

# **Business Training for Entrepreneurs in Vietnam**

**An Evaluation of the Sida-supported  
Start and Improve Your Business  
(SIYB) project**

**Karlis Goppers  
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**Sida Evaluation 07/31**

**Asia Department**

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# Executive Summary

From 1998 to 2004, the Vietnam Chamber of Commerce and Industry (VCCI) and the International Labor Organization (ILO), with SEK 24.7 million financial support from Sida, implemented the *Start and Improve Your Business* Program (SIYB). The project consists of training programs in business start-up and business management skills for micro and small-scale business owners in basic business management. The present evaluation was carried out in October 2006 by a team of two experts.

## Conclusions

### Implementation and Output

All the quantitative targets at output level specified in the project document have been achieved by the project. The number of partner organizations recruited, the number of trainers and facilitators trained, the number of courses held, the number of trainees participating, have all reached or superseded the set targets. An important accomplishment of the project is to have introduced and anchored modern business and management training into the mainstream of Vietnamese life e.g. through such important mass organizations as the Women's Union and youth clubs. Through them many potential entrepreneurs are given a chance to develop, which he or she might not otherwise have received. The challenge remains, however, to make the training activities of these organizations sustainable for the future.

### Efficiency

The commercial market for Business Development Services (BDS) services in Vietnam is still too undeveloped to be able to judge how cost-efficient the SIYB courses actually are. In order to survive, a training program must eventually be able to cover all its costs with the fees collected from the trainees. Today the program is still far away from this stage, as most partner organizations (POs) seem unable even to cover the direct course costs. In many POs the courses are offered for free or at heavily subsidized prices to the members of the organization. Sometimes this is for policy reasons, sometimes it is because it is felt that the trainees are unable to bear a higher cost.

### Impact

Available information suggests that the SIYB training program has had positive impacts on the businesses of the trainees. Even if an increase in the firms' profits or revenues could not always be recorded, it was evident that in all the cases the training had either led to constructive improvements in running the firms or in the ability to analyze the market, or it had positively impacted on the confidence and business outlook of the trainees.

### *Need for Control Group*

The impact study carried out by VCCI relied purely on longitudinal data, and the results must therefore be interpreted carefully. In an economy as dynamic and fast-growing as the Vietnamese, with a lot of reform going on and with annual growth rates of 7 to 10%, there are circumstances other than the SIYB-training, which could cause profits and revenues of SMEs to go up. Therefore, the longitudinal data should be complemented with the use of a control group formed especially for the purpose.

### *Inconsistent goal structure*

It is questionable whether *employment creation* should be placed as an objective alongside that of economic growth, because increased revenue and profit of the companies is sometimes the result of a trimming of the labor force. Some trainees had, after taking the course, been able to introduce a more efficient manpower planning thereby being able to reduce the size of the staff for a given level of production.

## **Equality and poverty reduction**

There is not sufficient data available to confirm that the project has had a positive impact on poverty reduction. Given that the entrepreneurs benefiting from the SIYB training do not belong to the poorest groups in society, we cannot expect that the positive impact, which we think that the program has, will be in favor of the poorest groups – at least not in the short run. However, in the long run, any program, which can enhance economic growth of SMEs and household firms, will sooner or later also benefit the poorest groups in society.

## **Environment**

Sida's two decision memoranda state that the project does not have any effects on the environment. Nevertheless, since the rapid economic growth in Vietnam has been shown to be accompanied by increasing environmental pollution, we must in consequence conclude that, if the project promotes even faster economic growth, it will – at least in theory – also have a negative effect on the environment.

## **Gender**

Great expectations are placed on the gender equalizing character of the project. 46% of SYB trainees and a third of the Master trainers have been women.. The mission believes that training like SIYB, which improves the women's business capacity will mean a lot to improve the gender balance in the countryside and also bring empowerment to women.

## **Relevance**

The project is relevant for all concerned: For Vietnam, a country in rapid transition from a centrally planned economy to a market system, the [successful] provision of training in business management is very important. Furthermore, if the provision of training is programmed such that it will also enhance the whole market of BDS, the project becomes even more relevant. For the donor Sida, the SIYB-project is relevant because, among other things, it also answers well to Sweden's wish to promote a market system. For VCCI, being involved in an activity, which is considered important by government and donors alike for the country's development, is important for its image and future development, and for ILO the chance of adding one more country to the list of beneficiaries of the SIYB-program, which they have developed and which they believe in, is relevant.

## **Sustainability**

In terms of *technical* competence the project has been successful in developing a core of master trainers and enough trainers with skills to be able to carry on the SIYB training to the satisfaction of ILO, and it can therefore be said to be *technically sustainable*. In terms of institutional proficiency and capacity it has been well integrated into the regular activities of VCCI, which today runs the program apparently smoothly and proficiently. Therefore, it is institutionally sustainable as far as VCCI is concerned.

*However*, when it comes to the partner organizations, the project has failed to develop them into a state where they will be able to continue offering the SIYB courses as most of the POs have not integrated the SIYB-work with their regular activities. The SIYB-training is therefore institutionally not sustainable w.r.t. to the POs.

In terms of *financial* viability, the cost recovery of almost all POs is weak and many POs seem to be unable even to recover the direct and variable costs with the fees they can collect from the trainees. Nor do they have any plans whereby the financial viability of the training can be guaranteed if they are not able to increase their revenue from fees in the future. The project is thus *not* financially sustainable. Since overall sustainability is determined by the weakest link, we must conclude that *overall* the SIYB-program in Vietnam (mainly because of the lack of financial viability) is currently *not sustainable*.

### **Donor Harmonization**

Donor coordination in the field of PSD has come far in Vietnam, however *not* donor *harmonization*. Donor coordination usually means only exchange of information, not common or co-financed projects. There are several parallel working groups on PSD and SME development, the main donors belonging to all of them. This leads to overlapping and redundancy.

### **Building up and strengthening the VCCI organization**

The close interaction, which VCCI has had with the SIYB project for seven years, and the fact that the project has been successfully implemented, has probably left a positive general effect on VCCI proficiency as well as on its capacity to manage other projects in the future. This effect can be expected to be present also in the regional branches of VCCI.

### **Developing partner organizations**

Even though many of the POs are playing important roles in their provinces and cities, some of them having built up their prestige through delivering SIYB courses to businesses, most of the selected POs are more or less passive. The project has largely failed in developing independent POs who can take over and continue course activity also after the SIYB project has been terminated. Only 5% of the POs are private, the remaining being government departments or semi-government institutions. VCCI could and should have contracted more private consultant companies as partner organizations, which they have not done. The inability of the project to recruit and develop few but strong partner organizations, rather than many and weak ones, has been noted by all previous review missions, and obviously remains a major problem today. The project has addressed this issue, but stronger initiatives are called for.

### **Responsibility for implementation; Project Ownership**

The executive responsibility for implementing the SIYB program from 1998 to April 2004 lay with the ILO, and not with VCCI. At the end of the first phase the ILO applied a sub-contracting modality with the VCCI, where most of the work in the field was done by VCCI, while ILO provided overall quality control. In the first years VCCI had not yet developed the necessary management capacity to manage the program. The second phase focused on ensuring gradual hand-over.

While most observers would agree that national execution is advantageous in terms of giving the host country institution a chance for “on-the-job training”, it is not easy to determine which of the alternatives would have been more efficient overall. Also, the likely effects of the two alternative solutions will differ in the long and the short runs. The mission marginally favors national execution. In a country like Vietnam, with a high level of education and comparatively strong government institutions, placing responsibility for implementation on the national institution would normally be more in line with Swedish traditional practice.

### **The Logical Framework Analysis matrix**

The project’s LFA matrix takes up 14 pages, and the structure is complicated. The number of the different outputs with their many corresponding activities is so large that it is difficult to get an overview of the project. Therefore is not operational.

### **Reporting and follow-up**

In general we find that the project is well looked after and monitored by the ILO, However, at least from a formal point of view, the project has not complied with all reporting requirements prescribed by the Project Agreements, e.g. no final reports have been delivered, at least not any which are comprehensive and analytical.

## **Recommendations**

VCCI should in the remaining time of the project, focus all its efforts into trying to identify and develop at least a handful of private commercial partner organizations, with a view to making them fully sustainable organizations w.r.t. delivering SIYB-training in the future.

ILO, Sida and VCCI should consider organizing a working seminar together with the main experts in and behind the Business Edge program. The two programs, while different in some aspects, are basically very similar. They both have their respective strengths and weaknesses – real and potential, and they share some important problem areas, where a dialogue and discussion could be mutually fruitful.

# 1 Introduction<sup>1</sup>

## 1.1 Intervention Background

From 1998 to 2004, the Vietnam Chamber of Commerce and Industry (VCCI) and the International Labor Organization (ILO) with financial support from Sida implemented the Start and Improve Your Business Program (SIYB). The project consists of Start Your Business (SYB) and Improve Your Business (IYB) components. These are training programs in business start-up for micro and small-scale business owners in basic business management. The project has trained facilitators from selected partner organizations (POs), who in turned have trained the small-scale business-persons on how to start-up and improve the performance of their businesses. The overall goal or development objective was

*“to contribute to economic growth and employment creation in the private sector in Vietnam through the creation and strengthening of household businesses and private small-sized enterprises”.*

The executing agency has been the ILO and the local implementing agency the VCCI. The project was implemented in phases: the first phase from 1998–2001 and the second from 2001–2004. Sida pledged SEK 24.7 million to the project, of which SEK 13.5 million was disbursed during phase I and SEK 11.0 million in Phase II. While the first phase laid the foundations and established cooperation with various training providers in Vietnam, the second phase was the consolidation of the first phase achievements with extensive geographical replication to increase the scale of support.

As per 31 December 2004 responsibility for execution was handed over to VCCI with ILO phasing out its technical support. US\$ 175,000 in funds left-over from the Sida grant due to exchange rate fluctuations were transferred to VCCI to finance additional SIYB activities to be implemented during the period 2004–2007. An agreement signed by VCCI, ILO and Sida stipulated the conditions for the use of the grant.

The SIYB program originated in a training package called *“Look after your firm”*, which was developed in the 1970s by the Swedish Employers Federation for SMEs. In 1977, Sida funded a project for the ILO to adapt the materials to reflect the needs and situations of entrepreneurs in developing countries. Today the SIYB program is globally recognized as an ILO trade-mark and has been introduced in over 80 countries worldwide. According to ILO, worldwide some 150,000 entrepreneurs, 3500 trainers and 400 organizations have benefited from the program. 25 translations have been made of the course materials and 14 different donor countries have participated in financing the projects.

## 1.2 The Purpose of this Evaluation

An evaluation of the implemented project was foreseen by the project agreement. In the final review meeting between Sida, ILO and VCCI in April 2004, among the motives for an external overall evaluation the following were mentioned:

- the project has operated since 1998
- VCCI has undertaken to implement SIYB activities with Sida support until 2007.
- VCCI is incorporating SIYB activities into its normal supply of services for its client organizations.

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<sup>1</sup> Acknowledgements

The authors are grateful to all the persons who consented to interviews and particularly to the many entrepreneurs who gave of their time to attend discussion meetings with the evaluation team. We are also grateful for many useful comments on the draft report received from the Swedish Embassy, the VCCI and the ILO, many of which have been integrated into the report. The responsibility for any remaining errors and for the conclusions of course rests solely with the evaluators.

- SIYB is a program that ILO has implemented and continues to implement in many countries in the world.
- VCCI, ILO and Sida agreed in June 2005 to cooperate in a new project, *Poverty Reduction Through Integrated Small Enterprise Development (PRISED)*, which is designed to complement the SIYB program and will also incorporate a number SIYB activities.
- As Sida supports private sector development including SIYB in many parts of the world, the lessons learnt from this project can be important for Sida elsewhere.
- VCCI is now implementing SIYB on its own; it is therefore interesting to evaluate how this implementation is going and to consider possible improvements.

### *Main questions explored and analyzed*

Being an integral part of Sida's regular system of ex post evaluations, this evaluation follows Sida's criteria for topics addressed as well as format, and it covers question such as attainment of targets and objectives, efficiency of implementation, likely impacts, relevance, sustainability, as well as the usual cross-cutting issues such as gender, HIV/AIDS, environment and poverty alleviation. The evaluation also brings forward points of lessons learned and recommendations following from the analysis.

## **1.3 The Evaluation Mission and Methodology**

The evaluation mission consisting of one international expert and one local Vietnamese consultant was carried out during October 2006. Apart from meetings with Ministries, government departments, representatives from Embassies as well as various aid projects, the mission visited a total of 8 provinces, namely Hanoi, Ho Chi Minh City, Can Tho, Vung Tau, Thai Nguyen, Thanh Hoa, Nha Trang city and Da Nang. In each location meetings were held with the regional office of VCCI; Partner organizations, master trainers, and trainers; and trainees.

In each of the places visited the mission was able to meet with and interview at least 10 different beneficiary-entrepreneurs who had taken the course – normally in collective meetings. As a result the evaluation mission has collected information from a total of about 100 different beneficiaries. Based on a core of a few standard questions the interviews were mainly unstructured aiming at understanding the processes and the results obtained by the program. Given that we met a large number of persons of all the categories involved in the project we believe it has given us a good basis for our evaluation, even though it was not always possible to back conclusions up with hard facts w.r.t. to output and effect indicators.

It has been beyond the scope and time of this evaluation mission to inspect and confirm that the project has in fact accomplished the implementation of the many concrete output targets that were specified in the LFA. According to the various progress and completion reports, we can in broad terms note that this has in fact been the case. On that basis our evaluation focuses more on discussing and analyzing the longer-term effects and impacts of the program as well as the sustainability and relevance.

It should be noted that we did not control the composition of the groups of beneficiaries interviewed, and we therefore have to assume that there may have been a bias such that trainees tending to be critical would be underrepresented. This is not because of any intention on the part of VCCI to control the outcome, but simply by the fact that people who might have been dissatisfied with the training can be expected to be less willing to devote their time to meet with evaluators. Also some of the interviews were conducted by use of interpreter, which introduces a potential source of error.

## 1.4 This Report

The report is structured such that Chapter 2 describes the project with its objectives and target groups, also providing the goal hierarchy of causes and effects of the project. It presents the host organization VCCI, gives a brief account of Private sector development in Vietnam, and provides an overview, with comments, of the different projects supported by foreign aid in the field of PSD. Finally it presents a few other evaluations that have been made of the SIYB project as well as of other related projects.

Chapter 3 – based on a simplified summary of the projects *Logical Framework Analysis Matrix* – accounts for the implementation of the different project elements and the achievement of targets at output as well as effect/impact levels. It also raises the issues of responsibility for project implementation and that of project follow-up and reporting.

In Chapter 4 *evaluative conclusions* are drawn based on the findings accounted for in Chapter 3. Concepts such as project efficiency, cost-effectiveness and poverty reduction, are discussed, as are also the *cross-cutting issues* environment, gender, and HIV/AIDS. In addition we assess the projects Relevance, its chances of sustainability and discuss the degree of donor harmonization in the field of PSD.

In Chapter 5 we summarize answers to the specific questions included in the Terms-of-reference, while Chapters 5 and 6, finally, present Recommendations and Lessons learned emanating from the evaluation.

## 2 The Evaluated Intervention and the PSD Sector in Vietnam

### 2.1 The SIYB-project

The core activities of this project, which is executed by the ILO in close cooperation with the VCCI and funded by Sida, are to identify and select partner organizations, POs, and then train facilitators representing the selected POs. The POs in turn will train the small-scale business-persons on how to start up or improve the performance of their businesses. To perform these tasks VCCI has established a national SIYB unit (NU), 4 regional SIYB Teams (RTs) and 4 sub-regional SIYB Teams (SRTs). In addition to the regular course work the project also facilitates refresher training, after-training support services, a (SIYB business club, an information desk, and carries out regional promotion and marketing

#### *Objectives*

The Immediate objectives of the first phase of the project were:

- The SIYB program will have been adapted for use in Vietnam
- VCCI and other user organizations will have the adequate capability to independently and effectively implement the SIYB program for their respective target groups on a sustained basis
- Entrepreneurs participating in the SYB program will have acquired the skills and knowledge needed to start or expand their business project, and entrepreneurs participating in the IYB program will be able to improve their business performances through improved management skills

During the project's 2nd phase the emphasis can be said to have shifted toward:

- strengthening the network of SIYB partner Organizations and their trainers

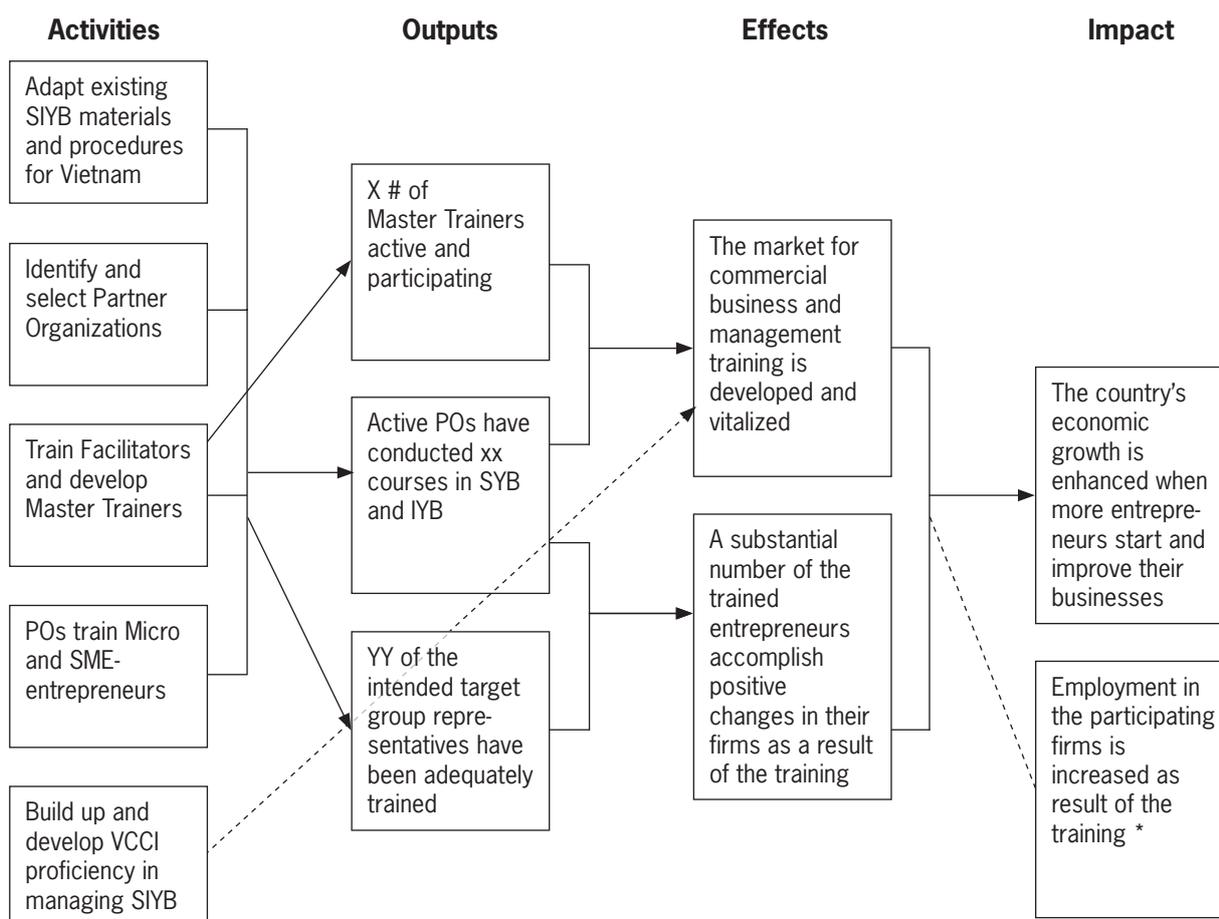
- strengthening VCCI and its regional branches which are acting as regional and sub-regional SIYB-teams supporting the network of POs
- continue the master trainer capacity building program
- Training of trainers TOT workshops
- After-training support, ATS
- Revising training materials

### Target groups / beneficiaries

The project's *direct beneficiaries* are the staff of VCCI, which will be trained so as to enable them to independently implement the project, and the staff of POs including trainers and master trainers to enable them to conduct training courses. The *ultimate* intended beneficiaries are Owners and aspiring owners and managers of private micro and small-sized enterprises (MSEs), including unregistered family business, whose owners aspire to register as private enterprises.

## 2.2 Goal Hierarchy of Means and Ends

The logical chain of causes and effects contained in the program can be seen from the following Goal Hierarchy of Means and Ends



\* This employment impact can only be valid in the long run, because in the short run, a positive outcome of the SIYB training may often be that the firms, through better manpower planning, are able to produce the same output with a smaller or more efficient labor force, thus increasing the profitability and the strength of their business.

## 2.3 The Vietnam Chamber of Commerce and Industry, VCCI

VCCI is a national, independent, non-governmental and non-profit organization having the status of a legal entity and operating with financial autonomy. It assembles and represents the business community, employers and business associations in all sectors, and it is the country's only mass organization of the private sector. The fact that the SIYB program is implemented through the VCCI is in conformity with ILO's worldwide practice. Just like VCCI, the ILO also has both labor and employers as its two constituencies<sup>2</sup>.

