries.

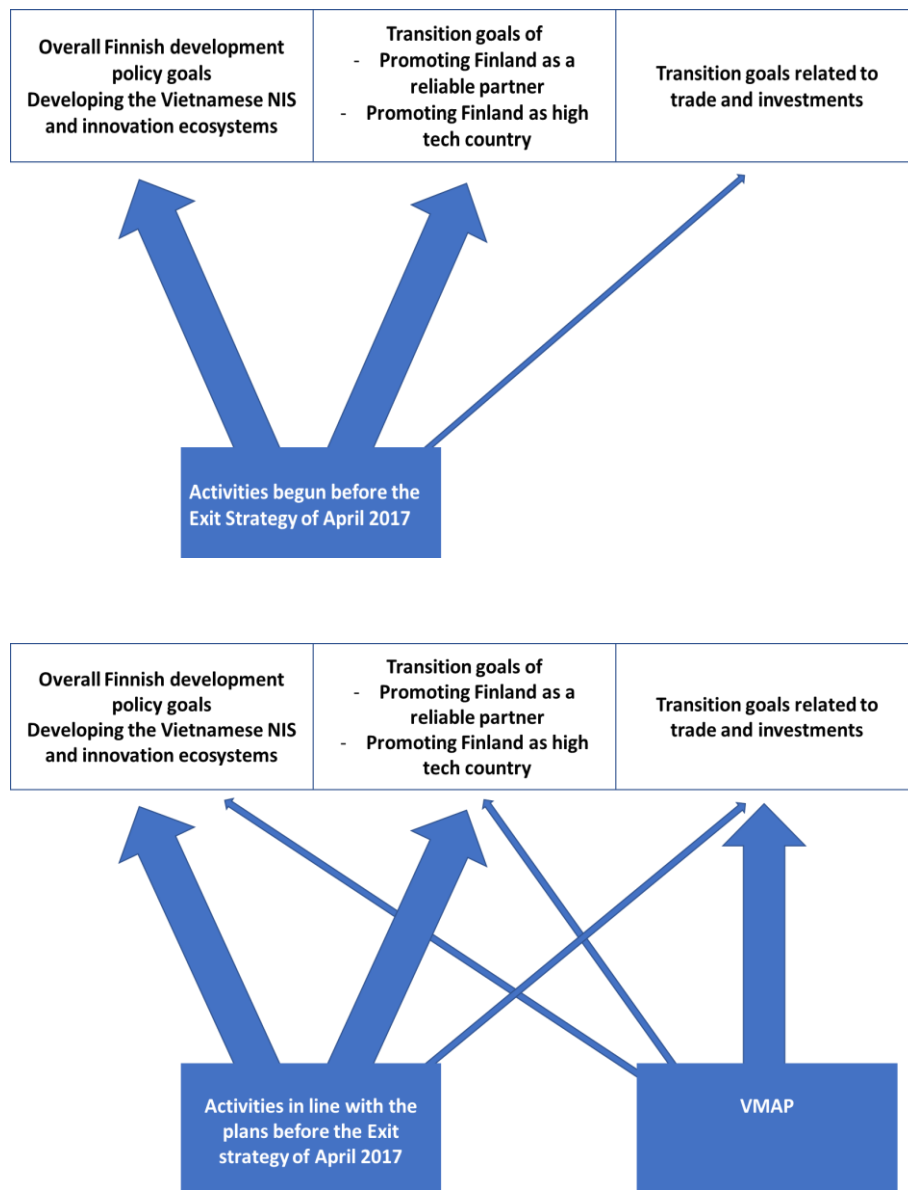
In promoting "*Finland as a well-functioning, clean, high-tech country offering state of the art technology, world-class know-how and innovative solutions to Vietnam*" and in "*..making Finland...known in Vietnam as a reliable partner providing economically and environmentally sustainable solutions*", as stated in the Mission and Vision of the 2016 Transition Strategy, the IPP II, especially the activities supporting capacity building, networking and innovation ecosystems, appears to have been relevant.

Seen from the evaluation technical point of view, all the elements of the IPP II have been in line with some of the policy goals of Finland. When brought together in one programme, the elements did not, however, form a very coherent entity. This probably reflects the bottom-up approach that the IPP II applied in identifying gaps in the ecosystem capabilities and available services and focusing on them. Such an adaptive, bottom-up approach may well lead to activities and inputs not aligned with the original planning, or to elements not necessarily strictly in line with each other or with the previously decided elements⁶⁷.

Relevance of different programme elements vis-à-vis the Finnish policy goals is illustrated in the Figure 20 below.

⁶⁷ This part of the analysis could also have been presented in the chapter on effectiveness; relevance and effectiveness are closely interlinked.

Figure 20. Relevance of different programme elements before and after the inclusion of the VMAP.



That the transition strategy itself is to some extent unclear, may be a part of the explanation. The strategy does contain a description of the end situation of the transition:

“...The targeted outcome of the transition is a strengthened bilateral partnership with trade and commercial relations as its new core, based on the notions of equality and mutual benefits.”

The text is, however, sparing when it comes to details of its goals. In the case of trade, for example: the pursued volume of it, or of other commercially-based operations-like investments is left open. There is also fairly little about the ways and means of achieving the goals. – unlike in most well-built organisational or institutional strategies. The other goals, like the visibility of Finland in Vietnam are mentioned, but the mutual weights of the different goals and targets

for them are unspecified. Without more exact definitions of the transition's goals, the operations that are supposed to lead there, and time-bound key performance indicators (KPI) plus targets attached to these goals, it is rather difficult to assess relevance of the IPP II vis-à-vis the transition. For example, if the pursued trade volume would have an exact KPI, it would have been easier to assess whether supporting start-ups is the relevant – and effective – operational mode to achieve it. There are reasons to believe they are not; It often takes years and lots of resources before even good innovations are developed into commercially viable companies, capable to participate in international trade. Most of start-ups die when trying, even in stable, developed economies like Finland.

The same goes with other elements of the IPP II: is the capacity building for Vietnamese central government (MOST, MOET etc., or local universities) the most relevant, direct and effective way of transitioning from aid to trade or to increase the visibility and strengthen the country brand of Finland in Vietnam?

The evaluation mission had access to the MFA Results Framework for the transition. Of the 23 indicators for the Impact 1 (*"An enabling innovation ecosystem, that supports the generation of high growth innovative companies, promotes collaboration with foreign, particularly Finnish partners and contributes to innovation-led economic development"*) for the years 2015-2020 only 9 had time bound targets, and these only for one year (2017).

Moreover, the above-mentioned Impact 1 itself, the outcomes supposedly leading to it and 19 of those 23 indicators have been taken directly from the IPP II's exit strategy and its monitoring table, approved in April 2017. This means that the strategic guidance happens in a reversed order: a programme, chronologically (2017) and in the programming sequence later to the strategy (2016) defines the contents of this strategy. The transition strategy was drafted, when the IPP II was already in implementation, which affected the strategy. With this sequence of planning as well as results and indicator structure the strategy cannot very effectively guide its own implementation.

The transition strategy's lack of exactness makes it difficult to assess the overall relevance of the IPP II against it.

Regarding gender and the HRBA: Even though, at the beginning, in the PFD 2013, there were good intentions to address human rights and gender equality in many ways, the IPP II eventually did not promote gender equality and human rights actively and systematically with budget allocation, particular objectives and clear monitoring indicators set in areas where the project activities were to be undertaken.

The changes in plans and key guiding documents caused HRBA and gender equality to fall out of focus and lose importance. The two indicators set for monitoring gender equality and human rights (see chapter 3.1.) in two different plans at different stages of IPP II are unclear and cannot be achieved by the IPP II alone. In the end these indicators were not used. Instead, according to the Project Completion Report, HRBA has only meant broadening participation as applicable and disaggregating data to examine how widely the programme benefits reach across populations.

In the process of evaluating innovation projects for funding, the programme did not give a strong and clear message of priority being given to projects that directly or indirectly enhance human rights or socially responsible businesses that will empower vulnerable and marginalized groups.

It has been difficult for those who do not have a good command of English, as well as those who do not have a computer and access to the internet, to get information and to participate.

IPP II does not fulfil the criteria of being a human-rights sensitive project but it also cannot be rated as human rights blind ((by the definition of the Ministry for Foreign Affairs of Finland). The lack of attention given to e.g. HRBA, gender, weakens this relevance vis-à-vis the Finnish development policy goals

Taken all aspects of relevance together, and with the reservation that the characteristics of the Transition strategy make the assessment difficult, the overall relevance of the IPP II is assessed as good.

Stakeholder	Relevance
1. GoV	Very good
2. Final beneficiaries	Very good
4. GoF	Good
Overall	Good

4.2. Impact

The IPP II Programme lacks the theory of change. After the Mid-term Review Report noted this, a new results chain was developed during the preparation of the Exit Strategy. This, however, does not fully correspond to the theory of change in the sense described in the MFA programming instructions.

In the absence of the theory of change, it is difficult to assess the overall impacts of the program, especially as most of the program achievements are of such a nature that the real impacts will be visible only after years to come.

The activities of the program have contributed to the development of the innovation ecosystem, the creation of legislation promoting innovation and start-up activities and the adoption of a new innovation culture. Also, the network analysis proved that the innovation ecosystem has strengthened (in terms of more actors joining, density and number of connections increased) during the implementation of the IPP II programme. Also the diversity of agents has increased in terms of new intermediary organisations, innovation hubs and start-up companies joining the network. The structural position and centrality of the IPP II programme is very pivotal in the 2018 network. The Finnish companies that participated in the VMAP witnessed strengthened commercial cooperation between Finland and Vietnam.

The evidence gathered for the evaluation indicates good impact in the Result area 1 (Institutional support and capacity building), whereas the impact in the Result area 2 (Partnership creation and sustainability) was not as clear.

It will be possible to assess the final impacts of the programme with certainty only some years after the end of its implementation.

Impact	Realization of the impact goals
Result area 1: Institutional support and capacity building	Very good
Result area 2: Partnership creation and sustainability	Good

4.3. Effectiveness

The IPP II program had a positive contribution to supporting Vietnam's innovation and start-up legislation. Most of the legislative reforms and policy guidelines made by the government benefitted from the background and support materials prepared by IPP II. The training provided by the IPP II programme (ToT 1 and ToT 2 and Executive Training) proved to be very successful. The training events and courses were of high quality, the trainers were world-class level E&I experts, and the feedback from participants was positive. In addition, the participants felt that they were able to transfer the things they learned during training and boot camps to their own work.

The supported innovation projects have had a positive impact on businesses and ecosystems. The final verdict on their effectiveness can, however, be made, only after years of follow-up and monitoring.

In summary, it can be concluded that in Result Area 1 most of the targets were achieved well, both quantitatively and qualitatively.

The idea behind Partnership for Innovation (Result Area 2) was to create partnerships to function as a foundation for sustainable innovation collaboration. The Transition Strategy recommends the continuation of economic and commercial cooperation between Finland and Vietnam. Various cooperation models were tested. The idea behind the joint project call by TEKES and NATIF was to match Finnish and Vietnamese companies. After this call for proposal failed, the VMAP concept was developed. VMAP offered Finnish companies soft-landing services through Vietnamese consultants trained by the IPP II programme. The companies' experiences with VMAP were mostly positive, and many of the companies reached cooperation with their Vietnamese counterparts.

Smart City cooperation came to the program at a very late stage. The City of Turku and Turku Science Park were active in seeking Smart City partners from Vietnam. The IPP II thus helped Turku in networking and with minor financial contributions. As a result of the activities, the partnership agreements (MoUs) have been signed, and ideas for future project cooperation created. Otherwise, the results in the cross-border Smart City collaboration have remained modest.

The performance in Result area 2 fell short of what was intended. This can be partly explained by the non-performance of the chosen cooperation models (support to the TEKES-NATIF joint call), the vagueness of the transition strategy, and the late awakening for experiments supporting long-term cooperation (such as Smart City cooperation). The commercial consortia did not materialize, to which part of the IPP II activities were to be outsourced as envisaged in the Exit strategy. The same applies to the digital partnership platform and the cross-border financing pool.

Regarding the deficiencies in the cooperation of the TF/Finnish trade promotion/PSD instruments - pointed out by some interviewees - part of the explanation may be found in the role of IPP II. It worked on the ground in Vietnam and identified and contacted Finnish enterprises sometimes directly from there for e.g. VMAP company selection purposes, without very intensive contacting or cooperation with other relevant actors in Finland. There appeared to be slight overlaps in the roles of TF parties in this regard and, at least, there would appear to be efficiency and effectiveness gains to be achieved by better coordination. Successful though the IPP II and its bottom-up, independent approach in many respects have been, it would be better if the Finnish government's instruments for private sector development would work more harmoniously together.

Effectiveness	Effectiveness of the programme
Result Area 1: Institutional Support and Capacity Building	Very Good
Result Area 2: Partnership for Innovation	Good

4.4. Efficiency

The large number of amendments in the contract between the MFA and NIRAS is mainly due to the programming and budgeting model applied by the MFA. The model may not fit well with adaptive programmes like the IPP II.

Result area 1 (as in Exit Strategy) consists of two parts: 1) The Institutional Support and 2) The Capacity Building. In the Institutional Support Area⁶⁸, the IPP II program supported and contributed to the emergence of key entrepreneurial and innovation laws and decisions with a relatively low budget contribution. Thus, the input-output ratio appears to be rather high.

In the Capacity Building-section the input-output ratio, and above all the cost-effectiveness ratio, is lower than in the Institutional Support. This is mainly due to high costs (e.g. high number short-term TA-experts) of the capacity building. All things considered, the cost-effectiveness can nevertheless be considered rather good.

The result Area 2 (exit strategy), "The Partnership for Innovation" contains very heterogeneous group of activities and elements. For example, for the grant funding for companies and ecosystems, the inputs and immediate outputs can be measured even in the short term. With some reservations, this area can also be said to have been implemented in a fairly cost-efficient way.

According to the PMU, the programme underspending is caused by the fact that many activities (especially under the Partnership for Innovation component) were done with no costs or shared costs with other partners. However, the programme could also have applied the adaptive approach here, and redirect resources in ways that would have strengthened the impact and ensured its sustainability.

⁶⁸ In the implementation component "Institutional development and capacity building" of the original PFD.

The high percentage of STE costs can be legitimized by the nature of the programme, positive feedback from the beneficiaries and stakeholders, together with the mostly positive outcomes of the programme

Bearing in mind the fact that the disparities between the financial and performance reporting make assessment very difficult, the overall efficiency of the programme is considered good.

Efficiency of the programme	Good
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4.5. Sustainability

The most relevant sustainability aspects related to the IPP II are institutional, political, financial and cultural.

The evaluation findings offer several reasons to conclude that the programme’s overall impacts will be sustainable. There are, however, also many risks, the realization of which may affect sustainability. This somewhat sceptical view was expressed by many of the interviewed stakeholders.

Scepticism was most common regarding the institutional sustainability. The core group of innovation and start-up champions trained and inspired by the IPP II was, by many stakeholders assessed, to be motivated and dynamic but still relatively small, with some of them struggling to bring new ideas in their organisations. The strengthening and widening of networks (see chapter 3.2.) and emergence of totally new networks and platforms speaks positively for the institutional sustainability. The institutional sustainability here is rated as “problems”.

