

## Appendix A: Sector Review

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## A: Introduction

This appendix is intended to provide an overview of the transport sector in Vietnam and aspects of it that are pertinent to the development of the Australia Vietnam Transport Development Partnership (AVTDP). It is not intended to develop an in-depth review and assessment of the transport sector. Given the resources available, it draws on available information to describe:

- The development context for Vietnam, including socio-economic conditions, the economy, social dimensions (covering poverty, equity and gender), the Government of Vietnam's (GOV's) socio-economic plan, political developments and recently approved conditions that set a framework for use of official development assistance (ODA) and concessional loans.
- Features of the transport sector, including travel demand, transport infrastructure, road safety, development policies and strategies, and available information on assessments of key needs in the sector.
- Current institutional arrangements in the transport sector, examples of recent major institutional reforms in the sector, institutional arrangements that are of particular relevance to the AVTDP, information on staffing in the Ministry of Transport (MOT) and the role of the private sector.
- Information on processes and activities involved in the development of transport projects, covering project initiation, pre-feasibility study (PFS), feasibility study (FS), detailed engineering design and contract documentation, project approval, the negotiation, approval and initiation of loans, preparation for implementation and key challenges in the project cycle.
- Available information on the current pipeline of transport infrastructure projects to be supported by development assistance.

The implications of the matters discussed for the AVTDP are primarily considered in the Investment Design Document. Most recently a headline issue in the transport sector with evidence of corruption in contracting for one of the metro rail projects currently underway in Hanoi.

## B: Vietnam Development Context

### Socio-Economic Data

Selected socio-economic data is shown in Table 1. Of particular note is the rapid rise in urbanization, the high share of people living in low-lying areas, rapid economic growth, improvement in energy efficiency of the economy and, most notably, the substantial decline in the number of people living poverty.

Table 1: Socio Economic Data

Feature	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population, total (million)	77.63	78.62	79.54	80.47	81.44	82.39	83.31	84.22	85.12	86.03	86.93	87.86	88.81	89.76	90.73
Population growth (annual %)	1.34	1.27	1.16	1.16	1.20	1.17	1.11	1.08	1.06	1.06	1.05	1.06	1.07	1.06	1.07
Population in urban agglomerations of more than 1 million (% of total population)	9.13	9.39	9.67	9.97	10.26	10.57	10.90	11.24	11.60	11.97	12.35	12.75	13.16	13.58	14.02
Population living in areas where elevation is below 5 meters (% of total population)	37.1	..	..	..	..	..	..	..	..	..	37.0	..	..	..	..
GDP per capita, PPP (constant 2011 international \$)	2,650	2,778	2,920	3,085	3,278	3,485	3,687	3,907	4,085	4,260	4,486	4,716	4,910	5,122	5,370
GDP per unit of energy use (PPP \$ per kg of oil equivalent)	5.67	5.78	5.72	5.94	5.91	6.20	6.67	6.82	6.87	6.68	6.49	7.04	7.41	7.93	..
Poverty gap at \$1.90 a day (2011 PPP) (%)	..	..	10.4	..	7.0	..	5.5	..	4.1	..	1.0	..	0.6	..	..
Poverty gap at national poverty lines (%)	..	..	..	..	..	..	..	..	..	..	5.9	..	4.5	..	..
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)	..	..	38.8	..	27.1	..	22.0	..	16.2	..	4.8	..	3.2	..	..
Poverty headcount ratio at \$3.10 a day (2011 PPP) (% of population)	..	..	69.3	..	58.5	..	51.2	..	45.6	..	18.1	..	13.9	..	..
Survey mean consumption or income per capita, bottom 40% of population (2011 PPP \$ per day)	..	..	..	..	2.13	..	..	..	..	..	3.07	..	..	..	..

Source: World Bank online database.

### Economy

In its latest public expenditure review, the World Bank noted that (WBG 2015:2-3) “Vietnam’s economic growth performance rebounded in 2014 as year-end growth exceeded expectations. GDP grew at an estimated 6 percent in 2014 - its fastest rate since 2011. At the heart of this improved performance were stronger macroeconomic fundamentals, solid foreign direct investments in manufacturing sector and exports from the sector, and key reforms to the business climate. Strong growth in exports in 2014 also reflected a welcome pick up by domestic firms. Export performance of the domestic sector increasing by 11.4 percent in 2014 after sluggish growth in the past two years. Despite the improved growth, Vietnam still performs below its potential, due to slow-moving structural reforms and global uncertainty. Longer-term (or trend) growth remains subdued due to a web of structural problems in state-owned enterprises and the

banking sector, policy distortions that continue to thwart domestic private investment, as well as a widening skills gap, and gaps in infrastructure and trade logistic services.

Vietnam has undergone a sustained period of macroeconomic stabilization since the .... end of 2011. Headline CPI inflation has stabilized, averaging 4.1 percent in 2014 - the lowest level since 2003 reflecting a more prudent policy stance as well as a conducive external environment (low food and commodity prices and interest rates, in particular) and slow credit transmission by the domestic banking sector. Solid exports, a sustained inflow of FDI and private remittances and soft imports have helped Vietnam to strengthen its external balances. Strong current account balances enabled foreign exchange reserves to build up to an import covers of about 3 months in 2014, up from 2.4 months in December 2013. Macroeconomic stability has helped Vietnam improve its sovereign risk ratings despite regional geopolitical tensions. In August 2014, Moody's Investors Service raised the sovereign bond rating of Vietnam by one notch from B2 to B1, with a stable outlook. In early November 2014, Fitch raised Vietnam's credit rating to three levels below investment grade, due to the country's improved macroeconomic stability. Vietnam's long-term foreign and local currency debt ratings were raised to BB from B+, and the outlook was revised from stable from positive.

While Vietnam remains at a low risk of debt distress (as per the June 2014 joint Bank-Fund Debt Sustainability Analysis), growing public debt levels are becoming a concern. The Ministry of Finance reported that, by the end of 2014, Vietnam's total outstanding public debt (government, publicly-guaranteed and local government) was estimated at nearly 61 percent of GDP. While external debt has remained steady at around 28 percent of GDP (average for 2010-2014), domestic debt has risen quickly from 23 percent in 2010 to 32 percent of GDP in 2014 which has been driven largely by rapid expansion in short term domestic borrowing. The reason for the recent fast increase in public debt was a sharp increase in government recurrent spending including for social programs and the impact of the global financial crisis and economic recession which together with internal weakness led to slowdown in economic growth and revenue collection. The percentage of recurrent expenditure in total budget expenditure which lead to expenditure for investment has decreased sharply from 25% of total budget expenditure during the period of 2006 - 2010 to 18% during 2011 - 2015. The budget deficit (GOV definition) rose from 0.4% of GDP in 2011 to 5.4% of GDP in 2014 and from 1.1% of GDP in 2011 to an estimated 5.9% of GDP (GFS definition) in 2014. This underscores the need for a credible medium-term fiscal consolidation plan that would reverse the declining trend in revenue collection, stabilize recurrent spending at more affordable levels, and improve the efficiency of spending. Special attention will also be needed on containing the contingent liabilities from SOEs and the banking sector.

Using the space provided by declining inflation, the State Bank of Vietnam (SBV) has eased key policy interest rate by as much as 850 basis points since early 2012 in an attempt to boost lending demand and private sector growth. In parallel, the SBV has also lowered the cap on short term deposit rates and the ceiling on lending rates for five priority sectors. Still, credit activity remains subdued due to weak domestic demand and impaired banks' balance sheets.

Vietnam has seen significant progress on private sector development in recent years. However, Vietnam is still struggling to develop a competitive and dynamic private sector that will form its basis for achieving high-income status. The domestic formal private sector is small, static, and plagued by a number of issues, with SOEs still dominating access to resources, markets and capital and with service sector still smaller than Vietnam's current stage of development and per capita income would suggest.

Medium term projections reflect further gradual improvement in GDP growth and further consolidation of macroeconomic stability. GDP growth is forecast at 6 percent in 2015, rising gradually to 6.5 percent in 2017 on the back of continued strong performance of the manufacturing sector, trade, foreign investment, and benign macroeconomic conditions. Inflation is projected to be subdued in 2015 as a result of ample supply of food and foodstuff and soft domestic demand. Current account would remain in surplus in the near term on account of strong exports, FDI inflows and robust private remittances. However, stronger domestic economic activity would stimulate import growth and may partly offset the trend of a strong current account surplus of the past three years. The fiscal deficit is projected to stay high

at about 5 percent of GDP in 2015-2017, underscoring the mentioned need for fiscal consolidation over the medium term together with a credible plan to strengthen the finances of the SOEs and state-owned banking sector to preserve public debt sustainability.”

## Poverty, Equity and Gender

Whilst Viet Nam has made considerable advances in relation to human development, poverty reduction and gender equality, challenges remain. Viet Nam’s economic rise has been accompanied by the growth of its large cities, which places pressure on transport services and infrastructure, other basic services, urban housing and social-welfare systems.

From a poverty rate of 58.1% in 1990, the country reduced poverty to 9.6% in 2012, although wide disparities exist (MPI 2013). Whilst the poverty rate in the most economically disadvantaged regions fell from 58.3% in 2010 to 43.9% in 2012, it is still almost five times higher than the national average. In addition, more than half of ethnic minority groups continue to live below the poverty line and new forms of poverty – chronic poverty, urban poverty, child poverty and migrant poverty – are starting to emerge. Not only are members of ethnic minority groups more likely to have poor socio-economic outcomes compared to the majority, the gaps between men and women tend to be larger in ethnic minority communities (Dang 2010).

Vietnam has achieved many Millennium Development Goals (MDGs). In 2000, Viet Nam achieved universal primary education and the country is on track to achieving universal secondary education. Gender gaps have been closed at primary and secondary school levels and female students in secondary school tend to outperform male students on international and national student assessments (PISA 2012). Vietnam has also reduced the children under-five mortality rate from 50.6 per 1,000 live births in 1990 to 23.8 in 2013 and infant mortality rates fell from about 44% to 16% over this period. Furthermore, maternal mortality has decreased and the proportion of the population undernourished fell from 45.6% in 1991 to 12.9% in 2013 (MPI 2013).

Vietnam has one of the highest rates of representation of women in decision-making in national parliament in the region: 25.8% of National Assembly deputies are women, high relative rates of female labour participation (around 72% compared to 81% for males), and economic opportunities for both men and women have been expanded. However Vietnamese women continue to face significant challenges including poverty; low levels of women’s participation in public decision-making at local, regional, and national levels; limited access to higher education and employment opportunities; a highly gender segregated labour market in which women are paid less than men; rising male sex ratios at birth; an increasing spread of HIV/AIDS among women; widespread gender-based violence (in 2012, 85.1% of domestic violence victims were women); and persistent discrimination against females, particularly in rural areas (Sumali, 2012). In addition, women are forced out of public service at 55 years compared to 60 years for men as a result of mandatory retirement laws. This deprives Vietnam of its most senior and experienced female leaders at the peak of their careers and reduces the likelihood of promotion and training opportunities as women advance in age. Leadership statistics show that only 5% of the presidents of large companies and just under 10% of the vice presidents are women (World Bank 2011). The fact that some Vietnamese women as well as men are resistant to women taking up leadership roles reflects the strength of traditional gender norms and attitudes held by both sexes (UN 2011).