VCCI was originally established 43 years ago, but its present charter was mandated through a decision by the Prime minister on 12 June 2003. According to this charter VCCI is to represent the business community, employers and business associations of all economic sectors of Vietnam. Its purpose is to protect and assist business enterprises, to contribute to socio-economic development of the country and to promote economic, commercial and technological cooperation between Vietnam and the rest of the world "on the basis of equality and mutual benefit".

Even if VCCI today has no direct financial support from the government, like all NGOs in Vietnam, it is to a large extent dominated by the government, and can sometimes be perceived to function as a branch of the government rather than as an independent spokesperson for the private sector. One representative opined that the VCCI staff is not used to working independently after having been formed by many years in a centralized system.

In Vietnam there are today more than 200 business associations in different sectors and locations, the most important one being the semi-official VCCI. The VCCI has local branches and representatives in about a dozen locations in Vietnam. VCCI branches in the provinces are allowed to receive financial support from local enterprises, and may enter into cooperation agreements – with or without financial support without the formal approval of VCCI Hanoi, provided however that the VCCI headquarters are informed.

## 2.4 Private Sector Development in Vietnam

The SME sector is still very undeveloped in Vietnam, and the market for Business Development Services, BSD, is still in its infancy. Nevertheless, in 2002 there were

over 2,5 million registered household businesses, thought to contributing 31% of the country's GDP. Although state-owned enterprises still dominate the economy, the growth of private Vietnamese enterprises is growing rapidly with 1600 firms established each month. Household and informal businesses grew strongly during the 1990s, but most domestic private firms remained as household businesses during most of 1990s

The number of private enterprises and companies expanded rapidly following the enactment of the country's enterprise Law in 2000, with 50,000 new firms established during 2000–2002. The share of domestic private firms in industrial output has gone up from 22% in 1999 to 29% in 2005, while at the same time the share of the state enterprises dropped from 43 to 35%. Today there are 150,000 private firms and 2,5 million household firms. Private sector industrial production rose by 23% in 2004 compared to 12 for the state sector and 16% for the foreign investments. The Government's target amount for private firms has been set at 500,000 in 2010.

According to available statistics in 2002, 7% of Vietnamese companies in the whole country were getting management training. In 2005 the figure had risen to 12%. At the same time the number of companies established grows very fast. There is still a perception in Vietnam that training is a cost, not

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<sup>2</sup> The ILO is based on a three part constituency: labor, employers and governments.

an investment. Long term credit is not yet well established. Therefore as a result many contracts tend to be short-run rather than long run.

## 2.5 Donor Support to PSD in Vietnam

### 2.5.1 Overall Development

According to a study<sup>3</sup> put out by the IFC and the Government in 2005, there are in Vietnam a total of 58 donor-supported PSD projects, with a total funding commitment of US\$ 840 million over the period 2001–2010. 26 of the projects, or 45%, were launched in 2004 and 2005. There were eight credit lines being supported by 7 donors amounting to a total of US\$ 337.

The total number of donors in the field of PSD in Vietnam are about 25, among them:

MPDF, the Mekong Private Development Facility, which runs the Business Edge program, GTZ, which is active in SME, EU, Danida, UNIDO, ADB, CIDA, Sida, Oxfam, which works with micro-enterprises and the World Bank, which is involved among other things in policy work and donor coordination.

PSD activities are defined as those which fall into any of the following three categories:

1. Business Enabling Environment, BEE, (accounting for 36% of donor funded PSD projects in Vietnam)
2. Access to capital, AC, (18% of the projects), and
3. Business Support services, BSS (55% of the projects).

In terms of volume of funding the breakdown was: 32% for BEE, 38% for AC and 30% for BSS. In 80% of the projects the private sector is a beneficiary while the government is in 50% of the projects. For PSD activities the Ministry of Planning and Investment, MPI, is the main counterpart, with ASMED as its main liaison. Today ASMED, VCCI and CIEM are all listed with about 15% of the projects each.

Donors have in recent years moved away from supply-led interventions and toward demand-led ones. In an attempt to characterize the donor-supported PSD projects the IFC-report places the SIYB (and also the MPDF/BE) into a category of *market-based* projects in the sense that they encourage competition by working with multiple partners. In terms of partner organizations a recent trend is that donors – instead of selecting fixed partners from the outset – work with an “open list” of partners in order to promote competition among Vietnamese organizations, something which will also add more flexibility of the project.

Both the SIYB and the IFC-supported Business Edge program, BE, are also seen as being among the projects, which promote the use of local private service providers. This is in relation to other projects, which by the author were seen as belonging to a category of “*traditional* projects”. Overall, in the market-based category were placed CIDA, Danida, EU, GTZ, ILO, MPDF, SECO, SNV, UNIDO and USAID, while in the traditional category were ADB, AFD, AusAID JBIC, JICA, KfW and the World Bank. DFID and Sida were seen to “straddle between the traditionalist and the market-based categories.

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<sup>3</sup> Private Sector Development in Vietnam: An Analysis of Potential Gaps and conflicts in Donor Interventions. Report prepared for the Mekong Private Sector Development Facility, MPDF and the Ministry of Planning and Investment/and ASMED; by Nhu-An Tran, May 2005; 58 pages.

## 2.5.2 Swedish Cooperation in PSD

Sida is engaged in the following cooperation in the field of PSD with Vietnam:

1. SIYB, SEK 13,5 million from 1998–2001 and 11 million SEK 2001–2006
2. Poverty Reduction through Integrated Small Enterprise Development, PRISED, SEK 35 million during 2005–2009. Within this program Sida is also considering to support business development services geared specifically toward women entrepreneurs.
3. Together with half a dozen other bilateral donors Sida also supports the Mekong Private Sector Development Facility which through its Business Edge program provides similar services to Vietnam, Cambodia and Laos as the SIYB project.
4. The Swedish State institution Kommerskollegium is working with the Vietnamese authorities on *rules of origin*. SEK 1,9 million 2003–2005
5. Sida is working with the Vietnam Trade Promotion Agency, the Swiss Development Corporation and WTO/UNCTAD's International Trade Center (ITC) to help Vietnam identify promising export markets and strengthen its competitiveness in these markets. SEK 5 million 2004–2007.
6. Sida is supporting WTO in a institutional cooperation project with the Chamber of Commerce
7. Sida is also supporting a cooperation between the Central Bank of Sweden and the State Bank of Vietnam

Beside the PSD-interventions Sweden has a large number of interventions in Vietnam, and Sida has recently proposed that its support be limited to a maximum of three sectors, compared to the nine existing today. The Swedish Embassy has been given a mandate to concentrate its aid portfolio in Vietnam, so far with little success however. A factor to keep in mind is that Sweden's aid to Vietnam, in its current form, may soon be phase out all together, because Vietnam is quickly on its way of becoming a rich nation.

In the Embassy's own judgement Sida is not a main player in the PSD scene in Vietnam, nor can it be said to possess a competitive edge in PSD, compared to other donors. In case that the Swedish PSD interventions in Vietnam were to be discontinued PSD will however remain a *cross-cutting issue*, just like gender, in all of Sweden's development cooperation.

## 2.5.3 Danida

Danida funds a 5 year long sector support program<sup>4</sup> in PSD, amounting to US\$ 33 million over 2005–2009. The program, which started in April 2005, supports the development of the business sector in the following 5 areas:

- Removal of barriers for establishing businesses in the provinces
- Improvement of labor conditions
- Support to Business development services
- Assistance to proper resolution of commercial disputes
- Policy advice to government through a business research program

The program is, according to the Danish Embassy in Vietnam, so far running more or less on schedule. Danida's representative also serves as secretary of the Business Development Services group, which deals with SIYB and PRISED among other projects.

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<sup>4</sup> Business Sector Program Support – Ref. Nr. 104 Vietnam 803; Ministry of Foreign Affairs of Denmark, February 2005; Project Document 114 pages

#### **2.5.4 Business Management Training**

*Business Management Training* is provided in eight projects or 14% of the total number of 58 projects. A noticeable trend is that donors are moving away from supporting BSS toward more integrated approaches in all three categories of PSD-interventions. Within the BSS area there appears to be a move away from general business training towards consulting and business linkages for a specific cluster or network of enterprises. In terms of promoting innovation and delivery mechanisms to increase SMEs' willingness to pay for services, most donors today adhere to market-based principles in their BSS projects.

Beside the SIYB program, there are currently in Vietnam two other major donor-supported projects engaging in the provision of business management training courses, which can be compared to the SIYB, namely *Business Edge*, a program launched by MPDF and CEFE, a GTZ-supported Entrepreneurship project.

#### **2.5.5 CEFE**

The program *Creation of Entrepreneurs, Formation of Enterprises*, CEFE, was started by GTZ in the 1980s. It is today offered in 130 countries, it has a total of over 3000 trainers, and it is estimated that overall over a million people have been trained by it. CEFE is primarily for people who want to start or who have just started their own businesses.

#### **2.5.6 Business Edge/ IFC**

Business Edge is a branded training program for the managers of small and medium sized enterprises. The program consists of a range of short training seminars, supported by 31 different workbook titles for self-study and for class-room use, today available in English, Vietnamese, Khmer, Laotian, Chinese and Arabic. It is delivered by carefully selected and trained and licensed trainers through licensed training partners, which are mainly small private for-profit training companies.

The program was started by IFC MPDF in Vietnam in 2002, where the original course material is still produced, and has subsequently been replicated and is today being successfully implemented in 11 different countries, at very different levels of development, namely Vietnam, Cambodia, Laos, China, plus in 7 Arab countries. The quality of BE's brand is protected through vigorous trainer and PO selection and training, and regular assessment of them and the training materials are undertaken. An important aspect is to show the clients the positive relationship which exists between training and the firm's competitiveness.

The Business Edge program in Vietnam is supported by 12 bilateral donors, among them Sweden with US\$ 2,9 annually. 250,000 self-study work books have been sold at market prices in the book-stores. The MPDF program has 11 partner organizations of which 3 are private training companies, 2 are business associations (independent and profit-making), 3 are SME promotion centers, 1 is the VCCI branch in Vung Tau, 1 is an "incubator" funded by EU, and 1 is a private school. The MPDF management training unit has a staff of 15, of which one expatriate. All the 14 local staff have master level degrees. IFC runs a business club where experienced managers can become members.

The volume of operations in Vietnam 2003 through 2007 is seen in table x below.

**Table 1: BE statistics for Vietnam during 2003–2007**

<b>Number of:</b>	<b>Total during 2003–2007</b>
SME-training:	
Training courses provided	505
Organizations that sent individuals for training	3,167
Individuals that attended training	8,855
Participant training-days	25,314
Workbooks distributed	198,796
Trainers trained	476
Stock of Certified trainers	56

The BE-program prides itself of being very selective in recruiting training clients as well as partner organizations. Prospective partners, the VCCI branch of Vung Tau being a case in point, become affiliated on a test-basis, before being fully admitted. BE does not admit every candidate organization, because they want to control the level of competition, and to help develop the businesses of the partner organizations. Otherwise many PO come in and just “skim the market”, which will prevent a few serious ones from building up a sustainable organization for business services and for business training. BE is also restrictive in allowing its training partners to include representatives of small firms into the same courses as bigger more advanced firms, because this may deter the latter from joining the course.

The master trainers, trained by the program, can charge up to US\$ 100 a day from the POs, and in a year a master trainer contributes about 7 to 10 training days, for which he or she receives 700 to 1000 US\$. They conduct the training for the POs only in the week-ends or evenings, because during the week they are busy working in their own, usually high-paying, executive jobs. BE runs advertisement campaigns in the newspaper to attract the people who can become master trainers. After training courses: the POs have a consultancy component.

The MPDF project collaborates with a British institute, which licensed one of their work-books. Through this cooperation the trainees get a certificate from this institute in UK. The UK institute checks upon the quality of our program and our trainees can get a certificate of quality from the UK institute. The MPDF course books are sold over the desk in book stores. This has worked very well in Vietnam, because there is a literate population used to reading, but has however not worked so well in e.g. Egypt. MPDF has measured the impact in the firms having bought the books from letters received and based on a follow-up seminar. 87% of the firms claimed that there had been significant changes in their work places as a result of having bought and studied the books. 45% reported that there had been changes in procedures at the firm.

The BE program has identified the following alternatives courses as alternatives to their client firms instead of the MPDF courses:

1. Evening classes at the university, which cost US\$ 6 a day, or
2. Foreign commercial training companies, which charge about US\$ 100 a day.

The latter alternative can be suitable for very large/ advanced companies. But the normal clients of MPDF are not yet so clear and focused on their tasks so as to be able to justify such a large cost as US\$ 100 per day for one individual.

### 2.5.7 Comparisons

Comparing the MPDF/BE with the SIYB one can conclude that MPDF goes deeper, while ILO goes broader both in terms of client selection and in terms of course contents. The MPDF management training project is more exclusive and demanding and selective than the SIYB/ILO project. In the eyes of some observers the BE maintains a rigorous quality control over the courses which is far above that of the SIYB and CEFE.

BE is critically different from SIYB and CEFE because it is directed at managers in more formal and established businesses, rather than at newly started entrepreneurs, and it has more potential for eventual sustainability at the point of delivery because its delivery partners are mainly private businesses, and its clients are SMEs able and willing to pay a price for the BE training, which at least covers its variable cost.

Both the SIYB and CEFE produce their own manuals and books, but these are not sold publicly in the book-shops. The BE courses are subsidized only at the installation level, while the CEFE and SIYB are often heavily subsidized or even provided free at the participant level. The SIYB is distributed mainly through NGOs, employers unions and other non-profit organizations, while only 4% of the POs are private [commercial] firms. And they do not license the POs as does the BE. Both the SIYB and the CEFE aim explicitly to address the poverty issue, which is not the primary focus of the BE.

### 2.5.8 Donor Coordination

For the current 58 different projects in the field of PSD in Vietnam, there are about 25 donors, so there is a large need for coordination. The proliferation of projects and donors obviously sets a heavy burden on government capacity to coordinate. There are today four formal fora, which provide platforms for exchange and coordination of activities between the government, donors and project experts:

1. *Vietnam Business Forum* started in June 1998 under the auspices of the IFC, the World Bank and MPI. The forum supports a number of working groups.
2. *The SME Promotion and PSD Partnership group*, which started in 2000, with MPI (ASMED), Embassy of Japan and UNIDO as co-chairs, holds semi-annual meetings and has formed 7 different Working groups, namely on:  
*Economic governance, Business Development Services, BDS, Sectoral Approaches, SME Finance, Sustainable Business practices, Business regulation reform, Business Research and Monitoring.*  
Each working group is chaired by an expatriate expert, and meet monthly focusing on technical issues.
3. *The EU coordination group*  
Under EU there is donor coordination group on PSD, started a few years ago, which is limited mainly to the EU countries. Five EU member countries currently finance PSD projects in Vietnam: The Group has taken the initiative to conduct joint or simultaneous but separate reviews and evaluations, with a view to decreasing the transaction costs for the government. Both ILO and UNIDO also belong to the EU PSD group, which has formed three sub-groups on different operational issues.
4. *The World Bank Poverty Reduction Support Credit, PRSC Working Group*  
The PRSC is a World Bank soft credit of US\$ 200 million per year, of which US\$ 50 m comes from bilateral donors, containing several PSD components. Therefore, also under the PRSC there are donor coordination groups for PSD.

In the two latter groups PSD is not considered as a sector in itself, but is incorporated into several groupings, namely SME development, Trade promotion, and Financial Sector reform. Most donors belong to more than one of the groups.

## 2.6 Earlier Reviews and Evaluations of the SIYB-project

### *Review in 2000*

A Project Review, carried out in March 2000,<sup>5</sup> found the SIYB-project to be

*“well managed with competent, dynamic and highly motivated staff members. [It] has been very productive and efficient when it comes to implementation of activities and realization of project outputs. Midway through the project period, very good progress has been achieved as regards outreach and project outputs. There is still room for improvement in the areas of impact and effectiveness”*

The review, however, also pointed out that

*“the hesitation or inability of some of the 97 POs to integrate the program into their regular activities, sheds some doubt on its relevance for these organizations... Working with such a large number of organizations made it difficult for the project to reinforce them and assist them, which has had implications on the quality of the training and AST provided. ... The project has not been restrictive and disciplined enough to follow the established selection criteria of who can become a PO and which persons are qualified to be trained as facilitators”*

The review found that only 21% of the facilitators trained had actually been active conducting a SIYB course and only 25% of the POs. These are facts that indicate a low chance of sustainability.

*“Having as many as 97 POs appears to spread the resource of the project too thin. The project has failed in making sure from the beginning – before selecting them – that all POs selected have the funds and the willingness to use them in conducting SIYB courses to their membership or others. In fact this capacity and willingness can simply be seen as the criteria of whether the organization in question is relevant to participate, meaning that their regular activity is compatible with conducting courses like SIYB.”*

### *Mid-term Review 2003:*

The Mid-term review mission in 2003, concluded that:

*“The program is highly relevant to Vietnam and responds to the country’s needs for private sector development and job creation. The program also conforms to the priorities of Sida and the ILO. Representing a novel way of training for its target groups, SIYB is much appreciated by stakeholders and has provided great visibility for the ILO and at the same time enhanced the image of VCCI. An unanticipated benefit has been the development of a cadre of trained professional for the delivery of management training and other business development in Vietnam. The basic concept of the project is sound and highly relevant to the needs and priorities of Vietnam. The chosen target groups (household, micro and small enterprises) are appropriate.”, and that*

*“on the whole the project appears to be well managed and staff in the project support unit PSU and national unit seem to be highly committed. The active involvement of VCCI has helped to anchor the program quickly in a strong institution.”*

But it also identified “several challenges” w.r.t. implementation, “relating to the scope of the project, selection of partner organizations and facilitators, targeting of participants, low and decreasing number of active POs and facilitators, low cost recovery and unsystematic provision of after training services. In a number of cases the training is not reaching the assigned target group of people who already run a business. 58% of trainees did not have a business at the time of the course. After training services, ATS,

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<sup>5</sup> Project Review in March 2000 of the SIYB (Martin Clemensson, ILO, Margareta de Goys, Sida-consultant, and Chomesri Vichilekarn, ILO-EASMAT); 32 pages, 10 May 2000

need to be improved. Covering 42 (out of a total of 61) provinces appears too ambitious. Also the 125 activities listed in the project document are too many. The mission feels that the ILO has scaled down its technical assistance support too much and too quickly.”

#### *ILO Progress Report December 2004*

The ILO Progress report dated December 2004<sup>6</sup>, which by the project staff is referred to as the “Project Completion report”, made the following assessment of the program:

“The introduction of the SIYB in Vietnam in 1998 and the contribution that ILO has made to the development of the SME sector have been very timely. The capacity building of VCCI to be able to independently manage the SIYB program is by all accounts a success story, and is a valuable experience of the ILO on how employers organizations can act as national focal points of the SIYB program.” The report refers to an impact assessment having been made, but this is in effect only a study of the achievements of targets at lower levels.

#### *Impact Assessment April 2004*

An impact assessment<sup>7</sup> of the project was carried out by VCCI from September 2003 through April 2004. This study was based exclusively on longitudinal data, which were collected before the training and again three months after the training had been completed. According to the authors the study shows that a “significant impact can be traced on the attitudes, knowledge, skills and behavior of SIYB workshop graduates. “After the training most of the people could define and perform business management skills, that they were not aware of before the training. They now had a positive thinking on the role of the private sector and the thinking”

The study also, however, showed that three months after training the business and job creation is still low. The study speculates in the reason for this low impact and ventures that perhaps it was due to the holiday season, which coincided with the study period. During holidays people are too busy to be able to devote themselves to business decisions.

A recommendation forwarded by the study was that the project should be more careful in its selection of POs in the future.

#### *Impact Assessment of Improve Your Business On the Air, December 2004*

A study<sup>8</sup> on the impacts of the SIYB radio training was carried out by VCCI in December 2004. Also this study relies only on longitudinal data, which comes from questionnaires filled in by participating firms before the training and again after the training, giving a 6 month time span.

Because of the exclusive reliance on longitudinal data the results of the two studies are not very reliable because the effects found could also have been due to other factors than the fact that they took the SIYB course. The use of a control group (however simple and rudimentary) would have been necessary in order to be able to identify likely effects and impacts.

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<sup>6</sup> ILO: Progress Report July–December 2004 of SIYB project Nr VIE/01/M01/SID, by Jens Dyring Christensen, CTA Chief Technical Adviser, December 2004, Hanoi. 8 pages

<sup>7</sup> SIYB Impact Assessment 2003–2004.; Impact evaluation carried out during September 2003 through April 2004 by Bizconsult VN Company Ltd, Hanoi; 78 pages

<sup>8</sup> Improve Your Business on the Air 2002–2004: An evaluation and impact assessment. This document is not dated but was presumably carried out by the project staff at the end of 2004, 52 pages including case studies.

*Evaluation of MPDF “Business Edge”, 2006*

Some understanding and conclusions regarding the SIYB project can also be drawn from an evaluation carried out of the MPDF Business Edge program in May 2006<sup>9</sup>. In fact this evaluation explored almost the same topics and questions that are central to our evaluation of the SIYB project, namely

- How does it compare with other similar programs
- Does its design meet the needs of its market on both the supply and demand side, and does it contribute to strengthen it
- Is the BE model a successful commercial wholesale approach for developing BDS for developing countries
- Is the program cost-effective? How can this be assessed
- Can the program leave the IFC auspices and still become sustainable
- How can the present monitoring and evaluation systems be improved

The author found that the BE is an effective high quality SME management program, which is notable for the interactive, practical and application-oriented style of its delivery, something which is unfamiliar and welcome in these countries.