There are also risks regarding the cultural sustainability. The change of mindset among the people that have been exposed to the new thinking about entrepreneurship and innovation was evident, but questions were raised as to how wide their influence reached. Bearing in mind the strong guiding role of the government, and the commitment of the interviewees generally, the rating for cultural sustainability is “good”.

The evidence and data gathered for the evaluation point to rather high political sustainability; most interviewees considered the GoV to be committed to the new policies and regulations and having means and capacities to implement them. Reservations were expressed as to the practical implementation of them. Rating: very good.

The financial sustainability of the programme results proved to be difficult to assess. The Vietnamese economy is dynamic, and there is a lot happening in terms of the innovation and start-up finance in the country. However, the atmosphere among private investors is still one of waiting and seeing. It is also not yet clear how well the central and provincial/city level administration will succeed in mobilizing and allocating funds for the innovation and start-ups ecosystems. The rating for financial sustainability is “problems”.

The overall sustainability of the programme’s results is rated “good”.

Overall sustainability	Good
Institutional	Problems

Political	Very good
Cultural	Good
Financial	Problems

4.6. Aid effectiveness

The Vietnamese government has shown clear commitment and results orientation in its innovation activities. It has actively followed the implementation and effectiveness of its policy action and has influenced publicity through communications that support innovation. The Vietnamese government has also emphasized its accountability in relation to the success of innovation policy. The ongoing innovation programs in Vietnam by various donors have supported one another and worked closely together.

The IPP II has been implemented in line with the Paris declaration principles of ownership, alignment and harmonisation. Due to the changes in the results chains and deficiencies in the performance indicators, the principle concerning measuring results has not fully been aligned with. This affects also the degree to which the accountability principle is adhered to. Holding the implementation accountable requires adequate indicators and monitoring data (see also findings on efficiency).

	Aid Effectiveness of the programme
Ownership, alignment, harmonisation, results, mutual accountability:	Good

4.7. Finnish added value

Despite difficulties, the programme appears to have contributed to delivering Finnish added value and has offered an opportunity to share Finland's best innovation practices, including transparent support allocation mechanisms, open source knowledge products and the cooperation model for the stakeholders in the innovation support system. The program has succeeded in creating a positive image of Finland in Vietnam and has thus contributed to creating foundations for the growth of commercial cooperation between Finland and Vietnam.

Overall Finnish added value	Very good
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5. LESSONS LEARNED AND RECOMMENDATIONS

By the time the evaluation report is finalized, the IPP II has ended. The lessons learned and recommendations, therefore, do not all relate to the programme implementation or its final phases, but mostly relate to the forthcoming actions, interventions and policies in the field of innovation policy and support for start-up companies.⁶⁹

Relevance and coherence

GoV: See below in General recommendations

GoF:

Define the goals or the future transition strategies clearly, set indicators and their time-bound targets.

To improve the applicability of IPP II kind of programmes in promoting the transition of the Finnish cooperation with its partner countries from aid to trade based and/or mutually beneficial cooperation, it would be useful to define the goals of the transition as clearly as possible and set proper KPIs for them. As it currently is, the transition strategy for Vietnam is more a descriptive than guiding document, which makes it difficult to match with just the right kind of programmes and other interventions.

When designing new transition strategies, tailor and deploy separate instruments/programmes for the identified need and purpose (instead of exploiting ones designed for other purposes).

The new elements fed into the IPP II since 2016, especially the VMAP do not in a very plausible and direct way, support the development of the Vietnamese innovation system or start-up ecosystems. (The city-to-city cooperation, despite having been started before the IPP implementation, has closer connections to the IPP II's initial overall goals). The VMAP, though, in many ways, successful in promoting transition, departs noticeably from the logic and operational mode of the other elements of the IPP II..

It is therefore advisable to consider thoroughly before adding new elements in an existing/running programme or burden it with new goals and/or responsibilities during its implementation. It is better to design totally new tools or programmes for new goals; very few instruments serve many goals simultaneously, especially if some of the goals are added after the original design and after the start of the implementation of the programme.

Referring to the deficiencies in the inclusion of e.g. gender aspects and the HRBA in the programme implementation, it is recommended that the Ministry for Foreign Affairs should continue to require program designers and managers to study and apply the Ministry's guidelines on HRBA and gender equality as a cross-cutting objectives.

⁶⁹ It is to be noted that conclusions and lessons learned, as well as lessons learned and recommendations, are not always discernible from each other. Lessons learned are here embedded in the recommendations in order to safeguard the logic and narrative of the presentation.

It is also to be noted, that the recommendations are not all directly deductible from the OECD/DAC criteria - induced findings and conclusions. Many of them relate to the choices of the two governments regarding the potential future innovation policy/support programmes.

Ensure that the key documentation on e.g. calls for proposals is available in language versions that make it possible also for non-English-speakers to understand and participate.

Impact

GoV & GoF:

The future programmes require a clearer theory of change. The future innovation programs should also focus on securing and reporting outcome-level results, as well as demonstrating sufficient justification on how outcome level goals can be expected to contribute to impact goals. (See below in General recommendations.).

In order to follow the development of innovation ecosystem in Vietnam more systematic studies (both quantitative and qualitative) are needed. This would support the institutional learning and understanding of the dynamics and mechanisms of the network as well as provides urgently needed tools for systematic development of networks structures.

Effectiveness

GoV & GoF:

When programme changes are made during programme implementation, all baselines, indicators and target levels should follow the new priorities.

GoF:

The adaptive program model applied in the IPP II program needs to be further studied and modelled so that it could be applied to other innovation partnership and transition programs.

To ensure adequacy of the business initiatives aiming at new markets, and to ensure effective and efficient use of funds, good coordination of any IPP II-like programme with the TF-parties in Finland, and cooperation between them, is needed.

Efficiency

GoF:

The MFA could – within the limits of the procurement legislation and regulation - pilot adaptive or flexible programming approaches and innovative procurement models already in use at some other ministries and government organisations in Finland. This could reduce the number of contract versions needed for an adaptive programme like the IPP II.

The MFA will need to monitor the spending of the programs more closely and, above all, emphasize the importance of supervision for members of the steering committee.

GoV & GoF:

The use of TA budgets (including short-term experts) should be better planned in advance. When it comes to an innovation development program with a lot of capacity-building measures, it can be assumed that the use of STE inputs is quite high.

Sustainability

GoV & GoF: See below in General recommendations

Aid effectiveness

GoF:

The MFA could consider commissioning a separate study on the design and good practices of the transition phase programs, including the governments' role in them.

Finnish value added

GoF: See below in General recommendations

General recommendations⁷⁰

GOV: The evaluation team considers ensuring the sustainability of the IPP II outcomes and further development of the innovation ecosystems to be of utmost importance for Vietnam and its economy. The team subscribes to the recommendations listed in the Completion report of the IPP II, e.g.:

- Vietnamese start-ups and innovation-related regulatory framework are currently evolving and need further attention and international assistance to become harmonised and encouraging.
- More attention should be paid to the cultivation of culture and mindset which encourages collaboration, from ideas to co-creation and generation, and facilitated by innovation-specialized, professional network organisations, such as innovation hubs working closely with other ecosystem builders
- Need for more competition-based dynamic environment, conditions, incentive base KPIS to ensure emergence of more smart innovations.
- Improvement of investors protection, especially to modernise the capital market and banking system in Vietnam to improve SMEs access to various forms of capital.

The team also considers it important to continue the IPP II's transparent, competitive processes in allocating grants and other financial and soft support. Attention should also be given to the smoothness and duration of such processes.

In the implementation of Programme 844, the principle of enabling instead of controlling should be applied to the extent possible. The strength of the IPP II has been in that the various actors and stakeholders of the Vietnamese innovation system and start-up ecosystems have been involved and listened to. Innovations require space for new thinking, co-creation, and breaking the habitual rules and lines of thought.

⁷⁰ These recommendations relate especially to the three issues listed as the purpose of the evaluation in the ToR: 1. Sustainability of the results of the IPP II and the future development of the sector; 2. Planning and implementation of future STI programmes, especially in a transition context); and 3. The implementation of Finland's transition strategy for Vietnam and the design of future transition strategies. The recommendation cannot be directly linked to any single evaluation criterion only but may be linked to several of them.

Continuing regulative reform and overall streamlining the bureaucracies and procedures is important, as well as building trust between the participants and actors of the innovation ecosystem.

GoF:

A. Maintain the good visibility, brand and functionalities the IPP II has contributed to.

The IPP II has:

- a) raised the image of, and strengthened, the brand of Finland in Vietnam
- b) supported the innovation ecosystems of Vietnam, and its prerequisites (such as capacities among ecosystem participators, awareness of the importance of start-ups and innovations, and legal and regulatory framework) and;
- c) created relatively well-functioning models and platforms for business partnerships to emerge between Finland and Vietnam.

The sustainability of such outcomes is not certain, and they would all need constant presence of supporting structures.

Finland should therefore continue to provide soft-landing services (such as VMAP) for Finnish enterprises interested in Vietnamese markets. Such services could include e.g.

- Use of local experts to guide the Finnish companies into the new market
- Maintaining the open, transparent kind of selection of participating businesses in both countries
- Training/preparing the Vietnamese consultants properly for the task
- Ensuring in advance/set as a prerequisite, that the partner country counterpart organizations are mandated and resourced for the task, and that they have the needed skills and procedures to run their part of the programme.
- Ensuring that information flows and cooperation works between the different TF actors in Finland.

Taking into account the poor results of the joint TEKES-NATEC/NATIF call for Vietnamese-Finnish business partnerships (see chapter 3) and the feedback from the Finnish VMAP enterprises and Vietnamese VMAP consultants, Finland should pay special attention to a thorough preparation of such activities. Companies and participants in both countries should be well aware of what is expected from them for the partnering to work, and what they can expect from the instrument and from the potential partners. Sufficient time should be reserved for sharing information of the planned support instrument, its application (e.g. calls for proposals, eligibility criteria, selection procedures etc.) and for the above-mentioned preparation of the participants.

There are also a number of other instruments (Beam, ICI, HEI-ICI, Finnpartnership, etc.) that can be used to support companies and universities in innovation cooperation between Finland and Vietnam.

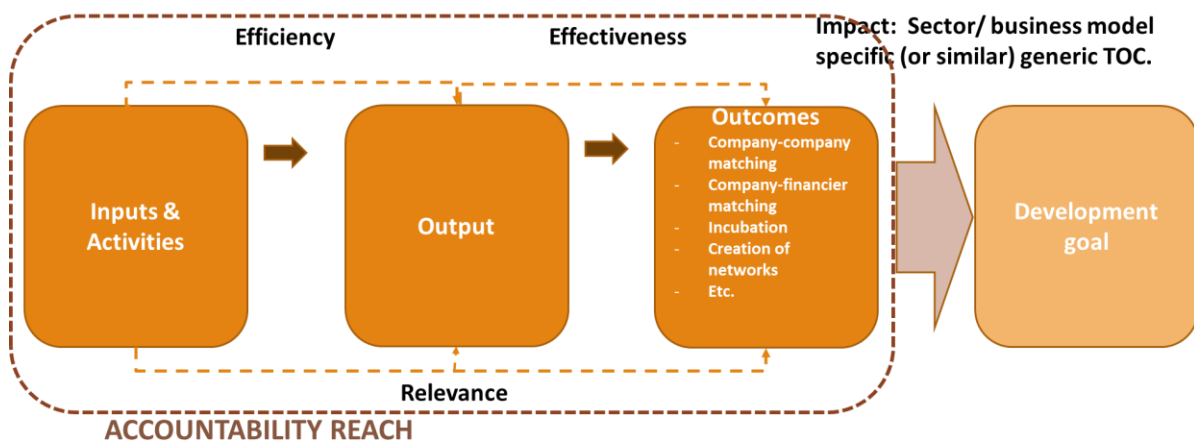
B. Develop the logic, design and implementation of innovation partnership programmes

The adaptive approach of the IPP II, including constant changes in the intended results chain, has posed challenges to checking the accountability of the programme, as well as to evaluating it against the proclaimed causal chains and intended impact. The merits of the adaptive approach are, however, also significant. The innovation system of any country consists of multiple actors on various levels. In addition, as has happened in Vietnam, the political, legal and operational environments, as well as linkages between the stakeholders, may change drastically and quickly. A linear, “traditional” programme with supposedly straightforward causal chains may, in such situations, prove to be too narrow and rigid. Some kind of adaptiveness, along the lines practised in IPP II is recommended for possible future innovation programmes funded by Finland.

In addition, in many private sector development (PSD) or similar programmes, the final goal of the programme is not to bring about immediate outputs or outcomes but rather influence the behaviour of private sector actors (mobilization of finance, leveraging knowledge and human resources etc.) in the long run. In such programmes, the trackable causal and accountability chains between original public inputs and the pursued overall impacts (private action) easily get stretched thin. Strict requirement for showing such chains and consequently restricting the palette of potential activities and operational modalities may hamper the programme implementation and water down its potential impacts.

The evaluation team, therefore, suggests the MFA consider introducing new ways to design, implement and monitor PSD and innovation partnership programmes like the IPP II and, more generally, the programmes with strong PSD emphasis. The elementary concept of the proposed design is depicted in Figure 15. below.

Figure 21. Possible design, results framework and evaluation for adaptive partnership and PSD programmes.



The core idea is to

1. Focus the accountability on the ex-ante set of outcomes, but to leave it to the programme to adapt to its operational environment and modify the inputs, activities and outputs flexibly to achieve the outcomes in the best possible way.
2. Define more generic (e.g. sector specific/thematic) theories of changes that would show with sufficient probability, that the produced outcomes lead to intended kinds of impacts on development goals.

This kind of project design would enable the programme to concentrate on practical implementation without resources being spent on proofing and reporting higher level relevance or impact. Many of the cross-cutting issues (like gender, human rights and other ESG aspects) could be taken into account through a safeguard type of checking in the early phases of the programme (such as is normally done in e.g. international development finance and private sector's project finance and impact investments).

The challenge of the proposed model is that it would require deeper knowledge and expertise, and possibly more involvement and steering from the financiers of the programme, through e.g. the steering committee structure or similar.

C. Develop a generic model for innovation partnership programmes and apply it to tailor the country specific programmes.

Based on the good results of the IPP II in developing the Vietnamese innovation ecosystems and start-up communities, it is obvious that the programme's adaptive, flexible approach has merits, and that the replication of this approach in similar type of innovation programmes in other countries should be considered.

At the same time, it is important to acknowledge that the implementation environment of the IPP II in Vietnam and its economy during the period following the global financial crises has been a particular one, characterized by e.g.:

- A change of economic needs and government priorities & policies from the labour-intensive production model to a new, diversified, knowledge-based economy.
- A strong central and local government able to quickly react to the new circumstances, enact laws as well as implement legislation and regulations.
- Constantly improving infrastructure, including mobile networks
- A young workforce, and a wide pool of talented people in technology.
- Established, country-wide network of universities and research institutes
- A traditionally strong position of large, state- or publicly-owned enterprises in the economy, and the challenges they have faced when trying to transform themselves to meet the exigencies of the new economic model.
- Equitization, i.e. privatisation of many state- or publicly-owned enterprises, leading to establishment of numerous new companies in the possession of these privatized assets.
- Rise of incomes as well as rapidly increasing use among the population and enterprises of mobile phones and technology, digital services and applications.
- The increased supply of money due to the liquidity of international capital markets. The stimulating monetary policy in most (EU, USA) major economies, and expansive fiscal policy in other (notably China) major economies, combined with the difficulty of investors to find profitable assets have globally led to an increased liquidity available for emerging and developing economies. As a quickly growing economy Vietnam has been, and most probably will be, an attractive location for these foreign investments.