Vietnam’s gender development index (GDI) ranks the country 58 out of 138, ahead of its neighbours Thailand (at 69) and the Philippines (at 78) (ADB 2012). This positive result stems in part from specific measures to promote gender equality which were included in the GOV’s Development Goals and then incorporated into its Socio-Economic Development Plan (SEDP) 2006-2010. Vietnam’s National Laws on Gender Equality (LGE); Domestic Violence Prevention and Control (LDVPC); and the National Program on Gender Equality (NPGE) were endorsed in 2006, 2007 and 2011 respectively. A new draft National Strategy on Gender Equality (NSGE) 2011-2020 aims to improve the implementation of these laws (Sumali 2012). Vietnam has also ratified the Universal Declaration of Human Rights, and the Convention on the Elimination of Discrimination against Women (CEDAW); and the 1992 Constitution guarantees women equal

rights in all spheres, including the family, and bans discrimination against women (World Bank 2011). However, government implementation of gender equity laws and policies at all levels remains weak with little consequence for failure to meet the stated targets (Sumali 2012), and interviews with MOT staff by the Design Team indicate that gender mainstreaming throughout the project cycle, including project preparation, is not well understood. This diminishes the likelihood of transport projects catering to the different transport needs of women and men, as well as disadvantaged groups such as disabled people, the elderly, and the poorer sectors of the community. Comprehensive gender mainstreaming training endorsed at the highest MOT levels, particularly for preparing transport projects, will assist MOT staff to understand what is required to make projects more gender responsive and socially inclusive, and strengthen implementation of gender responsive measures.

Gender and other social matters are addressed in more detail in Appendix B.

## National Socio-Economic Plan

The GOV maintains a tradition of issuing forward looking national socio-economic plans, with two plans currently relevant. The first is the Vietnam's Socio-Economic Development Strategy for the Period 2011-2020. This plan was prepared following a review by the Eleventh Congress of the Vietnam Communist Party of implementation of the Socio-Economic Development Strategy for the Period 2001-2010 that was approved by the Ninth Party Congress. The decision was made that the 2011-2020 Strategy should continue to promote industrialization and modernization, developing rapidly and sustainably; upholding the strength of the whole population, and building up the country to be an industrial one with socialist orientation.

The second strand of national planning is the preparation of 5-year socio-economic development plans. A Plan for the period 2016-2020 has been considered by the National Assembly (Resolution No. 142/2016/QH13) but is yet to be formally released. Release of the Plan has been delayed with the change in government that occurred in April 2016. The Plan is understood to set economic, social and environmental objectives, though there are none that are specific to the transport sector. Key issues in the Plan that are relevant to the transport sector are understood to be:

Improve the quality of the planning and construction of social and economic infrastructure, ensuring effective and systematic integration, especially in the transport network. Continue to construct the highway network, the North-South railway, and upgrading the existing railway, inland-waterways and other marine links. Continue to prioritize transport infrastructure in disadvantaged areas. Address traffic congestion in Hanoi and HCM City. Review and rationalize toll stations on the highway network to reduce the burden on citizens and business. Ensure timely launching and completion of the International Airport Long Thanh.

Establish an appropriate transport system with rational development of different modes of transport and links between them, linking the country economic centres. Improve the quality of infrastructure projects and improve the planning of infrastructure development. Develop the highway network, improve urban transport, especially freight transport. Build sea ports and modern airports.

Continue to improve the PPP legal framework addressing transparency, predictability and stability and fair treatment to attract private investment into PPP projects with various forms of PPP including BOT, BT and BTO.

These objectives follow similar themes to those in the last five-year plan.

## Political Developments

The World Bank has recently observed that "Vietnam has continued to maintain strong political stability—a key attraction for investors. The space for dialogue and public debate has continued to expand. In particular, there is now much more open discussion of corruption and of Government effectiveness. The Government has increased efforts to promote transparency and citizen engagement to improve government accountability, as illustrated by revisions of the Anti-

Corruption Law, the Land Law and the Constitution. While the changes did not address all of the critical issues, the consultation process for the revisions provided good opportunities and space for public debate. The landmark revision to the Constitution introduced a clearer definition of State responsibilities in exercising human rights, which provided a stronger framework for the preparation of three important draft laws on Access to Information, Associations and Referendum. The role of the National Assembly as a check on the Executive has continued to strengthen, evidenced in more credible examination of Government spending plans and policy initiatives. In 2012, the National Assembly voted to introduce a yearly confidence vote on the leaders at the central level. A first vote was held in mid-2013 and then again in 2014. This new no-confidence mechanism has attracted public support and could improve the accountability of top government officials. In addition, a Constitution Council will likely be established in the country for the first time to provide a level of oversight of the legislative process.

Vietnam has raised its global and regional image over the past few years. In early 2013, a Deputy Foreign Minister of Vietnam assumed the post of ASEAN Secretary General. In early 2014, Vietnam hosted the first ASEAN Health Minister's Conference. Vietnam continues to engage actively in the work of the Mekong River Commission and in preparations towards the establishment of the ASEAN Economic Community in 2015. The disputes on the East Sea in 2014 had some short term impacts on trade, foreign investment, and tourism between Vietnam and China, but this was largely short-lived. Whilst joining other ASEAN member countries in implementing the Declaration on the Conduct of Parties in the East Sea (DOC), Vietnam and China are continuing to increase their diplomatic efforts to address the issues. Vietnam has strengthened its voice in global discussions, notably on Climate Change with active participation and outreach during international events in the context of the Conference of the Parties of the UN Convention to Combat Climate Change. Vietnam formally supported the Carbon Pricing Statement at the UN Climate Summit in September 2014 in New York, with the Prime Minister recording a video statement in the context of an emerging Carbon Pricing Leadership Coalition. The Prime Minister also signed a joint Op-ed with the President of the Philippines and the President of the World Bank on addressing climate change in East Asia" (World Bank Group 2015:4).

While corruption is now a less prominent issue than in the past, it remains a concern that requires continued vigilance. It was most recently a headline issue in the transport sector with evidence of corruption in contracting for one of the metro rail projects currently underway in Hanoi.

## Framework for Official Development Assistance

In March 2016, the Prime Minister issued Decree No. 16/2016/ND-CP on the Management and Utilization of Official Development Assistance (ODA) and Concessional Loans of Donors. The Decree came into effect in May 2016. The Decree sets out the arrangements and conditions for the provision of assistance. It includes a set of principles regarding the use of ODA, concessional loans and counterpart funds, which are:

1. ODA grants are prioritized for implementation of program/project(s) supporting policy and institutional development, human capacity strengthening; directly supporting the improvement of cultural socio-economic, and environmental living conditions for people, especially poor people living in rural, mountainous and ethnic minority areas; supporting development of health, education, science and technology research and innovation; and supporting the preparation of ODA and concessional loan program/project(s) and PPP projects;
2. ODA loans are prioritized for preparation and implementation of program/project(s) that cannot directly recover costs; programs and projects in the mission of the State budget expenditures that can generate revenue to serve socio-economic benefits.
3. Concessional loans are prioritized for implementation of program/project(s) that can recover costs.



4. Tied loans accompanied by designation of suppliers, contractors by foreign donors will be applied for: Loans to support emergency response to natural disasters, catastrophes, security, national defence, energy security; Cases where the project owner can prove goods and equipment provided by foreign donors have outstanding advantage in technology and cost; other specific cases as decided by the Prime Minister.
5. The use of ODA and concessional loans for other cases will follow the decision of the Prime Minister;
6. Counterpart fund is prioritized for program/project(s) using ODA and concessional loans as grants from State budget's 5-year public investment financing plan and annual public investment financing plan which is in alignment with the timeline specified in the signed international treaty and agreements on ODA and concessional loans and the actual disbursement of these funds during implementation period." (GOV 2016).

The project currently being prepared supports the first of these principles. It seems that other aspects of the Decree are relevant to the approval of new projects, which would include the current one. Given the programmatic approach of the proposed AVTDP program, it will be important to set clear principles to guide the selection of specific activities under AVTDP to avoid the need for each activity to be treated as a new initiative and hence needing to pass through all approval stages set out in Decree No. 16.

## C: Transport Sector in Vietnam

### Travel Demand

Road travel is the dominant mode of land transport in Vietnam. By comparison, rail plays a small role in the transport of freight and passengers, with preliminary data for 2014 indicating that freight uplifted by rail was 8% of that by road and the number of train passenger was 0.4% of that by road (see Table 2). Rail's share has declined even over the short period 2010 to 2014. The transport task performed by trains is more significant than suggested by these data because the average travel distance is greater for train transport compared with road transport. Hence, freight ton-km (tkm) and passenger-km (pkm) of travel by rail is respectively around 10% and 5% of that by road. The average length of passenger trips and freight movement by rail are 380 km and 550 km respectively.

Table 2: Historic Freight and Passenger Transport Demand in Viet Nam

	2010	2011	2012	2013	Preliminary 2014	Average annual growth
<b>Volume of freight (million tons)</b>						
Railway	7.9	7.3	7.0	6.5	7.2	-2%
Road	587	654	718	764	820	9%
Inland Waterway	206	224	236	240	243	7%
Total	801	886	961	1,010	1,070	8%
<b>Freight transport task (billion tonne-km)</b>						
Railway	4.0	4.2	4.0	3.8	4.3	2%
Road	36.2	40.1	43.5	45.7	47.9	7%
Inland Waterway	31.7	34.4	36.6	38.5	39.6	6%
Total	71.8	78.7	84.1	87.9	91.8	6%
<b>Quantity of passengers carried (million persons)</b>						
Railway	11.2	11.9	12.2	12.1	12.0	2%
Road	2,132	2,307	2,504	2,661	2,872	8%
Inland Waterway	172	158	160	167	164	-1%
Total	2,315	2,476	2,677	2,840	3,049	7%
<b>Passenger transport task (billion pass-km)</b>						
Railway	4.4	4.6	4.6	4.4	4.5	1%
Road	69.2	78.0	85.0	90.3	96.8	9%
Inland Waterway	3.2	2.9	2.8	2.9	2.6	-5%
Total	76.8	85.4	92.4	97.7	103.8	8%

Source: General Statistics Office of Viet Nam.

### Transport Infrastructure

Capital investment in transport infrastructure that is the direct responsibility of MOT (i.e. excluding provincial and local transport infrastructure) in the last five years has been considerable, totalling VND 553 trillion (equal to around A\$33.3 billion) – see Table 3. The dominance of road transport is illustrated by the two-thirds of investment directed to roads, with the rapid development of aviation also absorbing a high share of expenditure, with roads accounting for 91% of investment in surface transport. The limited investment in railways

reflects its poor financial state (with revenue sufficient to meet only operating costs and around a quarter of the cost of maintaining infrastructure).

The ADB has noted in the past that “Investment in the transport sector in Viet Nam is expanding rapidly; as a percentage of gross domestic product (GDP), investment more than doubled from 2004 to 2009 when it reached 4.5% of GDP. The road subsector predominated, accounting for 3.6% of GDP” (ADB 2012a). The funding for investment in transport infrastructure has slowed markedly in recent years, especially from 2011 when slowing growth and an accompanying rise in public debt has risen from 50% to 62% of GDP has limited the availability of investment funding.

Table 3: Capital Expenditure on Projects Directly Under MOT in the Period 2011-15 (VND trillion)

Source of Funds	Road	Railway	Waterway	Shipping	Aviation	Total
State budget (SB)	108.8	4.5	4.2	15.0	8.4	140.9
Government bonds (GB)	56.4	8.6	0.1	2.5	2.2	69.8
Non-state budget	140.4	0.0	0.0	4.4	16.3	161.1
New projects (expected SB or GB)	69.9	10.0	8.5	2.6	90.0	181.0
Total	375.5	23.1	12.8	24.5	116.9	552.8
Proportion (%)	68%	4%	2%	4%	21%	100%
Proportion for Surface Transport	91%	6%	3%			100%

Source: MOT

Improved transport is the key means for increasing access by rural populations to social and economic opportunities; spending additional 1% of GDP in infrastructure in Viet Nam has led to a proportionate reduction of the poverty rate by roughly 0.5%” (Vietnam Academy of Social Sciences 2006). The impact of improved access is greater in poorer provinces. With improved access and increased mobility of the population, there is a direct correlation to improved equality in gender and economic well-being. The overriding challenge for the government in the 5-year planning period (2011–2015) will be to continue mobilizing sufficient resources to implement the ambitious transport infrastructure program as envisioned by the various transport master plans.