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<sup>9</sup> The Business Edge Management Training Program: Its present condition and future disposition. A report to the International Finance Corporation; by Malcolm Harper, May 2006; 55 pages.

## 3 Findings

### 3.1 The Logical Framework Analysis Matrix

The achievements and outcomes of the project implementation have to be compared to the targets identified and set out in the project's Logical Framework Analysis Matrix. It should be said however, that when evaluating the program one must keep in mind that Vietnam, as a country and the institutions and people that manage it, has changed over the period 1998 – 2006. The project – and the demand and offer of business training programs – should be perceived in this perspective. Thus the achievements and limitations of the program need to be put in the context and time when the project started in 1998.

The emphasis of project activities is somewhat different in Phase II than in Phase I, but the contents of the LFA remains the same. According to the terms of reference<sup>10</sup> the evaluation should focus more on the later phase rather than the 1st one. In the implementation of the a SIYB program one can identify 4 distinct stages, namely:

1. Product development (adaptations and translation of the course material to the local conditions and language)
2. Introduction of SIYB program (market creation; enable use)
3. Program consolidation and geographical replication (matching of objectives of SIYB with those of POs, establishment of linkages, increase number of Trainers and Master Trainers)
4. Maintenance of program (quality monitoring, updating and ensure relevance of training materials, impact assessment)

The main emphasis of the second phase of the SIYB project was

*“to consolidate and maintain the outputs achieved in its first phase and to further improve quality and sustainability of the SIYB program and products. In addition a further geographical replication to new geographical areas in the country. The project will also assist the local partners in strengthening the tools and approaches required for the future maintenance of the program”.*

The main elements of the project's LFA matrix (as appearing in the project documents) are presented in a somewhat simplified form in the following table. Some of our comments are inserted in the matrix.

<sup>10</sup> According to the terms -of-reference this evaluation is expected to provide a good overview of the project during the whole of its implementation 1998–2005 (i.e. phases I and II of Sida's financing), but we accept that for practical reasons the evaluation may place somewhat more emphasis on the later period.

**Table 2: The SIYB Logical Framework Analysis Matrix**

Intervention logic	Indicator of achievement	Assumptions
<p><b>Development objective</b></p> <p>to contribute to economic growth and employment creation in the private sector in Vietnam through the creation and strengthening of household businesses and private small-sized enterprises</p>	<p>5000 jobs created; 10,000 entrepreneurs benefiting from regular SIYB training; and 2500 entrepreneurs benefiting from radio distance training</p>	<p>SME policies of government will be enhanced Willingness of local authorities to cooperate Potential and existing entrepreneurs who wish to participate in SIYB will be able to pay the fee Financial institutions will consider loan applications for graduates</p>
<p><b>Immediate Objectives</b></p> <p><b>Immediate objective 1:</b> The on-going SIYB is implemented successfully by VCCI</p>	<p>230 SIYB Facilitators trained and active 200 participating study groups in 4 provinces covered by SIYB radio distance training SIYB introduced in 42 provinces 25 master trainers certified 150 active partner organizations and at least 1 PPO per province SIYB regular training introduced in 20 new provinces, and SIYB radio training introduced in 4 new provinces</p>	
<p><b>Outputs</b></p> <ol style="list-style-type: none"> <li>An SIYB management structure exists within VCCI and serves all branches throughout Vietnam. VCCI is able to manage the program independently (according to ILO standards)</li> <li>An electronic monitoring system is used by VCCI to manage SIYB implementation throughout Vietnam.</li> <li>VCCI has carried out at least 5 impact assessments in delivery of quality SIYB workshops and follow-up training</li> <li>VCCI is actively facilitating partner organizations in delivery of quality SIYB materials is functioning</li> <li>VCCI system for printing and distributing SIYB training materials is functioning</li> <li>Ten professional staff members are certified as SIYB master trainers</li> <li>An SIYB marketing plan is in operation defining roles for the NU, RTs and POs</li> </ol>		
<p><b>Immediate Objective 2:</b> The ongoing SIYB and SIYB radio training has been strengthened and is operated by the VCCI"</p>		
<p><b>Outputs</b></p> <p>The LFA here lists three different objective statements regarding development of training programs, and two objective statements regarding management capacity, which are redundant because they have already been made under immediate objective 1</p>		
<p><b>Immediate Objective 3:</b> A. VCCI will be a successful advocate for the SME sector in Vietnam (Comment: This immediate objective is not reflected in the main objective above) B. The master trainers will have the technical capacity to assist VCCI in the national execution of the SIYB</p>		
<p><b>Outputs</b></p> <ol style="list-style-type: none"> <li>Developing a human resources capacity development plan</li> <li>Developing a strategic plan regarding alliances and marketing</li> <li>Information on ILO experiences shared with VCCI</li> <li>Training of VCCI in market research</li> <li>Developing a Monitoring and evaluation system</li> </ol>		

	Indicator of achievement	Assumptions
<p><b>Intervention logic</b></p> <p><b>Immediate Objective 4:</b> The partner organizations will have the capacity to deliver needed training</p> <p><b>Outputs</b></p> <ol style="list-style-type: none"> <li>1. POs have been selected in current and new areas</li> <li>2. training program for PO facilitators has been implemented</li> <li>3. A PPO support structure and action plan has been established</li> <li>4. VCCI facilitating POs</li> </ol> <p>(Comment: redundant because already contained in Output nr 4 under Immediate objective 1)</p> <ol style="list-style-type: none"> <li>5. Active POs have been strengthened; inactive ones have been phased out</li> <li>6. Master trainers have capacity to support PPOs with SIYB resource material</li> </ol> <p><b>Immediate Objective 5:</b> Both the SIYB classroom and SIYB radio have been replicated in new geographical areas</p> <p><b>Outputs</b></p> <ol style="list-style-type: none"> <li>1. A plan of action for geographical replication of SIYB (classroom and radio) have been implemented</li> <li>2. A pool of master trainers have been trained, and they are actively involved in project activities including geographical replication</li> </ol>		

### *Inconsistent or erroneous indicator (employment generation)*

There could, at least in the short run, be a conflict between economic growth on the one hand and employment creation on the other. The overall objective of employment creation can only make sense in a very long run, because in many cases a positive effect of the training was that the entrepreneur could – by introducing more efficient manpower planning – trim down his work force and still produce the same or even higher output.

### *Missing [intermediate] objective*

Beside the economic growth and employment objectives, one could also add an intermediate objective namely the enhancement of the market for Business Development Services, BDS services in Vietnam, because this is an overriding objective which exists in practice. It could be phrased “*The market for commercial business and management training is developed and vitalized*”. As pointed out by VCCI the development of BDS market is also a tool for reaching the other objectives.

### *Overworked and complicated LFA matrix*

The LFA – starting from project objectives to inputs and assumptions – takes up 14 pages!

The structure of this LFA is complicated, and the sheer magnitude of the different outputs with their many corresponding activities is so large that it is impossible for anyone to keep track of or get an overview of what is supposed to go on in the project. This LFA – whether formally correct or not – is *not* operational. When so many outputs, each with a multitude of corresponding activities are listed, the *overlapping* of activities and *redundancies* in the system becomes large.

If the LFA is too complicated it cannot be used either as a management tool in project implementation, nor as measuring rod for monitoring and evaluation, which are the main purposes of the LFA. To be operational the text used in the LFA matrix should be as short and clear as possible. This is not the case here. The wording is too often long. Because of the great detail many of the outputs and activities are logical parts of more than one slot in the LFA matrix. Sometimes there is redundancy, sometimes there are errors and sometimes some of the components are too insignificant to justify their presence in the LFA matrix. In some cases an outcome has been listed as an output, while at the same time having been identified as an indicator of achievement at the project objective level.

In a special annex to the LFA one of the projects 6 different immediate objectives has been further divided up in 6 different “sub-objectives”, each one presented as having three to 5 separate output targets of their own, along with the respective activities defined under each output goal.

### *Number of activities*

The 2003 Review mission expressed the opinion that there are too many activities in the project (125 are listed in the project document). In our opinion an impression of an abundance of activities could be a result of the over-ambitious way that the LFA matrix has been structured. The activities listed are in themselves necessary and appropriate. It is largely an optical illusion created by having a too big, too wordy and over-ambitious LFA matrix. The actual core activities are not more than what is necessary and appropriate.

### *The project documents*

As for the project documents themselves much of the text is good – relevant and clearly written. But the documents, especially the one for SIYB II, is much longer than it needs to be. And the main reason for this seems to be the overworked LFA matrix, which not only takes up many pages in its own, but which also spills into the main text of the document. The annex describing all the partner organization is very useful. Each PO is described in brief and distinct words.

## LFA for PRISED

A too long and complicated LFA matrix is also a feature of the PRISED project. By breaking down most components into details and by repeating many activities under more than one output the matrix has been rendered inoperational. The authors of Sida's assessment<sup>11</sup> of the Draft project document for PRISED, actually forwarded a remark that the LFA matrix is too detailed and complicated, apparently to no avail however.

### 3.2 Implementation and Attainment of Output Targets

#### 3.2.1 Overall

The project has been implemented largely as designed, with planned inputs provided and activities conducted more or less according to the work plan. Institutional arrangements are in place and functioning to a large extent. In general we can conclude that the inputs to the project have been provided by the different actors of the kind and to the extent planned in the project document, and also that external factors have behaved according to the assumptions made in the LFA, and that none of the risk factors materialized.

After seven years of project implementation a number of activities have become standard and are today regularly carried out by the VCCI National SIYB unit as well as the Regional SIYB teams, namely training of trainers, refresher workshops, after-training support to trainers and POs, and national program promotion. According to the information provided by VCCI in October 2006 the program has today been extended to 45 provinces in Vietnam, 319 (252 ?) POs have been participating, of which 146 remain active; 880 trainers have been trained, of which 250 are still active. 395 SYB workshops for 10616 participants and 166 IYB workshops with 4723 entrepreneurs have been conducted. In addition, the IYB on the air has been implemented in four provinces training a total of 4500 entrepreneurs.

The project achievements can be seen from the following table.

**Table 3: Project Achievements**

Number of	North	Central	South <sup>12</sup>	Mekong	Total	Project Target
Provinces (where POs are based)					45	42
Partner Organizations selected					252 ?	
Of which active POs					146 (171?)	150
Facilitators trained	266	165	211	114	880	
Of which active					250 ?	230
Master trainers trained					27	
SYB TOE Workshops	166	83	311	71	631	
SYB participants	4337	1837	8620	2060	16854	
IYB TOE workshops	91	42	55	7	195	
IYB participants	2814	1203	1155	175	5347	
Benefiting entrepreneurs (regular SIYB)						10,000
Participating study groups in radio training					200 (50 in each of 4 provinces)	
Benefiting entrepreneurs in radio training	1200	-	700	1500	3400	2500
Jobs created						5000

\* The figures in the table are compilations from different sources of data, given at different times, and are therefore uncertain. Also, the regional data do not always add up exactly to the country totals.

<sup>11</sup> Sida's assessment of ILO's project proposal regarding the PRISED project, by Lars Bern and Nguyen Quynh Chi, dated 2004-04-22

<sup>12</sup> In a statistical sheet received from VCCI Ho Chi Minh in October 2006, the following info is given: Nr of POs 117. Trainers 224, master trainers 7, active POs 10 Nr of TOE workshops 573, Nr of participants 16,097 of which SIYB workshops 423, participants 7591 and of which business awareness classes 150 with 8506 participants.

It should be noted that the VCCI-NU was not readily able to provide the mission with data broken down by region, which casts doubt on the project having attained the output target of “An electronic monitoring system is used by VCCI to manage SIYB implementation throughout Vietnam.”

### **3.2.2 Building up and strengthening the VCCI organization**

The Tripartite Project Supervision Committee, consisting of VCCI, ILO and Sida, in its last meeting in March 2004 assessed that all outputs and activities had been fully and satisfactorily completed, including the institutional and technical capacity building of VCCI, and that therefore VCCI had the full capacity to continue and sustain a national SIYB program in Vietnam.

The close interaction, which VCCI has had with the SIYB project for seven years, and the fact that the project has been successfully implemented, must inevitably have left a positive general effect on VCCI proficiency as well as in terms of its capacity to manage other projects in the future. This effect can be expected to be present not least in the regional branches of VCCI. More specifically one may conclude that the SIYB program has contributed to promoting the name of VCCI as facilitator of business and management training all over the country among POs as well as among donor. Therefore it would be reasonable to say that the SIYB has probably contributed to strengthening VCCI as an organization.

### **3.2.3 Developing partner organizations**

The total number of Partner Organizations selected is given by VCCI as 252<sup>13</sup>. Even though there seems to be some uncertainty as to the exact number, it is clear that the number surpasses the target rate, which is 150. However the target rate should refer to the number of active POs rather than POs selected. Even though many of the POs are playing important roles in their provinces/cities, having built up their prestige through delivering SIYB courses to businesses, however, according to VCCI most of the selected POs are more or less passive, something, which is also born out by our visits to the regions.

A case in point is the VCCI branch in Vung Tau, which in 2002 invited about 10 POs. Today there is only one PO which works actively, namely the youth organization. But since the courses offered by this PO are financed, not by trainee fees, but through subsidies from the Peoples Committee, one must draw the conclusions that the Vung Tau branch has failed in developing independent POs who can take over and continue course activity even after the SIYB project has been terminated.

How many of the 252 can be considered to be active is of course a matter of definition<sup>14</sup>. How many courses a year should the PO do in order to be considered active? In a report put out by VCCI 146 POs are today labeled as active but in some interviews the figure 171 has been used<sup>15</sup>. At the time of the 2003 Review mission only 86 of the POs selected had delivered training during the two phases.

#### *Few private POs*

Only 5% of the POs are private, the remaining being government departments or semi-government institutions. This can be seen from the following table

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<sup>13</sup> It has not been possible to establish exactly the total number of partner organizations, which have been selected. Different information has been found from different sources. A problem is that several documents or data sheets are not dated, and one can therefore sometimes not be sure of the time period when a certain number is valid. The most common figure used is 252, (but also the figure 319 has been seen). However we are not sure whether the figure 252 refers to December 2004, when the project officially ended, or to today, i.e. October 2006.

<sup>14</sup> According to adopted criteria a PO should deliver two courses in order to be certified.

<sup>15</sup> One explanation for differing reporting figures is that sometimes a PO will deliver a course but fail to report it to the central program management.

**Table 4: Structure of participating POs; %**

PO	% of all POs working with the SIYB project
Government department	30
Government training institution	28
NGOs	31
Foreign NGOs	4
Private business	5
Donor project	2

According to a centrally placed ILO officer the VCCI could and should have contracted many more private consultant companies as partner organizations, which they have not done. In his opinion that is the direction they should go. The market for business services is still very undeveloped in Vietnam. This is probably the main reason why VCCI has been unable to contract private consultant companies among their partner organizations. Today there is among the 171 POs not any professional institute, which is focused specifically on training<sup>16</sup>.

### *Sustainability*<sup>17</sup>

An important problem in the project has been the sustainability of the partner organizations. Although the project has trained a large number of POs and facilitators, very few of these are active. A large proportion of the POs and the facilitators are weak. In some places competition in the market for business courses is fierce, so the POs need money for marketing etc. Also there are a lot of subsidized courses offered on the market. Therefore it is difficult for independent professional institutions to survive on a profit basis. The free delivery of training by government departments, vocational training institutes, NGOs and community organization in all provinces appears to have distorted the market and displaced private trainers, who were few to begin with.

The problem of building up strong and sustainable POs is present also in the Business Edge program. An evaluation found that the system set up by MPDF is not suitable for the future, because the partner organizations became dependent on the IFC project, and did therefore not invest its profits into creating new courses. “Because they know that we are around to help them.” The partner organizations thus have a tendency of becoming passive.

There is a potential conflict in that, *firstly*, donors are creating new and specialized institutions even when there are already private providers in the market. *Secondly*, donors are choosing to work with one or two “leading” providers in the market, giving this entity a competitive edge.

A problem noted already by the 2003 review mission is that the regional teams (RTs) and the Master

<sup>16</sup> Possibly the Master Trainers Association in Southern Vietnam can qualify.

<sup>17</sup> An interesting account of the choices faced by the project in terms of building up strong partner organizations is given by the following comment received from ILO:

*“it was a strategy of both ILO and VCCI at the beginning of the project to promote new product – employment creation through small business development in a large scale. Also the project aimed at small scale business owners – target groups of many mass organizations (who often provides training for free using funds from government or donors), or other development projects who dissolve after a certain period. In addition the philosophy of equal share among players was another factor. This was a priority of VCCI given that the project in a Vietnamese socialist society (the years of 1999, 2000, 2001 were very different from the Vietnam of 2006). However, this did not mean that SIYB quality control criteria were not used – they in fact very much were applied. It was more part of the drive of the project to being productive with VCCI branches across the country, respond to high demand from organizations and getting a good training system in place that allowed the project to go for scale.*

*Yet, the project could have chosen a different strategy, trained a few POs, held their hand more and spend a lot more time on internal capacity building of POs and ended up with strong POs, but this would not necessarily have lead to more commercially sustainable POs given the continuous challenges in developing commercial training services in Vietnam. Also, if this strategy had been chosen, then the project would not have gained the wide national recognition and political support it has had so far. It is good to record that due to project coverage and reputation the Government agreed to contribute not only in kind but in cash, the later was bigger than the previous one”.*

Trainers compete with facilitators in delivering TOEs. This practice crowds out providers, and the result is fewer active POs, and hardly any private sector trainers. It also may create some conflict of interest for RTs, which are supposed to be supporting facilitators

Today if a PO does not implement a SIYB program nothing happens. They still survive. There should instead be a set-up such that a PO – if it does not do its job – they will suffer somehow. Following critique forwarded by the Mid-term review mission for lack of restraint in PO selection, the VCCI has exercised quality control and monitoring of RTs, SRTs and POs.

### *Case Studies*

The mission met with several of the partner organizations of the SIYB-program, among them one of the few private companies. This is a private commercial company specializing in organizing training in SIYB courses with 5 employees, of which one is also a master trainer. He has conducted in all about 35 SIYB courses. He started his business in 2006, and according to his information, his company is the only one in the country, which is private and which is specializing in training. At present the company can earn enough money on its training activities. The company receives no subsidies from VCCI, nor from anywhere else. Its only revenue are the student fees it can collect from the courses they offer. But it does receive support from VCCI free of charge, in terms of course materials and technical advice. He says that he needs help from VCCI on how to organize the courses. Today it is difficult to find qualified trainers. He recommends VCCI to expand its training courses for master trainers.

A typical PO which is active today is the *Vietnam Women's Union* (WU), which since 2002 has a mandate from the government to promote and support women's knowledge and capacity in business. It received TOT free of charge from VCCI, but recently it has had to pay some fee to VCCI for the TOT. The courses are offered free of charge for the members of the union. The WU also offers other courses in business for the members, but the SIYB courses account for some 80% of all courses. WU feels that it needs more time in order to accomplish more training to their 250,000 membership. In rural areas there is a need for a much simpler and rudimentary course for people, who can sometimes not even write out the figure 1 million.

### *Conclusion*

The inability of the project to recruit and develop few but strong partner organizations, rather than many and weak ones, has been noted by all previous review missions, and obviously remains a major problem today. We believe that the project has addressed this issue, but stronger initiatives are called for. The issue is discussed in Chapter 4 below under sustainability. Implementation of SIYB program will be more effective if VCCI and POs actively link also with ministries and local departments besides donors and government's programs, which is taking place today. There is little follow-up on reports from POs. There is a need of follow up activities to develop the network of POs and MTs. There is a need of MTs and POs to expand network with one another. In order to sustain SIYB program, POs expect VCCI to assist them search for other financing sources. The most important thing of all is for VCCI to find as many private commercial partner organizations as possible, and help them develop into viable actors in the commercial market for business and management training.

#### **3.2.4 Formation of Trainers**

The SIYB-program has so far trained 28 master trainers and a large number of facilitators, but VCCI today has difficulty to find trainers to train the trainers. Moreover, many or most of the networks of trainers appear to be rather inactive. One important factor contributing to poor networking among trainers is that there are few SIYB courses organized. Many trainers decide to stop participating in the SIYB program since there is no class for them in a long time. Some trainers are now able to organize courses by themselves and therefore work independently outside of the SIYB-program.

### *Master trainers*

VCCI finds and recruits the master trainers under competition. To find them is not so difficult but to maintain them on an active footing can be. Some master trainers have grown very much. Usually the master trainers train trainers, but sometimes they also train the entrepreneurs directly. Most of the master trainers are also engaged in other projects, e.g. supported by Danida, World Vision, Smartwork and PRISED. Usually they use the same type course material in these other courses. Master trainers from Ho Chi Minh work also in other areas such as Da Nang etc.

The work opportunity offered by the SIYB project to the master trainers is often not enough for them to live on. One master trainer has worked for ILO both in Laos, Cambodia and Indonesia to train SIYB courses. To work in these other countries the MTs were recruited directly by the ILO office in Hanoi. The MTs from HCMC are much in demand in the rest of the country. They would like to have more international experience. Also they would benefit from English language training. The licensing of master trainers and possibly also of facilitators/POs has not yet been introduced by the project.<sup>18</sup>

Several of the Master trainers interviewed proposed that there should be more coordination and networking [among the MTs]. Also the SIYB course material for Vietnam should be continuously updated and adapted, and such updating should be done centrally, on a higher level. This is important in order to protect and develop the brand-name of the SIYB program. They also wished that their counseling skills should be continuously upgraded. Today the MTs can counsel micro-enterprises. But in the future they would also like to be able to offer counseling to bigger firms.