This overall picture matches with few, if any, of the other long-term partner countries of Finnish development cooperation, especially in Africa. The role of the stable, committed and efficient government is of paramount importance. But also, when it comes to the stage of

economic development (the need to upgrade the labour-intensive manufacture/assembly-based production model that has raised Vietnam out of poverty into a knowledge-intensive economic model), or e.g. the net and status of the higher education institutions (HEIs), the circumstances differ greatly. None of Finland's African partner countries has yet followed the industrialization path of Vietnam, neither can they (with RSA as a partial exception) draw on the assets like the presence of large multinationals, influx of foreign investments, or strengthened infrastructure.

The direct replicability of the IPP II's approach and/or its set of activities in the innovation partnership programmes elsewhere may therefore be limited. Solutions may have to be tailored to each country.

This does naturally not exclude the replicability and applicability of some of the IPP II's specific elements also in other kinds of context. These elements include:

- Development of I&E curriculums in HEIs
- TA and advice on how to run incubators and accelerators
- Open source curricula
- Transparent funding mechanisms and procedures for start-ups, incubators and accelerators
- Support to develop policies and creating legislation to improve the policy and legal environment for start-ups to operate in.

Following what has been said above, the evaluation team's suggestion for the MFA is a (simplified) method of developing innovation partnership programmes:

1. Analyse and construct, based on the existing research, literature and expert interviews, an overall simplified picture or model of an "ideal" national innovation system; elements, levels, functions, stakeholders, relations etc
2. Identify, as a part of programme design/appraisal/mid-term evaluation, the structure and state of the national innovation system (in the respective country) against the "ideal" model.
3. Identify weak areas/stakeholders/elements (e.g. linkages between research institutes and the private sector). Set the target level of improvement/strengthening the weak elements.
4. Ensure the commitment of the Government and officials, building on matching of interests (National strategy and Programme ToC).
5. Allow the project implementation team to choose the methodology, activities and operations, plus to adjust the programme budget, use of HR and contractual arrangements simple enough to enable the achievement of the targeted outcomes with leanest possible procedures.
6. Link the targeted outcomes to the desired development objective (the impact) with a generic ToC (See the proposal on project design above, 5.2.1.). Do not expect the programme implementors to meticulously justify and demonstrate the impact of the programme on the pursued overall developmental goal during the implementation; trust the ToC.
7. Ensure that experts on innovation policy, and relevant representatives of private sector represented in the steering committee/other key governance bodies of the

programme. Be prepared to follow, monitor and, if needed, react to changes in the implementation.

6. ANNEXES

Annex 1. Terms of Reference

Annex 2. The Approach and evaluability

Annex 3. List of people interviewed

Annex 4. List of references

Annex 5. Development of programme overall objective, purpose and results/result areas/components of the IPP II.

Annex 6. The Exit Strategy (April 2017) results chain

Annex 7. Programmes financed by other development partners

Annex 8. Quality assurance statement produced by the quality assurance mechanism used

Annex 9. Evaluation brief

Annex 1. Terms of Reference

Terms of Reference Final Evaluation of Innovation Partnership Programme, Phase II 16.8.2018

1. Background to the evaluation

Vietnam and Finland have established the Innovation Partnership Programme IPP to support the development of Vietnam as a knowledge society and to facilitate the strengthening of the National Innovation System (NIS). Phase I of the IPP was implemented during August 2009 and February 2014 to be seamlessly continued by Phase II till the end of October 2018.

To date, the IPP II has introduced strategic interventions that have led to improvements in Vietnam's innovation and start-up ecosystem. It has tested and piloted mechanisms for supporting high growth entrepreneurship in a cross-cutting manner and on the different layers of the ecosystem – from policy level and university to ecosystem developers and start-ups themselves.

The strategy of IPP II has built on designing, piloting and testing funding instruments and capacity building mechanisms on a small scale with the aim that successful pilots would be scaled up later by other organizations that support the Vietnamese innovation and start-up ecosystem. These pilot activities have enabled interested organizations to learn and start their own innovation supporting operations as well as access open source materials, instruments and mechanisms provided by the programme. Through testing and piloting, IPP has generated real-life experiences which constitute inputs towards improving of the innovation ecosystem and startup activity in Vietnam. Lessons gathered along the way have been used to inform innovation policy development as well as tailor innovation funding instruments for new growth companies and ecosystem builders in IPP II grant calls.

IPP II also aims to help in bridging the gap between development cooperation and private sector cooperation and as such functions as an instrument in the transition phase of the relations between Finland and Vietnam. IPP II aims at building networks and sustained partnerships as well as locally running IPP-initiated innovation support instruments.

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

1.1. Programme context

Vietnam reached the status of a lower middle-income country in 2010 and is aiming to be an industrialized, middle income knowledge economy by 2020. A key enabler of this aim, the National Innovation System of Vietnam is made up of a forward looking public sector, capable science and technology (S&T), research and development (R&D) and higher education institutions, and innovative business enterprises that together create the future Vietnamese socio-economic development.

Vietnam's national innovation system has taken great strides ahead recently. A start-up boom is underway and the Government aims to fuel it by improving legislation and start-up support services, with the ambition of making Vietnam a start-up nation. Vietnam's information and communication technology industry is receiving greater worldwide

recognition, particularly for its outsourcing potential. According to state media reports citing the Vietnam Software and Information and Technology (IT) Services Association, the turnover of the software and IT services industry was US \$3 billion in 2015, up from US \$2 billion in 2010.

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 the Phase II of the Innovation Partnership Programme, 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 Water and Sanitation Programme for Small Towns in Vietnam, Phase III (WSPST III).

Both IPP II and FORMIS II 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.

1.2. Description of the programme to be evaluated

Phase II has been implemented since 2014. The first months of Phase II were focused on closing of Phase I and transitioning to Phase II. The official kick-off of Phase II was in December 2014. Since then, IPP II has been implemented based on the Inception Report approved by the Steering Committee, the later Updated Strategy approved in October 2015 and the Exit Strategy of IPP II approved in April 2017. Phase II is envisioned to close implementation activities by 31 October 2018.

Financing from Finland is 9.9 million euros and from Vietnam 1.1 million euros. The Competent Authorities of IPP are the Ministry for Foreign Affairs (MFA), Finland and the Ministry of Science and Technology (MOST), Vietnam. The MOST is the implementing agency of the IPP II.

The overall objective of IPP II is to contribute to Vietnam's goal to become an industrialized, middleincome country by 2020 with a knowledge economy and an inclusive national innovation system that actively supports socio-economic development, specifically aiming to boost sustainable economic growth in Vietnam through the increased production and export of innovative products and services.

Designed in line with Finland's development policy, thematic guidelines for ICT and Information Society, Aid for Trade action plan and specific Vietnam country strategy, the IPP II promotes strengthening openness and access to information and knowledge to all. Being a partnership programme and aiming at strengthening the linkages and operational environment of multi-helix partners of the NIS, IPP II operates in a wide network of organizations. These range from ministries and public sector agencies to universities, research institutions, various types of development programs, associations, intermediary organizations such as science parks and private enterprises and ultimately user groups of innovations.

The core value IPP2 brings to the Vietnam's Innovation Ecosystem is the value of open and transparent collaborations. As a short-term international collaborative programme with limited resources, IPP 2's primary function is a pilot to design innovative operations that will help "kick-start" mechanisms in the Innovation Ecosystem in Vietnam.

IPP 2 aims to increase innovation capabilities of growth minded entrepreneurs and the capacity of the public sector and knowledge institutions to accelerate their success. Capacity building and skills development activities include all stakeholders of the NIS, and the linkages between different sectors and line ministries are enhanced. Capacity building is targeted to the most promising new innovative companies, key innovation policy makers and supporting organizations at the regional and national level. Equal opportunities for both women and men are built at all levels of the programming from policy to practice. For reaching its overall objective, the programme purpose is to

- i. initiate a shift in business culture from small to high growth mind-set
- ii. build the capacity of public and private stakeholders to introduce innovative solutions to domestic and international markets; and
- iii. increase sustainability through alignment within and between Key National, Regional, and Global innovation stakeholders and partners.

Operating through an integrated three component or result area approach, all Phase II's components involve multi-helix stakeholders with the primary beneficiary being the Vietnamese private sector. The components are interlinked and comprise different types of activities leading to the programme results. The three interlinked components are:

1. Component: Institutional development and capacity building
2. Component: Partnerships for innovation
3. Component: Innovation projects

Component 1 has dealt with institutional capacity building and policy support to the Ministry of Science and Technology (MOST) and the development and testing of the IPP 2 core curriculum and related training programs (Training of Trainers (ToT) Programs for training innovation coaches and innovation trainers; IPP Innovation Accelerator IAP for sub-projects). Component 2 has included the building of ecosystem networks and partnerships across Vietnam through ecosystem development sub-projects and the formation of collaboration networks – including an e-platform to digitalize the start-up ecosystem – with various locally and regionally operating innovation support programs, as well as facilitating institutional and business partnerships between Finland and Vietnam. Component 3 has involved support to company sub-projects as a demonstration, which has also generated the IPP phased resourcing grant instrument.

As a response to market failure and demand, the Updated Strategy shifted the programme's main focus from start-up funding to capacity building and working with ecosystem developers, including universities. The activities and operations were structured around fostering Entrepreneurship & Innovation (E&I) necessary for the development of Vietnam's start-up ecosystem. At the same time, the indicators of the results framework were revised based on the Baseline Report of 2015.

Specific ecosystem needs which the programme aims to address are:

- (i) access of growth companies to high quality, transparent and diverse local funding opportunities as well as
- (ii) improved startup soft support services such as accelerator and incubator programs,
- (iii) access of innovators to local E&I coaching and training resources and high quality E&I training programs
- (iv) ability of universities to set up high quality E&I offerings and take lead in or integrate with their surrounding E&I community,
- (v) ability on all levels of the ecosystem to tap into global resource networks
- (vi) access of local and foreign financiers to strong Vietnam-related business cases,

- (vii) strengthened business and institutional partnerships of Finnish and Vietnamese entities,
- (viii) new services/structures/partnerships to continue supporting Finnish-Vietnamese E&I collaboration past ODA and IPP's lifespan.

The Exit Strategy of IPP II was based on the achievements reached during the two years of implementation on the ground. The aim was to maximize IPP's impacts for improved performance and capacity of organizations such as universities, incubator and accelerator operators, and local, regional and national ecosystem developers and governments, that design and perform E&I activities in Vietnam, and importantly realize the potential for Finnish-Vietnamese and global innovation and business collaboration, specifically focusing on the areas in which IPP 2 operates.

Overall, IPP 2 targets an enabling innovation ecosystem that supports the generation of high growth innovative companies, especially SMEs and start-ups, promotes collaboration with foreign, particularly Finnish, partners and contributes to innovation-led economic development. The extent to which innovation and entrepreneurial activities and thinking as well as related international collaboration and government policies drive the economy are essential indicators of success for IPP's interventions in the long term.

The choices made in the Exit Strategy reflect the actual needs in the surrounding ecosystem and in the Finnish-aid-to-trade transition process. As such, the Exit Strategy does not present major changes to the anticipated long term impact of the programme, nor the targeted outcomes as confirmed in the Updated Strategy and related results framework. Main outcomes and impact have however been reformulated and pieced into more tangible and measurable formulations.

In addition, transition-related interests, which have not been very visible in previous strategy documents, have been highlighted as a cross-cutting theme. Results areas have been reduced from three to two reflecting a focused approach to achieving the set goals in limited time. The main changes to previous plans are operational and relate to the organization of exit phase activities, where an outsourcing model has been selected with the intention of ensuring the continuation of IPP-type capacity building and partnership creation services after the closure of the programme.

The IPP 2 Exit Strategy builds on two results areas: (1) institutional development and capacity building and (2) partnership creation and sustainability and subsequent results chains towards eight outcomes. The first result area aims at creating prerequisites for a healthy startup ecosystem. Activities related to institutional development and capacity building in the public sector and government including universities, for them to continue driving the start-up ecosystem forward as well as IPP's capacity building product including funding instrument dissemination, transfer and replication fall in this result area.

The second result area deals with creating business based innovation partnerships and cross-border investment and collaboration platforms between Finland, Vietnam and international partners. The entrepreneurial hands-on activities related to enforcing sustainability of the IPP funded entities and proactive creation of new partnerships and ecosystem supporting structures and cross-border partnerships constitute for the second result area.

The program has eight tangible outcomes that align with the anticipated outcomes confirmed in previous strategy documents. They are now more specific as it is clear what the programme has achieved and developed and what the different beneficiaries of the programme need and want to take in use. Finnish interests and opportunities under each outcome are highlighted. The programme impact has been refined: An enabling, strong and

healthy innovation ecosystem that supports the generation of high growth innovative companies, promotes collaboration with foreign, particularly Finnish partners, and contributes to innovation-led economic development.

The Exit Strategy is built on an 8-month non-cost extension solution (from 1 March 2018 to 31 October 2018), which enables optimal consolidation of the outcomes and secures the results of IPP in the best possible quality under every targeted thematic scope and in each of IPP's targeted city regions. The extension maximizes IPP's impact in Vietnam's innovation and startup ecosystem and contributes to the transition in Finnish-Vietnamese relations. The implementation of the exit phase is based on an outsourcing model where most field activities are rolled out to consortiums that can continue IPP's on-the-ground activities commercially.

1.3. Results of previous evaluations

A Mid-Term Evaluation (MTE) of IPP II was carried out in 2016 to assess the relevance, efficiency, effectiveness, impact and sustainability of the programme, as well as to validate the updated strategy of the IPP II. As the updated strategy focuses more on capacity building than the original plan, the MTE was also expected to assess the adequateness or appropriateness of technical assistance provided and planned needs for short-term consultants.

The MTE indicated that IPP II was highly relevant to the Government of Vietnam, and well aligned with Finnish development policies. According to the MTE, the programme showed a high degree of alignment with the Government of Vietnam's agenda in advancing competitiveness, especially innovation and start-up ecosystem and had a good prospect of sustainability at the government and enterprise level. All beneficiary groups from the Government of Vietnam, companies/start-ups, universities and individual trainers appreciated IPP II's support and found it highly relevant.

The key MTE recommendations included the preparation of a combined strategy and detailed action plan/ work program for the IPP 2 from the mid-term of the programme until programme completion, the development of a clear and explicit exit strategy, and the preparation of a plan for IPP 2 support to the transition from Finnish development cooperation to trade-based and other forms of cooperation. The MTE findings have been discussed in the IPP Steering Committee and decisions on the measures to be taken have been recorded in the SC minutes.

The MFA commissioned a peer review of the draft MTE final report to acquire an independent view about the objectivity of the evaluation results and to point out the quality issues of the evaluation report assisting the evaluation team in finalizing the evaluation report with good quality. The peer review report pointed out that evaluating innovation programs such as IPP II is a complex challenge. The outcomes and impacts of a programme that is implemented in a complex and rapidly changing context are very challenging to predict and therefore adaptive programming has been necessary.