The greater urban areas of Ha Noi and Ho Chi Minh City (HCMC) comprise 14 million people, of whom almost 6 million are employed and generate 20 million passenger trips per day, of which over 90% are by private vehicles. These two cities are the only urban centers that presently require mass urban transit services; all secondary cities have fewer than 1 million people, hence, lower volume transit services will presently suffice. Efficient transport in these two cities is nonetheless essential for the cities’ continued economic growth, which has been above the national average for well over a decade, as well as to serve as important hubs that provide critical support and services for many sectors.

Rapidly increasing private vehicle ownership and traffic volumes have resulted in over 10,000 annual fatalities in recent years. Traffic accidents disproportionately affect the poor and vulnerable users such as pedestrians and motorcyclists. More than half of traffic fatalities involve persons who are less than 30 years of age, and traffic accidents, particularly in rural areas, are widely believed to be significantly underreported” (ADB 2015:1-2).

The ADB also notes that “Viet Nam has an extensive road network and a relatively high overall road density. The present network comprises more than 256,000 kilometers (km), but only about 17,000 km (7%) are national highways, and only about 23,000 km (9%) are provincial roads. The vast majority of the network (84%) is local roads (classified as district, commune, or urban roads). This means that the network is not hierarchically well articulated; the density of primary and secondary roads is lower than that of tertiary roads, limiting domestic and regional

connectivity for, in particular, remote and rural areas of the country. Another significant characteristic of the network is its limited capacity, further affecting connectivity.

This lack of capacity and connectivity is compounded by the condition of most of the roads and highways. About 94% of national roads are paved, but only about 43% are in good condition; 37% are in average condition; and 20% in poor to very poor condition. Provincial and local roads are in worse condition than those in cities. In the approximately 216,000 km of local roads, 24% of provincial roads, 86% of district roads, and 79% of commune roads are unpaved (i.e., surfaced with either earth or gravel). Even in urban areas, only about half the roads are paved. In total, about 52% of the network is unpaved, and about 16% of the local population does not have access to an all-season road (ADB 2010b). Overall, the road network consists predominantly of unpaved, narrow, local road sections; therefore, traffic is greatly affected by environmental and weather conditions. As road management becomes increasingly decentralized, planning, operation, and maintenance capacity challenges will also be assumed by local governments, requiring countrywide capacity development and additional local government budgets" (ADB 2015:1-2).

There are substantial programs to support the government to improve maintenance of roads. Following the foundation set by the World Bank supported Rural Transport 3 (RT3) project co-financed with the UK (DFID), the Vietnam Road Asset Management Program (VRAMP) and the Local Road Network Asset Management Program (LRAMP) that are supported by the World Bank and the Government of Australia are focusing on improving maintenance systems and practices for, respectively, the national/provincial and local/rural road networks. Also, the new Road Maintenance Fund (the feasibility study of which supported by RT3) that has recently been established is a major step toward sustainable financing for road maintenance.

Improved project preparation with a view to improve whole life costs of roads and infrastructure assets will lead to reduced costs for maintenance and improve road sustainability and overall efficiency of the road network in the medium and long terms.

Similarly, the World Bank notes that "Over the past 10 years expenditures on road maintenance have not been sufficient to maintain the condition of the network. This situation has been exacerbated by significant increases in budget allocations for capital works. On average, total expenditure for road maintenance have increased at about 13 percent per year, with the largest annual increases during the period 2009-2012. Despite these increases, recurrent budget allocations are still low and barely cover 50 percent of network maintenance needs. Development partners such as the World Bank have advised that budgets for maintenance and capital expenditures need to be rebalanced in favor of maintenance and that there is a need to put in place a stable and secure financing mechanism for the latter. This need for rebalancing and increasing the funds allocated to maintenance is particularly acute for the local roads network." (WB PAD)

With regard to rail, "The total length of the rail network in Vietnam is around 2,347 km, including the 1,726 km line between Hanoi and Ho Chi Minh City, and two international links to the border with China (with onward links to Kunming and Nanning). The system is mostly single track, with a total of around 3,100 km of physical track including sidings. Around 83% of the network length is narrow (one metre) gauge, 7% is standard gauge and the remaining 10% (linking Hanoi to Nanning) is dual narrow and standard gauge. There are around 280 stations on the network.

Some operations on the national rail network serve some local travel in cities along it. Metro systems comprising a mix of elevated, at-grade and underground lines, are being developed in Hanoi and Ho Chi Minh City (HCMC) at present.

The capacity of the national rail network is constrained by low track load carrying capacity, especially in the south of the country, a maximum general speed limit of around 70 kph with lower speed restrictions on deteriorated bridges and sections of track, a very large number of level crossings, some tight curves and steep grades, limitations associated with the number, length and location of passing loops and encroachment of the railway right-of-way." ADB 2016)

The World Bank indicates that "Vietnam has 41,000 km of natural waterways, of which 8,000 km are used commercially. Of these, the Vietnam Inland Waterways Administration (VIWA)

manages about 6,000 km as well as the main river ports; local governments manage the balance of the commercial waterways.

River boats and barges have rapidly developed. In 1999, there were 63,600 units with a capacity of 1.7 million dead weight tons and 197,000 passenger seats. In 2003 this had increased to 83,000 boats with a capacity of 3.7 million dead weight tons and 280,000 passenger seats. In addition, there are tens of thousands of small “country” boats and ferry boats.

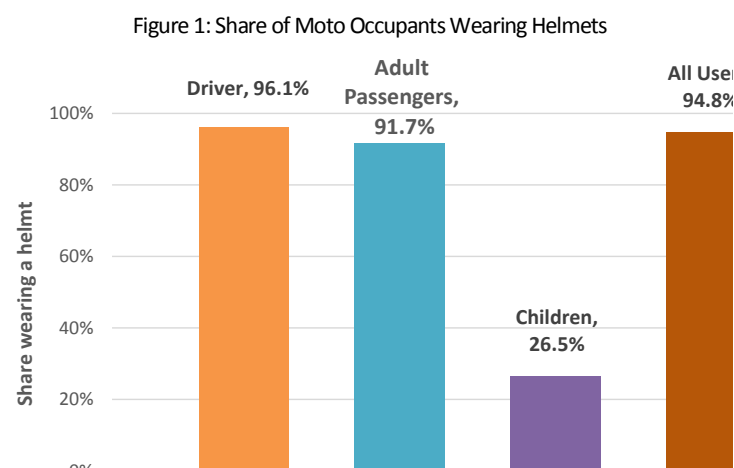
Despite limited investment, the waterways remain attractive for the transport of coal, rice, sand, stone, gravel, and other usually high weight low value goods; and livelihoods and personal transport depend heavily and successfully on waterway transport in the delta regions of the Mekong and Red River.”

## Road Safety

While police records report that 9,156 people died as a result of road crashes in 2013 (with this data including people who died in hospital within seven days of the crash), the World Health Organization (WHO) estimates the number to be much higher, at a total of 22,419 people (WHO 2015). This represented a rate of 24.5 deaths per 100,000 people, which was the 140th highest fatality rate out of a total of 180 countries in the WHO database. It is also almost five times the rate for Australia (which is 5.4 deaths per 100,000 people).

A review of selected roads by the International Road Assessment Programme found that virtually all of National Highway 1 (the main north-south road in Vietnam) was rated at one or two stars (iRAP 2009), in contrast with a desired standard of at least three stars. iRAP has recently extended its database on roads in Vietnam.

Motorcycles account for the majority of vehicular travel in Vietnam. In Hanoi, a survey in 2014 of some 91,000 vehicle movements at five locations around the city indicated that two-wheeled vehicles accounted for 86.4% of the traffic flow (with 97.4% of these being motorized and the remainder being bicycles), cars at 12.4% and buses and trucks for the remaining 2.0% (EPS 2014). While the use of helmets by motorcycles is generally high, the rate for children is very low (see Figure 1). Related surveys of motorcyclists indicated that 8.8% of the people interviewed had been involved in a traffic crash in the 6 months prior to the survey: while 35% of the crashes had only involved property damage, there was a personal injury in 61% of them, with the remaining 4% resulting in a serious injury. These high rates of involvement in crashes reinforce the WHO’s higher estimate of people killed in road crashes.



Source: Economic and Policy Services et al (2014).

## Development Policies and Strategies

The current development approach for the transport sector is set out in a Decision of the Prime Minister (Decision No. 355/QĐ-TTg dated February 25, 2013) “approving the adjusted strategy

for development of Vietnam's transport through 2020, with a vision toward 2030". Key features of the Decision are:

**Vision 2030:**

- By 2030, complete the basic transport network in the country, ensuring connectivity and logical development between transport modes. Transport quality and services will be enhanced to provide fast, safe and convenient transport.
- Have mostly completed the construction of high-speed roads, and developed a number of sections on a high-speed North-South railway line. Roads and rail links will be developed to connect with the ASEAN highway network, the Greater Mekong Sub-region and the trans-Asian railway.
- The seaport system will meet the demand for international and domestic trade. The international gateway ports in key economic regions will be distribution centres for goods, with good connectivity to the remainder of the transport system and with modern logistics to bring the level of efficiency to that of advanced countries in the region.
- Completion of works to allow 24-hour vessel operations on inland waterways, development of mechanized handling of freight at ports and other wharves on the waterway system, and development of inland waterway to provide accessibility to island areas.
- Substantial improvement and modernization of the network of airports in the country, development of the airports at Noi Bai and Long Thanh to a role and size on par with major international airports in the region, modern flight operations and ensuring communications, navigation and surveillance capacity to meet request of the entire region of Vietnam FIR as planned airlift of ICAO.
- Urban transport is modernized, with the gradual development of high capacity passenger transport lines, including the continued development of urban rail networks in Hanoi and Ho Chi Minh City to achieve a public transport mode share of 40-45%.

**Guiding concerns:**

- Transport is a crucial component in the socio-economic infrastructure, one of the three breakthroughs, of which the investments needs prioritizing in order to develop rapidly and sustainably, for the purpose of creating a foundation for socio-economic development, ensuring national defence and security, and serving the industrialization and modernization of the country.
- Utilize the geographical advantage and natural resources, especially the marine potential, to develop the transport system reasonably and reduce social costs.
- Develop comprehensive and focused transport infrastructure, take careful steps and drastic steps in modernization in order to create a complete and continuous network to connect the means of transport, the areas, between rural areas and urban areas nationwide. Emphasize the maintenance and application of developed technologies, improve the productivity, and ensure the efficiency and sustainability when developing the existing transport infrastructure.
- Develop a modern, safe, and economical transport systems with higher and higher quality, reduce environmental pollution and save energy; apply advanced transport technologies, especially multimodal transport and logistics.
- Integrate new investment with improvement, upgrade, and in-depth investment in order to increase the efficiency of existing transport facilities, quickly innovate and approach modern technologies, especially in shipbuilding, car manufacture, locomotive and carriage manufacture for domestic use and export.
- Development of transport system of coherent foreign policy for the transport system in the country to actively cooperation, regional integration and international.
- Rapid development faster mode of transport, large volume for large urban areas (firstly in Hanoi and Ho Chi Minh City); development of urban transport in the direction of using

public transport is key to ensure a modern, safe and comfortable; development of static traffic system; control the increase in personal vehicles; solve traffic congestion and ensuring order and safety of urban traffic.