### **3.2.5 Conducting courses**

Overall the targets with respect to number of courses and number of trainees have been attained by the project. In a number of cases the training is not reaching the assigned target group of people, who already run a business. 58% of trainees did not have a business at the time of the course. In a formal sense this means non-compliance with the project targets, but the beneficial effect to society of training people without business could be just as high as to train those with business. The number of SIYB classes must be more than reported since MTs and POs do not need to report activities funded by other programs. They only report classes funded by SIYB Program.

The average duration of a SYB workshop was in December 2003 reported to be 29 hours and the fees charged ranged from 0 to 450,000 VND. For the IYBs the average duration was reported to be 32 hours and the fees charged to participants from 0 to 800,000 dong. In December 2003 it was also reported that the average overall participant rating of the SYB had been 4,3 out of 5,0 and for IYB 4,6 respectively. Informal networking among business owners is an important ingredient in the training.

VCCI generally has good cooperation with the peoples committees and with the city authorities. The Peoples Committees subsidize the training to a varying degree, but the trainees always pay some fee themselves. The SIYB program is not well advertised, and in some provinces it could solicit cooperation from the People's Committee in order to implement more effectively. The VCCI branch in Vung Tau, which is responsible for 24 courses, claim that they would have had students for many more, but the bottleneck has been the lack of budget funds for courses. If this is true, we must conclude that the student fees do not cover the direct or variable cost of the courses, which they are supposed to do.

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<sup>18</sup> ILO has developed a resource platform of SIYB Master Trainers globally, which Vietnam is a part of. Licensing managed by ILO Geneva is on going. It should also be mentioned that master trainers are trained and used by other ILO and VCCI projects under programs on gender and entrepreneurship training (Get Ahead), Know about Business (KAB) for youth, HIV/AIDs at workplace (SMARTWORK, Danida Project), Work Improvement in Small Enterprises (WISE).

### *Opinions*

Among the many opinions collected from the interviews with trainees, the following seemed to be common: On *curriculum/course material*: “It is OK, but some revisions need to be done to reflect the new policy of the government. The course material is good, but it should be developed. It is better in the big city, but not always so good for the countryside. Sometimes the length of courses could be revised. Marketing is OK for a two-day course, but Accounting is not. The course Business Planning is OK for people in the city, but not enough for people in the village. Some differentiation could therefore be introduced to reflect the different backgrounds of the trainees”.

*“There is a need for teachers with more experience from business. There should be adaptation of the materials to the rural and district levels. The backgrounds of the different participants in a course should be the same. ILO developed a rural version of the SIYB course just by replacing the example firm into one typical of rural areas. But they did not change the methodology. More business awareness programs are needed for the future. This could be in the form of a 1/2 day course, which should attract as many people as possible. Based on such introductory courses VCCI could select participants suitable for IYB and SIYB courses. It is much more difficult to recruit the target group for the SIYB courses in the north than it is in the south. In the south the program is more well known.”*

SIYB courses are basically suitable to the need of beneficiary people/organizations. Three positive features often mentioned by the participants of SIYB program are Systematic course outlines, Good training methods, and Availability of master trainers and facilitators. Popular course modules are marketing; cost analysis; and human resource management, but to really meet the demand of trainees, trainers must customize the program and some contents should be changed.

The Sample form of the SIYB business plan is fragmented and considered by some not to be relevant in practice. Trainees prefer to use their own business plans as a document to make a loan. The SIYB’s sample form cannot help them to do so. The Revenue forecast is complicated. It takes about two days to deliver the content, while the whole program normally lasts for 5 days.

### *Training fees*

It is not clear how many trainees pay the course fee out of their own pocket and how many receive the course for free because they are members of the organization acting as PO. We believe the latter category could be very large, perhaps as many as half of all trainees. If fees are paid for by the trainees themselves or by their employers, and if they return for another course, then this is evidence of the quality of the course, more reliable than e.g. survey results.

### *Production of manuals and instruction handbooks*

The production of manuals and handbooks can be seen as a strength of the program. A large number have been produced, and there are today a total of 37 different manuals belonging to 6 different categories. The manual for Improve your Business Basics consists of 9 parts. VCCI has also requested Sida to fund the publication of a manual together with the women’s union.

The reason so many are needed is that they contain detailed guidance for different layers of implementation and management: for the benefit of partner organizations, master trainers and facilitators. There could possibly be a risk that the large magnitude of different manuals will make their use less efficient. One way to keep the number down could perhaps be to integrate different manuals as chapters of one or a few thicker manuals.

### *International Best Practice*

The [international] *Best Practice* in SME-training has been summarized by Professor Alan Gibb quoted from the BE-report by Malcolm Harper as follows:

*“The market should be carefully segmented and the needs of each segment should be identified. Training for managers should be distinguished from that for business owners, and the training should be related to the stages of development of the business. The content and language should be holistic, simple and non-academic, problem rather than technique –oriented, and should use the exchange of participants experience to build trainee networks. The trainers style should be informal and non-.didactic, and should be sensitive to participants approach to learning...”*

By working with multiple POs one can say that the SIYB program does segment the training market so as to fit the particular needs of different target groups.

### **3.2.5 SIYB on the Air**

The radio training is designed for small business owners and managers who have little time to participate in traditional class room based training, and for those who live in remote areas and cannot easily travel to training classes. The program is intended for business managers and for owners, but a large number of the participants did not belong to any of those categories. This could indicate that there was difficulty to attract and recruit enough participants from the relevant categories of people.

The distribution of gender seems – on the average – have been rather even among the participants in the radio training. The participants paid from VND 40,000 to 70,000 (US\$ 2,5 to 3,5) for a set of 6 books used as training material. The cost for printing this material was 70,000 for a set of 6 books, so the material were in fact subsidized. The radio stations were supported by training carried out by the Swedish Radio media Development Office, but the SIYB by air does not have the type of sustainable organization as the regular SIYB program has.

A rather ambitious impact assessment was carried out of the SIYB-on-the-Air program in 2004<sup>19</sup>, which reported a generally positive results. In the questionnaire a large majority (about 70%) of the participants stated that the training had been well organized. The interviews showed that the share of participants, who think that private entrepreneurs are important to the Vietnamese economy, had gone up from 49 to 65%. The evaluators concluded that the results of the questionnaire “clearly showed that participants improve their attitudes, knowledge, skills and behavior”.

Each participant created on average one additional full-time job in their business. 24% of participants intended to improve working conditions for their staff after training compared to 11% before. 96% of participants who applied for a loan were granted one. Our assessment of these results is that it is reasonable to believe them to be representative. However, it is not possible to be sure that these effects were a direct or conclusive result of the radio training, since this is a longitudinal study without use of a control group.

## **3.3 Effects and Impacts**

### *Experiences reported by trainees*

The mission met with a large number of small businessmen and managers who had undergone SIYB training. Beside a list of standard questions the interviews were unstructured. Here are some of the experiences reported:

*In Hanoi* a lady belonging to the Women’s union, who has engaged in business already for 15 years, has after the course, formally registered her business (a pharmaceutical shop), and she claims today that she feels much more confident in her role as businesswoman as well as in her private family role because of the SIYB course. She and also others testified that, even if the training received may not always have

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<sup>19</sup> Improve Your Business on the Air 2002–2004: An evaluation and impact assessment. This document is not dated but was presumably carried out by the project staff at the end of 2004, 52 pages including case studies.

directly increased the volume of their revenue or of their profit, it has given them a stronger confidence in their activities. This is something which will no doubt be good for business in the long run. Another lady owning a bakery shop reported that both the volume of business and employment expanded as a result of the training.

A construction engineer, wanting to open his own construction company, paid the course fee of 1 million VDN out of his own pocket, but today one month after the course feels that this course was not enough, and therefore wants to take another. A lady, growing vegetables within a cooperative with 250 members, took a SIYB course in business planning for three days and reported that she had learnt how to calculate profit correctly. She now includes depreciation of her car and other equipment. She believes that her profits have increased by 15 to 20% one year after the course. One lady who just started a business dealing with agricultural materials, said the course has helped her to become more confident. In fact she started up her business after having taken the course. "I can now identify my market and better conduct my business", she reported.

In *Ho Chi Minh City* a man owning a tourism agency, which he started from scratch and which is today employing 19 people, learnt about the SIYB program in a business club he belongs to. He believes that the course was very useful for human resource management and time management, and that he can today utilize the services of the employees more efficiently.

He feels that in the beginning the course fee should be subsidized in order to attract people who are uncertain. A problem has been the sometimes very varied background of the students in one and the same class.

A lady running a importing business, who started her business 5 years ago and today has 12 employees, said that "I today know how to arrange my time and how to arrange a suitable job for each of my employees". Another lady with a handicraft shop, who took the SIYB course 6 years ago, paying for it out of her government salary, and then started her business 2 years ago, said that the course was an important reason for prompting her to start her business. The owner of a wooden furniture factory with 15 employees, started his business in 2000 and took the SIYB course in 2006. Today he feels the need to take a more advanced workshop on how to utilize personnel and other resources, and how to reduce materials waste.

The owner of a stock broking company, started in 2003, today with 20 employees, stated that the two main benefits from the SIYB course for him had been *firstly*, that it served as a reminder/refresher of what he had learnt in the university, and *secondly*, that he gets to meet new business contacts through the course participants. He paid 400,000 dong for the course, which was held on Saturdays and Sundays 3 hours a day for 4 weeks. He is aware of other training alternative courses offered by foreign companies, and thinks that the SIYB alternative was good value for the money.

A carpenter and manufacturer of wooden furniture, employing 6 persons and starting his business in 1996, took the course in 2006. He thinks that he has learnt a lot from the course, as he can now organize his business much more efficiently. Today his time is spend only as manager of his business, not as carpenter. He has not yet become a member of the SIYB business club, which all who have taken the course are invited to join, but intends to do so because it is said to offer useful business contacts. A trader in wood, who registered his business two years ago today employing three people felt that, after taking the course, his business has become more stable. An owner of furniture production, employing 10 people, who took the course in 2006, said that he would be glad to take more courses in the future.

In *Vung Tau* the lady manager of an IT training company, started in 2003 and today employing 10 employees, took two different courses and paid 350,000 for each. She found out about the program from advertisements on town, and today she feels that the course has been very useful in her work. Another lady having been in the garment business for 10 years and now owning a company, which

employs 25 people, took two courses, SIYB and IYB in 2003, and found both of them very useful for her firm. Among other things she thinks they resulted in improved cost efficiency of the firm. She heard about the courses through a letter, which the local VCCI office sent out to all small entrepreneurs in Vung Tau, inviting them to take the course. She paid 150,000 for the first course and 500,000+ for the 2nd one, which lasted for 5 days full time.

Another trainee was an entrepreneur owning a shipping company started in 2003 with two ships of 300 and 500 tons respectively, and with 17 employees including the two crews.

His father was also in the same business before him, and he was helped by his family in securing credit to purchase the two boats. Before starting the company he acquired experience as an employed captain on similar ships. Taking the SIYB course helped improve his knowledge and gave him business contacts. He today belongs to the Vung Tau SIYB club, which is very active both socially and professionally. A similar experience was told by a fisherman-entrepreneur owning 4 ships, employing 44 persons, of which 40 are crew on the ships. He has a 40 year career as fisherman and started his company 10 years ago.

A money-lender, employing four people, who has been in the business since 1995 after receiving a special permission to work in money-lending, took two courses, which helped him control his capital, and evaluate his costs, turn-over and profit. The owner of a drugstore with 20 employees, who started from very small and worked his way up, took the IYB-course in 2004, which he claims has helped him “arrange everything” in his business. Another man owning a distribution company for water and gas, employing 3 persons, took the SIYB course this year, which he knew about from a youth organization that he belongs to. Twenty persons from the same organization took the course together. The course was offered free of charge to the members, but he would have been willing to pay for the course had it not been offered for free. The course helped him arrange and control his business.

A lady owning a landscape and garden designer company employing 20 people, took both the IYB and the SIYB courses in 2003, and was satisfied with both. We also interviewed a girl, working as a tourist guide, who plans to take the course next month and then hopes to start up a tourist company employing two persons. She believes that taking the course will enable her to start the company. She has worked as a tourist guide for two years. Her plan is to work out an attractive marketing strategy in order to attract clients.

### *Conclusion*

In general the trainees expressed satisfaction with the trainers and the training methods, and found the courses easy to understand, especially for people who just start their businesses. Some thought that the SYB course was good to start a self-employed business but not enough to assist them to open business that requires hiring employees. Many had wished for follow-up activities from trainers/POs/VCCI e.g. in the fields of business plan designing; applying for credits, in tax consulting; and providing more reading materials as references.

Most of the interviewed agreed that the course/s taken have been suitable for their needs, and that as a result of taking the course their respective businesses had either improved or they felt more confident in their business as well as private roles. Many said that they would be willing to take another more advanced course. A strong impression transmitted from the interviews is that – regardless of whether or not the training had actually resulted in direct observable changes in their business – the SIYB program has had a tremendous impact in raising their confidence as [prospective] business persons.

## Impact evaluation 2004

During the winter 2003–2004 VCCI conducted a major impact evaluation<sup>20</sup> of the SIYB program. The analysis was based exclusively on longitudinal data, which were collected before the training and again three months after the training had been completed.

The logic of the SIYB project is that improved attitudes towards Entrepreneurship, new knowledge, new management skills and changed behavior of the owners and managers will contribute to business start-up, improved business performance, higher profitability and more and better jobs. Based on that rationale the impacts that were tested by the study were whether the SIYB training had had any effect on 1. Business start-up, 2. Improved business performance, and/or 3. More and better jobs.

According to the authors this study shows that a “significant impact can be traced on the attitudes, knowledge skills and behavior of SIYB workshop graduates”. After the training most participants were able to define and perform business management skills, which they were not aware of before the training. Furthermore, “they now had a positive thinking on the role of the private sector.” The study also showed however that three months after training the business and job creation is still low. The study speculates in the reason for this low effect and ventures that perhaps it was due to the holiday season, which coincided with the study period. During holidays people are too busy to be able to devote themselves to business decisions.

Of the sample of persons interviewed 72% were men. The length of the SIYB workshops was found to vary, depending on the location and the different partner organizations, from 1 to 10 days. The ratio of tertiary, i.e. university education was 37% of the IYB trainees but only 7% among the SYB trainees. The next table gives some of the characteristics of the firms of the trainees after the training compared to before the training.

**Table 5: Effects in firms after SIYB training**

Provision of different measures and benefits	Before training % of the interviewed	After training % of the interviewed
Improved working conditions	54	76
Higher salaries for workers	49	59
Productivity incentives for workers	51	78
Parental leave	49	55
Health and accident insurance	12	12
Pension scheme	12	12
Written employment contract	39	43
On-the-job training	53	81
Off-the-job training	26	26

*Average salary* of a full-time employee increased after the training by some 8%, while the number of hours worked decreased slightly – from 51 before the training to 50 afterwards.

*On-the-job training* had increased by nearly 30% after the training, but the off-the-job training had gone down. The share of business owners who provided *productivity incentives* to their workers went up from 50 to 77% after the training. About the same ratios applied to the business owners who had introduced measures to improve working conditions for their employees, which went up from 54 to 76%.

*Effect on employment, revenue etc.*

<sup>20</sup> SIYB Impact Assessment 2003–2004.; Impact evaluation carried out during September 2003 through April 2004 by Bizconsult VN Company Ltd, Hanoi; 78 pages

The study could find no or only marginal effect on employment. This, in our view, does not in itself prove anything, one way or the other, because it could be that the time period for the effect to have materialized was too short. The *total revenue* of the trainees' firms went up by 2% for larger firms, 13% for small businesses, and 5% for micro businesses respectively, but went down by 21% for the household businesses. The profits showed a similar pattern, but the decrease for the household sector was only marginal.

The number of business owners doing *market research* increased by almost 20%. Also the share of companies doing marketing campaigns for their products increased substantially. The study found no real effect on the ability of the trainees to *access credit* from financial institutions after the training. The share of businesses, which *trained* its workers doubled from 31 to 62%, and the ones who started collecting ideas and proposals from their workers went up from 39% before the training to 52 after the training. The share of trainees who owned a registered business remained almost the same – about 25%.

#### *Impact on attitudes towards Entrepreneurship*

After the training about 80% of the trainees considered that private entrepreneurs played a vital role in the country's economy, compared to only 63% before the training. Before the training an average of 31% of the trainees (34% of the SYB and 20% of the IYB trainees) stated that they lacked business planning skills, but after the training less than 1% considered that this was the case. The most appreciable change after the training was in the attitudes, knowledge and skills. The study also found that most trainees were prepared to pay a fee for the training.

### **3.4 Responsibility for Implementation; Project Ownership**

A question has been raised about the fact that the formal executive responsibility of implementing the SIYB program from 1998 to April 2004 lay with the ILO, and not with the national institution involved, in this case the VCCI. While e.g. Sida and Danida will normally strive towards having a national institution taking on both formal and practical responsibility for implementing the projects that they support, ILO is by some perceived as different in this respect. Being a specialized technical executing agency, ILO sees it as more natural to take formal responsibility for executing/implementing projects, one motive being that ILO is careful about its trade mark.

It should be pointed out that the VCCI in the beginning of the project had not yet developed the necessary management capacity to manage the program. There was low technical capacity to manage a project of this sort. SIYB was the biggest project that managed by VCCI by that time. The resulting strong capacity of today is also a result of ILO intensive technical capacity building of VCCI from 1998–2004.

#### *VCCI takes over responsibility*

At the end of the first phase 2000–2001 the ILO applied a sub-contracting modality with the VCCI, where most of the work in the field was done by VCCI, while ILO provided overall quality control. The second phase focused on ensuring gradual hand-over. Many guide books and manuals with sets of criteria and benchmarks were developed during that time to ensure quality of the program implemented by VCCI at different levels.

As reported above, the Tripartite Project Supervision Committee, *PSC*, consisting of VCCI, ILO and Sida, in March 2004 concluded that all outputs and activities of the program had been fully and satisfactory completed, including the institutional and technical capacity building of VCCI, and that therefore VCCI had the full capacity to continue and sustain a national SIYB program in Vietnam. The PSC therefore agreed that the ILO's role in implementing and executing regular SIYB activities should come to an end by April 30, 2004 in accordance with the original project completion date, and

that the full responsibility for implementing SIYB activities in Vietnam should be handed over to the VCCI, while the ILO continued to monitor the program. It was decided that a grant of US\$ 175,000 (which was the windfall gain due to exchange rate fluctuations) would be granted to VCCI to implement the program at least until the end of 2007. Together with the US\$ 15545 net cash balance remaining in the project VCCI would thus dispose of a total of 242,000 US\$.

VCCI's project document<sup>21</sup> for implementing the SIYB project from 2004 through 2007 is called "Business Plan", and is somewhat innovative as far as development projects go, because it is written as business plan for any commercial undertaking. The language and format is such as to emphasize that VCCI has to perform in a competitive commercial market in order to attain its objectives of making SIYB sustainable. Especially useful are pages 21 through 29, where the financial forecasts – both cost and revenue sides – are presented and commented.

In this financial computations, however, the cost of staff is not counted in as a cost of the SIYB program, because the staff is employed VCCI's regular budget.

### *ILO's policy*

Having had the executing responsibility means that it was ILO that took the decisions w.r.t. budgetary expenditures, etc, within the limits of what is prescribed by the project document. If ILO asks to be the formal implementor of a project this means that it feels that either there is not a national institution ready to take over and implement it, or it could mean that ILO feels that the project as such has not been developed or tested enough, and ILO therefore wants to test and develop the concept before they are ready to hand over responsibility to someone else. Another motive for ILO to keep the formal responsibility is that they can remain open to work also with other potential partners beside the VCCI

Danida has a different set-up or philosophy. In Danida financed projects involving VCCI it is the VCCI which is responsible implementor. In the Sida's assessment memoranda of the SIYB this issue has been raised, and the Swedish preference for placing the formal responsibility of execution on a national institution has been reconfirmed. In practice however, Sida has chosen to accept ILO's position, and perhaps there was no other option if they wanted to cooperate with the ILO. Having an external executing agency is very common in Vietnam. All the donors in Vietnam work with specially set-up PMUs.(Project Management Units). This is also the case in most of the projects supported by Sida. Such PMUs come to be parallel structures within the Vietnamese ministries and departments, and donors finance everything from drivers to program officers.

### *PRISED*

In the PRISED project, which is planned for four years, ILO has the executing responsibility the first two years and VCCI the last two years. According to reports, there was a long debate over the formal execution responsibility. In the view of ILO the PRISED is a little beyond VCCI's mandate and also geographical presence. "It is a new project with new tools, methodologies and processes to be developed, and the project should therefore be implemented following ILO technical cooperation regulation", meaning that it will be the ILO and not the government or VCCI which will be responsible for execution.

The contents of the PRISED project<sup>22</sup> in our view is quite similar to the SIYB project. As they both have management training of SMEs and provision of BDS as main ingredients. In addition to this the PRISED project also has objectives w.r.t. to improving the overall business environment for SMEs. As for project ownership in this project the first phase will be implemented by the ILO and the second

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<sup>21</sup> Start and Improve Your Business Vietnam: Business Plan 2004–2007, VCCI 2004

<sup>22</sup> PRISED Project Document, dated October 2004

phase by VCCI on its own, with only advice provided by ILO. The authors of Sida's assessment<sup>23</sup> study of ILO's project proposal questioned whether VCCI actually possesses the capacity and competence to independently run the project as they claim they have.