2. Rationale, purpose and objectives of the evaluation

The main rationale of this evaluation is to provide objective evidence-based information to the key stakeholders, especially MFA and MOST, about the impact, effectiveness and sustainability of IPP II and its role in the transition phase in Vietnam from bilateral development cooperation to wider commercial, political and cultural relations. The purpose of this evaluation is to provide information, lessons learnt and recommendations for

1. Ensuring the sustainability of the results of IPP II and the future development of the sector (MOST and other stakeholders)
2. Planning and implementation of future (STI) programmes, especially in a transition context (for MFA in other countries and MOST with other partners, for other donors)
3. The implementation of Finland's transition strategy for Vietnam 2016-2020 and the design of future transition strategies (MFA)

The priority objectives of the evaluation are to assess and analyze:

1. The impact of IPP II in the development of the startup ecosystem and innovation policy in Vietnam and its value and merit in the perspective of the key stakeholders.

The priority areas to analyze include:

- a. The contribution of IPP in capacity development of innovation policy-makers and in actual policy/strategy/programme development of the Government of Vietnam in this field.
- b. The piloting of start-up company support instruments
- c. The support to the higher education institutions in adopting entrepreneurship and innovation education/training, and in becoming more active in enabling a university based innovation and startup ecosystem as well as increasing cooperation with business sector in general
- d. The contribution of IPP support in developing the services provided by the ecosystem builders (mentors/advisors, accelerators, incubators, and support systems)
- e. The contributions of IPP co-creation and network building efforts for the startup ecosystem development with its diverse stakeholders (incl. also cities, development partners, investors and financiers)
- f. The quality of training tools and methods utilized, and the potential for future utilization of the knowledge and training products in Vietnam

2. The role of IPP in supporting the transition from aid to trade between Finland and Vietnam. The priority areas to analyze include:

- a. The contributions of IPP in preparing the change of cooperation basis between Finland and Vietnam from ODA based relations to equal partners in STI field.
- b. The usefulness and early results of the new support instruments developed in IPP (VMAP and city-to-city collaboration (in smart city development)), their sustainability in Vietnam and replicability in other countries.

3. Scope of the evaluation

The evaluation scope covers the period of the IPP Phase II (2014-2018). The field work should include in addition to Hanoi visits to Danang, Ho Chi Minh City (HCMC) and Can Tho. Interviews in Finland are also essential for the evaluation.

The stakeholder groups to be consulted in Vietnam include the central government (mainly MOST but also MOET for E&I education and higher education institution support) and city government (HCMC, Danang, and Can Tho) agencies, Vietnamese startup companies and ecosystem service providers involved in the programme as well as higher education institutions in Vietnam. From the Finnish stakeholders MFA, Finnish companies involved in VMAP and other governmental stakeholders (especially Business Finland and Ministry of Economy and Employment) should be consulted. Other innovation and startup supporting organizations in Vietnam (ADB, UNDP, SECO, etc.) are relevant stakeholders in this evaluation as well.

4. Issues to be addressed and evaluation questions

The final evaluation is expected to provide a more in-depth analysis on the role of IPP in developing the start-up ecosystem and innovation policies in Vietnam, and its role in the transition in the Finland-Vietnam bilateral relationship.

Relevance

- To what extent has IPP II been consistent with the needs and priorities of the final beneficiaries?

Impact

- How well has IPP II succeeded to make progress towards achieving its overall objectives?
- What are intended and unintended, short- and long-term, positive and negative (if any) impacts of supporting the development of the startup ecosystem and innovation policies in Vietnam?
- How has IPP II contributed to the widening of relations between Finland and Vietnam?

Effectiveness

- To what extent is the quality and quantity of the produced results and outputs in accordance with the plans given the limited predictability of the outcomes and impacts of innovation programs and the rather complex and rapidly changing technological, political and social environment?
- How are the results/outputs applied by the beneficiaries and other intended stakeholders?
 -
- What (if any) outcomes or outputs are likely to be achieved after the closure of the programme?

Efficiency

- How well have the activities transformed the available resources into intended results in terms of quantity, quality and time?

Aid effectiveness

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

Sustainability

- To what extent has the programme achieved sustainable results? How sustainable are the links created between Finnish and Vietnamese stakeholders?
- 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 IPP II contributed to the implementation of other elements/projects in the transition strategy? Has it contributed to private-sector 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 September-November 2018. The tentative starting date is 10 September 2018. The evaluation will include inception and desk study phases, field work and reporting. Field work will take place primarily in Hanoi and Ho Chi Minh City as well as Da Nang and Can Tho.

The assignment will begin with a kick-off meeting with the MFA and MOST. When the evaluation team has submitted an inception report, before field work, a meeting will be held between the team and the MFA. MOST and the Embassy in Hanoi will be connected via video link. The team shall also interview stakeholders in Finland face to face 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 and MOST.

Brief outline/dates:

- Approximately two weeks for the desk review, initial interviews in Helsinki or via Skype and preparations, inception report to the MFA by 23 September 2018
- Inception report meeting and presentation to the MFA, MOST and Embassy of Finland (via videoconference) on 3 October 2018
- Interviews in Helsinki or in Skype with MFA officials by 14 October 2018

- 2.5 weeks in the field mission, until 31 October 2018
- Debriefing of the field mission in Vietnam on 31 October 2018
- Two weeks finalizing the evaluation report, draft to the MFA by 14 November 2018
- Presentation of the evaluation report, meeting with the MFA and Embassy in Helsinki (MOST joins via videoconference) by 20 November 2018
- One week finalizing the evaluation report after receiving the MFA's and MOST's comments. The final report is expected to be delivered to the MFA by 27 November 2018
- A presentation of the final evaluation results, with a focus on the transition role of IPP II, to MFA staff at large in Helsinki (with possible video link to Hanoi) in December 2018 after the acceptance of the final report. At least the Team Leader is expected to present in person in Helsinki.

7. Reporting

The evaluation will be divided into three main phases:

The evaluation team is requested to submit the following deliverables:

- Inception report (max. 20 pages)
- Debriefing workshop in Vietnam at the end of the field phase
- Draft final report
- Final report (max. 35 pages excl. annexes)
- Presentation of the final evaluation results

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, an evaluation matrix, 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://epooiva.zapter.io/evaluationmanual2018>

Debriefing workshop is expected to take place in Hanoi at the end of the field phase. The team will present initial key findings and recommendations to the relevant stakeholders including MFA (via video link), MOST and the Embassy of Finland. A PowerPoint presentation or a concise summary (max. 5 pages) of the findings is expected to be shared before the meeting.

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.

The MFA may also contract an internationally recognized expert(s) as external peer reviewer(s) for the whole evaluation process or for some phases/deliverables of the evaluation process, e.g. final and draft reports (evaluation plan, draft final and final reports). The views of the peer reviewers will be made available to the Consultant.

9. Expertise required

The evaluation team is expected to consist of:

- Two 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:

- Experience of the other experts than the Team Leader in evaluations (mid-term reviews/evaluations, final, ex-post or impact evaluations) of development cooperation programmes or projects. Preference is given to experience from evaluations of programmes that have supported start up ecosystem, innovations and/or private sector development. (max 7 points)
- Experience and knowledge on start-up ecosystems, especially supporting start-ups and development of organizations that provide services to the start-up ecosystem. Preference is given to practical experience from working in the start-up ecosystem, e.g. in a start-up company or a start-up, impact or growth financier and to experience from developing countries and from Finland.
- Experience and knowledge on science, technology and innovation capacity building. Preference is given to experience from the developing countries and from Finland.
- Experience and knowledge on innovation policies. Preference is given to experience from the developing countries and from Finland.
- Experience and knowledge of role of universities in the entrepreneurship and innovation ecosystem. Preference is given to experience from the developing countries and from Finland.
- Experience and knowledge of developing commercial partnerships in emerging economies.
- Experience from Finnish development cooperation

The team members must not have been involved in the implementation of the programmes evaluated or in the implementing organizations. This applies to the sub-projects and other activities financed by the programmes and the organizations implementing these.

10. Budget

The total available budget for this evaluation is 90.000 EUR, excluding VAT, which cannot be exceeded.

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 organizations.

Annexes:

1. Link to the MFA Evaluation manual: <https://epooiva.zapter.io/evaluationmanual2018>
2. Outline of the Evaluation Report
3. Evaluation report quality checklist (OECD/DAC and EU standards)
4. List of key documentation

Annex 2 The approach and evaluability

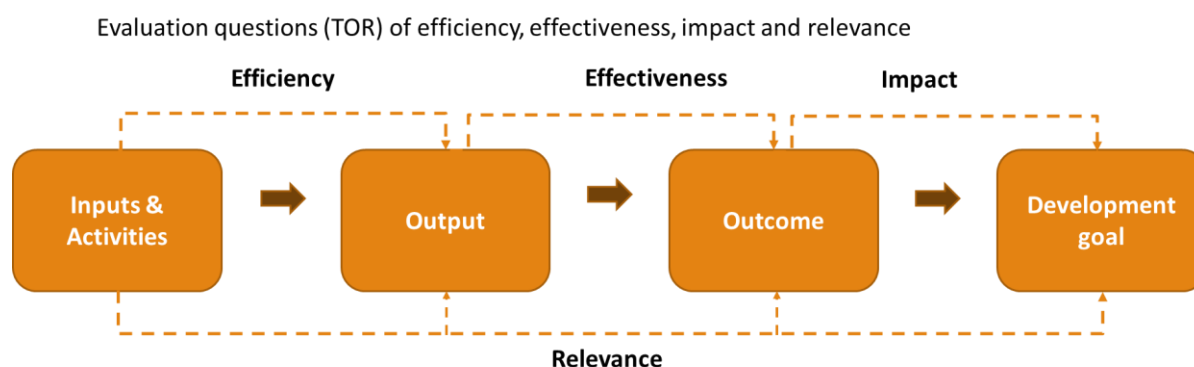
The evaluability of the IPP II Programme

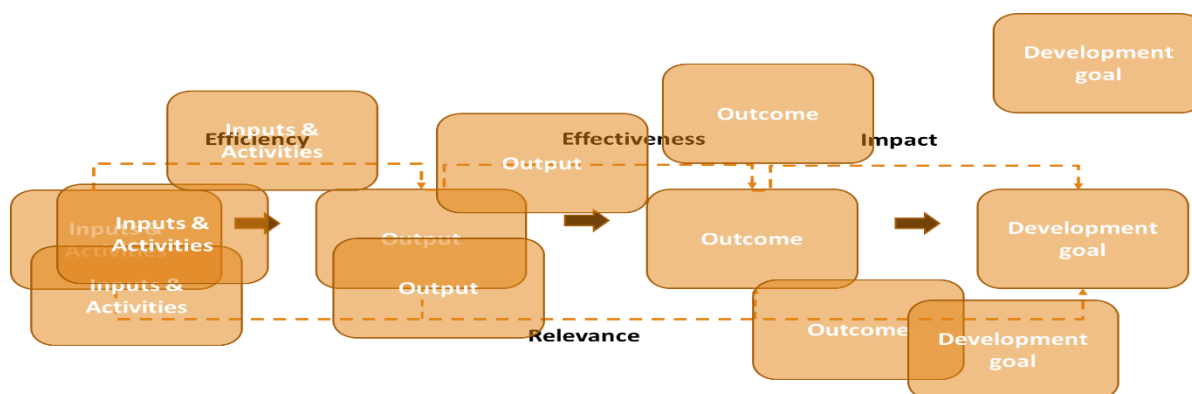
IPP II is not a traditional development cooperation programme. It is a newly-developed partnership program to support the transition of cooperation between the Government of Finland and the Government of Vietnam. One of the programme's goals has been stated to create an enabling entrepreneur and innovation start-up ecosystem in Vietnam, which supports the establishment of high-growth, innovative companies; promotes collaboration with foreign partners, particularly those from Finland; and contributes to innovation-led economic development. This alone challenges the conventional programme evaluation approach, since the creation of entrepreneurial culture, or the endeavour to change the mindsets or behaviour of various actors, often requires systemic changes and an evaluation design that tracks and assesses those intangible processes.

The second challenge relates to the continuous change of the program and the launch of new goals and means (see Annex 2 and chapter 2.2 and the Inception report of the final evaluation). The challenge can be summarized as follows: is the final evaluation assessing the objectives of the program document and achievement levels of those objectives (de jure), or the de facto measures and the new/alternative objectives introduced and decided by the Steering Committee during the implementation phase of the programme?

The aim of the evaluability assessment is to describe the objectives, logic and activities of the programme, with an aim to investigate its credibility, feasibility, sustainability and acceptability. In addition to the above-mentioned main challenges, the evaluation team has encountered numerous - more technical - challenges, such as ambiguously defined base-line measures, vague qualitative outputs and outcome indicators, and sometimes poorly described attribution vs. contribution settings. The problem is described below in Figure 22. The figure presents, first, some of the OECD/DAC evaluation criteria in the case of a "traditional", linear results chain, and then the difficulty that the changes of the IPP II cause to the application of these criteria (the lower part of the picture).

Figure 22. OECD/DAC evaluation criteria on "traditional" linear programme, and on the IPP II





The five OECD/DAC criteria are: 1. Relevance; 2. impact; 3. Effectiveness; 4. Efficiency; and 5. Sustainability.

The efficiency of the programme is normally understood as the relation between the costs and the produced outputs. The programme effectiveness, on the other hand, describes the level by which the inputs and activities of a program have produced the desired outputs and outcomes. The impact informs to what extent the outcomes produce the intended kind of long-term, sustained changes.

When, as in the case of IPP II, all programme elements change during the implementation, it is naturally difficult to assess the relations between them.

In addition, the evaluation encountered challenges in reaching all stakeholders relevant to the mandate. This applies e.g. to the Finnish companies participating in the VMAP and the support for them by the BEAM programme. Table 5 summarizes the main evaluability challenges and attempts to overcome those.

Table 5. The list of main evaluability challenges of the final evaluation of the IPP II Programme

Evaluability challenge	Description or effect	Mitigation measures
Programme evolution (adaptive programming)	Continuous changes and unintended results (positive and negative) raise problems for goal-oriented evaluations, since it becomes difficult to judge success against the original development pathway.	To apply systems methods and tools to describes and assess the adaptive programming. Reconstruction of changes and identification of the factors behind them.
Insufficient reporting on changes	There is no accurate reporting of program changes. The Steering Group meeting minutes show that the changes have often been debated, but the reasons and arguments behind them are often missed. It is often not possible to say whether the changes are reactive or proactive,	Interviews of the IPP II programme staff, members of the Steering Group and other relevant stakeholders. Content analysis of the Steering group minutes and annual reports.

	strategically justified or operative.	
Lack of monitoring data	Monitoring data has been collected, but its systematic aggregation and reporting have remained inadequate. The data also mostly lists inputs or outputs, like participants in events. Since the results chain simultaneously has been changed many times, it is difficult to get systematic, indicator-based monitoring information.	To reconstruct the systemic development path and analysis of the interaction patterns of the innovation ecosystem actors (network analysis describing innovation network prior to IPP II and at the end of programme).
Lack of baseline data	Baseline values are often presented at the very general level. In many cases, they are qualitative descriptions of the state of affairs. When, also, the setting of target values is partially inadequate, it is practically impossible to track progress according to objectives.	To reconstruct the baseline situation by surveys and interview. To map the development path (gross change).
Difficulty of attribution	Attribution, from an evaluability perspective, concerns the evaluator's ability to determine the extent to which observed development changes are indeed caused by the evaluated project, or by the donor contribution to the project. In practice, however, estimations of gross development changes, not rigorously attributable to the project, are what often can be estimated. The evaluation question, then, is how plausibly the observed changes can be attributed to the project, and to the donor contribution.	To interview IPP II programme staff and members of the Steering Group, final beneficiaries and stakeholders (also those that have not actively participated). To interview programme staff, steering group members, beneficiaries and stakeholders to identify the actual changes and reasons behind them.
Purpose that is not specific, realistic or measurable	The program does not always explicitly explain what are the changes to be sought, and how are they to be achieved i.e. how the operational level (e.g. ecosystem work) leads to change in behaviour and how this converts to system level results.	To carry out systems analysis of the change patterns.