- Development of local transport to link transport network with the network of local national transport and create continuous, smooth and efficient.
- Promote the socialization of investment in developing transport infrastructure. Maximum mobilization of resources to invest in developing transport infrastructure. Users transport infrastructure is responsible for paying tolls for maintenance and reinvestment building transport infrastructure.
- Take reasonable land to develop transport infrastructure and ensuring traffic safety corridor. Land use planning for transport infrastructure should have unity and close cooperation, implementation of synchronization between the ministries, branches and localities.

#### **The role of the transport modes for the intermediate year of 2020:**

- Trucking will mainly undertake consolidation role and the carriage of passengers and freight for short to medium distances.
- Transport to undertake major rail freight lines or medium term, large volume; long-distance passenger transport, passenger intercity and inter-city, and public passenger transport in big cities.
- Sea Freight mainly undertake ocean freight, coastal routes, especially transport north - south, transport service import coal power plants, crude oil transport service home petrochemical refinery. Improving market freight import and export to 25 ÷ 30%. Development of passenger transport routes coastal islands.
- Transport inland waterway transport mainly to undertake large volume bulk (coal, cement, fertilizer, building materials ...) of super, super important in the hinterland.
- Air Freight mainly undertake long-distance passenger transport, international and cargo with high economic value. Development of air transport becomes a safe mode of transport and convenient towards open market, associated with air transport market and world region.
- The total volume of passenger transport is expected to rise to 6,240 million passengers, of which 86-90% to travel by road, 1-2% by rail, 4.5-7.5% by inland waterway and 1.0-1.7% by air. The total volume of freight is expected to rise to 2,090 million tons, of which 65-70% will travel by road, 1-3% by rail, 17-20% by inland waterway and 0.1-0.2% by air
- To develop vehicles suitable for transport infrastructure suitable for the type of goods and passengers object, ensuring technical standards on safety and the environment.

There are subsidiary Decisions that set out the strategy for each transport sector (e.g. in the case of railways, Decision No. 318/QĐ -TTg of 4 March 2014 on Approving the Strategy for Development of Transportation Services to 2020, and Orientations Toward 2030, and the more specific Decision No 214/QĐ - TTg of 10 February 2015) on the Viet Nam Railway Development Strategy to 2020 and Vision for 2050).

The GOV has acknowledged the need for sustainable development through the Prime Minister's Decision No. 432/QĐ-TTg dated April 12, 2012 on "Approving Viet Nam Sustainable Development Strategy for the Period 2011-2020" and Decision No. 160/QĐ-TTg of January 15, 2013 on "Approving the National Action Plan for Sustainable Development". These decisions provide a context for the Minister of Transport's Decision No. 4088/QĐ-BGTVT of December 12, 2013 on "Promulgating Action Plan of the Ministry of Transport for Sustainable Development for the Period 2013-2020". The latter sets out nine tasks:

- continue to improve institutional and management capacity to implement sustainable development for the transport sector;



- integrate the objectives and targets for sustainable development of the transport sector in transport development strategies, master plans and plans;
- mobilize resources to effectively implement transport development strategies, master plans and plans;
- progressively develop green transport;
- enhance the quality, safety and social equity of the transport system;
- strengthen the control of pollution from transport activities;
- promote the use of alternative fuels and improve energy efficiency; promote the transfer of science and technology to promote environmental protection and sustainable transport development;
- promote international cooperation in the implementation of action plans for sustainable development of the transport sector; and
- raise awareness about sustainable transport development.”

These documents indicate a comprehensive set of guidance on government desires in the transport sector. However, to a considerable extent they indicate aspirations and there is generally either a lack of specific detail on how they are to be achieved or no formal analysis to indicate the role and likely effectiveness of more specific proposals in serving them.

## Assessment of Key Sector Issues



A previous review of the strengths, weaknesses, opportunities and threats (SWOT) in the transport sector in Vietnam is shown in Figure 2. A number of the challenges relate to the capacity of MOT and the development and management of infrastructure.

The recent Public Expenditure Review (PER) prepared by the World Bank (World Bank 2016) selected the transport sector to be one of the five sectors with an in-depth review. Its recommendations that are specific to the transport sector are summarized in Figure 3.

The report singles out the issue of high unit costs for construction which are among the issues that have hindered the overall value of money of the road subsector, noting that “There has been tremendous progress in advancing Vietnam’s road network in recent years. The share of paved roads increased from 19 percent in 2004 to more than 50 percent in 2012, and road length increased by more than one-third in the period 2004-14. But transport costs remain high for the level of development of the country. Road transport costs are comparable to China/Thailand in absolute terms. However, the costs compared with GDP per capita, which illustrates the level of affordability by service users, are fourfold over China, sixfold over Thailand and threefold over India. Average road transport costs, represented by trip time, are the highest in the region after Indonesia, and holding back Vietnam’s competitiveness, while expressway density is lower than most neighboring countries. Further analysis into the provision of freight services, tariffs and revenues of carriers is required” (World Bank 2016:22).

Figure 2: Transport Sector – Summary of SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• MOT developing strong policy and strategic frameworks</li> <li>• Stakeholders (government, donor partners, nongovernment organizations, and general public) committed to and recognize the importance of the sector</li> <li>• Appropriate alignment of past ADB transport strategies and programs with government priorities and programs</li> <li>• Effective ongoing coordination between ADB, donor partners, and the government</li> <li>• Strong comparative advantage of ADB in the roads and expressways subsector</li> <li>• Approved urban transport master plans</li> </ul>	<ul style="list-style-type: none"> <li>• Weak priority setting at MOT, which results in unrealistic expectations</li> <li>• Insufficient state budget allocation for transport infrastructure development</li> <li>• Weak institutional capacity and management in MOT, PDOTs, and related agencies</li> <li>• Slow and inefficient technology transfer and capacity building in the sector</li> <li>• Overdependence on poorly financed and managed SOEs for undertaking civil works</li> <li>• Lack of appreciation for traffic safety by the general public</li> <li>• Poor urban transit network and services</li> <li>• High cost of urban land acquisition and length of time taken to acquire the land</li> <li>• Unrealistic PSP plans in financing transport projects</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• To assist in the development of strong and sustainable transport institutions</li> <li>• To assist in the improvement of road traffic safety</li> <li>• To promote public–private partnership in the sector, including promotion of increased efficiency and PSP in SOEs</li> <li>• To utilize low-carbon modes for urban transit to access global finance and to support climate change mitigation</li> <li>• To make economic growth in HCMC and Ha Noi attractive to investors and donors for transport projects</li> </ul>	<ul style="list-style-type: none"> <li>• Economic fluctuations</li> <li>• Continued delays in equitization of SOEs</li> <li>• Continued delays in implementing legal and other reforms needed to promote public–private partnership</li> <li>• Poor transport asset management affecting the government’s capacity for transport development</li> <li>• Continued weak PSP in the transport sector</li> <li>• Attractiveness of private vehicles compared to urban transit</li> <li>• Urban road network and infrastructure not being suitable for buses</li> <li>• Negative impact of climate change on transport network</li> </ul>

HCMC = Ho Chi Minh City, MOT = Ministry of Transport, NGO = nongovernment organization, PDOT = provincial department of transport, PSP = private sector participation, SOE = state-owned enterprise, SWOT = strengths, weaknesses, opportunities, and threats.

Source: Asian Development Bank.

Source: ADB (2012:12)

Figure 3: Proposed Policy Options in World Bank Public Expenditure Review

Policy actions	Timeframe	Expected Impact
<ul style="list-style-type: none"> <li>Shift spending on road to triple public capital expenditure and double maintenance expenditure for inland waterway</li> </ul>	Short–Medium Term	Facilitated shift towards more efficient, low-carbon, and sustainable means of logistics, in line with country comparative advantage.
<ul style="list-style-type: none"> <li>Focus investments on key road corridors and expressways and bottlenecks to tackle issues in supply chains</li> </ul>	Short–Medium Term	Reduced burden of road transport costs on the economy.
<ul style="list-style-type: none"> <li>Consider measures to reduce unit costs for road construction</li> </ul>	Medium–Long Term	Fiscal savings and/or increased quantity thanks to reduced transport costs.

Source: World Bank (2016:54)

The PER also pointed out that “while there is clearly potential for more PPPs in various infrastructure sectors, tapping into this potential will require robust legal and risk management frameworks. Experience from around the world has shown that for core public infrastructure there is still a need to provide some form of public subsidy. In fact, the motivation for PPPs should perhaps not be primarily about reducing the financing burden, but rather about better quality services and more efficient delivery of infrastructure. The financial side needs to be managed well. PPPs need to be assessed carefully, including in terms of how risks are shared between the government and private sector partners. Often, PPPs entail significant long-term financial liabilities and fiscal risks. For example, PPPs often involve service level guarantees that may trigger budgetary obligations in the case where service demand falls below certain levels. These risks need to be understood and managed well to avoid unwanted fiscal consequences” World Bank 2016:23).

The skew spending in the road sector is also a matter of concern, with the PER noting that “Road transport represents about 89 percent of the overall public transport budget and it also has the highest budget-to-volume ratio. There is relatively low spending on maritime, waterway and rail transport, despite transport costs per kilometer in these modes of transport that are considerably lower than for roads (Figure 2). While road transport remains the most important mode in terms of volumes, accounting for over 90 percent of passenger and 70 percent of freight volumes during the period 2009-12, it remains the most costly form of domestic freight transport. Despite such levels of investment, road transport costs are still high compared with the Southeast Asia region, while the expressway density is one of the lowest in the region. The inland waterway and maritime subsectors have the lowest transport costs for domestic freight transport and the most efficient budget-to-volume ratios. Optimizing the alignment of capital expenditure with sector-related current volumes and potential demand would improve value for money of investments across transport modes. It will also be important to improve infrastructure intermodal connections for better logistics, especially in the maritime, inland waterways and railway subsectors” (World Bank 2016:29).

With regard to the AVTDP, the following matters are of particular relevance:

- Funding for transport infrastructure investment has been constrained in recent years. While investment funding will remain under pressure, there is continuing need for additional transport capacity to meet the needs of the economy and the community. This requires that the best projects are identified for investigation and that project development addresses all relevant matters so that efficient and effective projects are prepared for implementation.
- There is potential for the private sector to play a greater role in financing, implementing and operating transport sector infrastructure.
- The lengthy processes involved in project investigation, development, design, approval and implementation lead to delays, rising costs and compromised projects.

- While the number of civil servants and workers in the transport sector is relatively high, the quality of staff and lack of attention to gender, social and environmental issues in particular, and also to engineering optimisation, make it difficult to improve the quality and sustainability of project development and implementation.
- The road sector is still the dominant mode of transport. Inland waterway and rail transport play significant roles, but have struggled to maintain their respective extensive infrastructure networks and to improve their performance. Investment in them is required, but the effectiveness of the investment depends on other institutional and operational improvements.
- The number of death and injuries due to traffic accidents are among the highest in the region and the world. A contributing factor is inadequate consideration of safety in project development.

Matters related to institutional arrangements in the transport sector and processes involved in the development of transport infrastructure projects are considered further in later chapters of this appendix.

## Donor Support and Broad Areas of Possible Support

The transport sector is not crowded out by a large number of donors. The key donors are multilateral development banks such as ADB and the World Bank, and the governments of Japan and Korea, with the governments of France and Germany also contributing to the development of metro rail systems in Hanoi and HCMC. The private sector is relatively a small player in term of investment put in the sector, with its role limited to domestically financed build-operate–transport (BOT) projects that are supported by tolls. As a practical way forward, the agencies have commonly developed project implementation systems that bypass many of the institutional constraints that exist in Vietnam rather than seek to change the system.