In ILO's appreciation the content and approach of SIYB and PRISED are fundamentally different. While SIYB is a product-based, single intervention project, PRISED is a process-oriented, multi-intervention project, the key distinction being in the concept of "integration", which aims at providing a critical number of support efforts that, all together, add up to a total that is larger than the sum of the parts. The major common element of the two projects is the goal of capacity building of VCCI.

### *Alternatives*

VCCI has explicitly – at least in the last few years – stated that its preference was to have assumed the formal responsibility for the execution at an earlier stage. While most observers would agree that national execution is advantageous in terms of giving the host country institution a chance for a very demanding but rewarding "on-the-job training", it is not easy to determine which of the alternatives would have been more efficient. Also the likely effects of the two alternative solutions will differ in the long and the short runs. In the short run the project could probably have saved money since a substantial share of the SIYB project budget is for expatriates salaries and travel. Also, 13% of the direct project cost of the Swedish contribution is paid to ILO as a fee for its implementation.

On the other hand, we cannot be sure that the implementation had been as smooth and successful with VCCI at the helm. But then again, nor do we know whether a national execution might not have been even more successful. In the long run one can argue that a national institution, given the responsibility early on, will have been able to learn more – not least from mistakes it may have made – than if it is just taking over a ready-implemented and running project.

While not being able to determine which alternative would have been the best one for the project, this evaluation mission nevertheless wants to come out in favor of national execution. In a country like Vietnam, with a high level of education and comparatively strong government institutions, the normal choice – unless there are very strong specific circumstances against – should be to place the responsibility of implementation on the national institution. This is squarely in line with Swedish development cooperation policy and traditional practice.

In concluding it should be said that the issue of national execution is a complex one, which needs to be analysis based on the particular circumstances prevailing in different projects in different countries at different times. As the staff of ILO point out, the question is often not national versus international execution, but how both modalities can best be combined over time, in order to obtain maximum benefits of the comparative advantages.

## **3.5 Reporting and Follow-up**

In general we find that the project is very well monitored and reported on by the ILO. However, from a formal point of view, the project has not complied with all reporting requirements prescribed by the Project Agreements.

Regarding both Phase I and Phase II, Article 9, section 2 of the Agreement between ILO and Sida states that "*ILO shall provide Sweden with a final report covering all important aspects of the utilization of the Swedish contribution... The report shall cover the whole period, also components that are not funded by Sweden... It shall also consider the fulfillment of the agreed objectives of the project.*" This report shall be delivered within six months

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<sup>23</sup> Sida's assessment of ILO's project proposal regarding the PRISED project, by Lars Bern and Nguyen Quynh Chi, dated 2004-4-22

after the termination of the period of activity. As for the Grant Agreement for the SIYB for the period 2004–2007, which was entered into by Sida, ILO and the VCCI, also this agreement specifies that an annual implementation report shall be submitted by the VCCI directly to Sida and the ILO.

To our knowledge no such final reports have been delivered, at least not any, which are comprehensive and analytical. The ILO *Progress Reports*, while well written, are not comprehensive, taking up different topics at different times, and not presenting achievements of targets in a systematic way so as to show which targets and attainments belong to which respective period. In general there has been some inconsistency in the reporting. All progress reports do not have the same format, and perhaps more importantly do not even cover the same topics or the same dimensions. It is therefore at times difficult to follow the development of target achievements over time. Ideal is for all progress report to follow the general formal of the LFA, but that presumes that the LFA is simple and not too detailed.

ILO, and also VCCI, often fail to date its documents. The mission has come across several reports of follow-up or monitoring character, which had no date, and it was therefore not possible to know the meaning of accomplishments and achievements reported. There was often no way to know whether the achievement in question referred to the entire project period of 6 years or if it was achieved during a shorted period of time.

There is a 23 page long undated report titled *VCCI's SIYB 2003–2004 Subcontract Final Report, VCCI Hanoi*, which by VCCI staff is referred to as the project *completion report*. This is misleading, because its contents is simply a listing – in table form – of project activities and accomplishments, without any attempt whatsoever of summarizing the material in a comprehensive or analytical fashion, or drawing general conclusions from the many scattered observations.

#### *The SIYB Steering Committee Meeting protocols*

The impression from the Steering Committee protocols are that – even though the committee have not met more than once a year – it has been a rather active and influential force in steering the project. The agreement to start and for Sida to fund the PRISED project was formed in the steering committee discussions. The committee also decided that that VCCI was considered competent (institutionally, technically and financially) to take over and run the SIYB project from April 2004 to December 2007.

## **4. Evaluative Conclusions**

### **4.1 Implementation and Output; Efficiency**

#### *Attainment of goals*

All the quantitative targets at output level specified in the project document have been achieved by the project. The number of partner organizations recruited, the number of trainers and facilitators trained, the number of courses held, the number of trainees participating, have all reached or superseded the set targets.

As for the *quality* of the achievements we must however raise a question mark w.r.t. the partner organizations. The objective was that the project should recruit and develop active partners, which will be able to continue training small businessmen even after the SIYB project is ended. And on that score there is today a considerable uncertainty, because the sustainability of the POs can be put in question. All the previous reviews that have been made of the SIYB-project have in one way or another emphasized that the selection of POs is crucial for high impact. This topic is further discussed below.

An important accomplishment of the project is to have introduced and anchored modern business and management training into the mainstream of Vietnamese life e.g. through such important mass organizations as the Women's Union and youth clubs. Through them many potential entrepreneurs are given a chance to develop, which he or she might not otherwise have received. The challenge remains, however, to make the training activities of these organizations sustainable for the future.

Overall we believe the project has been implemented well, but with respect to recruiting and developing private, commercial partner organizations, so far little has been achieved and that remains as an important challenge. The so called international best practice in the field of SME training suggests that careful segmentation of the client market for business training leads to better results. Also in this respect the project could be improved.

### *Efficiency*

The commercial or competitive market for BSS services in Vietnam is still too undeveloped to be able to judge how cost-efficient the SIYB courses actually are. In order to survive in a commercial market a training program must eventually be able to cover all its costs (direct and variable costs as well as indirect and overhead costs) with the fees collected from the trainees<sup>24</sup>. Today the program is still far away from this stage, as most POs seem to be unable even to cover the direct course costs (i.e. trainer salary, cost of venue plus materials) with the fees charged from trainees<sup>25</sup>. In many or most POs the courses are offered for free or at heavily subsidized prices to the members of the organization<sup>26</sup>. Sometimes this is for policy reasons, sometimes it is because it is felt that the trainees are unable to bear a higher cost.

Some VCCI branches feel that they need external financial support to carry out further training courses as the current course fee does not cover the actual costs of arranging a course, and the market demand is such that they are not able to raise the course fees very much.

Comparing the courses offered by VCCI through SIYB these are cheaper for the participants than courses offered by the private commercial market. In large measure one can conclude that the program has not tested what the "market will bear" in terms of being able to charge fees from the participants, which cover all the costs of the training. Sometimes a PO will claim that there is enough demand for a course, but also insist that participants are not able to pay a [higher] fee and that therefore the courses should be offered for free, when in fact the participants in interviews claim that they can and are willing to pay a [higher] fee for the training. If there is demand from businessmen for more courses and if they are willing to pay the fees themselves it is hard to understand why the PO cannot go ahead and arrange more courses.

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<sup>24</sup> The POs must be able to cover the costs involved in organizing training courses. This can be done in three ways:

1. From participants fees. 2. the PO can cover the costs from its regular budget, and or 3. The PO can solicit funds from the government budget or from donors. Or a combination of the three.

<sup>25</sup> The *Business Edge* program subsidizes the training at production level, but at the course level each participant has to pay the market price. In HCM and Hanoi this is US\$ 20 a day, while in the Mekong Delta it is only US\$ 12. This is probably higher than in the SIYB program, implying that SIYB charges too little for their courses. IFC chose the tariff levels US\$ 20 /12, because this is what they believe reflects the market price. This presumes of course that there is a market for business services. It should be noted that MPDF's target group are firms with about 100 employees (if manufacturing firms) and 20 if they are in services, which is bigger than SIYB clients. The fees paid by clients cover the variable costs of the training and also the workbooks. Similar programs for start-up and micro-businesses, e.g. the SIYB, still require subsidy at the client level, which BE does not.

There is no evidence that the fixed costs, such as course material, training of facilitators, selection of POs etc, can be recovered, only the variable costs of delivering the training to the entrepreneurs. In the case of this project the revenues coming in from fees cover only a very small part of the total project cost. The development costs of SME management training have to be subsidized everywhere. In a survey of a dozen international experts in the field of SME management training it was revealed that none knew about a program anywhere which did not rely on any subsidy to be developed. The basic rule is that many can cover variable cost, but very few can cover fixed costs for development and administration etc.

<sup>26</sup> The 2001 impact study found that 40% of SYB and 58% of IYB participants paid for training and that the average fee was VND 280,000 (US\$ 18) and 340,000 (USD23) for IYB.

## 4.2 Impact; Effectiveness

### Impact on trainees' businesses

Available information, coming mainly from the impact assessment study carried out by an independent consultant on behalf of VCCI in 2004, suggests that the SIYB training program has in deed had an important impact on the businesses of the trainees. Even if an increase in the firms' profits or revenues could not always be recorded, it was evident that in all the cases the training had either led to constructive improvements in running the firms or ability to analyze the market, or it had positively impacted on the confidence and business outlook of the trainees. We can thus in very broad terms conclude that the objective of economic growth will likely be attained by the project.

### *Need for Control Group*

With respect to the impact study one must be careful in interpreting the results because the observed impacts could be the result of other causes than the SIYB-training. In an economy as dynamic and fast-growing as the Vietnamese, with a lot of reform going on and with annual growth rates of 7 to 10%, there are obviously many circumstances and factors other than the training, which could cause profits and revenues of SMEs to go up. So we can not be sure that such impacts are actually due to the fact that the owners or managers underwent the SIYB training. For this we would need that the impact study includes data on a control group formed especially for the purpose.

The 2004-study did consider forming such a control group, but opted against it because of the practical difficulties and statistical uncertainties involved. We realize that designing such a control group in a perfectly reliable way is demanding and *still* it would be subject to uncertain interpretations. But in this case we believe it would be better to have at least a simple and rudimentary control group, with all its limitations and uncertainties, rather than not having any at all. By relying both on longitudinal data and on cross-section data (through a control group) would increase the chances of identifying the impact of the SIYB courses.

### *Maturity process*

Another aspect to consider when interpreting the outcome of the impact study is that there is a time process of maturity needed before the entrepreneur's decision is triggered to register an enterprise or undertake some other measure benefiting his business. The training provided could very well have promoted or shortened the decision span even if the final decision is not triggered during the period of study, which in the case of the 2004-study was only three months after the training course. In other words, even if the participants of the SIYB training courses turn out not to start a business as a result of the course, the training could have been beneficial in enhancing business awareness in society, which is also a valuable contribution in a country in its transition to market economy.

### *Inconsistent goal structure*

It is questionable to put *employment creation* as an objective alongside that of economic growth. This is inconsistent because increased revenue and profit of the companies is sometimes the result of more efficient production, e.g. by trimming the labor force. Our interviews bore this out clearly, namely that there are many firms who, after having undergone the SIYB training, were able to introduce job descriptions for their staff and through manpower planning were able to make its production more efficient, thus increasing profits and sometimes also total revenue.

Some participants in the BE courses had, after taking the course, been able to introduce a more efficient manpower planning thereby being able of reducing the size of the staff for a given level of production. This shows that employment cannot [always] be seen as a reliable indicator of positive impact, because often a positive impact of a management training course will be that the owner can –

through formal job descriptions etc. – better plan the work and thereby reduce redundant staff. A more efficient production and enhanced profit situation may often lead to employment creation in a much later stage, but usually not one which can be measured half a year after the training.

*Promoting the BDS-market*

Another objective, which exists, at least implicitly, in the project, but which has not been mentioned in the Logical Framework analysis matrix, is one regarding enhancement of the market for Business Development Services, BDS services in Vietnam. Through its work to develop partner organizations, which will provide business and management training in the years to come, the SIYB program – if it succeeds – will lead to an enhancement of the market for BDS in Vietnam. So the following objective should be added in the projects goal structure: *“The market for commercial business and management training is developed and vitalized”*.

With respect to this objective the evaluation mission cannot report any positive outcome. Such impact is still too early to see, and the prospect that such a market will develop is today rather pessimistic, because the financial sustainability of most of the POs running the SIYB-courses is questionable.

*Cost Effectiveness of the SIYB program*

The Review of the SIYB-project carried out in 2003, after comparing different cost data<sup>27</sup> in SIYB-Vietnam with similar programs in Southern Africa, concluded that *“the SIYB program is a cost-effective means of delivering management training and creating jobs”*. In our view the correct interpretation of this cost data is not certain. The fact that the cost of training is less in Vietnam than in Africa, can also be due to the high level of education in Vietnam compared to Africa. Therefore the strategic importance of the same training in Africa may be just as high or even much higher than in Vietnam. Furthermore, we do not know what cost items were included – only variable or also some or all parts of overhead costs, i.e. if the computation criteria were uniform.

The questions to ask regarding cost effectiveness is if the benefits from the subsidy is greater than the financial cost. In an evaluation of the Business Edge program the author calculated the following cost figures:

**Table 6: Cost computations in the Business Edge program**

	US\$
Cost per work-book sold	12
Cost per training course delivered	6,044
Cost per training participant-day	119
Cost per business whose staff have been trained	1.046

The figures are then to be compared to the course fee, which in BE is reported to be between 10 and 40 US\$. The figure US\$ 119, which is the total cost per day and per trainee, plus the course fee paid by the trainee, should then be compared to the benefit likely to be created in the trainee’s company from taking the course. For the SIYB project similar figures were not available.

*Impact of SIYB on VCCI*

The VCCI is a big organization and it is involved in many other donor-funded project activities beside the SIYB. It is therefore not possible – without a major organizational and administrative analysis – to assess (in any direct way) what impact the SIYB-program might have had on the development of

<sup>27</sup> The cost per trainee in Vietnam was found to be US\$ 217, the total cost of each business started was 1276, while the cost of per job created was US\$ 437. In Eastern and Southern Africa the cost per trainee was in 2000 found to be 416 US\$, the cost of business started 739, and job started 363.

VCCI. In an indirect fashion we can, however, draw some tentative conclusions merely by common sense reasoning: By interacting with staff from ILO and Sida for 7 to 8 years, and by being actively involved in implementing a program, which both government and donors see as crucially important, can well have had a positive learning effect on SIYB – at least if the program turned out successful, which we think is largely the case. It is therefore not unreasonable to believe that some of the methods and procedures applied in the project (presumably reflecting so called international best practice) has also rubbed off on the way VCCI operates in other contexts. And, in consequence, we could then conclude that the SIYB project has probably had a positive impact on VCCI as an organization.

### 4.3 Equality and Poverty Reduction

Sida's Decision memorandum concerning the 1st phase asserts that "the project is naturally and actively poverty reducing; it contributes to providing more employment opportunities and raise the incomes of small and micro entrepreneurs". For the 2nd phase the wording was: "The program is poverty-oriented, it aims at creating more job opportunities and increasing the incomes of the population. It is primarily directed at small enterprises<sup>28</sup>"

#### *Impact*

There is little data available<sup>29</sup>, which can confirm that the SIYB-training and the subsequent enhancement of the businesses of participating small entrepreneurs, has had a positive impact on poverty reduction. Given that the entrepreneurs benefiting from the SIYB training do not belong to the poorest groups in society, we cannot expect that the positive impact, which we think that the program has, will be in favor of the poorest groups – at least not in the short run. However, in the long run, we believe that any program – business training or otherwise –, which can enhance economic growth of SMEs and household firms, will sooner or later also benefit the poorest groups in society.

#### *Poverty in Vietnam*

The level of poverty incidence in Vietnam has fallen from about 58% in 1993 to 24% in 2004, and to an estimated 22% in 2005. The GDP per capita increased from US\$ 288 in 1993 to 622 in 2004. In spite of the big advances in economic growth and poverty reduction, important constraints remain however, and potential benefits from increased private investment are not being equitable distributed. Many rural areas are missing out on much of the benefits of rapid growth

### 4.4 Cross-cutting Issues

#### 4.4.1 Environment

The Sida decision memoranda state that the project does not have any effects on the environment. Nevertheless, since the rapid economic growth in Vietnam has been shown to be accompanied by increasing environmental pollution, we must, in consequence, conclude that an SIYB-project, which actually manages to promote even faster economic growth, will – at least theoretically – have a negative effect on the environment.

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<sup>28</sup> In project review meetings the Swedish embassy has emphasized that "in the quest for program sustainability and the strategy towards more fee based training, the program should not forget the social dimension of the program. The use of a subsidy in rural areas would therefore probably be needed for some time, since many rural based entrepreneurs are still not able to pay full cost for training."

Others pointed out that when subsidy is present it often jeopardizes quality. If participants have not paid anything at all to participate in a workshop they are less inclined to complain if the quality is low since the training is free and the POs have less incentive to improve on quality and overall impact will therefore be lower. The committee worried about the degree of cost recovery being very low, and decided to set targets differentiating between different courses and also between towns and rural areas

<sup>29</sup> The following reports have been brought to the attention of the evaluation mission: The impact assessment of SYB training for ethnic minority entrepreneurs in Yen Bai shows that even the poorest have benefited from the training. Case study on SYB for ethnic youth in Dak lak was reported in a national conference on vocational training for disadvantaged groups in 2003.

#### 4.4.2 Gender

Sida's Decision memorandum places great expectations on the gender equalizing character of the project. "The gender equality objective is important. The target group consists to a large extent of women". Vietnam has a strong history of gender equality. The recent upsurge of household businesses has created new income and employment opportunities for women, but there is also a trend that women are increasingly working in unsecured informal work environments where anti-discrimination provisions and other measures to secure women's rights are not effective.

46% of SYB and% of IYB participants up to 2003 (phases I and II cumulative), have been women. Also a third of the master trainers are women. One of VCCI's more active POs is the Vietnam Women's Union, which will make sure that their members, the women, will benefit from the courses. "We believe that the SIYB program on balance benefits women more than men". The fact that the Women's Union is a PO in itself, means that the SIYB project will have a beneficial impact on women, because the knowledge acquired will improve the business role as well as the private role of the women concerned.

One of the female trainees, a vegetable grower, interviewed confirmed that in rural areas the gender balance is much worse. Therefore a course like SIYB, which improves the women's business capacity will mean a lot to improve the gender balance in the countryside and also bring empowerment to women.

#### 4.4.3 HIV/AIDS<sup>30</sup>

The HIV/AIDS epidemic in Vietnam is still at an early stage but is increasing. The most recent estimates put the figure of HIV infected at 100,000 persons. There is no implication of the project on the incidence of HIV/AIDS, nor was any such foreseen in the project documents.

### 4.5 Relevance

We believe that the SIYB project is relevant for all concerned: For a country like Vietnam, in rapid transition from a centrally planned economy, with no entrepreneurs, to a market system with free entry and exit of entrepreneurs, the [successful] provision of training in business management must be very important and relevant. Furthermore, if the provision of training is programmed such that it will also enhance the whole market of BDS, the project becomes even more relevant. Comparing the situation today with eight years ago, when the program started, the project is still highly relevant, but marginally less so, since – in the meantime – many other actors providing business and other training, have since entered the scene.

For the donor Sida, the SIYB-project was and still is a relevant intervention, because it answers well to Sweden's wish to promote a market system with poverty orientation. Again, comparing the relevance today and in 1998, one could remark that the competitive edge in PSD interventions, which Sida may have possessed in 1998, is not the same today, when there are over 20 other donors active in 58 different PSD-projects.

For the cooperation partner VCCI, being crucially involved in a training activity like SIYB, which is considered important by government and donors alike for the country's development, is relevant, because it is likely to positively influence VCCI's other activities and also enhance its image. The SIYB may have generated intangible benefits for VCCI in terms of visibility and credibility as a support organization thanks to its roots in the growing private sector. For ILO, obviously, the chance of adding one more country to the list of beneficiaries of the SIYB-program, which it has developed and which it believes in, is relevant.

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<sup>30</sup> SIYB courses have been delivered to people living with HIV/Aids in partnership with CARE.

## 4.6 Sustainability

In terms of *technical* competence the project has been successful in developing a core of master trainers and enough trainers and facilitators with skills to be able to carry on the SIYB training to the satisfaction of ILO quality requirements, and fully adequate teaching materials have been developed. The project can therefore be said to be *technically sustainable*.

In terms of institutional proficiency and capacity the SIYB-project has by now been well integrated into the regular activities of VCCI, which today runs the program apparently smoothly and proficiently. Therefore, we can conclude that the SIYB-program is institutionally sustainable as far as VCCI is concerned.

However, when it comes to the partner organizations, the project has failed to develop them into a state where they will be able to continue offering the SIYB courses without any subsidy either from Sida aid-funds or elsewhere. Nor do most of the POs seem to have integrated their work with SIYB courses into their other regular activities. A large proportion of the POs are weak organizations. Although the project has trained a large number of POs and facilitators, very few of these are active. Also the enterprise development or BDS is not at the core of the mandates of many of the POs. Since the Partner Organizations have largely failed to institutionalize the SIYB approaches and activities in their respective programs, we cannot conclude that the process whereby the SIYB-project relies on different independent POs to deliver the training, is sustainable. The SIYB-training is therefore institutionally not sustainable w.r.t. to the POs.