Limited access to some stakeholders	Evaluators had limited time and resources and access to meet or interview all key stakeholders (e.g. some political decision-makers in Vietnam and representatives of the supported Finnish companies). This caused challenges in gathering data.	To contact other stakeholders that can interpret the role of those stakeholders that were not interviewed.
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Due to the challenges described above, the evaluation lays most emphasis on analysing the IPP II as the programme is described in the Exit Strategy (April 2017) results chain, though - e.g. in the analysis of the relevance, and when reviewing the reorientation of the programme during the implementation - previous versions of the programme design, especially the ones in the Programme Framework Document and Inception Report, are taken into account.

To further tackle the evaluability challenges, the evaluation has been carried out through two complementary perspectives: 1) Traditional Programme Theory (TPT) and 2) System Approach (SA).

The traditional approach is based on the OECD/DAC criteria. The analysis also covers e.g. aid effectiveness, coherence and added-value of the programme as stated in the ToR. Systems analysis, and interpretation has been applied to understand what kind of dynamics, interaction structures or interconnected change patterns can explain a) the changes in the programme itself and b) the change in the Vietnamese innovation ecosystems.

The combination of the two approaches is understood to provide a more holistic perspective on the IPP II Programme.

It is also to be noted that structuring the OECD DAC and other evaluation criteria to follow the findings-conclusions-lessons learned/ recommendations continuum cannot be harmoniously combined with offering lessons learned and recommendations on e.g. the three issues that in the ToR constitute the purpose of the evaluation.⁷¹ In many cases, recommendations cannot be linearly deducted from the data and conclusions regarding one single criteria only. The evaluation team has, to some extent, modified the chapter on lessons learned and recommendations, as well as the summary table in the executive summary, to tackle this challenge.

The approach, methodology, sources of data and applied methods

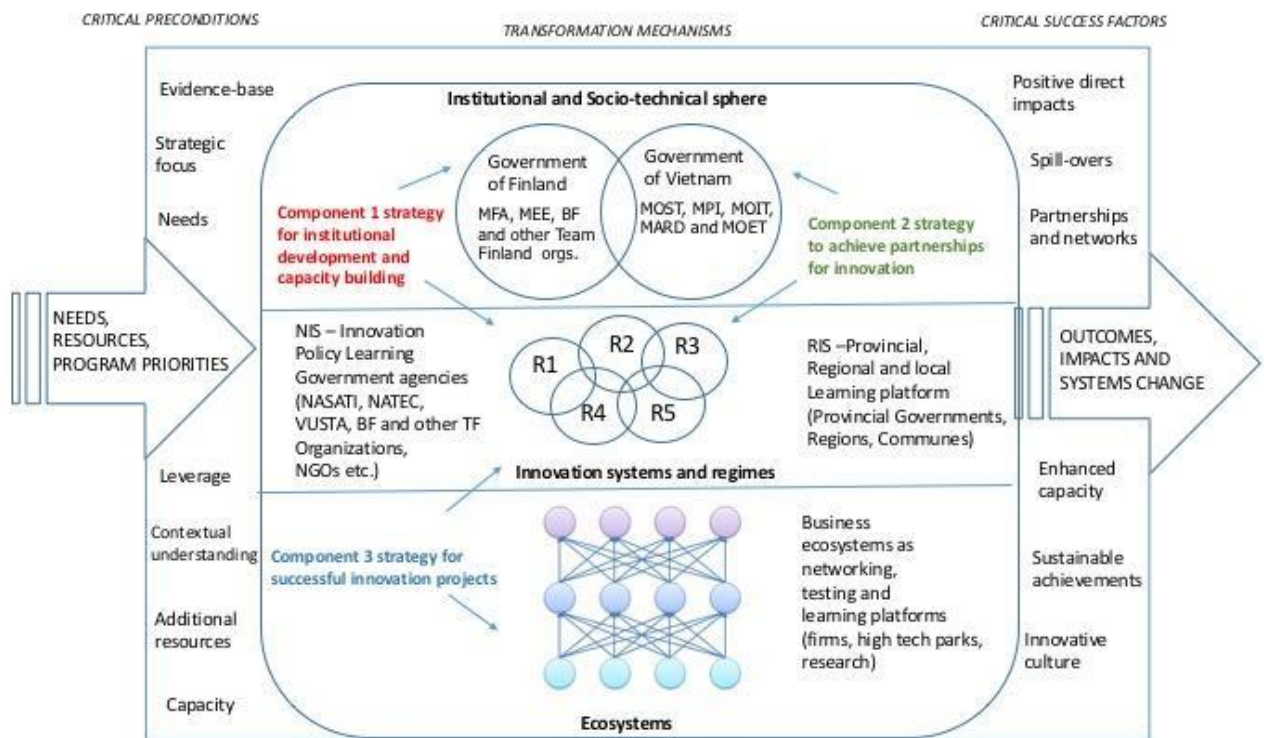
The methodological framework (see Figure 23) starts from the institutional and socio-technical sphere. The socio-technical sphere refers to an exogenous environment encompassing large scale and long-term societal trends, cultural and normative values, policy beliefs and worldviews as well as economic developments. These factors create incentives (and restrictions) to change. Both the innovation strategy and the partnership formation are

⁷¹ 1. Ensuring the sustainability of the results of IPP II and the future development of the sector (for the MOST and other stakeholders), 2. Planning and implementation of future STI programmes, especially in a transition context (for the MFA in other countries and the MOST with other partners, for other donors) and, 3. The implementation of Finland's transition strategy for Vietnam 2016-2020 and the design of future transition strategies (for the MFA).

embedded into this socio technical landscape. The middle layer of the model is regime-level, which consists of competence, capacity, used technologies, scientific institutions and administration, socio cultural values and symbols, as well as users and markets. These regimes and steering mechanisms translate national innovation policy priorities into action (funding instruments, financial decisions, programs, projects).

In the funnel model used here, the bottom-layer consists of regional and local business ecosystems, start-up hubs, incubators and technology labs. This is the melting pot of the innovation system. Innovation policy researcher (Geels 2002; Geels & Schot 2007)⁷² have demonstrated that innovations can break out from the niche level when the external circumstances are favourable to them. Ongoing processes at the institutional and regime levels may create a window of opportunity for innovation and change. The important question of this evaluation is how IPP II Programme in Vietnam has utilised these opportunities.

Figure 23. The methodological framework



This table shows which methods and data will be used in both the traditional program evaluation and complementary systems analysis sections. Systems thinking is closely related to systems theory and complexity theories. Systems thinking deals with relatively stable patterns and trajectories, and history deals with particular events, variations and decisions, and shocks that take place in particular places at particular times – but complexity thinking marries the two and provides us with a sophisticated and unique theory of change. As Boulton et al. (2015, 29)⁷³ put it: “It is detail and variation coupled with interconnection that provide the

⁷² Geels, F.W. (2002), Technological transitions as evolutionary reconfiguration processes: a multi-level perspective and a case-study. *Research Policy*, Vol. 31, 1257–1274; Geels, F.W. and Schot, J. (2007), Typology of sociotechnical transition pathways. *Research Policy*, Vol. 36, 399–417.

⁷³ Boulton, J.G., Allen, P.M. and Bowman, C. (2015). *Embracing Complexity. Strategic Perspectives for an Age of Turbulence*. Oxford University Press. Oxford.

fuel for innovation, evolution, change and learning". Systems thinking can be defined as a cognitive process of studying and understanding complex systems such as national or regional innovation systems.

Table 6. Differences between traditional Programme Approach and Systems Approach (Uusikylä 2018)⁷⁴.

ELEMENTS	PROGRAMME MODEL	SYSTEMS MODEL
Intervention Logic	Linear	Non-linear
Idea on results	Predetermined and fixed	Emerging and changing
End product	Sum of the actions	Product of interactions
Key actors	Defined stakeholders	Nodes of the network
Project manager	Controller and coordinator	Enabler
Outcomes	As defined in the project plan	Real-life changes and outcomes
Coordination mechanism	Compliance, rules	Learning, trust
Success story	Achieving results	Understanding patterns

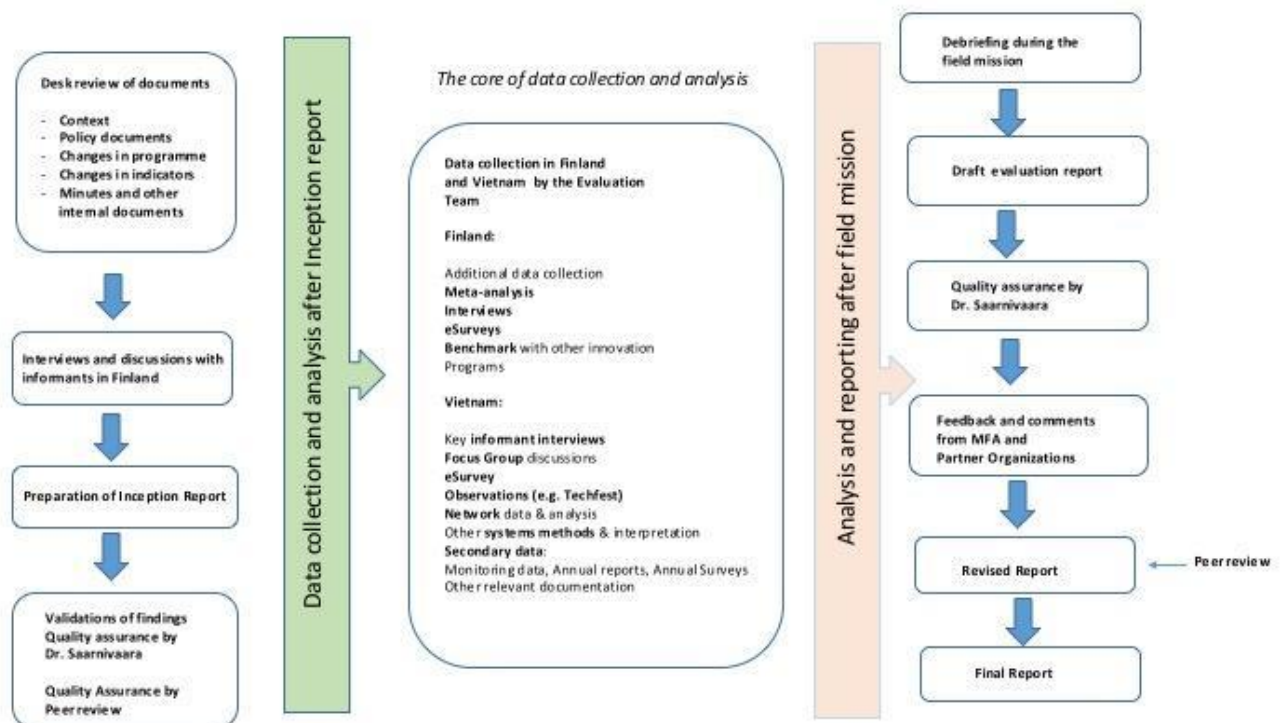
Table 6 summarizes the differences between the traditional Programme Approach and Systems thinking. Traditional programme theory, or Logical Framework Approach, relies on linear program logic and predetermined and fixed results and outcomes that are constructed as sums of the individual actions. Actions are to be coordinated according to a predefined project or program plan. According to the systems approach, social reality comprises of interacting parts, which consequently cannot be first treated independently and then simply aggregated to describe the whole, as in the analytical micro to macro approach. The systemic approach takes the non-linearity even further by analysing not only systems and their sub-system but also potential trajectories emerging from collision of interconnected agents in a policy space (i.e. exploration of the space of possibilities). Interconnectedness and trust are the main characteristics of a complex innovation ecosystem. Therefore, systems analysis emphasizes concepts such as: emergence, co-evolution, connectivity, simple rules, iteration and self-organizing principles.

⁷⁴ Uusikylä, P. (2018). Disaster Management as a Complex Adaptive System – Building Resilience with New Systemic Tools of Analysis. Paper presented at the EES 13th Biannual Conference, Thessaloniki, 1–5 October 2018.

Data and methods

Both quantitative and qualitative data relevant to the evaluation questions have been gathered, with a focus on assessing progress towards expected outcomes and establishing a plausible contributory causal relationship between outputs and outcomes, and outcomes and impact. Also, unintended results and impacts have been reported in terms of changes to the original PFD and indirect or spill-over effects. The most important methodological challenges have been described in evaluability chapter. Moreover, higher-level effects are typically the result of complex processes involving several different contributing factors and beyond the control of the program implementation. Another challenge is the transformation of the IPP II program and its indicators during the implementation phase (see evaluability challenges).

Figure 24. Data collection, methods and quality assurance procedures of the IPP II final evaluation.



Triangulation has been applied by using hypotheses in an active manner and finding evidence from at least two different sources to validate or invalidate them. The program evaluation approach provided the evaluation team with descriptive hard evidence on the results and impact of the IPP II program. Systems approach helped in understanding and interpreting the dynamics of the program and the logic behind the changes.

Desk review

The desk review covered the most relevant MFA policy documents: MFA documents specific to the IPP II, IPP II Program documents (e.g. different versions of the PFD, inception reports,

base-line studies, updated strategies, results chains, logical frameworks and exit strategies, annual reports, minutes of the Steering Committee meetings, audit reports), the key Government of Vietnam legislation, policy documents and strategies, mid-term review and other relevant documentation (e.g. statistics, policy reports, discussion papers, innovation studies and literature.) A more detailed list is presented in Annex 4.

Interviews

Semi-structured interviews (approx. 15 in Finland and approx. 60 in Vietnam). Most of the interviews were carried out so that at least two team members are present in each interview. This was to guarantee inter-subjective validation of the interview content. Interviews lasted from 45 minutes to 1.5 hours. A list of interviewees in Vietnam was gathered, with the support by the representatives of the Finnish Embassy in Hanoi and the IPP II programme office. Interviews are the main method of collecting data and views from the Vietnamese central and local government entities.

Semi-structured interviews were carried out also for the Finnish VMAP companies. Of the 24 companies that participated in the programme, the evaluation team managed to contact, interviewed and got feedback from 13 companies.

A list of interviewees is presented in Annex 3.