Donors have provided support to Vietnam since 1993, with Australia being an early participant through its involvement in the My Thuan bridge, which was the first fixed crossing of the Mekong River in Vietnam. Donor support has focused on the following areas:

- Late stage project development and implementation.
- Investment mainly in roads (including national, provincial and rural roads) with some investment in inland waterways.
- Ongoing development and implementation of road asset management systems.
- Urban transport strategy for Hanoi, with current support for metro development in Hanoi and HCMC, busways in Hanoi and other projects in these cities and Da Nang.
- Indirect support for the development of long-term and medium-term sector strategies and plans including sector contributions to the five-year Socio-economic Development Plans.
- Transport sector reviews by the ADB and World Bank to support their lending programs and public expenditure reviews.
- Technical assistance to support the work of government agencies, with examples in 2016 being assisting the MOF with the development of its asset management responsibilities and support to the railways for business planning and asset management.
- Good practice models and application in Vietnam e.g. performance based contracting, women participation in the transport sector etc.
- Institutional improvement including setting up new institutions and agencies e.g. the Road Maintenance Fund, SOE reform.

In the face of continuing high demand for infrastructure development, domestic budgetary challenges and a reluctance to borrow for activities other than hard infrastructure investments, the GOV has pressed the donors to these projects to minimize expenditure on capacity building

and policy development. Insofar as these activities have occurred, they have been ad hoc. There is thus very limited additional donor support available to address the critical institutional issues outlined above.

The current Australia-World Bank Strategic Partnership (ABP) provides technical assistance, capacity building, analytical work, and exposes Vietnamese policymakers to the experience of other economies that have surmounted similar challenges faced in Vietnam. It includes assistance in the transport sector. The program will complement the AVTDP by providing support for activities not related to project preparation, such as overarching transport sector policy and for operations and maintenance of infrastructure.

Despite substantial support from donors for the sector, major needs remain, including:

- improved transport sector policy, in particular with regard to regulation, pricing and financing for transport infrastructure and services;
- more effective strategic planning and project prioritization for urban, regional and rural transport;
- project development that improves the effectiveness of transport projects (by taking account of the broader and more complex set of issues that are related to transport such as safety, social and environmental issues) and the efficiency of projects (such as through improved engineering standards and project optimisation);
- arrangements that facilitate the progression of projects from planning to implementation;
- PPP development, in particular to develop practical ways forward;
- maintenance management and funding; and
- improved institutional capacity.

The AVTDP cannot address all of these matters. Rather, it will focus on the third, fourth and fifth of these where there are opportunities to make a practical difference.

## D: Institutional Arrangements In and Affecting the Transport Sector

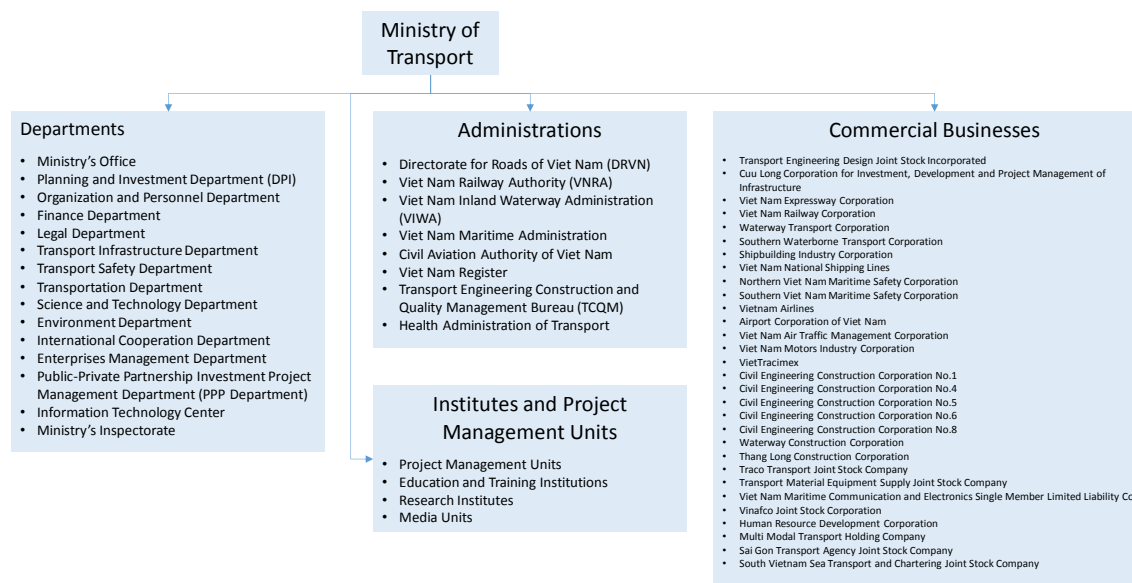
### Current Arrangements

The Ministry of Transport (MOT) is the principal national government agency in the transport sector. Its functions, tasks and powers are set out in Decree No. 107/2012 / ND-CP dated 20/12/2012 and include being responsible for management of road, rail, inland waterway, sea and air transport. It is responsible for policies, regulations and standards in the transport sector, management of transport infrastructure, management of transport vehicles and transport services, driver training, traffic safety, environmental protection, international cooperation and science and technology in the field of transport. The MOT comprises (see also Figure 4):

- 15 departments that are mainly responsible for policy, strategy and regulation, and otherwise supporting the core needs of the MOT;
- 8, mostly mode-related, administrations that are responsible for managing programs and activities in their areas of responsibility; and
- a large number of commercial businesses, which to a large degree reflect the historic extensive involvement of the GOV in the commercial economy but which also involve some activities that are commonly found under government ownership in many countries due to their strategic role and commonly loss-making activities (e.g. railways and waterways).

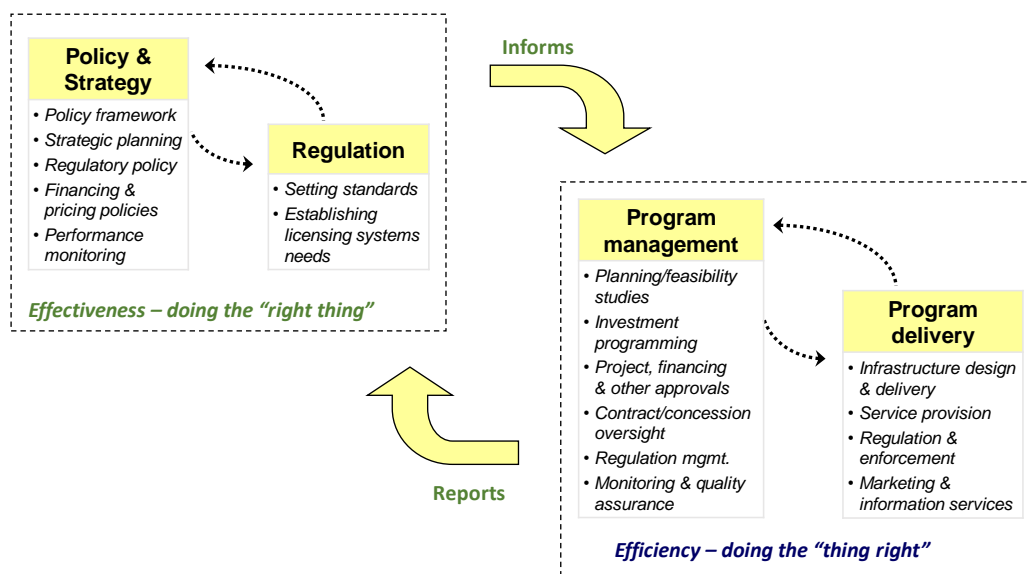
The structure shown in Figure 4 is broadly consistent with a typical standard model for the effective structuring of activities in the transport sector (see Figure 5), i.e. with the departments responsible for setting policy and strategy and overseeing regulation, the administrations responsible for managing programs and the commercial business, together with private sector operators, responsible for delivering infrastructure and transport services. In practice, much remains to be done to refine the application of this general model in the transport sector in Vietnam. As examples, there is a tendency for administrations such as the Vietnam Railway Authority to take a stronger role in strategic planning and regulation of railway sector activities, and Transport Engineering Construction and Quality Management Bureau (TCQM) having key roles with regard to setting standards and well as overseeing the implementation of projects.

Figure 4: Institutional Arrangements – Ministry of Transport



Source: Ministry of Transport

Figure 5: Typical Standard Model for Structuring Activities in the Transport Sector



Source: Consultant

Another description of institutional responsibilities for road, railways and urban transport is shown in Figure 6. This description illustrates the role of provinces in the road sector and also sets out the arrangements for managing urban public transport, which occurs at the city level. ADB (2012:2) notes that “Planning and programming for transport sector investments and management of sector operations in cities and provinces are vested with the provincial departments of transport (PDOTs). The PDOTs are responsible to their respective provincial people’s committees and typically have no direct responsibility link to MOT, except under certain circumstances when special works or projects are to be carried out under the overall direction of MOT. The size of provincial budgets for local transport is inadequate and private finance for this purpose is still at its infancy, constrained by institutional barriers e.g. weak capacity and lack of dedicated transport sector staff at district and lower levels. Nevertheless, the government is making strides toward decentralization. Under a 2006 Decree (Government of Viet Nam 2006), provinces for the first time were permitted to become possible “line agencies” of official development assistance programs under the government. This was an important step in eventually transferring more authority to PDOTs for the development of rural transport systems.”

Figure 6: Institutional Responsibilities for Selected Transport Sectors

Roads and Expressways	Railways	Urban Transit
<ul style="list-style-type: none"> <li>Ministry of Transport (MOT)</li> <li>Directorate for Roads of Vietnam (DRVN)</li> <li>Vietnam Expressway Corporation (VEC)</li> <li>Cuu Long Corporation for Investment Development and Project Management of Infrastructure</li> <li>Provincial departments of transport (PDOTs)</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Transport (MOT)</li> <li>Vietnam Railway Administration (VNRA)</li> <li>Vietnam Railways Corporation (VNR)</li> </ul>	<ul style="list-style-type: none"> <li>Ha Noi People’s Committee</li> <li>Ha Noi Metropolitan Rail Transport Project Board</li> <li>Hanoi Public Transport Management and Operation Center (TRAMOC)</li> <li>Ho Chi Minh City People’s Committee</li> <li>Management Authority of Urban Railways</li> <li>Management and Operations Center for Public Transport</li> </ul>

Source: ADB (2012)



Considerable reform has been occurring in institutional arrangements in the transport sector in recent decades. This is particularly evident in the road and railway sectors. In the case of road, the Directorate for Roads of Vietnam (DRVN) was established to replace the former Vietnam Road Administration. Its role is to guide the development and management of roads and road vehicles, being directly responsible for national roads and supporting activities of provinces with regard to provincial and other local roads. More specifically, it has roles with regard to: “(i) policy making, planning, investment, and finance; (ii) traffic safety, road management, and maintenance; (iii) vehicle registration and licensing; and (iv) project and construction management” (ADB 2012:6).

The Vietnam Expressway Corporation (VEC) was established in 2004 as a corporation to develop (including financing) a national expressway system for the country and to manage and operate (including toll collection) the expressways. In practice, it has not been able to generate sufficient revenue to meet the objectives set for it. In addition to the commercial role of VEC, a large number (reportedly around 80) build-operate-transfer (BOT) projects supported by tolls have been implemented in the road sector to date, virtually all of which have involved domestic financing and unclear development principles and agreements. No international-standard public-private partnership (PPP) projects have yet been implemented in Vietnam.