In terms of *financial* viability, the cost recovery of almost all POs is weak and many POs seem to be unable even to recover the direct and variable costs with the fees they can collect from the trainees. Nor do they have any plans whereby the financial viability of the training can be guaranteed if they are not able to increase their revenue from fees in the future. Because of this we must conclude that the SIYB-project is not financially sustainable. And since overall sustainability is determined by the weakest link, we must conclude that *overall* the SIYB-program in Vietnam (mainly because of the lack of financial viability) is *not sustainable*.

The Mid-term Review 2003 observed that training in Vietnam is traditionally considered to be a free public service and that the many years of free or subsidized training has created a culture where national institutions, trainers and to a lesser extent entrepreneurs expect training to be provided for free. Government institutions and some donors continue to subsidize training fully, which is distorting the potential for developing a commercial market for training services. Therefore, a move away from subsidized training services is needed if the SIYB program and other services is to be sustainable in the long run. With respect to the readiness of the project to charge market fees for training one may note a possible difference in philosophy and policy between ILO and IFC, which has bearing on the sustainability issue. ILO has a tradition of working in centrally planned economies where sustainability could be guaranteed by government. Today sustainability is largely measured by the market test.

### *International Best Practice*

According to “*International Best practice*” knowledge, the provision of training and business services by a government entity will not only crowd out private service providers, but would also reverse the work of those donors who have been reinforcing and promoting private service providers. In the SIYB project this translates into the crowding out of existing and potential future private training companies, because of the fact that almost all the POs are either government-departments or semi-official NGOs. Also, international best practice holds that service to private sector firms should be provided at market rates.

## 4.7 Donor Harmonization

*The Hanoi core statement*<sup>31</sup> is the expression of the mutual commitment between the government and the donor community in Vietnam to increase the impact of aid and enhance its effectiveness. It is based on the principles set out in the *Paris Declaration on Aid Effectiveness*. The statement establishes a framework of cooperation for both the government and the donors, whose implementation is hoped to improve the quality and effectiveness of development assistance provided to Vietnam up to the year 2010. The Like-minded Group of Hanoi-based bilateral donors (LMDG: Canada, Denmark, Finland, Germany, The Netherlands, Norway, Sweden, Switzerland and the United Kingdom) is seen as playing a key role in the government-led harmonization process.

In the view of several of the resident donor representatives in Vietnam, donor coordination in the field of PSD has come far in Vietnam, however not donor harmonization. Donor coordination usually means only exchange of information, but not common or co-financed projects. In spite of all the coordination groups in the field of PSD, information sharing could still be improved. Interviews have revealed that only a third of the donors share assessments and evaluations as an institutional policy.

There are today two duplications in terms of donor coordination: *Firstly*, there are several parallel donor mappings. ASMED, The World Bank and EU all operate their own matrixes of donor activities. *Secondly*, there are three parallel working groups on PSD and SME development, namely the SME Partnership group, the EU Sectoral Coordination group and the World Bank PRSC Working Group. The main donors all belong to all three of the groups. It would seem to be inevitable that there will be a lot of overlap and redundant discussions having parallel – and partly overlapping – systems for donor coordination in the field of PSD, particularly given that most donor funded PSD-projects usually span over more than one area<sup>32</sup>.

## 5 Specific Questions Raised in the Terms-of-Reference

In order to provide a comprehensive overview we will, in this Chapter, briefly answer the specific questions raised in the Terms-of-reference. In the analyses above they have all been addressed and answered in accordance with the availability of data.

*1 What have been the major effects positive and negative of the project? What have been the major accomplishments?*

All the project's quantitative targets at output level have been achieved. The number of partner organizations recruited, the number of trainers and facilitators trained, the number of courses held, the number of trainees participating, have all reached or superseded the set targets. As for the *quality* of the achievements we must however raise a question mark w.r.t. primarily the sustainability the partner organizations.

An important accomplishment of the project is to have introduced and anchored modern business and management training into the mainstream of Vietnamese life e.g. through important mass organizations as the Women's Union and youth clubs. Through them many potential entrepreneurs are given a chance to develop, which he or she might not otherwise have received. The challenge remains, however, to make the training activities of these organizations sustainable for the future.

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<sup>31</sup> The Hanoi Core Statement: Working together to Improve Aid Effectiveness, November 4, 2005

<sup>32</sup> Recently the EU office in Hanoi commissioned a study on how donor harmonization could be increased. (*EU Action Plan for Harmonization of Aid in Support of Private Sector Development in Vietnam (in particular SME development); Study commissioned by the EU office in Hanoi, November 2005; 90 pages*).

This report, which is quite long, has many redundant words, sentences, and headlines, and which is full of [partial] repetitions, is however difficult to understand. It could easily be cut down to perhaps 20 pages. By producing such a complicated review, the EU may have made harmonization further away from being achieved rather than the opposite.

2 *Could the project have been significantly more effective, and if so how?*

*Are there important lessons from international best practice that might have made the project more effective?*

A large proportion of the partner organizations are weak organizations. Even though many of them are playing important roles in their provinces/cities, having built up their prestige through delivering SIYB courses to businesses, very few are active. Only 5% of them are private, the remaining being government departments or semi-government institutions.

According to “*International Best practice*” knowledge there is a risk that the provision of training and business services by a government entity may crowd out private service providers and could also reverse the work that has been done to reinforce and promote private service providers. By creating new and specialized institutions even when there are already private providers in the market, and when donors choose to work with one or two “leading” providers in the market, such practice may crowd out providers, the result being fewer active POs, and relatively fewer private sector trainers.

Another aspect where so called *international best practice* provides guidance in the field of SME training, is that careful segmentation of the client market for business training leads to better results. Also in this respect the SIYB project could be improved.

3 *Has the SIYB project played an important role in solving important problems for Vietnam?*

For a country like Vietnam, in rapid transition from a centrally planned economy, with no entrepreneurs, to a market system with free entry and exit of entrepreneurs, the [successful] provision of training in business management is very important and relevant. The SIYB project –being one of the first of this kind in Vietnam – has no doubt meant an important contribution to the country’s transition process.

4 *Has SIYB played an important role in achieving Sweden’s goals for development cooperation with Vietnam?*

A project whose aim it is to promote the transition to a market system with poverty orientation. will, if successfully implemented, answer well to Sweden’s objectives w.r.t. to its development cooperation with Vietnam.

5 *Has SIYB played an important role in solving important problems for VCCI?*

Having been crucially involved in a training activity like SIYB, which is considered important for the country’s development by both government and donors, has positively influenced VCCI’s other activities and also enhanced its overall image. It has probably generated intangible benefits for VCCI in terms of visibility and credibility as a support organization thanks to its roots in the growing private sector.

6 *Have the resources devoted to the project been used reasonably efficiently, so that there are no alternative ways that better results could have been achieved at a significantly lower cost?*

The market for BSS services in Vietnam is still too undeveloped to allow us to judge how cost-efficient the SIYB courses are [relative to other existing or potential alternatives]. In order to survive in a commercial market a training program must eventually be able to cover all its costs (direct and variable costs as well as indirect and overhead costs) with the fees collected from the trainees. Today the program is still far away from this stage, as most POs seem to be unable even to cover the direct course costs (i.e. trainer salary, cost of venue plus materials) with the fees charged from trainees.

Comparing the courses offered by VCCI through SIYB these are cheaper for the participants than courses offered by the private commercial market. In large measure one can conclude that the program has not tested what the “market will bear” in terms of being able to charge fees from the participants, which cover all the costs of the training. And this is understandable given that the project also has social objectives beside the ones of economic efficiency.

*7 What has been the impact of SIYB on small and medium enterprise development?*

The limited information available suggests that the SIYB training program has had an important impact on the businesses of the trainees. Even if an increase in the firms' profits or revenues could not always be recorded, the training had either led to constructive improvements in running the firms, in its ability to analyze the market, or it had positively impacted on the confidence and business outlook of the trainees.

In a number of cases the training is not reaching the assigned target group, namely those who already run a business, as 58% of trainees did not have a business at the time of the course. In a formal sense this means non-compliance with the project targets, but the beneficial effect to society of training people without business could be just as high as to train those with business.

*8 What has been the impact of SIYB on the market for business development services?*

*Promoting the BDS-market*

With respect to the objective of developing the market for commercial business and management training the evaluation mission cannot report any positive outcome. Such impact is still too early to see, and the prospect that such a market will develop is today rather pessimistic, because the financial sustainability of most of the POs running the SIYB-courses is questionable.

*9 What has the impact of SIYB been on poverty reduction?*

There is little data available, which can confirm that the SIYB-training and the subsequent enhancement of the businesses of participating small entrepreneurs, has had a positive impact on poverty reduction. Given that the entrepreneurs benefiting from the SIYB training do not belong to the poorest groups in society, we cannot expect that the positive impact, at least in the short run, will be in favor of the poorest groups. However, in the long run, we believe that any program – business training or otherwise –, which can enhance economic growth of SMEs and household firms, will sooner or later also benefit the poorest groups in society.

*10 What has the impact of SIYB been on VCCI?*

The VCCI is a big organization, which is involved in many other donor-funded project activities beside the SIYB. It is therefore not possible – without a major organizational and administrative analysis – to assess (in any direct way) what impact the SIYB-program might have had. However, common sense would suggest that by interacting closely with staff from ILO and Sida for 7 to 8 years, this will have had a positive learning effect in VCCI. It is not unreasonable to believe that the methods and procedures applied in the SIYB project has also rubbed off on the way VCCI operates in other contexts. Also, it is probable that the SIYB program has contributed to promoting the name of VCCI as facilitator of business and management training all over the country among POs as well as among donors.

*11 Are the improvements – in management capacity, entrepreneurship, employment, access to new markets, working conditions, etc. – that have taken place at small and medium enterprises through SIYB sustainable?*

Even if the SIYB-training appears to have had a consistent positive impact on the firms and the businesses of the trainees (as reported in point 7 above), there is little data available to permit conclusions on how sustainable these positive effects are. Many of the trainees have reported their intention or wish to come back for more SIYB training in the future, If this happens on a large scale it will obviously contribute to enhancing the sustainability of the training effects.

*12 Are the improvements that have taken place at VCCI during the period of Swedish support sustainable?  
Can VCCI be said to have “owned” the project?*

The project has been implemented largely as designed, and institutional arrangements are in place and functioning to a large extent. After seven years of project implementation a number of activities have become standard and are today regularly carried out by the VCCI National SIYB unit as well as the Regional SIYB teams, namely training of trainers, refresher workshops, after-training support to trainers and POs, and national program promotion.

In terms of technical competence the project has been successful in developing a core of master trainers and enough trainers and facilitators with skills to be able to carry on the SIYB training to the satisfaction of ILO quality requirements, and fully adequate teaching materials have been developed. The project can therefore be said to be technically sustainable. In terms of institutional proficiency and capacity the SIYB-project has by now been well integrated into the regular activities of VCCI, which today runs the program apparently smoothly and proficiently. Therefore, we can conclude that the SIYB-program is institutionally sustainable as far as VCCI is concerned.

When it comes to the partner organizations, however, the project has failed to develop them into a state where they will be able to continue offering the SIYB courses without any subsidy either from Sida aid-funds or elsewhere. Nor do most of the POs seem to have integrated their work with SIYB courses into their other regular activities. Since the Partner Organizations have largely failed to institutionalize the SIYB approaches and activities in their respective programs, we cannot conclude that the process whereby the SIYB-project relies on different independent POs to deliver the training, is sustainable. The SIYB-training is therefore institutionally not sustainable w.r.t. to the POs.

In terms of financial viability, the cost recovery of almost all POs is weak and many POs seem to be unable even to recover the direct and variable costs with the fees they can collect from the trainees. Nor do they have any plans whereby the financial viability of the training can be guaranteed if they are not able to increase their revenue from fees in the future. Because of this we must conclude that the SIYB-project is not financially sustainable. And since overall sustainability is determined by the weakest link, we must conclude that overall the SIYB-program in Vietnam (mainly because of the lack of financial viability) is not sustainable.

*13 Has responsibility for SIYB been successfully transferred to VCCI? Is VCCI implementing SIYB efficiently?  
Is it reasonable to believe that VCCI will continue to do so in the future?*

The close interaction, which VCCI has had with the SIYB project for seven years, and the fact that the project has been successfully implemented, have left a positive general effect on VCCI proficiency and on its capacity to manage this and other projects in the future. The Tripartite Project Supervision Committee, consisting of VCCI, ILO and Sida, assessed that all outputs and activities of the SIYB-project had been fully and satisfactory completed, including the institutional and technical capacity building of VCCI, and that therefore VCCI had the full capacity to continue and operate a national SIYB program in Vietnam.

*14 Was there a requirement that the project work with gender issues? Has the project worked with such issues effectively?  
Could SIYB work more effectively with gender issues in the future?*

Sida's Decision memorandum places great expectations on the gender equalizing character of the project. 46% of SYB and 54% of IYB participants up to 2003 (phases I and II cumulative), have been women. Also a third of the master trainers are women. One of VCCI's more active POs, the Vietnam Women's Union, claims to believe that the program on balance benefits women more than men. According to several of the interviewees a course like SIYB, which improves the women's business capacity, will mean a lot to improve the gender balance in the countryside and also bring empowerment to women.

In its present state the project seems to be already successfully impacting on gender relations, Therefore, there appears to be no need for the project to change its policies and modalities for this reason.

*15 Was there a requirement that the project work with HIV/AIDS? Has the project worked with such issues effectively? Could SIYB work more effectively with HIV/AIDS in the future?*

There is no implication of the project on the incidence of HIV/AIDS, nor was any such foreseen in the project documents.

*16 Was there a requirement that the project work with environmental issues? Has the project worked with such issues effectively? Could SIYB work more effectively with environmental issues in the future?*

The Sida decision memoranda state that the project does not have any effects on the environment. Nevertheless, since the rapid economic growth in Vietnam has been shown to be accompanied by increasing environmental pollution, we must, in consequence, conclude that an SIYB-project, which actually manages to promote even faster economic growth, may – at least theoretically – have a negative effect on the environment.

Apart from including the issue of environmental awareness as part of the training – which is already happening – there appears to be no scope for this training project to address environmental issues on a wider scale.

*17 Was there a requirement that the project consider the perspective of the poor or the human rights perspective of the Swedish Policy for Global Development? Has the project worked with such issues effectively? Could SIYB work more effectively with the human rights perspective in the future?*

Sida's Decision memorandum concerning the 1st phase asserts that "the project is naturally and actively poverty reducing; it contributes to providing more employment opportunities and raise the incomes of small and micro entrepreneurs". For the 2nd phase the wording was: "The program is poverty-oriented, it aims at creating more job opportunities and increasing the incomes of the population. It is primarily directed at small enterprises." Regarding the project's success in alleviating poverty the reader is referred to question 9 above.

Human Rights has not been mentioned as a criteria in the project document, but – at least in theory – the project could have an implicit effect on human rights, namely through empowering women and enhancing the position of small entrepreneurs. The project's ability to work more effectively with the human rights perspective in the future, will in practice, to a large extent, be constrained by the requirement that the training be financially sustainable.

*18 Is the Swedish support well harmonized and coordinated with respect to the country's needs and policies and other donors' contributions?*

Donor coordination in the field of PSD has come far in Vietnam, however not donor harmonization. Donor coordination usually means only exchange of information, but not common or co-financed projects. In spite of all the coordination groups in the field of PSD, information sharing could still be improved. Interviews have revealed that only a third of the donors share assessments and evaluations as an institutional policy.

## 6 Lesson Learned

While recruiting partner organizations willing to participate in the SIYB-program may be fairly easy, it is a totally different matter to be able to identify the right ones, namely the ones, whose regular program is such that it becomes natural – and therefore sustainable – for them to integrate the SIYB courses with the rest of the activities. The lesson learned is that the process of identifying and selecting suitable POs, and then to assist and support them, will be a much more thorough and discriminating task than the project seems to have realized.

## 7 Recommendations

### *1. Identifying and promoting private partner organizations*

VCCI should in the remaining time until December 2007, which is the expiry time of the donor involvement in the project, focus all its efforts into trying to identify and develop at least a handful of private commercial partner organizations, with a view to making them fully sustainable organizations w.r.t. delivering SIYB-training in the future.

The lack of good sustainable POs would seem to be the only real failure of the project, and there is still some time left to try to remedy it. In a formal sense the project can be said to have ended in December 2004, because that is when the regular Sida support expired. In practice, however, the project is continuing up until December 2007, because there is a formal agreement signed by ILO, Sida and VCCI covering that period. “In the eyes of history” the project will be judged based upon what happens until December 2007. So there is still time to act in order to find a few more private POs, thus trying to improve the current state of affairs, where almost all the POs are government departments or semi-official NGOs without any real financial plan regarding how to keep offering SIYB courses, which do not require donor or other subsidy.

### *2. Working out a simple and comprehensive LFA-matrix*

Even if the project is only to operate for a few more years, it is still worth while to work out a brief and comprehensive LFA matrix, which can serve as an effective tool not only for future evaluations, but also as an effective instrument for project implementation and management supervision. Such an effort should not have to take more than a day or so, given that the existing one is based on very detailed and thorough analysis. What is needed is basically to simplify, concentrate and shorten down to one or two pages, the existing matrix.

### *2. Working Seminar with Business Edge*

ILO, Sida and VCCI should consider organizing a working seminar together with a few of the main experts in and behind the Business Edge program. The two programs, while different in some aspects, are basically very similar. They both have their respective strengths and weaknesses – real and potential, and they share some important problem areas, where a dialogue and discussion could be mutually very fruitful.

Such a seminar should gather the main responsible experts/ decision-makers from the four organizations (VCCI, ILO, Sida and MPDF), but also a handful of external or independent experts. An appropriate length might be two days, but it should not convene too many people. About 15 would seem appropriate. It could be seen as a mix between a “retreat” for the main decision-makers and a seminar for brain-storming. Too many [external] people would take away the character of initiated, concrete and urgent discussions, while too few external persons would perhaps render healthy brainstorming less likely.

# Annex 1 Terms of Reference

Terms of Reference for the Evaluation of the Sida-Supported Project “Start and Improve Your Business (SIYB)” 1998–2004

## 1. Intervention background

### 1.1. Description of the project:

From 1998 to 2004, the Vietnam Chamber of Commerce and Industry (VCCI) and the International Labor Organization (ILO) with financial support from Sida implemented the Start and Improve Your Business Program (SIYB). The executing agency was International Labor Organization and the local implementing agency was Vietnam Chamber of Commerce and Industry. The project was implemented in phases: the first phase from 1998–2001 and the second one from 2001–2004. Sida pledged SEK 24.7 million to the project, of which SEK 13.5 million was disbursed during phase I and SEK 11.0 million in Phase II. In October 2004 it was agreed that US\$ 175,000 in leftover funds from the project would be transferred to VCCI to finance additional SIYB activities to be implemented by VCCI during the period 2004–2007.

The overall goal or development objective was “to contribute to economic growth and employment creation in the private sector in Vietnam through the creation and strengthening of household businesses and private small-sized enterprises”. The project specific purpose was “Household and micro entrepreneurs in Vietnam have access to basic business management training”. While the first phase was considered as laying and developing some fundamentals (preparing customized training materials, capacity building for VCCI, establishing the cooperation with various training providers in Vietnam, etc.), the second phase was actually the consolidation of the first phase achievements with extensive geographical replication to increase the scale of support.

By 1st May 2004 when the second phase was winding down, SIYB program has covered in total 41 of 64 provinces in the country.

The SIYB Program was handed over to VCCI on 31 December 2004 when the ILO phased out its technical support to the program. A grant of US\$ 175,000 was made to VCCI based on the Grant Agreement of 6 October 2004 signed by VCCI, ILO and Sida stipulating the conditions for the use of the grant.

### 1.2. Disbursements in SEK

	<b>Phase 1, Sida contribution 71004942</b>	<b>Phase 2, Sida contribution 71001228</b>	<b>Total</b>
1998	0		0
1999	5 378 612		5 378 612
2000	4 169 213		4 169 213
2001	4 152 175	800 000	4 952 175
2002	-175 093	5 157 032	4 981 939
2003		1 698 254	1 698 254
2004		3 345 464	3 345 464
2005		0	0
<b>Total</b>	<b>13 524 907</b>	<b>11 000 750</b>	<b>24 525 657</b>

## 2. Evaluation Purpose

During the final review meeting of the second phase of SIYB in April 2004, Sida, ILO and VCCI agreed to conduct an external overall evaluation of SIYB for a number of reasons:

- Vietnam has had the SIYB project since 1998 with Sida support.
- VCCI has promised to implement SIYB activities with Sida support until 2007.
- VCCI is incorporating SIYB activities into the organization's normal supply of services for its client organizations.
- SIYB is a program that ILO has implemented and continues to implement in many countries in the world.
- VCCI, ILO and Sida agreed (2005-06-17, cf. Embassy decision VNM 138/05) to cooperate on a new project, Poverty Reduction Through Integrated Small Enterprise Development (PRISED) which is designed to complement the SIYB program and will also incorporate a number SIYB activities.
- As Sida supports private sector development including SIYB in many parts of the world, the lessons learnt from this project can be important for Sida elsewhere.
- VCCI is now implementing SIYB on its own; it is therefore interesting to evaluate how this implementation is going and to consider possible improvements.