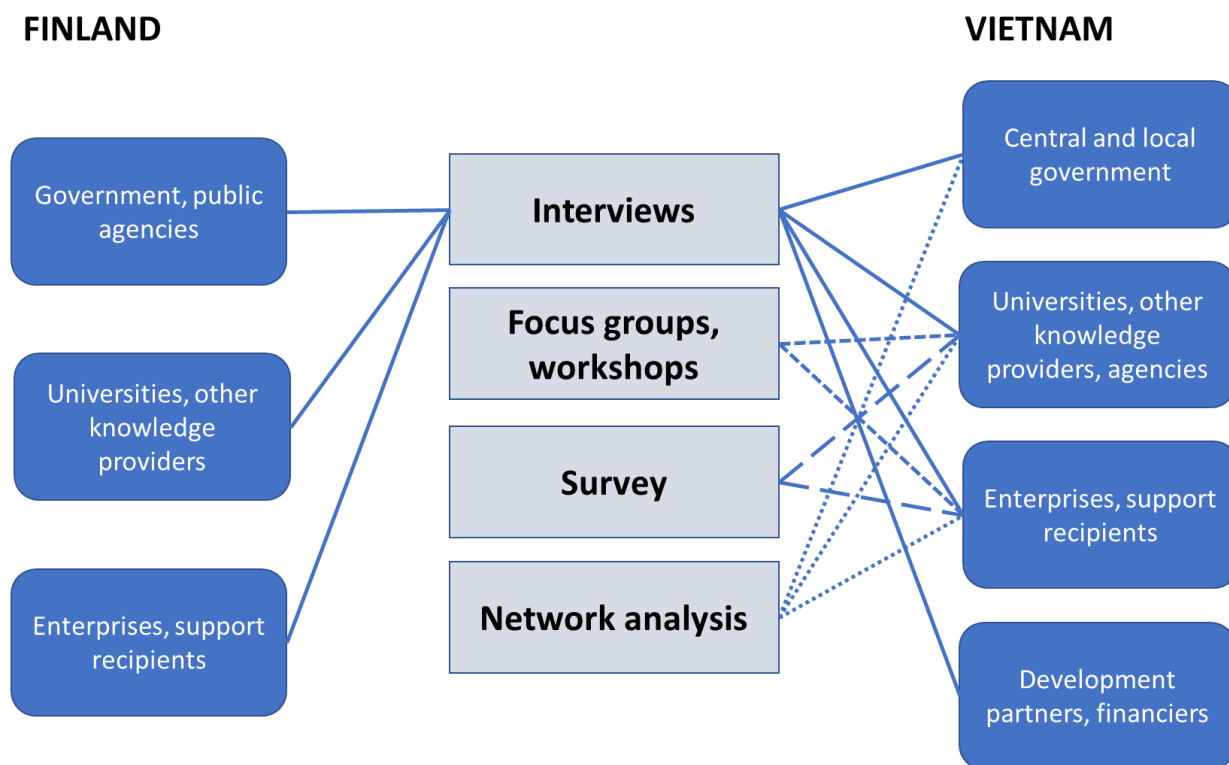
Surveys

Electronic survey questions were sent to key beneficiaries in Vietnam. The recipients of the survey were divided into two groups: 1. universities, other knowledge providers and agencies and 2. enterprises and other recipients of the programme's funding & soft support. The evaluation team received replies from 10 recipients of the first group, and from 4 recipients of the second group. In addition, the results of the surveys carried out by the IPP II Office and consultants (e.g. 4Front) were utilised. The idea behind the surveys was to validate qualitative interview findings and thus provide tools for triangulation.

Network analysis and Systems Tools

Relational network data was collected in interviews carried out during the field mission in Vietnam. 4 key Informants from the MOST and the IPP II office were asked first to identify and assess the prominence of the main organisations of the Vietnam's Innovation System in 2014 and 2018. After that, interviewees assessed the connections between these organizations prior to IPP II Program, and in autumn 2018. This data was used to reconstruct the change in the innovation network during the implementation of the IPP II program. Additional interviews were used to gain understanding on the contribution that IPP II has made to this change. Other systems tools (e.g. systems mapping) were applied when analysing and interpreting the collected data.

Figure 25. The use of data gathering methods vis-à-vis stakeholder/informant grouping.



Other

An important element in the data collection phase was the realisation of the debriefing meeting to discuss preliminary findings and emerging conclusions from the evaluation. The debriefing meeting was arranged at the Finnish Embassy in Hanoi, with the participation of the Embassy, MOST, IPP office and (via on-line connection) representatives of the MFA, and the consulting company responsible for project implementation, Niras.

The evaluation team also applied participatory observation as a data collection method to the extent that was possible in an assignment with tight time limits. Especially participation to Danang's Techfest event provided an opportunity platform for participatory observation and informal discussions.

Annex 3. List of people interviewed

Central Government Officials in Vietnam

Ms. Nguyen Thi Ngoc Diep, Ministry of Science and Technology
Mr. Lý Hoàng Tùng, Ministry of Science and Technology
Ms. Đỗ Thị Ngọc, Ministry of Science and Technology
Ms. Phan Hoang Lan, TOT1, Ministry of Science and Technology
Mr. Nguyen Hoa Cuong, Deputy Director General, Agency for Enterprises Development, Ministry of Planning and Investment
Mr. Nguyen Hoang Lam, member of Steering Committee, Department of Debt Management and External Finance, Ministry of Finance
Mr. Vũ Thanh Bình, Deputy General Manager of Science and Technology Department, Ministry of Education and Training

Government agencies and local authorities in Vietnam

Mr. Pham Hoang Quat, member of Steering Committee, Director General, National Agency for Technology Entrepreneurship and Commercialization Development - NATEC, Ministry of Science & Technology
Mr. Pham Hoang Son, member of Steering Committee, Vice-Chairman of National Technology Innovation Fund – NATIF, Ministry of Science & Technology
Mr. Pham Dung Nam, Director of Project 844, Ministry of Science and Technology
Mr. Tran Ngoc Nguyen, former Director of Can Tho Department of Science and Technology (DOST)
Ms. Le Nguyen Trung Khanh, Deputy Director, Center for Information on Science and Technology, Can Tho Department of Science and Technology
Mr. Nguyen Van Dat, Deputy Director of Can Tho Department of Science and Technology
Mr. Huỳnh Huy Hoà, Danang Institute for Socio-Economic Development
Ms. Hà Mai Linh Phùng, Danang Institute for Socio-Economic Development

Service providers in Vietnam

Ms. Pham Kieu Oanh, founder and CEO, Centre for Social Initiatives Promotion (CSIP)
Mr. Csaba Bundik, CEO, Ceta Consulting
Mr. Lưu Duy Trân, Danang Business Incubator DNES
Mr. Truong Vu, Danang Business Incubator DNES
Ms. Kieu Thi Nam Phuong, VMAP Consultant
Ms. Pham Thi Thanh Huong, VMAP Consultant
Mr. Le Trung Nam, TOT-IC and VMAP
Mr. Le Viet Dat, TOT-IC
Ms. Nguyen Dang Tuan Minh, TOT1

Investors in Vietnam

Mr. Le Hoang Anh, General Director, Dragon Capital
Mr. Ghee Heo Cheng, Chief Strategist, Perspective Ventures
Mr Luca Mohammadi, Fast Forward Advisors

Start-ups and other companies in Vietnam

Mr. Nguyen Hoang Duong, Founder of ezCloud
Ms. Vũ Ánh Ngọc, Co-founder, HATCH!

Mr. Sieuhai (Sean) Lam, Project Lead, Mekong Delta & Cantho's start-up and entrepreneurial innovation network

Mr. Nguyen Trung Dung, Managing Director, BK-Holding

Ms. Nguyen Thi An Nhan, Founder and Managing Director of CoPlus

Ms. Vu Thi Hue, Senior Business Manager, F-Secure

Universities in Vietnam

Ass. Prof. Vu Van Manh, Vietnam National University

Ms. Nguyen Thi Hanh, Lecturer, Foreign Trade University

Ms. Pham Thi Thanh Huong, Lecturer, Hanoi University of Technology

Ms. La Thi Cam Tu, Lecturer, FPT University

Mr. Lê Nguyễn Đoàn Khôi, University of Can Tho

Mr. Ngô Hồng Phương, University of Can Tho

Ms. Phạm Thị Xuân Diễm, University of Can Tho

Mr. Lê Thanh Sơn, University of Can Tho

Mr. Trần Cao Đễ, University of Can Tho

Mr. Le Quoc Thanh, University of Finance and Marketing

Ms. Mai Thi Thu Trang, Saigon University of Technology

Ms Lê Hà Như Thảo, Danang University

Mr. Huynh Cong Phap, Danang University

Ms. Nguyễn Quang Như Quỳnh, Danang University of Technology

Mr. Đào Ngọc Thế Lực, Danang University of Technology

Mr. Vo Duy Hung , Danang University of Technology

Mr. Vo Tri Chinh, Danang University of Technology

Prof. Nguyen Viet Anh, Hanoi University of Construction

Development partners

Mr. Hub Lanstaff, the Swiss Entrepreneur Program Vietnam

Mr. Dominic Mellor, Project Lead/ Vietnam Country Economist, Mekong Business Initiative/ADB

Mr. Pham Duc Nghiem, Director, Project Vietnam Climate Innovation Center-WB

Mr. Sean O'Connell, Anti-corruption, Rule of Law and Human Rights Officer, UNDP

Ms. Ida Uusikylä, Trainee, UNDP

Mr. Luong Van Thang, Director, FIRST Project-WB

Project Management Unit of IPP II

Mr. Tran Quoc Khanh, former chairman of Steering Committee, IPP II

Ms. Tran Thi Thu Huong, Program Director, IPP II

Mr. Lauri Laakso, Chief Technical Adviser, IPP II

Ms. Dinh Kim Quynh Diep, Office and Events Specialist, IPP II

Ms. Le Thi Lan Huong, Financial Manager, IPP II

Mr. Chu Van Thang, National Innovation Coordinator, IPP II

Ms. Nguyen Thi Thu Ha, Partnerships Manager, IPP II

Embassy of Finland in Hanoi

Mr. Marko Saarinen, Counsellor, Embassy of Finland in Hanoi

Ms. Mac Thi Thu Hong, Programme Coordinator, Embassy of Finland in Hanoi

Mr. Kari Kahiluoto, Ambassador of Finland to Vietnam

Business Finland, Ho Chi Minh City

Ms. Eija Tynkkynen, Commercial Councillor

Ministry for Foreign Affairs of Finland

Mr. Tomi Särkioja, Ministry for Foreign Affairs of Finland
Mr. Oskar Kass, Ministry for Foreign Affairs of Finland

Team Finland

Mr. Jussi Tourunen, Finnfund
Ms. Birgit Nevala, Finnpartnership
Mr. Christopher Palmberg, Business Finland
Mr. Teppo Tuomikoski, Business Finland
Mr. Lasse Laitinen, Ministry of Economic Affairs and Employment

Universities and Smart City actors in Finland

Ms. Pipa Turvanen, Turku Science Park
Mr. Sami Uusitalo, Turku Business Region

Consulting Company Niras

Ms. Marjo Paavola, Home-Office Coordinator
Ms. Tuire Myllyvuori, Administrative Officer

Start-ups and other companies in Finland

Jari Ala-Ruona, Aion Sigma, Inc
Jari Arffman, Arffman Consulting Oy
Tu Duong, Korkia Ltd
Jussi Hinkkanen, Fuzu Oy
Ted Jankowski, Plugit Pte Ltd
Pertti Mero, Airport College International Ltd.
Pekka Niskanen, Kyyti Group Oy
Tuomas Nyman, Babyfit Oy
Tuomas Oksanen, Oksidia Ltd
Harri Paloheimo, CoReorient
Pekka Ritvanen, KWS Timber Tech
Mikko Saalasti Doranova Oy
Tellervo Tarko, Omnia Education Partnerships Oy
Eva Wissensz, Solar Fire Concentration Oy

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The meaning of Vietnamese Entrepreneur’s Day <https://bsr.com.vn/vi/y-nghia-ngay-doanh-nhan-viet-nam-13-thang-10.htm>

Minutes of Steering Committee’s meetings 1-15

IPP II subprojects: evaluation and funding decision, instructions and guidance to applicants, performance monitoring data

2018 Subproject Reimbursement Progress – Final 2

Audit Report IPP I Subprojects

IPP I Program Framework Document

Mid-Term Review final report IPP September 2011

Annual Reports and Work Plans 2014-2017

IPP II Draft Project Completion Report and Annexes

Performance Audit Reports 2015-2017

IPP II Budgets 2014-2017

Exit Strategy 2017 with Result Chain

Mid-Term Review of IPP Phase II

Program Framework Document of Phase II with Baselines, Annexes and Logframe

Inception Report with Annexes

Integrated Management Guidelines

VMAP Payment follow-up

IPP II Publications: Innovation Funding Instrument

The Voice of Vietnam. (2018). Vietnam Start-ups need more investment. <https://english.vov.vn/economy/vietnam-start-ups-need-more-investment-373496.vov>

Annex 5. Development of programme overall objective, purpose and results/result areas/components

Document	Overall objective	Purpose	Results/result areas/Components
<p>Programme Framework Document October 2013</p>	<p>To contribute to GoV's overall aim to become by 2020 an industrialized, middle-income country (MIC) with a knowledge economy and a national innovation system (NIS) that actively support socio-economic development.</p> <p>The indicators for the overall objective:</p> <ul style="list-style-type: none"> - Vietnam position in the Global Competitive Index - R&D investments (Public and private) WB Knowledge Economy Index 	<p>(i) Demonstrate an approach to innovation that multiplies the number of innovative products and services that bring added value to Vietnamese society and employment through strengthened capacity and interaction of multi-helix actors,</p> <p>ii) Promote technology transfer and knowledge exchange between Finland and Vietnam; and</p> <p>iii) disseminate the value of innovation to communities of business, R&D institutes/University and policy makers.</p> <p>The indicators for the programme purpose:</p> <ul style="list-style-type: none"> - Sustainable and inclusive innovation eco-systems at national and regional levels operational; - At least two Vietnamese-Finnish public and/or private partnerships established in each selected region and play an active role in promoting innovation; - At least three regional innovative products have been introduced; - At least ten different regional or provincial innovative value chains with multi-helix stakeholders bring long term added value to partners in terms of money and employment; 	<p>Result 1 (Component 1 Institutional development and capacity building): Public sector agencies, enterprises and research institutions have strengthened institutional capability for planning, guiding and implementing innovation related policies</p> <p>Result 2 (Component 2 Partnerships for innovation): National and international partnerships formed for innovation eco-systems in the selected regions and sectors</p> <p>Result 3 (Component 3 Innovation projects): Development of innovative products and services in selected regions with established multi-helix partnerships, and innovation modelling developed and demonstrated.</p> <p>The main indicators of Result 1/ Component 1:</p> <ul style="list-style-type: none"> - Institutional framework empowered with clear roles and responsibilities for STI; - Improved legal procedures and financing instruments for STI in place for all the selected regions promoting multi-helix participation and decentralisation; - Practical guidelines for implementing National STI Strategy and innovation related National Programmes developed, approved, and disseminated to regional level;