The Transport Engineering Design Institute (TEDI) has transitioned from being an institute under MOT that undertook technical studies and engineering design for MOT projects to being a company, then a corporation, next a one-member limited liability company and, since 2014 and joint stock company which is now less than 50% state ownership. TEDI now has international shareholders as well as local shareholders.

The largest reforms in the transport sector have been with regard to railways. The former Ministry of Railways (also referred to in literature as the Directorate of Railways and the Department of Railways) was converted to an enterprise in 1990. In 2003, the sub-sector was reorganized again (through Decision No. 34/QĐ-TTg), to establish:

- the Viet Nam Railway Authority (VRA) in the Ministry of Transport responsible for policy, planning and regulation; and
- the Viet Nam Railway Corporation (VRC) as a business responsible for the existing rail system and the provision of railway services.

In 2010 through Decision No. 973/QĐ-TTg, VRC was converted to be a single shareholder limited liability company owned by the government. VRC’s initial activities have now been re-structured as:

- a parent company with:
  - a Board of Members (which is similar to be conventional Board of Directors) and an executive Board of Management (which oversees day-to-day decision making on railway operations);
  - a core of 13 departments that cover administration, infrastructure planning and management, use of rollingstock and fixed assets, security and marketing;
  - 13 railway network operating branches; and
  - other units such as for project management, railway disaster emergency response and rescue, training, health and building management; and
- corporatized entities, including:

the Hanoi Railway Company and the Saigon Railway Company, previously single member limited liability companies wholly owned by VRC that have since the beginning of 2016 become joint stock companies, which each operate passenger and freight train services using carriages and wagons that they own and VRC locomotives – each of these companies have a focus on their respective parts of the country but also are able to provide services throughout the country and in competition with each other;

- the Gia Lam Train Company and the Di An Train Company, previously single member limited liability companies wholly owned by VRC that have since the beginning of 2016

become joint stock companies, and which are primarily involved in the repair and manufacture of train carriages;

- 20 geographically-based infrastructure management companies, 15 of which from the beginning of 2016 have been joint stock companies; and
- 29 mostly joint stock companies covering other railway-related activities.

These changes will result in fixed infrastructure remaining in VRC and opens the way to open access for use of the infrastructure by commercially oriented train operating companies, supported by other commercial activities such as rollingstock supply and infrastructure construction and maintenance.

By the end of December 2015, VRC had achieved its plan to sell shares in 24 of its joint stock companies, including for example an initial public offering of some shares in the two railway operating companies (with VRC intending to keep a 60% stake in the companies). To date shares have been mainly purchased by small investors and employees, suggesting that institutional investors are not yet confident about the potential performance of the businesses.

Finally, there are some instances where passenger rail cars owned by separate companies, some of which are part-owned by VRC, are attached to trains operated by VRC. This occurs mostly on the tourism-oriented train line to Sapa, and on some services in the north-south corridor.

While much has been achieved with the institutional reforms in the railway sector, the current arrangements are not perfect. VRC is a very large highly disaggregated business that will benefit from some rationalization, including for example consolidating the geographically-based infrastructure management companies. In addition, there is a need to strengthen the railway operating companies, and undertake a range of other measures to improve its finances and planning, use and management of assets. Both ADB and the World Bank are currently providing respective assistance to the MOF and MOT to support improvements in the railway sector.

## **Institutional Arrangements of Particular Relevance to AVTDP**

Of particular relevance for the AVTDP are the following entities in MOT:

- Department of Planning and Investment (DPI), which is responsible for prioritizing potential infrastructure investment projects and working with sector agencies to arrange for pre-feasibility studies (PFS), feasibility studies (FS) and detailed engineering design and documentation (DDD) to be undertaken as needed for selected projects;
- road, rail and waterway agencies (DRVN, VNRA and VIWA) because of their roles in guiding the above studies;
- Project Management Units (PMUs), which were originally established to implement as specific project but which have transitioned over time to being technical entities in MOT that are assigned to manage PF, FS and DDD activities – they mostly do this by engaging consultants to undertake the technical work, but undertake some activities themselves and also act as consultants to other agencies;
- TCQM, which is responsible for approving and enforcing design standards for transport projects and quality standards during implementation of projects;
- the Science and Technology Department which is responsible for developing and approving technical standards together with TCQM;
- the Environmental Department which is responsible for environmental and climate change related issues in the transport sector and possibly on social and gender related issues (if formally approved by MOT); and
- the PPP Department because of its role in promoting PPP projects in the transport sector.



Several research/think-tanks have direct influence over the transport sector in terms of policies and strategies and research/technical assistance work. They are:

- The Transport Development Strategy Institute: which is under the MOT administration and responsible to developing sector strategies and development plans. They are the main institute undertaking research work and own and use most of the sector data. They also act as a consultancy firm to conduct Pre-FS and FS for investment projects.
- The Science and Technology Institute: was under MOT, recently equitized. Its scope includes research work on technical standards and quality measurements in the transport sector.
- Transport Engineering Design Institute (TEDI): TEDI was under MOT but has been equitized. It has a leading role in delivering pre-FS and FS for most of the transport sector projects in all transport modes including roads, railways, and waterways.

In addition, two other GOV ministries have a direct influence on activities that could be undertaken under the AVTDP:

- the Ministry of Planning and Investment (MPI), which is responsible for national socio-economic planning, coordinating international development assistance, appraisal of PFS and FS work, and which also has some specific roles with regard to PPPs; and
- the Ministry of Construction (MOC), which is responsible for design and construction standards and for price norms that underpin the estimation of project costs and the assessment of tendered prices for construction projects and which in turn influence contracting methods.

Finally, two other GOV entities have an indirect influence on potential AVTDP activities:

- the Ministry of Finance (MOF), which sets the national government budget, and is responsible for oversight of all public assets and for the finances of state corporations; and
- the Prime Minister's Office (PMO), to which more matters are referred for approval than is usual in most countries.

The Concept Note for the AVTDP also noted the high aversion to risk across the bureaucracy, which reduces efficiency, inhibits innovation and leads to delays in project development. Complex processes and procedures are applied not only in approving new projects but also in applying the necessary variations to existing projects where circumstances change. This includes holding financial delegations at challengingly high levels, such as the Prime Minister personally needing to sign off on all ODA projects valued at more US \$2m. Heavy penalties are imposed when deviating from these established procedures, even where an innovative approach can be shown to deliver better results. The rationale for applying these complex processes is that it limits opportunities for corruption from individual officials, but at the same time it reduces capacity for innovation and makes it difficult for MOT to incorporate international standards in project preparation, engineering approaches or contract management. For ODA projects, anecdotal evidence suggests that this is contributing to only approximately 60 per cent of ODA available to the sector in any given year being spent. This is also holding back the implementation of international standard PPP projects as the GOV has not been able to put in place conditions that will give confidence to international investors particularly around appropriate risk sharing arrangements.

## MOT Staffing

In 2010, there were 282,493 public sector staff employed in the transport sector at the national level, representing 58% of the total number staff in the transport sector (see Table 4). Of these 14,029, representing 5% of people employed in the transport sector, worked on government management of the transport sector. Around a quarter of the people employed in the transport sector had some form of technical qualification that was higher than vocational training.

The MOT is led by a minister and 5 vice-ministers. It employs a total of almost 400 people in its departments. This makes it a medium-size ministry in terms of the total number of staff. The number of staff by MOT department is summarized in Table 5. Also shown in the table is information on the relatively modest role of women in leadership positions. More specific data on the gender and discipline of professional staff in three departments and a number of the PMUs under MOT provides further insight into the nature of the staff (see Table 6).

Table 4: Number of Public Sector Employees in the Transport Sector (2010)

Qualification	Central Level		Local level		Total Transport Sector	
	No. of staff	Share (%)	No. of staff	Share (%)	No. of staff	Share (%)
Short-term no degrees	19,101	7	29,667	15	48,768	10
Vocational training	190,105	67	121,142	61	311,247	65
Professional degrees (Colleges and universities, with bachelor degrees and above)	73,286	26	48,638	24	121,924	25
Total	282,493	100	199,446	100	481,939	100

Source: The Master Plan for MOT Human Resource Development, 2011-2020 (The Transport Development Strategy Institute).

Table 5: MOT Staff

Department	Number of Staff <sup>(1)</sup>			
	Total	Male	Female	Female Leader/- Total Leaders
Office of MOT	76	48	28	1/3
Department of Planning and Investment	30	25	5	1/5
Finance Department	21	14	7	1/5
Legal Department	17	8	9	1/4
Infrastructure Department	20	18	2	1/5
Safety Department	11	10	1	1/5
Transportation Department	16	10	6	1/5
Science and Technology Department	16	14	2	1/5
Environmental Department	13	10	3	1/4
International Cooperation Department	17	12	5	1/4
Enterprise Management Department	9	8	1	2/4
PPP Department	13	11	2	1/5
Technology Control & Quality Management Dept.	74	66	8	4/
Personnel Department	21	14	7	0/5
Inspectorate of MOT	40	32	8	1/8
Total	394	300	94	18/67

(1) Female leaders are Deputy Director of Department level and above. Total number of staff as of December 2015, and number of female staff as of March 2016.

Source: MOT

Table 6: Features of Professional Staffing of Selected MOT Departments (2016)

Group	No. of Professional Staff	Gender		No. of Professional Staff by Discipline					
		Women	Share (%)	Engineering	Finance/-Economics	Environment	Social	Other	Total
MOT									
Department of Planning & Investment	29	2	7%	21	6	0	0	2	29
Transport Infrastructure Department	18	2	11%	17	1	0	0	0	18
PPP Department	21	3	14%	13	7	0	1	0	21
Subtotal	68	7	10%	51	14	0	1	2	68
PMUs under MOT									
Road safety	70	19	27%	36	16	01		17	69
Railways	158	47	30%	107	36	0	4	3	150
Inland waterways	115	30	26%	56	27	6	4	2	95
Marine waterways	85	12	14%	46	22	2	0	4	74
Thang Long Road	159	32	20%	96	27	1	5	2	131
PMU 1	124	32	26%	72	28	1	6	2	109
PMU 2	154	41	27%	68	56	3	6	2	135
PMU 6	155	44	28%	82	35	1	1	19	138
PMU 7	80	8	10%	45	19	1		2	67
PMU 8	45	09	20%	34	7	0	0	0	41
HCMC Highway	172	54	31%	94	34	3	15	20	166
Subtotal	1,317	319	24%	736	307	18	41	73	1,317
PMUs under DRVN									
PMU3	82	26	32%	49	23	1	1	2	76
PMU4	60	12	20%	34	14	1	2	1	52
PMU5	50	10	20%	24	16	0	0	6	46
Subtotal	192	48	25%	107	53	2	3	9	172
Total	1,577	374	24%	894	374	20	45	84	1,417

Source: MOT

Leaving aside some inconsistencies in the data, a number of matters of particular note emerge from the data in these tables:

- **The number of professional staff is not huge.** This reflects the structure of MOT discussed previously, wherein the departments are oriented to administration and oversight and with most detailed technical work being undertaken in other entities of MOT.
- **MOT has allocated considerable resources to PPPs.** This indicates the importance placed by MOT on PPPs. While no international-standard PPPs have been brought to financial close to date, a large number of locally-oriented BOT projects have been implemented.

- **Women account for only a small share of MOT's professional staff.** For the three departments shown in Table 6, an average of only 10% of the professional staff are women, though the share of overall staff is 27%. A significant share of the women in the MOT hold reasonably senior positions.
- **Engineering is the dominant discipline in MOT.** For the three departments shown in Table 6, 75% of the professional staff hold engineering qualifications, with finance and economics (primarily the former) accounting for a further 21%. Few other disciplines that are relevant to the transport sector are evident in the sample shown.