## 3. Evaluation Questions

While the proposed evaluation is expected to provide a good overview of the project during the whole of its implementation 1998–2005, we accept that for practical reasons the evaluation may place somewhat more emphasis on the later period.

### 3.1. Achievement of Objectives

Review the goals of the SIYB project. Have these goals been attained?

What have been the major accomplishments of the project? What have been the major effects positive and negative of SIYB in Vietnam?

Could the project have been significantly more effective, and if so how? Are there important lessons from international best practice that might have made the project more effective?

### 3.2. Relevance

Consider the relevance of the SIYB project at the time it was planned and today, eight years later:

Has the SIYB project played an important role in solving important problems for Vietnam?

Has SIYB played an important role in achieving Sweden's goals for development cooperation with Vietnam?

Has SIYB played an important role in solving important problems for VCCI?

### 3.3. Efficiency

Have the resources devoted to the project been used reasonably efficiently, so that there are no alternative ways that better results could have been achieved at a significantly lower cost?

### **3.4. Impact**

What has the impact of SIYB been on small and medium enterprise development in Vietnam, including the impact of SIYB on the market for business development services in Vietnam and on poverty reduction in Vietnam?

What has the impact of SIYB been on VCCI?

### **3.5. Sustainability**

Are the improvements – in management capacity, entrepreneurship, employment, access to new markets, working conditions, etc. – that have taken place at small and medium enterprises through SIYB sustainable?

Are the improvements that have taken place at VCCI during the period of Swedish support sustainable? Can VCCI be said to have “owned” the project?

Has responsibility for SIYB been successfully transferred to SIYB? Is VCCI implementing SIYB efficiently? Is it reasonable to believe that VCCI will continue to do so in the future?

### **3.6. Cross-Cutting Issues**

Was there a requirement that the project work with gender issues? Has the project worked with such issues effectively? Could SIYB work more effectively with gender issues in the future?

Was there a requirement that the project work with HIV/AIDS? Has the project worked with such issues effectively? Could SIYB work more effectively with HIV/AIDS in the future?

Was there a requirement that the project work with environmental issues? Has the project worked with such issues effectively? Could SIYB work more effectively with environmental issues in the future?

Was there a requirement that the project consider with the perspective of the poor or the human rights perspective of the Swedish Policy for Global Development? Has the project worked with such issues effectively? Could SIYB work more effectively with the human rights perspective in the future?

Like many other donors, Sweden is committed to conducting development cooperation in such a way as to put Vietnam in the driver’s seat and to minimize Vietnam’s transaction costs. Is the Swedish support well harmonized and coordinated with respect to the country’s needs and policies and other donors’ contributions?

### **3.7. Conclusions, Recommendations and Lessons Learned**

In addition to reporting findings, the evaluators must draw conclusions, make recommendations and finally draw conclusions of a more general nature that maybe important for other organizations in Vietnam or other projects.

## **4. Methodology, Evaluation Team and Time Schedule**

The evaluators shall spend a week collecting and studying SIYB and related documents from Sida, the Embassy, VCCI and ILO.

The evaluators shall then spend at least two weeks in Vietnam visiting VCCI, ILO and the Embassy, other relevant government organizations, business organizations and interested donors. The evaluators should make trips to several provinces where SIYB was implemented and meet with SIYB partner organizations, their trainers, the SIYB master trainers and regional teams.

Within two weeks of the work in Vietnam, the evaluators shall submit a draft evaluation report to Sida, the Embassy, ILO and VCCI.

Sida in Stockholm and VCCI and the Embassy in Hanoi shall organize seminars on the draft reports. Representatives from VCCI, ILO, other relevant Government agencies and interested donors will be given copies of the draft report and invited to the seminar in Hanoi. The evaluators shall present and discuss the findings of the draft report at these seminars and collect comments on the draft report. VCCI, ILO, the Embassy and Sida will submit written comments to the evaluators within one month of these seminars.

On the basis of oral and written comments made by all relevant parties, the evaluators shall revise the report and submit a final version of the report within one month of receiving the written comments (or within two months of the seminars, in the event not all parties submit written comments). The final version shall be submitted to Sida, the Embassy, ILO and VCCI.

## 5. Reporting

The evaluation report shall be written in English. It need not be long and must be concise. It should not exceed 40 pages, excluding annexes. Format and outline of the report shall follow the guidelines in *Sida Evaluation Report – a Standardized Format* (see Annex 1).<sup>33</sup>

The draft report and final report shall be submitted electronically to VCCI, ILO, the Embassy and Sida.

The evaluation report must be presented in a way that enables publication without further editing. Subject to decision by Sida, the report will be published in the series *Sida Evaluations*.

The evaluation assignment includes the completion of *Sida Evaluations Data Work Sheet* (Annex 2), including an *Evaluation Abstract* (final section, G) as defined and required by DAC. The completed Data Worksheet shall be submitted to Sida along with the final version of the report. Failing a completed Data Worksheet, the report cannot be processed.

## 6. Evaluation Team

The evaluation team shall consist of at least two people:

- one international expert with knowledge and experience of private sector development in developing countries, small and medium enterprise development, business training, and project management and development cooperation, preferably with experience from Vietnam
- one Vietnamese expert with knowledge and experience of private sector development in developing countries, small and medium enterprise development, business training in Vietnam, and preferably the same knowledge and experience from outside Vietnam, as well as knowledge and experience of project management and development cooperation.

Both team members should speak and write English well, and at least one person should speak Vietnamese.

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<sup>33</sup> Note that the report by prior agreement with the Embassy of Sweden may be written in standard, widely used word-processing software other than Word. Moreover, the file containing the report can be e-mailed to the Embassy rather than be submitted on a diskette.

## Important Documents:

- First phase: project decision INEC/NÄR 496/98 (including an assessment memorandum dated 1998-06-10), Sida file no. INEC 1997-0805, Embassy file no. ???, Sida contribution no. 71004942, ILO project document VIE/98/MO2/SID 1998-02-13, agreed amount SEK 13,700,000 (US\$ 1,710,882), [mid-term] project review by Martin Clemensson, Margareta de Goys and Chomesri Vichitlekakkarn dated 2000-05-10
- Second phase: project decision INEC737/01 dated 2001-11-16 (including an assessment memorandum), Sida file no. INEC 1997-0805, Embassy file no. U11 1.3.3-3/1, Sida contribution no. 71001228, ILO project document VIE/01/MO2/SID 2001-11-28???, agreed amount SEK 11,000,000 (US\$ 1,049,449), mid-term review by George Manu, Nguyen Quynh Chi and Trieu Do Kien dated June 2003
- Handover of remaining funds to VCCI: Grant agreement for the National SIYB Programme Vietnam Between the Swedish International Development Cooperation Agency, the Vietnam Chamber of Commerce and Industry [and] the International Labor Office, dated 2004-10-06; US\$ 175,000 in leftover funds from the project to be used by VCCI during the period 2004–2007
- Project documents from Phase 1 (1998–2001), Phase 2 (2002–2004)
- Project Progress Reports
- Previous project reviews
- External project evaluation May 2003
- SIYB & IYB on the Air Impact Assessments
- Market Studies
- Grant Agreement and associated:
  - SIYB Business Plan
  - Business Plan financial forecasts
  - SIYB Work Plan 2005
  - Annual implementation report 2005

## Annex 2 Persons Met

Ngo Thi Hoai,	SIYB coordinator, Northern Regional Team
Le Thi Ngoc Lien	Swedish Embassy, National Program Officer
Molly Lien	Swedish Embassy, Counsellor
Tran Phuong Trinh, Dr.	IFC-MPDF, Program Manager
Adam Sack	IFC-MPDF, General Manager
Mark Nielsen	IFC-MPDF, Senior Advisor
Do Thi Tuyen	VCCI Vung Tau branch, Vice Manager
Vo Thi Diem Huong	VCCI Vung Tau branch, International Relations Department
Tran Thi Thu Huong	VCCI Vung Tau branch, Manager SME Promotion Centre
Vu Thi Thu Ha	VCCI Vung Tau branch, Director
Le Nga	Royal Garden Landscaping Pte. Ltd., Director
Tran Duc Dung	Asia Tours Transport Services Company Ltd., Director
Pham Xuan Mai	Institute of Management and Technology promotion, President
Luong Mai Em	Institute of Mgmt and Technology prom., Program Director
Nguyen Duc Binh	VCCI Ho Chi Minh City Branch, Deputy Director
Le Binh Hung	VCCI Ho Chi Minh City Branch, Deputy General Director
Dang Tran Cam Van	V.E.V. Company, Ho Chi Minh City
Phung Duc Hoang	VCCI Ho Chi Minh City Branch, SME Development Officer
Nguyen Duy Tri	Representative of SIYB Partner Organization
Dang Van Nguyen	Representative of SIYB Beneficiary firm
Than Duc Nam	Representative of SIYB Beneficiary firm
Vu Bao Chau	Cong Ty Tnhh Tm-DV-GN Company, Ho Chi Minh City
Cua Hang Chuyen	Doanh Nghiep Furniture Company, Bien Hoa
Pham Thanh Nhan	Stock broking company manager
Than Ly	Furniture Company
Nguyen Truong Son	SIYB Master Trainer, Ho Chi Minh City
Tran Khai Thanh	SIYB Master Trainer, Ho Chi Minh City
Henrik Vistisen	Danish Embassy, Counsellor
Jenny Ikelberg	ILO, Associate Expert

Kees Van Der Ree	ILO, Chief Technical Advisor
Hoang Thi Kim Dung	Daisy Dairy Pharmaceutical Company, Hanoi, Owner
Bao Minh	Bakery enterprise, Hanoi, Owner,
Pham Nguyen Cuong	Ministry of Labor, Invalids and Social Affairs, Vice Director
Nguyen Minh Hang	FPT Company, Hanoi, Marketing Executive
Phung Quang Huy	VCCI, Director General, Bureau for Employers Activities
Tran Thi Lan Anh	VCCI, Hanoi, Deputy Manager
Nguyen Trung Kien	VCCI Hanoi, SME Development Officer
Pham Thi Thu Hang	VCCI Hanoi, Director SME Promotion Centre
Luong Mai Em	Master Trainer, Ho Chi Minh City
Nguyen Truong Son	Master Trainer, Ho Chi Minh City
Nguyen Thuc Quyen	IFC-MPDF, Business Development Officer

In addition to the names listed above the mission met in discussion meetings, collectively, with several dozen entrepreneurs in the different cities visited.

## Annex 3 References

- Start and Improve Your Business Program in Vietnam: Mid-term Review Report Phase II.  
VIE/01/M01/SID ILO and Sida, June 2003; 40 pages
- ILO: Progress Report January–June 2004 of SIYB project Nr VIE/01/M01/SID,  
by Jens Dyring Christenssen, CTA Chief Technical Adviser, August 2004, Hanoi. 16 pages
- ILO: Progress Report July–December 2004 of SIYB project Nr VIE/01/M01/SID, by  
Jens Dyring Christenssen, CTA Chief Technical Adviser, December 2004, Hanoi. 8 pages
- ILO: Progress Report July–December 2003 of SIYB project Nr VIE/01/M01/SID, by  
Jens Dyring Christenssen, CTA Chief Technical Adviser, March 2004, Hanoi. 11 pages
- VCCI's SIYB 2003–2004 Subcontract Final Report, VCCI Hanoi; dated; 23 pages
- Mission to Hanoi and Ho Chi Minh City, October 2000 by Max Iacono, ILO EASMAT, Bangkok
- Project Review in March 2000 of the SIYB (Martin Clemensson, ILO, Margareta de Goys,  
Sida-consultant, and Chomesri Vichilekakarn, ILO-EASMAT); 32 pages, 10 May 2000
- The SIYB Steering Committee Meeting protocols
- Improve Your Business on the Air 2002–2004: An evaluation and impact assessment.  
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- SIYB Impact Assessment 2003–2004.; Impact evaluation carried out during September 2003 through  
April 2004 by Bizconsult VN Company Ltd, Hanoi; 78 pages
- EU Action Plan for Harmonization of Aid in Support of Private Sector Development in Vietnam  
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- Business Sector Program Support – Ref. Nr. 104 Vietnam 803;  
Ministry of Foreign Affairs of Denmark, February 2005; Project Document 114 pages
- The Hanoi Core Statement: Working together to Improve Aid Effectiveness, November 4, 2005
- The Business Edge Management Training Program: Its present condition and future disposition.  
A report tot the International Finance Corporation; by Malcolm Harper, May 2006; 55 pages.
- Private Sector Development in Vietnam: An Analysis of Potential Gaps and conflicts in Donor Inter-  
ventions. Report prepared for the Mekong Private Sector Development Facility, MPDF and the  
Ministry of Planning and Investment/ and ASMED; by Nhu-An Tran, May 2005; 58 pages.
- Review of Context – Economic and Institutional Analysis; Study undertaken for MPDF  
by a consultancy group led by Raymond Mallon, 17 October 2006. 36 pages
- SIYB in Vietnam Phase I Project Document with preparation date December 1997,  
Revised February 1998. 27 pages
- SIYB in Vietnam – Phase II Project Document. Preparation date 25 September 2001; 93 pages
- Start and Improve Your Business Vietnam: Business Plan 2004–2007

Assessment Memorandum of Sida regarding the decision to support SIYB Phase I, dated 1998-06-10

Assessment Memorandum of Sida regarding the decision to support SIYB Phase II, dated 2001-11-15

PRISED Project Document, dated October 2004

Sida's assessment of ILO's project proposal regarding the PRISED project, by Lars Bern and  
Nguyen Quynh Chi, dated 2004-14-22

## Annex 4 Notes from Selected Field Visits

In all the mission visited 8 provinces. In each province meetings were held with (i) regional office of VCCI; (ii) POs, master trainers, and trainers; and (iii) trainees. Routinely the following topics were discussed:

1. Building up and strengthening the VCCI organization
2. Developing strong and sustainable partner organizations
3. Formation of Trainers
4. Conducting relevant and high quality courses
5. What has been the Experiences of trainee/entrepreneurs; What impact have the courses had on their businesses; and
6. Any topics that are important and relevant to evaluation purpose including the issue of if and to what extent the training courses offered by the project has crowded out private (commercial) institutions or companies who may be offering management training of different kinds in the different cities served by the project.

### Thai Nguyen

October 7, 2006 in Thai Nguyen Business Support Center (BSC Thai Nguyen)

No.7 Hung Vuong, Thai Nguyen city.

Mr. Nguyen Thanh Binh, Director of BSC Thai Nguyen

Mr. Le Trung Duc, Vice Director of BSC Thai Nguyen (leaves in between the meeting)

#### Documents

- Brochure of BSC Thai Nguyen (in Vietnamese)
- Handout Implementation of SIYB Program in Thai Nguyen 2001–2006 (in Vietnamese)
- List of enterprises who links with BSC in 2002 (in Vietnamese)

#### Main findings

##### *I. Introduction of the partner organization*

BSC is one of the VCCI partners in Thai Nguyen province. The center has become one independent service provider since June 2001. It was a state organization before. Its main functions are training, consulting and providing information to SMEs in Thai Nguyen province. It is a partner of SIYB program and some others including CEFE, MPDF, and SNV.

BSC uses SIYB materials to deliver its training service to businesses not only in Thai Nguyen province but also in some other Northern provinces including Hung Yen province, Tuyen Quang province, Yen Bai province, Lao Cai province, and Bac Can province. The director is a master trainer of SIYB program. He is active and sincere. He has built up good reputation as a master trainer in SIYB.

##### *II. SIYB in Thai Nguyen province*

SIYB was first introduced in Thai Nguyen in 2001. SIYB program has been implemented by 4 partner organizations including BSC Thai Nguyen, Provincial Cooperative Alliance, University of Agriculture and Forest, No. 4 Central Trade School. The most active partner is BSC Thai Nguyen.

There are 20 SIYB trainers in Thai Nguyen province. BSC Thai Nguyen is the one who organizes and runs a trainer club. The club has 12 members. The idea is to link all trainers in a network but actual activity is poor due to limited activities of club. The club organizes meeting among member only once per year.

BSC has organized 41 training courses; of which 29 are SYB and 12 is IYB. Direct beneficiary trainees are 1029 people, of which 57% are female.

**Table 1. Types of enterprises participated in SIYB program**

Training Programs	Types of enterprises	Percentage
SYB	Newly established enterprises	20
	Households who want to start business	60
	Farmers who compensate their lands to industrial parks (change their jobs)	10
IYB	Enterprises who want to expand businesses, clubs, business associations	10
		100

Source: Provided by BSC Thai Nguyen (2006)

In Thai Nguyen, two TOF courses were organized with 14 trainers participated. Other activities that link with SIYB program include 01 training courses on consulting service for 16 trainers; 01 workshop on SIYB implementation at local level; 01 review workshop on implementation of SIYB in the Northern region; and 01 workshop on business development market in Thai Nguyen province.

### *III. Observations and Conclusions*

#### *1. Building up and strengthening VCCI organization*

#### *2. Developing POs*

VCCI has 4 POs in Thai Nguyen but only BSC Thai Nguyen is really active. All POs in Thai Nguyen are doing many things at the same time. Except BSC Thai Nguyen, other POs are passive to organize SIYB. Some POs even do not have basic training facilities like rooms and projectors.

BSC Thai Nguyen feels that project seems to be slow down at the time of interview. There is little follow up on the report from POs. From the viewpoint of BSC Thai Nguyen, VCCI is now focusing more on HIV related program, which is funded by other donors. There is a need of follow up activities to develop the network of POs and MTs. VCCI or some organizations should play the role of coordinating activities from POs and MTs who have established, in some extent, a network under SIYB scheme.

#### *3. Formation of trainers*

The director of BSC sent two staff to TOF class. These two staff can now deliver SIYB courses. In addition, a network of 20 trainers was established but inactive. According to regulation by SIYB program, MTs must update their information on the program website at. However, some MTs face difficulty to join in the network even when ILO office in Geneva re-provides user name and password.

#### *4. Conducting relevant and high quality courses*

SIYB courses are basically suitable to the need of beneficiary people/organizations. Three positive features of SIYB program include:

- Systematic course outlines
- Good training methods
- Available master trainers and facilitators

However, to really meet the demand of trainees, BSC must customize the program. It also finds that some contents below must always be changed:

- Sample form of business plan is fragmented and not relevant to practice. Trainees prefer to use their business plan as a document to make a loan. The SIYB's sample form cannot help them to do so.
- Revenue forecast is complicated. It takes about two days to deliver this content while the whole program is normally lasted for 5 days.

IYB is more relevant to enterprises in the city while SYB is more relevant to rural areas. In Thai Nguyen, BSC has conducted 15% courses in the city and 85% courses in the rural areas.

#### 5. *Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

There is no official activity from BSC to answer this question. About 20–25% of trainees still keep in touch with BSC. However, BSC cannot frankly address the issue.

#### 6. *Other findings*

Implementation of SIYB program will be more effective if VCCI and POs actively link with ministries and local departments. In fact, the success of SIYB program so far is integrated with donors and government's programs. However, sharing course outlines, trainer network should be officially made in order to make good use of SIYB program in Vietnam. For instance, the Agency for Small and Medium Enterprises Development (ASMED) from Ministry of Planning and Investment (MPI) designs a program similar to SIYB. It implements the program in the whole country in the last quarter of 2006. In Thai Nguyen, the outline of the program, which is introduced by Department of Planning and Investment (DPI), is overlapping with and not as relevant as SIYB.

There is a need of MTs and POs to expand network with others. A more effective M&E system is expected if the SIYB program to be continued. Updated information should be on a regular basis with follow up activities.

## **Business Women Club in Dai Tu District, Thai Nguyen Province**

Mr. Nguyen Thanh Binh, Director of BSC Thai Nguyen

Ms. Dung, staff of BSC Thai Nguyen, Ms. Do Thi Nga, SIYB trainer and coordinator of Business-women Club in Dai Tu District. 7 businesswomen from Dai Tu district who took part in SIYB courses (Ms. Tham, Ms. Tuyet, Ms. Vu, Ms. Hue, Ms. Nhung, Ms. Ly, Ms. Be) October 7, 2006

*Place:* Office of the Dai Tu District People's Committee in Thai Nguyen province

### *I. Introduction of Dai Tu district and Business Women Club*

Dai Tu district has 14 communes and 17 towns. Business Women Club has 46,000 members. It cooperates with BSC Thai Nguyen to deliver training courses to its members. Members from town are doing trading business. Members from communes are doing trading business and agricultural production.

### *II. SIYB courses in Dai Tu District, Thai Nguyen province*

SIYB courses have been delivered in all communes. 17 courses on SIYB were delivered to members of Businesswomen Club in the period from 2004 to 2006. SYB course is normally conducted in 7 days. Trainees are expected to be members of the Businesswomen club but it is interesting to learn that men from district also register to join the class.

### *III. Observations and Conclusions*

#### *4. Conducting relevant and high quality courses*

SIYB courses are relevant to people from Dai Tu district. All interviewees expressed their enthusiasm while talking about the course they participated in.

#### 5. *Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

Trainees expressed their understanding of cost analysis and profit calculation.