		<ul style="list-style-type: none"> - IPP implemented in such a way that the needs of most marginal people (e.g. ethnic minorities) and women are taken into account in delivering its services and working with the public sector in terms of good governance 	<ul style="list-style-type: none"> - All the relevant stakeholders in the IPP projects trained, understand and follow the approach(es) to innovation approved by the SC; - Training for relevant multi-helix stakeholders on innovation eco-systems carried out and related training evaluation indicates positive impact; - Innovation partners have set up demand/market-based businesses; - Stakeholders capable to establish multi-helix partnerships and operate demand and market-based business and innovation processes; - Innovation incubators working in regions; - Quality Assurance expert pools established to support innovation driven companies; - Equal participation of women in the national level dialogue and capacity building activities. <p>Indicators of the Result / Component area 2:</p> <ul style="list-style-type: none"> - Professional communities strengthened in the selected regions to facilitate inclusion innovation activities, services and partnership; - National Innovation Stakeholder Forum on innovation supported by MOST and OIF interact and collaborate in supporting the whole innovation cycle; - Viet nam – Finland innovation voucher introduced and innovators from both countries benefited; - At least four MOUs and agreements on innovation signed between the Finnish and Vietnamese universities and R&D institutions;
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		<ul style="list-style-type: none"> - At least two Finnish – Vietnamese partnerships for innovation eco-systems promotion established and benchmarked at regional level; - Education and professional enhancement facilitated by universities and enterprises collaboration, incl. students and staff exchange. - Participation of women and vulnerable groups encouraged, reinforced and recorded; - Virtual and physical participation of thematic innovation communities enabled by Open Innovation Forum, seminars and trainings; and - Multi-helix stakeholders satisfied with networking and partnership outputs. <p>The indicators of Result 3/ Component 3:</p> <ul style="list-style-type: none"> - At least three regional innovative products have been introduced; - At least six national and international multi-helix partnerships established for selected regional innovation-driven product chains; - Half of the implemented approaches assessed to be applicable and sustainable; - New jobs, new skills and income generated for stakeholders; - Cross-cutting issues (gender and social inclusion) included in each value chain support; - At least 25 % of the implemented projects support clean-tech value chain with productivity and quality improvement tools; - At least two innovation models with bottom-up / Base of pyramid approach
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			<p>developed and implemented (via Regional Innovation Products);</p> <ul style="list-style-type: none"> - User- and demand-driven innovation approach piloted: integration of end users and other stakeholders into the development of new products and services; - Start-up support approach(es) developed and piloted; - IPP financial mechanism applied and developed as an accessible model; - Innovation Award introduced - A Handbook on Innovation Support Tools and Practices handed over: lessons learnt and recommendations formulated during IPP lifetime.
<p>Inception report October 2014</p>	<p>By 2020, Vietnam is an industrialized middle-income country with a knowledge economy and a national innovation system that actively supports socio-economic development.</p>	<p>The National Innovation System (NIS) is strengthened in capacity, capability and through public-private partnerships that enable improved NIS contribution to the socio-economic development of Vietnam.</p>	<p>Result 1 - Institutional development and capacity building - "Capacity of public and private stakeholders increased through focused and comprehensive innovation and entrepreneurship curriculum"</p> <p>Result 2 - Partnership for innovation - "Collaborative actions of innovation system stakeholders on national, regional and international levels"</p> <p>Result 3 - Innovation Projects - "Improved support for new innovative companies targeting international markets"</p>
<p>Baseline study + Table of IPP revised monitoring indicators, July 2015 (The study focused on renewing the indicator sets, but to</p>	<p>"To contribute to the Government of Vietnam's (GoV) Socio-Economic Development Strategy (SEDS) for 2011-2020, to become by 2020 an industrialized, middle-income country (MIC) with a knowledge economy and a NIS that actively supports socio-economic development.... Specifically, IPP2 aims to</p>	<p>Revised Programme Purpose of IPP2 is:</p> <ul style="list-style-type: none"> (i) Initiate a shift in business culture from small to high growth mindset (ii) Build the capacity of public and private stakeholders to introduce innovative 	<p>Result 1 (Component 1 Institutional development and capacity building) is: Capacity of public and private stakeholders increased through focused and comprehensive innovation and entrepreneurship curriculum and training of trainers, institutional capacity within MOST is improved to support innovation,</p>

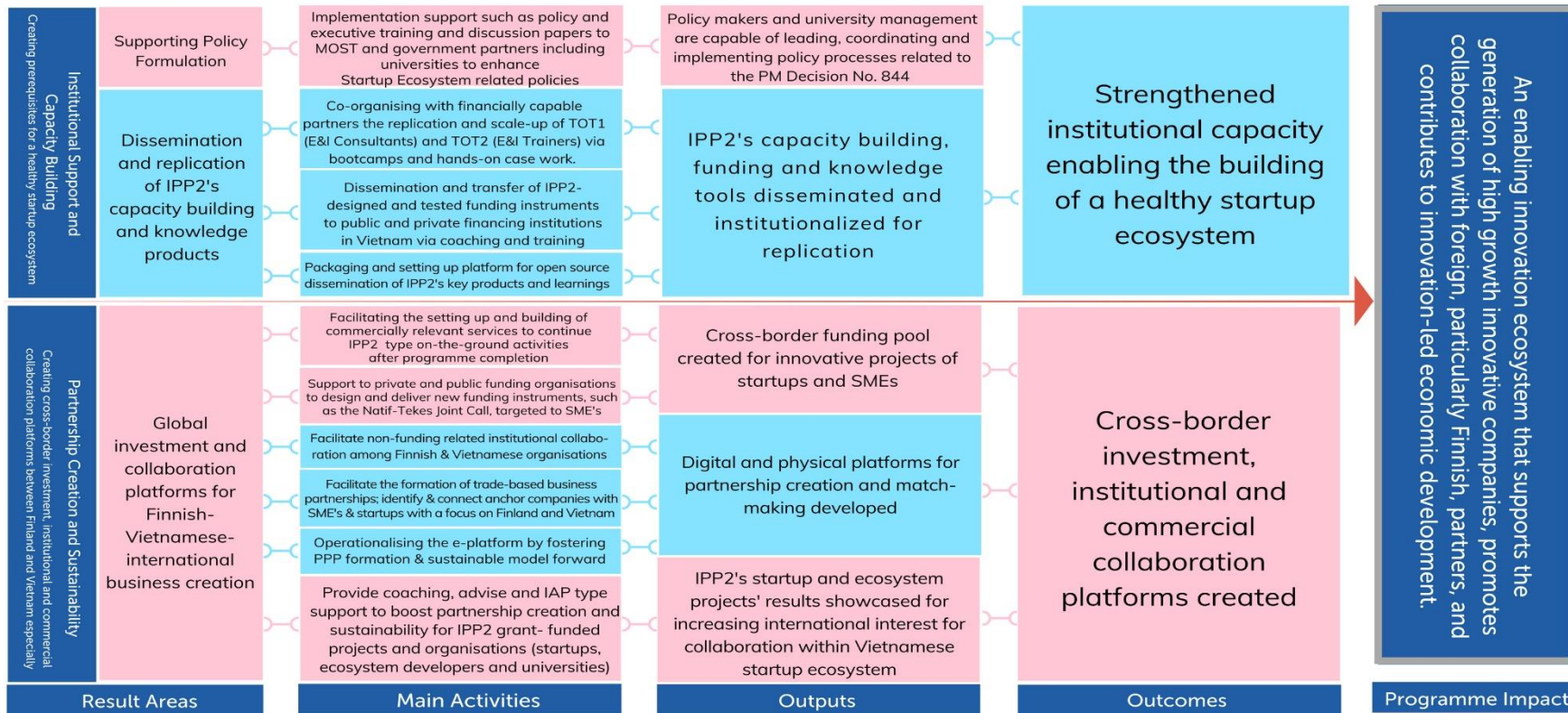
<p>some extent also the objective, purpose and results of the programme).</p>	<p><i>boost sustainable economic growth in Vietnam through the increased production and export of innovative products and services.”</i></p>	<p>solutions to domestic and international markets</p> <p>(iii) Increase sustainability through alignment within and between Key National, Regional and Global Innovation stakeholders and partners.</p>	<p>focusing on innovative high growth enterprises by enhancing innovation policy designing and implementation.</p> <p>Result 2 (Component 2 Partnerships for innovation) is: Improved collaborative actions of innovation system stakeholders on national, regional and international levels resulting effective models to support innovative ecosystems.</p> <p>Result 3 (Component 3 Innovation projects) is: Improved support for new innovative companies targeting high growth in international markets.</p>
<p>The Updated Strategy Oct 2015</p>	<p>By 2020, Vietnam is an industrialized middle-income country with a knowledge economy and a national innovation system that actively supports socio-economic development.</p> <p><u>Anticipated result for the overall objective:</u> Boost sustainable economic growth in Vietnam through the increased production and export of innovative products and services.</p>	<p>The National Innovation System (NIS) is strengthened in capacity, capability and through public-private partnerships that enable improved NIS contribution to the socioeconomic development of Vietnam.</p> <p><u>Anticipated result for the programme purpose:</u></p> <p>(i) Build the capacity of key public and private stakeholders to introduce innovative solutions to domestic and export markets</p> <p>(ii) Increase sustainability through alignment within and between Key National, Regional, and Global innovation stakeholders and partners</p> <p>(iii) Initiate a business culture shift from small to high growth mindset</p>	<p>Component 1: Institutional development and capacity building</p> <p><u>Anticipated result for the component one:</u> Capacity of public and private stakeholders increased through focused and comprehensive innovation and entrepreneurship curriculum (CCIE), curriculum-based training programs, institutional capacity within MOST such as designing and implementing innovation policies to support innovation, focusing on high growth enterprises is improved.</p> <p>Component 2 (Partnerships for innovation)</p> <p><u>Anticipated result for the component 2:</u> Improved collaborative actions of innovation system stakeholders on national, regional and international levels resulting effective models to support innovative ecosystems.</p>

			Component 3 (Innovation projects) <u>Anticipated result for the component 3:</u> Improved support for new innovative companies targeting high growth in international markets
Logframe revisited after SC 6 comments, 25.4.2016	<u>Anticipated results for the overall objective:</u> Boost sustainable economic growth in Vietnam through the increased production and export of innovative products and services.	Anticipated result of the programme purpose: (i) Build the capacity of key public and private stakeholders to introduce innovative solutions to domestic and export markets ii) Initiate and pilot new structures, platforms and partnerships for improved and increased activity of innovation ecosystems and NIS. (iii) Improve mechanisms for supporting high-growth start-ups in Vietnam by transferring exemplary support tools and showcasing a portfolio of high-growth start-ups	
IPP2 Exit Strategy (April 2017)	?	The programme impact An enabling innovation ecosystem that supports the generation of high growth innovative companies, promotes collaboration with foreign, particularly Finnish, partners and contributes to innovation-led economic development.	Result areas: i) Institutional Support and Capacity Building (ii) Partnership Creation and Sustainability

Annex 6. The Exit Strategy (April 2017) results chain



IPP2 RESULTS CHAIN



Annex 7. Programmes financed by other development partners

The Swiss Entrepreneurship Program operates in Vietnam and five other countries in Eastern-Europe and Latin America during 2015-2019. The overall objective is to create jobs by strengthening the entrepreneurship ecosystem in the target countries. The programme does not provide financial support but customised, individualized expertise by working with relevant ecosystem organizations (incubators, accelerators) and provides strategic support in improving their business model and acceleration programmes, and thus increase their performance. Consequently, the programme does not work directly with companies, however growth-oriented entrepreneurs, start-up teams and companies at an early stage will profit from state -of-the-art services to grow and sustain their business.

Mekong Business Initiative MBI is a development partnership launched jointly by the Asian Development Bank (ADB) and the Australian Government in 2015. MBI promotes incubation and acceleration of enterprises in Cambodia, Laos, Myanmar, and Vietnam by helping start-ups access a larger pool of resources. In addition to access to finance, MBI supports mentorship programs to help start-ups develop their business management skills. MBI also extracts bottom-up policy lessons from piloting innovative business models in partnership with young (and especially women) entrepreneurs. MBI focuses on tourism, agritech, fintech, and smart cities thematic areas. The program budget for 2015-2018 was US\$10,500,000.

The Vietnam Climate Innovation Center (VCIC) project was approved in December 2015, as a Small Recipient-Executed grant, amounting to US\$3.8 million. The project development objective (PDO) is “to increase green growth business innovations by supporting entrepreneurs and SMEs involved in technological solutions through the establishment and operation of the Vietnam Climate Innovation Center”. The project is funded by the Climate Innovation Multi-Donor Trust Fund of the World Bank, and implemented by Vietnam’s Ministry of Science and Technology (MOST) through its National Agency for Technology Entrepreneurship and Commercialization (NATEC).

The value of the Center’s support to companies is demonstrated in the progress made by the companies in June 2018:

- Eight companies have registered their prototypes for intellectual property protection.
- Twenty-three enterprises raised early-stage financing of US\$1,213,168; with twelve companies beginning to raise growth stage financing of US\$1,206,834.
- The number of units of improved products/services sold was 238,527 reaching 174,147 customers/
households. Furthermore, 1,814 tons of CO2 emission have been avoided. These have exceeded the targets set for the project’s entire duration.
- As per June 2018, the enterprises VCIC supports have created 638 new direct jobs, with 44.6% jobs created for women, and thousands of indirect jobs for local households.

The project has been extended to June 30, 2020 with an additional funding of US\$800,000.

Fostering Innovation through Research, Science and Technology (FIRST) is a World Bank funded project to support science, technology and innovation (STI) in Vietnam by designing and piloting of STI policies, enhancing the effectiveness of project-aided research and development (R and D) institutions, and encouraging the development of innovative

technology enterprises. The project has three components. The first component is knowledge and policy development. Under this component following activities will be carried out: (i) research on and pilot implementation of policies to attract overseas talented experts; and (ii) strengthening results measurement in STI. The second component is supporting Government Research Institutes (GRI) reform and enterprises innovation. This component will provide approximately fifteen GRI STI grants to selected GRIs in selected priority sectors. It will provide innovation links between enterprises and scientific communities. It will help in establishment of the national core technology laboratory for mechanical manufacturing automation and embedded technology. The third component is project management. This component will help in strengthening the institutional capacity of Ministry of Science and Technology (MOST) in order to implement the project and comply with the fiduciary, monitoring and evaluation, and reporting requirements. It will also help in carrying out of policy research programs on project activities. The implementation period is 2013-2019 with a budget of US\$110 million.

Annex 8. Quality assurance statement produced by the quality assurance mechanism used.

Final Evaluation of the Innovation Partnership Programme, Phase II

Inception Report QA: November 2018 - Overall statement

The Draft Inception Report of the above evaluation, version of November 3rd, 2018, was assessed by Dr. Veli-Pekka Saarnivaara.

The Inception report has been carefully and thoroughly done, including all the content and objectives defined in the ToR. The approach that combines the perspectives of program theory and system theory is particularly well suited to PPI II, which has been an adaptive programming approach. The evaluation methods are rational and versatile. Validation through triangulation is important to ensure that individual discrepancies do not reach a general understanding of the conclusions.

The program plan and the ToR emphasize the cooperation of different actors. I also consider this to be a key feature of NIS. Inception report defines the NIS so that the various actors together influence the socio-economic development of Vietnam. In my opinion, the joint influence of the various actors does not adequately reflect the quality and depth of cooperation that is needed in a well-functioning NIS. In the Inception Report later, this depth of co-operation is very much involved when dealing with the innovation ecosystem, but I think this should be related to the whole NIS.