Most of the departments met by the Design Mission expressed the need for DFAT facility to support capacity building. This is particularly strong from the Railway Department and TCQM and from the PPP Departments. The areas they are in charge (railways, technical standards and PPP) are relatively new or under developed areas in Vietnam. The areas for capacity building include:

- Policy and legal development: how best to regulate and facilitate development and improvement.
- International good practices in technical areas including technical standards.
- Institutional set-up and incentives to manage the sector e.g. who should run the testing facilities on quality and technical standards: MOT or private entities?
- Missing agencies: on gender and social issues: who does appraisal for those sectors in MOT, who should take those roles?
- Donor policies and procedures including on social and environmental assessments.

A number of these matters are within the scope of the AVTDP.

## Role of the Private Sector

The role of the private sector in Vietnam is expanding through a combination of growth of new private sector transport businesses as the economy grows and as the government equitizes (the term used to denote the selling of shares) in state-owned enterprises (SOEs), such as described in the previous section.

BOT projects may also indicate an increased role for the private sector, but the lack of transparency including the potential involvement of SOEs clouds the extent of the private sector involvement.

The private sector, as indeed also occurs for government agencies, faces challenges of a multiplicity of decrees, decisions and circulars issued by various government agencies that at times conflict with one another, are not entirely clear and are sometimes incomplete. These limitations are exacerbated by the use of civil law, which requires that legal activities be specified in some detail – which in turn makes the legitimacy of other activities and new initiatives unclear.

Many of institutes and companies under MOT administration have been equitized including TEDI, the Science and Technology Institute and many general corporations. The number of private companies winning contracts in the transport sector projects is increasing. However, for large projects the issues of SOEs (with more than 51% state ownership) winning contracts are still an issue. The World Bank and ADB have clear rules on procurement (eligibility criteria) which forbid SOEs to participate in projects with their state investment owners due to conflict of interest issues. The use of SOEs for maintenance of infrastructure is a related challenge, with a common residual desire by agencies to use them rather than to support the development of private sector companies that compete vigorously with each other. Similarly, there is potential to make more extensive use of competitive tendering to reduce costs and to improve the quality of work that is undertaken.

Finally, considerable use is made of consultants for project development. By requiring higher standards for this work, the AVTDP can assist these consultants to upgrade their skills and experience for the projects in which it becomes involved, with the consultants able to apply this experience to other MOT projects.

Opportunities for donor support that would support increased private sector participation are:

- Promote policies and practical arrangements for transport projects with transparent and equal opportunities for bidding and participation of the private sector (versus SOEs).
- Support capacity building for private enterprises active in the transport sector on donor procedures and other technical aspects.
- Help identify and address the principal current bottlenecks to PPPs, addressing for example the legal framework and other technical aspects for an enabling environment (including on profit and risk sharing, tariff policies, dispute handling arrangements, foreign currency supply etc.).
- Support the equitization process of transport sector SOEs.
- Improve access to information on all transport sector projects from the planning to designing, implementation and management stages.
- Provide capacity building to civil servants especially at sub-national levels to raise awareness and skills to work with the private sector in a more productive and support partnership nature.
- Provide support on anti-corruption and reducing collusion to ensure fair and effective selection of contractors for transport projects.

## E: Transport Project Development

This section describes the processes whereby a project under the jurisdiction of MOT is identified through to where it is ready for tendering. In a very general way, the processes are similar for projects in all transport sectors and for project financed by domestic and international assistance. In practice, there are variations that reflect the specific institutional arrangements in the sector and the sources of finance. Accordingly, the description is made for a national road project, with key differences between projects financed by domestic and international assistance noted and more specific differences between projects primarily funded by the World Bank and the ADB noted.

The general process involved in project development (also sometimes called project preparation) and upstream and subsequent activities is described in Figure 7. The AVTDP is only concerned with the three main project preparation activities of Project Concept Definition (which encompasses PFS), Project Feasibility and Project Delivery Planning (which includes DDD activities).

Following subsections discuss the activities and process that are used in Vietnam. Firstly, though, brief consideration is given to upstream activities, i.e. the Enabling Environment and Strategic Planning.

Figure 7: Project Preparation and its Context



Source: ASI (2014)

## Project Initiation

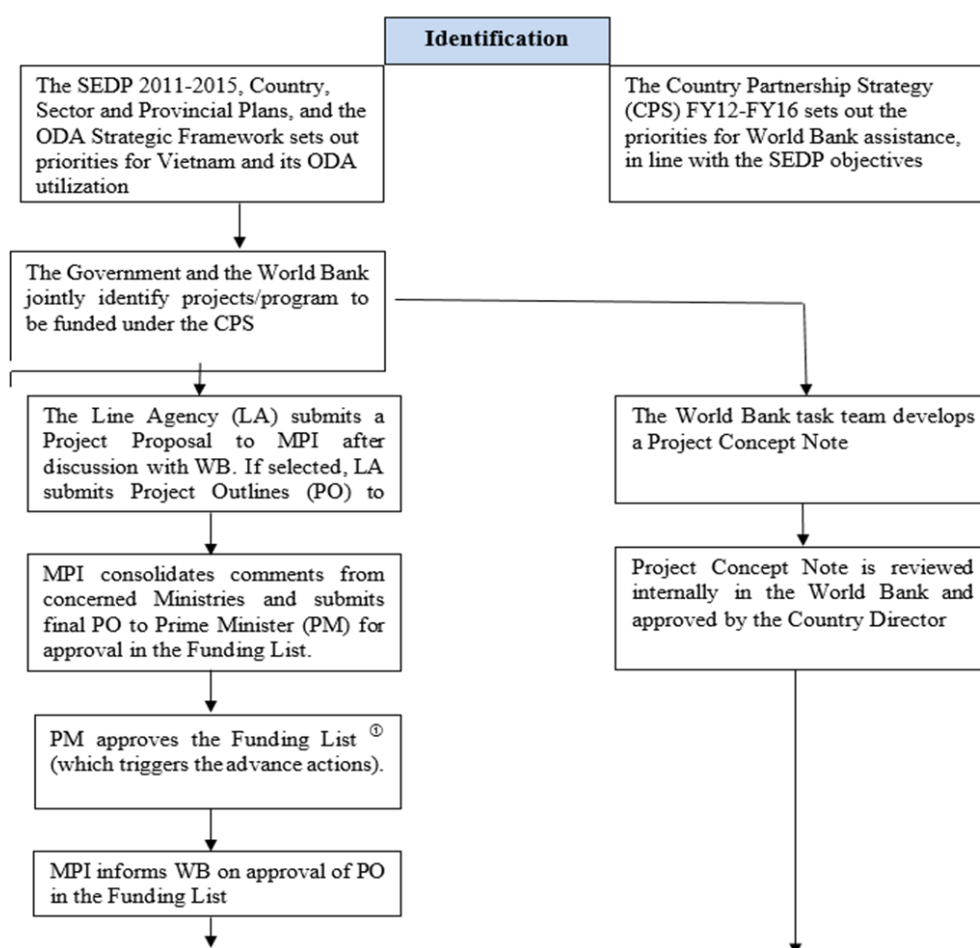
Strategic planning is not a well-developed process in Vietnam as a means for identifying investment needs within the context of government development policy and the need for infrastructure to meet social and economic needs.

Strategies commonly comprise a wish-list of projects that reflect aspiration and broad judgements with loose links to public policy and economic objectives and budgets and with little practical guidance on how they are to be implemented. However, the presence of a project in a strategy is not only used to justify the investment but also that the proposed project is a priority investment. In addition, the specification of projects is often based on standard criteria with little analysis to justify the specified project.

The process whereby projects that are to be financed by the World Bank are approved for inclusion in investment plans are described in Figure 8. The ADB follows a similar process.

## Pre-Feasibility Study

Figure 8: Project Initiation for World Bank Support Projects



Source: World Bank

Procedures and processes for preparation are based on projects/programmes categories. Only for nationally important projects, national targeted programs and target programs using ODA and concessional loans and projects in Category A, a pre-feasibility study is required (using pre-determined templates) and a Council to appraise the PFS will be established either by the responsible line agency or the Prime Minister (for projects of national importance). In the case of projects of Category A, the Council must be inter-ministerial. Line ministries assign a subsidiary unit to prepare the PFS, to be consulted with relevant departments and ministries before submitting to MPI for their submission to the Prime Minister's Office.

The matters to be addressed in a PFS in Vietnam are described in Box 1. It is notable that more matters are addressed to a greater level of detail in a PFS in Vietnam than is common internationally, in particular preliminary engineering design is undertaken rather than a simpler concept design and more consideration is given to the means for financing the project.

## Feasibility Study and Detailed Engineering Design and Documentation

The FS is used to prepare a project for implementation, i.e. it is not a means to identify the best potential project and to determine if the project is justified. The format of a FS is highly standardized, with the contents needing to meet generic standard requirements. Limited funding for a FS limits the quantity and quality of work that is done and leads to the FS for any given project to commonly simply be based on that for some preceding project. The requirement to use procedures, standards and cost norms set by the central ministries such as MOC, MPI and MOF create challenges for sector agencies such as MOT due to their procedural nature, rigid content, sometimes technical inappropriateness and low capacity to accommodate innovation.

The coverage of a FS for a domestically-financed project is described in Box 2. To a greater degree than is usual in other countries, the FS largely presumes that the project will be constructed, i.e. it is less investigatory and more oriented to identifying all matters needed to make the project implementable. Hence, less emphasis is also given to project optimisation and to economic and financial appraisal. In contrast, basic engineering design goes to a greater level

### Box 1: Outputs of a Pre-Feasibility Study

Construction Law, 2014 (Article 53) requires that the pre-feasibility study address the following issues:

- necessity of the investment and conditions for the required construction;
- objectives, scale, location, type of investment (e.g. if it is a PPP project);
- required land and natural resources for the project;
- preliminary design proposal, narrative, technology, key technical solutions and required equipment;
- timeline; and
- total investment, fund mobilisation, repayment feasibility, repayment of debt (if any), preliminary assessment of socio-economic performance; and
- project impact analysis.

### Box 2: Outputs of a Feasibility Study

Construction Law, 2014 (Article 54) requires that the pre-feasibility study address the following issues:

necessity of the investment and conditions for the required construction;

- basic engineering design, including maps and narrative with information on technology and techniques used, equipment, scale of projects and class of roads, locations and geographical details, technical solutions, materials, estimated costs, technical standards, safety solutions;
- necessity of the project, objectives, land required, scale and scope of the project, type of investment(s);
- feasibility of the project including natural resources used, labour required, related infrastructure, usage, timeline, resettlement, land clearance, management of the project, operations, and environment protection;
- impact assessment of land clearance, resettlement, environment protection, construction safety; and
- financial analysis, including total funds required, funds mobilization, financial risk analysis, operational costs



of detail than preliminary engineering design (with the latter more commonly used as the level of design used in a FS in other places).

Another feature of project costing undertaken during FS is the extensive use of price norms, which are unit costs approved by the MOC. Associated with price norms is the use of percentage allowances for a large number of small, specific activities (such as shown in Box 3).

The project development process is also inflexible. The project has to be based on standard approaches to engineering design and implementation. This results in the system being highly resistant to new construction techniques and inhibits use of new contracting approaches such as design-build. To be able to trial a design-build approach, it is necessary for both FS and bidding documents to still include detailed engineering design and a cost estimate that is based on input quantities and cost norms and to assess tenders on this basis.