- “Before, I thought that if I bought at 9 and sold at 10, I would be profitable. After the course, I understand why. I try my best but not yet be rich”
- “Now I know how to analyze cost of producing dry tea”
- “After the course, I do want to open a restaurant but unfortunately the compensating land is not yet transferred to my family”
- “I know how to calculate depreciation now”
- “I paid daily wage to my workers before. Now I am paying them based on their performance. As a result they receive higher salary and I make more profit”

Trainees expressed their respect to trainer of SIYB program. The trainer did an excellent job in training rural people.

#### 6. *Other findings*

Trainees from Dai Tu district expressed interest in combination of learning and borrowing. Some organizations including SNV, AFAP provide training courses and credits to participants. SNV lent 23,000 US\$ to businesswomen club on a three-year loan. Members of club, in turn, borrow capital from these 23,000 funds for doing business. They all return the money on time. This fund is now transferred to the ownership of the businesswomen club.

Activities of the women club are (i) one meeting per month; (ii) visiting others; and (iii) borrowing capital from one another. Topic of meetings is on difficulty and solutions for doing business.

## **Thanh Hoa**

October 9, 2006

*Place:* Press Conference Room No.2, Provincial Press Center, 25B Quang Trung Road, Thanh Hoa province

*Attendance:* Mr. Nguyen Hoai Nam, SIYB trainer and staff of VCCI Thanh Hoa  
Ms. Le Thi Hao, SIYB trainer and director of Tuan Hien private vocational center  
Mr. Trinh Xuan Anh, SIYB trainer and staff of job matching center  
Nguyen Hong Khoa, SIYB trainer and staff of job matching center  
Trinh Thanh Tung, SIYB trainer and staff of Thanh Hoa Cooperative Alliance

### *I. Introduction of VCCI Thanh Hoa*

VCCI Thanh Hoa is a sub-regional office of VCCI. It has 6 staff including the director.

### *II. SIYB in Thanh Hoa province*

SIYB was first introduced in Thanh Hoa in 2004. SIYB program has been implemented by 3 partner organizations including Hong Duc University, Tuan Hien private vocational center, and Thanh Hoa job matching center.

There are 19 SIYB trainers in Thanh Hoa province. Mr. Nam from VCCI Thanh Hoa is the trainer who took part in TOF course No.1 conducted in Hanoi. Two TOF courses were organized with 18 trainers participated in the province. 18 other trainers from partner organizations are trainers who participated in TOF courses No.2 and No.3. VCCI Thanh Hoa does not aim to directly organize SIYB course. It only provides technical support. In the year 2004, there were 5 SIYB courses. In the year 2006, there are 5 SIYB courses.

### *III. Observations and Conclusions*

#### *1. Building up and strengthening VCCI organization*

VCCI Hanoi has guided VCCI Thanh Hoa how to implement SIYB program since 2004. The guideline is only in the form of how to manage SIYB program in accordance with regulated project document. VCCI Hanoi also allocated budget to 5 SIYB courses organized by VCCI Thanh Hoa.

#### *2. Developing POs*

Tuan Hien private vocational center will continue to develop SYB courses since it helps providing their trainees useful knowledge before graduation.

#### *3. Formation of trainers*

VCCI Thanh Hoa invited three master trainers to deliver training services.

There are only 5 active trainers. Three trainers remain networking because they have other things to work together (not related to SIYB). All 14 trainers of the training course No. 3 have not closely linked with one another. Representative from VCCI is holding several positions and assignments related to administration of the office, SIYB program, PRISED program, certificate of origin.

In addition, POs consider SIYB program a supplement element to their activities. One important factor contributing to poor link among trainers is that there are few SIYB courses organized in Thanh Hoa. Many trainers decide to stop participating with SIYB program since there is no class for them in a long time.

#### *4. Conducting relevant and high quality courses*

##### *Impression of SIYB program*

SIYB has provided good training methods. Trainees are able to acquire in the training courses.

##### *Comment on IYB*

VCCI Thanh Hoa has used IYB course outline as the core outline while preparing training courses. Three modules including (i) marketing; (ii) cost analysis; (iii) human resource management are the most favorite to trainees. VCCI Thanh Hoa faces difficulty while implementing three other modules. It is necessary to customize the IYB course to meet local demand.

##### *SIYB Program Outline*

The content of business plan part is good. However, SIYB should be integrated into other programs. For example, the IYB course should include business plan, selecting location, marketing and cost analysis.

#### *5. Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

VCCI Thanh Hoa has no mechanism to keep list of the participants. It also does not analyze the composition of trainees in terms of industry or gender. Some trainees expressed that the SYB course was good to start a self-employed business but not enough to assist them to open business that requires hiring employees.

## 6. Other findings

Revenue creating from tuition is not enough for maintaining the program. VCCI must cooperate with other organizations in Thanh Hoa province to organize courses. Financing from other projects including the National Project on Focused Trade Promotion and PRISED are important to sustain the SIYB program. In order to sustain SIYB program, POs expect VCCI to assist them search for other financing sources. There is also a need of being trained more from active trainers of SIYB program.

### *Integrated proposal*

SIYB provides training materials. PRISED provides finance, technical support. Some content of IYB can be integrated into the National Focused Trade Promotion Program.

*Implementation of SIYB* faces difficulty in terms of budget and technical support. The tuition fee collecting is very difficult. Most of the course has been financed 100%. Daily remuneration rate to trainers are different from one to one. Master trainers and trainers from ministries are paid 1,200,000 Vietnamese dong per day while trainers from Thanh Hoa province are paid 200,000 Vietnamese dong per day. VCCI only provides trainers and course materials. Training facilities including classroom, enrollments are conducted by POs.

### *Why is it difficult to collect tuition fee?*

SYB course is good but trainees are not willing to pay. POs just want to use SIYB as an add-on feature to their training program.

Ms. Le Thi Hao from Tuan Hien vocational training center expressed that her center ought to integrate SYB course into her training program because this three-day courses could bring benefit to her trainees. The trainees are happy to receive the course but this course is considered to be one part of the whole training program.

The job-matching center has tried to collect tuition fee from trainees but it failed. Trainees did not register SYB course if it was asked for tuition. VCCI Thanh Hoa has supported POs by providing part of trainers' remuneration; drinking water. One course is supported 1,200,000 Vietnamese Dong. Trainees are unwilling to pay the whole tuition fee. However, it is necessary to ask trainees to pay part of the fee since it will encourage them to participate more actively.

### *Recommendations to develop SIYB in Thanh Hoa province*

The SIYB is not well advertised. It should search for official cooperation from the People's Committee in order to implement effectively in local provinces. In Thanh Hoa, for example, if the province gives a hand to advertise SIYB program widely and paves a way to make SIYB popular in some selected areas, the program will be more efficient.

### *Local government involvement is necessary*

To implement SYB, it is necessary to ask for assistance from local leaders (district level). If local leaders decide to use SYB program then it will be easier for organizing training courses. IYB can be developed in Thanh Hoa province since the number of enterprises will increase in the next coming year. Organizers can collect tuition fee for IYB.

## Thanh Hoa Province

*Time:* 13.30–15.00

*Date:* October 9, 2006

*Place:* Press Conference Room No.2, Provincial Press Center, 25B Quang Trung Road, Thanh Hoa province

### *Attendance*

Mr. Mai The Cuong, Consultant

Mr. Nguyen Hoai Nam, SIYB trainer and staff of VCCI Thanh Hoa

Ms. Yen, staff of Tien Binh Minh Co. Ltd

Ms. Le Thi Hanh, staff of Da Lan Joint Stock Company

Ms. Trinh Thi Mai, staff of Da Lan Joint Stock Company

Mr. Le Ngoc Son, Than Nong Joint Stock Company

Ms. Thu, Hong Duc Education Equipments Joint Stock Company

Mr. Phai, Agrifood Joint Stock Company

### *I. Introduction of the interviewees*

6 interviewees appeared at the meeting. They came from different companies in Thanh Hoa province. Two were from Da Lan Joint Stock company whose business was in catering service. Others were from construction material business, fertilizer business, and education Equipments business.

### *II. Observations and Conclusions*

#### *5. Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

Trainees expressed their respect to trainers. They also expressed that courses were useful and impressive. Some interviewees showed their willingness to participate in the next coming courses if any. They are ready to pay tuition fee.

- “Before I thought marketing was advertising. Now I understand that it is more than that. I apply marketing to not only customers but also family and internal customers.”
- “I was very impressed by marketing class. I learnt a lot from this class. I now understand that all members in our company must participate in serving our customers.”
- “After IYB course, I do understand that quality and prestige are very much important to our business.”
- “The trainer was whole-hearted. He gave us cases to study. We could practice in the classroom.”
- “If you open next classes, I am willing to pay for tuition fee.”
- “After the class, I want to read more but I can not find references.”
- “I think that the trainer did a very good job. The course was also well designed.”

#### *6. Other findings*

Da Lan Joint Stock company was very aggressive to participate in IYB courses. The company first sent some staff to participate in the program. It then organized courses at the company office. Master trainers from Hanoi were invited to deliver training services to the company’s staff. The key success factor is the director of company is interested in enhancing her employees’ skills very much. She chose IYB courses because the trainer had proved his good capability through previous SIYB courses.

## Nha Trang

*Time:* 10.00–11.30

*Date:* October 11, 2006

*Place:* VCCI Nha Trang Office, 44 Nguyen Thi Minh Khai street, Nha Trang city

### *Attendance*

Mr. Mai The Cuong, Consultant

Mr. Tran Xun, Chief Representative of VCCI Nha Trang

Ms. Nguyet, SIYB trainer and staff of VCCI Nha Trang

### *I. Introduction of VCCI Nha Trang*

VCCI Nha Trang was established in January 2006. Its main activities are the same with VCCI Vietnam including trade promotion; business consulting; training; and C/O issuance. VCCI Nha Trang is a sub-regional representative office. It is under VCCI Da Nang since 2003. Before 2003, VCCI Nha Trang was directly under VCCI Vietnam. VCCI Nha Trang has 5 staff including the chief representative.

### *II. SIYB in Nha Trang city*

In the year 2004, there was 1 SYB course organized in Nha Trang city. In the year 2005, there were 5 courses including 1 SYB course and 4 IYB courses conducted in Nha Trang city. VCCI Nha Trang received no financing support from SIYB in the year 2005. VCCI Nha Trang coordinated with other organizations to integrate SIYB program with other programs in Nha Trang. 4 IYB courses were integrated with the National Focused Trade Promotion Program. In the year 2006, there was one SYB course organized by the Khanh Hoa industrial encouragement center.

### *III. Observations and Conclusions*

#### *2. Developing POs*

There are 5 POs in Nha Trang city including (i) Khanh Hoa industrial encouragement center; (ii) Phu Yen industrial encouragement center; (iii) Youth union; (iv) Department of Planning and Investment; and (v) Provincial Women Association. The first two POs still have connection with VCCI Nha Trang. The last three POs only participated in TOF courses and did not develop any SIYB course.

Cooperation between VCCI Nha Trang and POs is like at other provinces. VCCI Nha Trang invites trainers, provides course materials, design course outlines, issues certificates. POs enroll trainees, search for financing and provide classrooms. However, the coordination between VCCI Nha Trang and POs is poor. POs do not need to inform or consult with VCCI Nha Trang to conduct SIYB courses.

#### *3. Formation of trainers*

According to Ms. Nguyet, the TOT courses conducted at the initial stage of the project were the most effective ones. Other TOF courses were not as good as first courses. Trainers network is not built up in Nha Trang city. Master trainers from Hochiminh city and Da Nang have been invited to deliver training in Nha Trang. In Nha Trang city and its neighboring provinces, some trainers are now able to organize courses by themselves. They work independently and do not link with the program.

#### *4. Conducting relevant and high quality courses*

SIYB courses are relevant to SMEs. This judgment is made by POs and trainees in Nha Trang city. SIYB program is integrated widely with other programs, especially in remote areas.

### 5. *Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

SIYB program finances only marketing activities and trainers. It is now no longer financing directly to trainees. Trainees expressed that the SYB courses are easy to understand, *especially with people who just start their businesses*. Training methods are highly appreciated by trainees. Trainees would like to participate in advanced courses. Courses should be organized more often and lasted longer.

### 6. *Other findings*

VCCI Nha Trang sees the demand for more SIYB courses but it faces financial difficulty. It argues that it can collect some tuition fees but the collection is not enough to finance the whole course. VCCI Nha Trang suggested that budget of SIYB program should be allocated directly to sub-regional office. Vung Tau, Can Tho and Thanh Hoa are also sub-regional offices but they receive financial support directly from the National SIYB Office in Hanoi. There has been no financial support for Nha Trang since 2005.

TOF courses should be conducted at sub-regional office so that participants can save travel cost. If courses conducted in Hochiminh city or Hanoi with no travel support, it is difficult for POs to send potential trainers to participate. Donors should cooperate with one another in order to share information and trainers network.

## **Nha Trang City**

*Time:* 15.00–16.30

*Date:* October 11, 2006

*Place:* VCCI Nha Trang Office, 44 Nguyen Thi Minh Khai street, Nha Trang city

### *Attendance*

Mr. Mai The Cuong, Consultant

Mr. Le Loc, SIYB trainee and director of Viet Chuan Company Ltd.,

Mr. Tran Thanh Kim, SIYB trainee and owner of Kim Viet Private Enterprise

### *I. Introduction of the interviewees*

Mr. Le Loc is a director of Viet Chuan Company Ltd. He is a member of VCCI Nha Trang. He started his business in June 1999 and established his company in June 2004. His company now has several showrooms in central provinces of Vietnam. He has 38 staff. Viet Chuan's main lines of business are construction glass and aluminum alloy for buildings, resorts and factories. After establishing the company, he participated in the first SYB course in Nha Trang. The course was 100% funded.

Mr. Tran Thanh Kim is owner of Kim Viet Private Enterprise. He established his enterprise in December 2004. The enterprise provides printing services and making labels. It serves other small business owners in fish sauce manufacturing and trading business. He employs 12 staff. He participated in one SYB course and 1 IYB course.

### *II. Observations and Conclusions*

#### *4. Conducting relevant and high quality courses*

Courses are relevant to trainees' need.

### 5. *Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

Two interviewees expressed positive feedback to SIYB program. Mr. Loc was very impressed by the course he attended. After the course, he knows weaknesses of his company. He finds that what he learnt is very good for not only himself but also for his staff. He applies a work system, which is more profes-

sional and well organized. He wants to take part in at least one more course on IYB. He still keeps in touch with some other trainees. They often see one another in exhibitions organized by VCCI. After the SYB course, trainees continue exchanging management experience and introduce good employees to one another.

After the course, Mr. Kim knows how to manage employees, how to organize production and how to maintain accounting books. He applies many parts of what he learnt in two courses.

#### *6. Other findings*

Mr. Loc receives information from VCCI Nha Trang regular. It impresses him very much. To make SIYB program more effectively, organizers should schedule as early as possible and share information in advance with businesses.

*SIYB program is very good for newly established enterprises.*

Trainees of SYB course were selected from people who just started their businesses. This worked very well in Nha Trang (as expressed by Mr. Loc above). The list of newly established enterprises can be provided by Department of Planning and Investment. Interviewees also express demand for advanced courses for each industry and for reading references.

## **Da Nang**

*Time:* 14.00–16.30

*Date:* October 12, 2006

*Place:* VCCI Da Nang Office, 256 Tran Phu street, Da Nang city

#### *Attendance*

Mr. Mai The Cuong, Consultant

Mr. Nguyen Dien, SIYB Master Trainer and Vice Director of VCCI Da Nang

Ms. Nguyen Thi My Chau, SIYB Master Trainer and Director of Da Nang VCCI's SME Promotion Center

Mr. Nguyen Thanh Ngoc, SIYB Master Trainer and Director of NEDCEN Business Development Support Center (SIYB's PO)

#### **Documents**

- Handout Implementation of SIYB Program in Da Nang 2005 (in Vietnamese)
- Newsletter of VCCI Da Nang in September 2006 (in Vietnamese)
- Handout of Lecture on Business Plan by Nguyen Thi My Chau (in Vietnamese)
- Brochure of Da Nang Nedcen Small and Medium Enterprises Training Center (in Vietnamese)

#### *I. Introduction of VCCI Da Nang*

VCCI Da Nang is a regional office of VCCI Vietnam. Its activities cover provinces from Quang Binh – Khanh Hoa – Gia Lai – Dak Lak – Dak Nong. It is implementing all activities of VCCI Vietnam.

VCCI Da Nang has 21 staff working in 4 departments and 3 centers. 4 departments are Administration Department, International Relations Department, Members Department, and Sub-regional Office. 3 centers are Da Nang Business Training Center, SME Promotion Center, and International Arbitrator Center.

## *II. SIYB in Da Nang city*

Da Nang VCCI has implemented SIYB program since 1998. In the year 2005, VCCI Da Nang has conducted following activities funded by SIYB project's budget:

- 02 advanced TOF courses for trainers from Quang Nam province
- Networking meetings between trainers from Da Nang city, Quang Nam province and Quang Ngai province
- Advertising for SIYB program on VCCI Da Nang's newsletter and Quang Ngai television channel

VCCI Da Nang has also conducted following activities funded by other programs:

- 01 SYB course in Gia Lai province
- 01 SYB course in Quang Nam province
- 01 field survey for examining demand for SYB course at Dak Lak province
- Marketed SIYB program at the Quang Ngai SME Week

2,500 people were trained under SIYB program, of which 1,000 people were trained on SYB and 1,500 were trained on IYB. The number of SIYB classes must be more than reported since MTs and POs do not need to report activities funded by other programs. They only report classes funded by SIYB Program.

## *III. Observations and Conclusions*

### *1. Building up and strengthening VCCI organization*

SIYB is considered one important element tool of VCCI Da Nang to assist enterprises. Frankly, it is difficult to say whether or not SIYB has helped strengthening VCCI Da Nang. SIYB program has equipped individual members of VCCI Da Nang with knowledge and experience of training. Ms. Nguyen Thi My Chau is still active in training (not only SIYB program). Mr. Dien is focusing on other activities of VCCI Da Nang and has little time for training.

However, SIYB program has helped VCCI Da Nang assist enterprises better by offering follow up activities after SIYB courses including consulting on business plan; tax consulting and other concrete business measures. VCCI Da Nang is also responsible for implementing other projects funded by international donors.

### *2. Developing POs*

There are 35 POs linked to VCCI Da Nang. Only a few POs are working effectively including Quang Nam Cooperative Alliance, Dak Lak Cooperative Alliance, Quang Ngai Department of Planning and Investment, Da Nang Nedcen Small and Medium Enterprises Training Center, Dung Quat vocational training center.

The consultant visited an active PO, Da Nang Nedcen SME Training Center, after the meeting with VCCI Da Nang. The director of the center, Mr. Nguyen Thanh Ngoc, is a master trainer of SIYB program. He also participates to other programs including CEFE, MPDF. SIYB courses are the core activities of the center. The center has built up its name through delivering SIYB courses to businesses and students. It has no problem to collect fees from trainees.

### *3. Formation of trainers*

SIYB has made the initial stage to form up a network of trainers. TOT courses were delivered to 50 trainers. This network now consists of 35 members. The TOT courses for master trainers were extremely good at the initial stage of the project. TOT courses now are shorten and lower quality. Ms. Chau does not know about the network of trainers organized by ILO through ILO's website.

#### *4. Conducting relevant and high quality courses*

SIYB courses are friendlier to trainees. Some IYB courses need to be revised including Human Resource Management; Accounting. Some courses need to be added like Productivity Management; export-import Management.

#### *6. Other findings*

SIYB program is not used much in PRISED program.

Financial support is one issue to maintain SIYB nationwide.

The content of IYB should be improved. Training materials should be updated, especially for Module Accounting and Module Operation Management.

Advertising activities are not enough for awareness of SIYB program.

Website of SIYB program is not updated.

SIYB Da Nang complained that it had not received budget since August 2005.

#### **Suggestion**

There should be a mechanism to maintain the network of trainers, especially network of master trainers.

Training materials should be updated and developed.

Follow up activities after training courses should be one integrated part of the program.

ASMED is now implementing SME training courses. It should use SIYB course outline and training methods rather than designing its own course. SIYB program should be run nationwide by ASMED.

## **Da Nang City**

*Time:* 16.30–17.30

*Date:* October 12, 2006

*Place:* VCCI Da Nang Office, 256 Tran Phu street, Da Nang city

#### *Attendance*

Mr. Mai The Cuong, Consultant

Ms. Nguyen Thi My Chau, SIYB Master Trainer and Director of Da Nang VCCI's SME Promotion Center

Mr. Nguyen Ngoc Long, SYB trainee

Ms. Vo Hong Loan, SYB trainee

Ms. Le Thanh Binh, SYB trainee

Mr. Pham Duc Quoc, SYB trainee

Ms. Le Thi Bich Hue, SYB trainee

#### *I. Introduction of the interviewees*

Interviewees are trainees of SYB class organized in October 2005. They are students of the College for Food Industry. They registered to attend the SYB course after reading the advertisement at their Faculty. The course lasted for 10 sessions in two weeks. It was delivered by 10 trainers. They paid 100,000 Vietnamese Dong as part of the tuition fee.

## *II. Observations and Conclusions*

### *5. Experience of trainees/entrepreneurs and impacts of SIYB program on their businesses*

All trainees expressed their good impression to the course they attended.

- “I am very impressed by the way we work in group. The part I remember most is how to analyze the business idea.”
- “I learn how to work in group and present ideas to many people. I do remember cash flow analysis and how to calculate revenue and cost.”
- “I find that everybody has his or her own business idea. The importance is how to implement the idea.”
- “After the course, I know how to present my business idea and develop business plan.”

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