In the Inception Report, the transformation of the program is well viewed with the help of 9 loops. The steps for changing the program and the reasons for it have been assessed in Table 1. This review might perhaps be deepened:

- In principle, taking into account changes in the operating environment and the needs / opportunities of the actors is a valid reason to modify the program. In addition, experimentation, rapid learning and researching are an essential feature of innovation and start-up development.
- In an adaptable program, it is therefore worth taking into account the nature of the innovation activity (experimental culture), which should also be reflected in the nature of the program: risk-taking, piloting, testing, experimentation.
- Because of the changes, the time span that the results and effects were achieved was quite short. This and quite limited resources should be taken into account when evaluating the permanent effects achieved.
- On a general level, it seems that the changes have sought to bring about the desired results and effects. It is certainly justified by the limited resources of the IPP II. The Exit strategy has clearly taken this into account and targets performance and impact goals for piloting things.
- A detail, regarding the assessment of changes, evaluation could reflect on the justification for the 2015 update of the strategy, which shifted the focus from start-up finance to building the capacity of ecosystem developers. The change in that direction seems justifiable, but the

thing is not black and white: would there be a middle way, or a combination where both aspects would be balanced.

Draft Final Report QA Report: December 2018 - Overall statement

The Draft Final Report (DFR) of the above evaluation, version of December 21st, 2018 was deemed by the external QA (Dr. Saarnivaara) to be coherent with the requirements of the overall contract, ToR of the assignment and the approved Inception report of the evaluation, and could be submitted to the client (MFA Finland).

While some differences could be observed in the clarity of the individual programme evaluation reports, their quality was also assessed as sufficient to allow for drafting the synthesis report.

Overall assessment of the report

The following table presents the overall assessment of the report on individual quality criteria.

Criteria	Understanding of the criteria	Assessment
Criterion 1: Meeting needs	The evaluation report adequately addresses the information needs of the Client. It answers all questions included in the terms of reference in a way that reflects their stated level of priority. As far as possible, it satisfies incidental information needs that have arisen during the evaluation process.	The final report adequately addresses the information needs expressed in the ToR. The recommendations of the Inception phase QA-report have been taken into account. Final evaluation also reports the additional observations made during the field mission to Vietnam in November-December 2018.
Criterion 2: Relevant scope	The report describes the rationale of the policy and its full set of outputs, results and intended impacts. It considers unintended consequences and policy interactions. This does not mean that all these issues are investigated in detail. Only key questions are subject to an in-depth treatment.	The report describes well the rationale of the IPP 2 Programme logic and the developments of the Vietnamese National Innovation System (NIS) and ecosystems. Although, the final evaluation does not present the full Theory of Change (ToC) of the IPP Programme, it critically analyses the changes in programme logic and their implications to the achievements of the overall results.
Criterion 3: Defendable design	The evaluation method is clearly described and it is appropriate and adequate to answering the key evaluation questions. Methodological limitations are explicitly stated.	The Draft Final Report includes a comprehensive analysis and assessment on the changes during the execution of the programme, and the impacts of these changes. A Traditional Programme Theory (TPT, based on OECD/DAC criteria suggested by the MFA) has been complemented with a System Analysis (SA). The TPT assessment of the result chain is based on the Exit Strategy which seems to be a logical choice. The SA (Network analysis and System tools) has been a good tool to collect supplementary information and qualitative success data especially related to networks and co-operation.

Criterion 4: Reliable data	Primary and secondary data are sufficiently reliable with respect to their use. This criterion does not assess the quality of pre-existing information but how the evaluation team has managed to retrieve and/or to produce information.	Both quantitative and qualitative sources have been identified. The data collection tools and analysis methods as well limitations of the evaluation approach have been sufficiently reported in Annex 2.
Criterion 5: Sound analysis	Information is appropriately and systematically analysed or interpreted. Underlying assumptions are made explicit. Critical exogenous factors are identified and taken into account.	The methods of the evaluation are rational and versatile including commonly used methods: desk review, interviews and surveys including triangulation. Combined with them, network analysis and system tools reveal, among other things, network causation and outcomes which have not been predefined. Complementary methods (debriefing meeting, participatory observation and informal discussions) deepen the analysis.
Criterion 6: Robust findings	The report provides stakeholders with a substantial amount of fresh knowledge (findings). Findings follow logically from evidence, analyses and interpretations.	Key findings cover well the aspects of relevance, impact, effectiveness, efficiency and sustainability from the viewpoint of different stakeholders, and the findings seem to be relevant, based on the available data. The Network analysis seems to be a valuable mean for assessing the development of networks and co-operation. It also reveals a handicap of the IPP: the lack of private VC-investors in the network. <i>The assessment of the Result Chain of the IPP II Programme as presented in the Exit Strategy</i> (Table 4) compose the Result Chain and its metrics well but to be more easily understood, it could be clarified – especially the column <i>Baseline vs. end-line</i> . The discussion under the heading <i>Lessons learned and recommendations</i> of this quality assurance relates to some of the Key findings.
Criterion 7: Valid/ Impartial conclusions	Value judgments (conclusions) are based on explicit criteria and benchmarks. Conclusions answer the evaluation questions in a fair way, unbiased by personnel or stakeholders' views. Conclusions take into account all legitimate standpoints in an impartial way. Dissenting views are presented in a fair way.	The conclusions summarise the findings rationally, and they are well based on the findings and their assessment.
Criterion 8: Useful recommendations	Recommendations derive from conclusions. They are detailed enough and feasible.	In general, the lessons learned and recommendations are carefully considered, and their justification is backed up by the key findings. The detailed comments by the QA mainly endorse the recommendations or give an additional viewpoint to some recommendations.
Criterion 9: Clear report	The report is interesting for and accessible to the intended readers. A short executive summary reflects the key findings, conclusions and recommendations in an impartial way.	The report is written in a clear and well-structured manner.

Final report

The version of the Draft final report of December 21st, 2017 submitted to the client and assessed above reflected two rounds of comments and other communication exchange between the QA, the Team Leader and Evaluation Team regarding specific issues. At this stage, the documents addressed sufficiently the main comments and requests for clarifications from the QA to be considered of adequate quality for submission to the client.

The QA team followed up on the extent to which comments received by the team from MFA were adequately considered. On, February 7th, 2017, QA considered this was the case and indicated to the team to submit the report.

Dr. Veli-Pekka Saarivaara,
VPSolutio

Annex 9. Evaluation brief

The Innovation Partnership Programme IPP aimed to support Vietnam in its intention to become a knowledge-based society and to strengthen the National Innovation System (NIS). Phase I of the IPP was implemented from August 2009 to February 2014 and Phase II from March 2014 to the end of December 2018.

The purpose of the final evaluation was to assess the results of IPP II and their sustainability as well as to provide lessons learned about best practices regarding planning and implementation of similar programmes in a transition context.

The priority objectives of the evaluation were to assess and analyse:

1. The impact of IPP II in the development of the start-up ecosystem and innovation policy in Vietnam and its value and merit in the perspective of the key stakeholders.
2. The role of IPP in supporting the transition from aid to trade between Finland and Vietnam.

The IPP II was implemented in the context in which Vietnam has been among the fastest growing economies in the ASEAN and living through a period of fast increasing entrepreneurial activity. The number of SMEs and start-ups, as well as financing and acquisitions of start-ups by investors have increased, but Vietnam still lags behind compared to other economies of South-East Asia.

The legal and regulatory environment of businesses has been consistently improved, with a lot of new initiatives and actions following the change of government of Vietnam in 2016. In spring 2016 Vietnam was announced to “become a start-up nation” and the focus moved to knowledge intensive innovative start-ups. Several new policies and government regulations were published for this purpose, perhaps the most important of which was the Prime Minister’s Decision “Supporting National Innovative Start-up Ecosystem to 2025” project, through Decision 844/QĐ-TTg/2016. Several more decisions and regulation have thereafter been prepared for the implementation of the Programme 844.

After 2016 a new role was assigned also to universities, which traditionally have focused on research, with very modest cooperation with businesses. The Prime Minister’s Decision 1665/QĐ-TTg (October 2017) requested E&I (entrepreneurship and innovation) education to be taken place in all universities and colleges in Vietnam.

In Finland the country strategy for Vietnam (2016-2020) was approved in late 2016 and aimed at changing the relationship gradually from grant-based development cooperation into more comprehensive partnership for mutual benefit. The IPP II was in this strategy named as one of the key vehicles for the intended transition.

IPP II inherited and continued the IPP I overall aim to support the development of Vietnam’s National Innovation System (NIS). Thereafter two major shifts took place in the programme logic and implementation. The first, after the inception phase in the end of 2014, was a reorientation from the support of the National Innovation System (NIS) towards supporting new innovative start-ups. The second shift took place when in the programme’s Exit Strategy (April 2017) increased emphasis was given to ensuring sustainability of the results, as well as

exigencies of the transition strategy. New tools for business partnerships (e.g. VMAP) and city-to-city cooperation were embedded in the programme.

Evaluation challenges and approach

It has been characteristic to the IPP II implementation that the programme logic, activities, outputs, outcomes, and indicators even the pursued overall goals and the intended impact on them have changed several times. The same applies to the programme indicators. The programme has thus been very flexible – or adaptive in the pursue of bringing about systemic changes in the Vietnamese innovation ecosystems.

The changes have caused challenges for monitoring and they have affected accountability, since all the changes and their justifications have not been well documented and reported. The changes also made it very difficult to evaluate the programme by using the standard evaluation approaches and methodologies. To overcome this challenge, the evaluation team made use of e.g. system and network analysis, in addition to more customary evaluation approaches, methodologies and tools.

The evaluation team interviewed key stakeholders in Finland, including representatives of the Ministry for Foreign Affairs, Ministry of Economic Affairs and Employment, Business Finland and companies that participated in the VMAP. During the field visit to Vietnam altogether 60 persons representing different stakeholder groups were interviewed. A network analysis among the Vietnamese NIS stakeholders was made during the field trip, together with a survey for universities, other knowledge providers, start-up enterprises and recipients of IPP II support.

Main findings and conclusions

Relevance and coherence

The timing was right for the IPP II. There was a demand for such a programme in Vietnam. The final beneficiaries, i.e. Vietnamese start-ups, their founders, and other representatives of the local innovation ecosystems expressed appreciation towards the IPP II and its activities. The same applies to the Finnish enterprises involved in the VMAP, which provided them soft-landing/market entry service in the Vietnamese market.

The Finnish government's development policy goals, especially "The growth of developing countries' economies to generate more jobs, livelihoods and well-being" were covered well especially in the IPP II activities initiated before the Exit Strategy. The VMAP and the city-to-city cooperation supported more directly the different goals of the Transition Strategy.

The programme had large positive coverage in the Vietnamese media, which fits well with the Transition strategy's vision regarding the visibility and image of Finland in Vietnam.

The role of the programme in the transition process is positive, but not consistent across the programme elements. The business-partnership programme VMAP, for example, appears to have supported the trade-related principal goal of the transition strategy, but its relevance vis-à-vis the IPP II's original development objective, strengthening the Vietnamese innovation system (NIS), is not as clear.

Promotion of gender equality was not very prominent in the programme implementation. The same applies to human rights. Criteria related to cross-cutting objectives were applied when selecting companies and ecosystem projects to receive funding.

The Transition strategy has several different goals, and it lacks clear, time-bound KPIs for them. This, together with the differing nature of the IPP II elements, made the assessment of relevance against the Finnish policy goals difficult.

Impact, effectiveness and efficiency

The programme produced a large number of outputs – events, trainings, financial and soft support, capacity building and networking. A challenge in assessing the programme’s impact is that there is a lot of reported data but it is mostly about such inputs and outputs.

Notwithstanding the data and methodological challenges there is however, evidence suggesting that the programme has made a contribution to its development goals, especially in institutional support and capacity building area, by enhancing policy makers’ and university managements’ ability to lead, coordinate and implement policy processes that stronger innovation ecosystems in Vietnam require. Experts trained by the IPP II participated in drafting the key start-up related legislation and regulation enacted since 2016.

The same applies to the result area of partnership creation and sustainability, particularly when it comes to creating partnerships between Finnish and Vietnamese enterprises. Especially the VMAP contributed to this outcome. At the same time some of the activities, like creating a cross-border funding pools and digital partnership platforms did not lead to intended outputs and outcomes.

The network analysis indicates that the innovation ecosystems in Vietnam have strengthened during the implementation of the IPP II programme.

The programme liaised and coordinated very actively with the other TF-partners in Vietnam and Finland. Some stakeholders, however reported of a need for improvement in knowledge sharing and communications by the programme.

The programme spent 91,9 % of its total budget, with the short-term technical assistance (STA) costs representing approximately a third of the total TA budget.

With some reservations related to the data quality, the overall efficiency of the programme was rated good. Low spending (in relation to total programme budget) appears to be partly due to the co-sharing of activities with other development partners or stakeholders. High STA costs are probably unavoidable in a programme as adaptive as the IPP II.

Sustainability, Finnish value added and aid effectiveness

There are several factors that speak for sustainability of the programme’s results. The commitment of the government of Vietnam to further the “start-up nation” agenda appears strong. The IPP II -trained policy makers, managers, entrepreneurs and lecturers form a pool of experts and advocates that can help in maintaining the results and spread the influence of the programme. The open source knowledge products and the E&I curriculum produced by the programme provide tools for wider dissemination of E&I expertise in Vietnam.

The risks for sustainability include the institutional inertia in ministries, universities, local governments and other key organisations. There is also a risk that sufficient financial resources – both public and private – will not be available to innovative start-ups and to start-up ecosystems. With these caveats on the institutional and financial aspects, the overall assessment of the programme’s sustainability is “good”.

The programme has offered an opportunity to share Finland's best innovation practices, including transparent support allocation mechanisms, open source knowledge products and a cooperation model for the stakeholders in the Vietnamese innovation support system.

Regarding aid effectiveness, the IPP II was implemented in line with the Paris declaration principles of ownership, alignment and harmonisation. Especially the Vietnamese government has shown clear commitment and results orientation in its innovation activities. Due to the changes in the programme's results chains and deficiencies of the performance indicators, the principle concerning measuring results has not fully been aligned with, weakening also the adherence to the accountability principle.

Main recommendations and overall lessons

The evaluation recommends to the government of Vietnam further development of the start-ups and innovation-related regulatory framework; cultivation of culture and mindset that encourages collaboration; strengthening the competition-based dynamic operational environment for innovative start-ups; and improvement of investor protection. Continuation of the IPP II-like transparent competitive processes in e.g. allocating grants and support is also recommended, as well as avoiding too strong control towards start-up ecosystems. Bureaucracies in the innovation support systems should be avoided, and trust built (e.g. investor and IPR protection) between the participants in the innovation ecosystems and NIS.

For the government of Finland the evaluation recommends, among others, that the following transition strategies are defined and designed in a way that supports their implementation, monitoring and evaluation. This would mean for example defining the goals and logical structure of these strategies clearly and using consistent indicator structures with time-bound targets. The theories of change of specific programmes implementing these strategies should be made and kept clear and their links to the strategy's goals explicit. Attention should be given to the adequacy of performance indicators. The designers and managers should be required to apply systematically the MFA guidelines on HRBA and gender equality.

The Finnish government is also recommended to continue the VMAP kind of soft-landing services for Finnish enterprises interested in the Vietnamese markets. Coordination between different TF institutions and stakeholders still needs to be improved.

Regarding future private sector development and innovation partnership programmes the Finnish government is recommended to consider models, in which the focus would be on the ex-ante-set outcomes while simultaneously leaving room for the programme to adapt and modify inputs, activities and outputs flexibly to achieve these outcomes in the best possible way.

It is also suggested that when developing innovation partnership programmes in other countries in the future careful context analyses are included and solutions are tailored to match identified needs. Even though successful in Vietnam all the IPP II elements cannot be replicated as such in other countries.