### Box 3: Example of Costing Approach

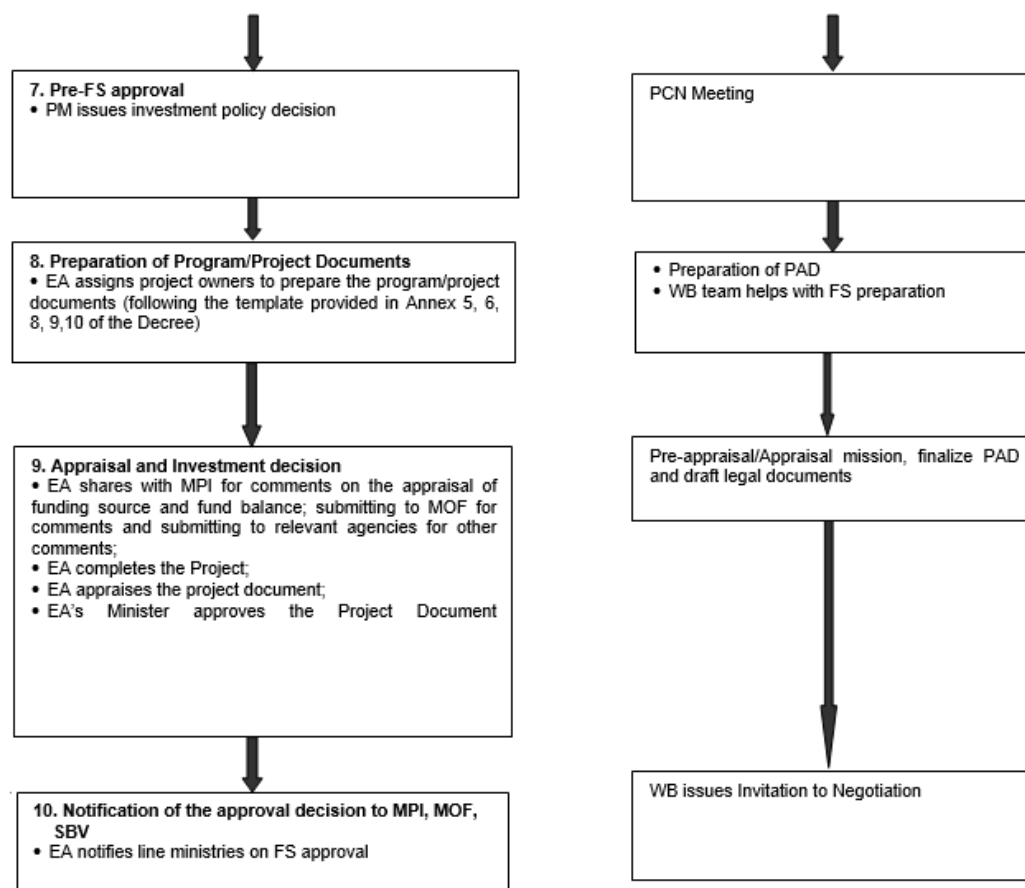
An example of the cost items and the basis for estimating cost for work to prepare a detailed engineering design and undertake other work to prepare a project for tendering is shown below. Costs are based on the total basic cost (BS) of the investment, the basic cost of equipment (BSE), and the basic cost of resettlement (BSRE):

Start Construction Ceremony Fee	BS*0.01%
Detail Design	BS*2.5% * 1.1
Appraising Fee for Detail Technical Design	BS*0.016%*1.2*1.1
Appraising Charges for Detail Technical Design	BS*0.04%*1.2
Appraising Fee for Total Estimates Cost	BS*0.014%*1.2*1.1
Appraising Charges for Total Estimates Cost	BS*0.0045%*1.2
Prepared Construction Bidding Document	BS*0.0064%*1.2*1.1
Prepared Equipment Bidding Document	BSE*0.0087%*1.2*1.1
Supervision of Project	BS*5% * 1.1
Supervision set - up equipment of Project	BSE*0.097%*1.2 * 1.1
Insurance Fee for construction of project	BS*0.78% * 1.2 * 1.1
Insurance Fee for set - up equipment of project	BSE*0.3%*1.2 * 1.1
Select Construction Contractor	BS*0.01%*1.2 * 1.1
Select Equipment Contractor	BSE*0.013%*1.2 * 1.1
PMU's fee	BS*0.395%*1.2
PMU's resettlement Fee	BSRE*0.2%
Safety Fee (to protect un-flame, un-exploded...)	BS*0.2% * 1.1
Prevent storm, flooding Fee	LS
Disarm bomb, mine Fee	5,000 VND/M2
Traffic Safety Fee	LS * 1.1
Design and Construction of logo of Project	LS * 1.1
Connecting Infrastructure System Fee	LS * 1.1
Verify of Quality of Project Fee	BS*0.3%*1.2 * 1.1
Finishing work for existing road after completed project	LS * 1.1
Oversee of copyright on construction time Fee	LS * 1.1
Other Fees (lump sum)	BS*0.5% * 1.1

For programs, projects and non-project assistance that does not use ODA and concessional loans within PM authority, line ministries will appoint a subsidiary unit to prepare the proposal on investment policy (or a feasibility study) using templates in the Decree 16 together with the project document to MPI. MPI will take the lead to coordinate with other leading ministries including MOF, SBV and other related agencies to obtain these agencies' appraisal of their respective areas. MPI then will submit an appraisal report to PM for approval.

For other investment programs/projects using ODA grants within a line ministry authority, the line ministry will appoint a subsidiary unit to prepare the proposal on investment policy using templates in the Decree 16 together with the project document to MPI. MPI will take the lead to coordinate with other leading ministries including MOF, SBV and other related agencies to obtain these agencies' appraisal of their respective areas. Based on comments received from ministries, the line ministry will organise appraisal for the proposal, incorporating comments from relevant departments of the ministry too.

Figure 9: Project Preparation for World Bank Support Projects



Source: World Bank

For TA and non-project using ODA grants, the procedures are as above, but MPI will conduct the appraisal (instead of the line ministry). The line ministry will make a final decision on the project proposal, based on the results of the appraisal by MPI and feedback from other ministries.

Figure 9 describes the process by the Government and WB to prepare the FS/Project Proposal of a lending program using ODA and concessional loans:

There are various concrete steps to prepare the FS by the government, the World Bank and ADB:

**Government:** Within a line ministry, a PMU will be assigned to prepare project FS/project proposal document. The allocated funds for this is relatively small (around US\$300,000, on average). The PMU will hire required consultants to undertake analysis including economic analysis, financial analysis, environment, social and gender safeguard analysis. Another key part of the FS/project proposal document is to prepare a basic design, for infrastructure projects. The key tasks to be completed in a FS are stipulated in the Construction Law (for projects with construction components) is highlighted in Box 2. PMUs often use research institutions such as The Transport Development Strategy Institute (TDSI) and The Transport Engineering Development Institute (TEDI) to undertake those FSs. Individual consultants and foreign firms are used too for technically challenging projects. The GOV appraisal process focuses more on technical design and less on social, environmental safeguard issues. They do not attach a high level of importance to the economic and financial analysis, as so far all of projects included in the project portfolio and cleared by the PM went to the implementation phase. Thus, the FS phase does not look at project feasibility as such, but rather serves as part of project preparation for implementation.

Figure 10: Project Preparation for World Bank Supported Projects

Project Phase	Key Elements
By Appraisal	<ul style="list-style-type: none"> <li>• PDO/revised PDO approved by PM</li> <li>• Final draft of the Feasibility Study agreed with Bank and ready to be submitted to the Line Ministry</li> <li>• Technical Design for civil work contracts/ technical specifications for at least 30% of IDA funds (or the first 18 months of planned implementation) agreed with Bank</li> <li>• Draft Procurement Plan for the first 18 months agreed with Bank</li> <li>• Draft Project Implementation Plan agreed with Bank</li> <li>• Draft Project Operations Manual (including procurement and financial management manual) agreed with Bank</li> <li>• Draft Resettlement Policy Framework (included Resettlement Action Plan if required) agreed with Bank</li> <li>• Draft Ethnic Minority Planning Framework (including Ethnic Minority Plan if required) agreed with Bank</li> </ul>
By Negotiations	<ul style="list-style-type: none"> <li>• Final Feasibility Study approved by Line Ministry<sup>1</sup></li> <li>• Project Management Units at Central and Provincial Levels established and staffed</li> <li>• Final Operations Manual (including procurement and financial management manual) approved by Line Ministry</li> <li>• M&amp;E System in place: Key Performance Indicators agreed, Data Collection Strategy in place (and in particular arrangements have been made to collect baseline data), and Reporting Templates agreed (AMT and FMR)</li> <li>• Counterpart funding for Year 1 of implementation confirmed by appropriate Government authorities</li> <li>• Final Procurement Plan for first 18 months approved by Line Ministry</li> <li>• Bidding Documents for civil works and goods for about 30% of IDA funds (or the first 18 months of implementation) ready for procurement</li> <li>• PM/line ministry has given PMU authorization to proceed with bid evaluation without waiting for credit signing (if needed by PMU)</li> <li>• Resettlement Policy Framework (included Resettlement Action Plan if required) approved by PM (or delegated competent authority)</li> <li>• Ethnic Minority Planning Framework (including Ethnic Minority Plan if required) approved by PM (or delegated competent authority)</li> </ul>

Source: World Bank

**World Bank:** The World Bank follows the principle that it should not appraise a project that it has prepared. Hence, the World Bank depends on the GOV's FS for the information that it uses to appraise a project proposal. To expand the GOV's FS to cover the matters that the World Bank requires to be addressed, the World Bank assists the GOV to find the necessary funds (for example from existing projects and donor trust funds) to finance the additional work and provide some indirect assistance. As the GOV activities progress, the World Bank uses its own staff (covering financial management and procurement specialists, environment, social and gender safeguard advisers and sectoral technical specialists) to prepare the World Bank's Project Appraisal Document (PAD), which is used to secure the approval of the Board of the World Bank for the loan for the project. These staff work closely with line ministries to support them to draw on information in the ministry FS to prepare the PAD. Finally, the World Bank requires that detailed engineering design and documentation be ready for 30% of the value of the project at the time of loan negotiations. The World Bank's criteria for project readiness are described in Figure 10.

**Asian Development Bank:** The ADB finances its own FS for a project in its pipeline through a Project Preparatory Technical Assistance (PPTA) study that is undertaken on behalf of the ADB by consultants. The PPTA occurs in parallel with the GOV's FS. The two activities interact with regard to some matters such as the engineering design, with the PPTA considering matters that the ADB, like the World Bank, seek to address that are not considered in sufficient detail in the

Figure 11: Key Milestones in Project Preparation for ADB Supported Projects

ADB	GOV
Concept Paper by Department Resident Mission	PP submitted to MPI
Minutes approved (optional)	
PPTA reconnaissance mission	
Inter-DRM Concept Paper	
Minutes approved (optional)	PPTA PO submitted to MPI
Concept/PPTA approved	PPTA PO approved
Request for PPTA no-objection	PPTA letter approved
PPTA Effectiveness	
PPTA Mobilization	
PPTA Inception Report	Domestic financing mechanism agreed with MOF
PPTA Mid-term Report	Loan PO with AA and domestic financial mechanism submitted to MPI
Loan Fact Finding	
PPTA Final Report	
Draft Report and Recommendation to the President (RRP) & Project Administration Manual (PAM). PAM endorsed by Country Director/Resident Mission, Project Administration Unit (PAU).	
Management Review Meeting (MRM)/Staff Review Meeting (SRM)	
MRM/SRM Minutes approved (optional)	
Loan Negotiations docs submitted to State Bank of Vietnam	Loan PA submitted to PM and approved
Loan Negotiations	Authority to negotiate received
Loan Negotiations Minutes approved (optional)	Loan FS approved
RRP	
Board Circulation	
Loan Approval	
Loan Signing	

Source: ADB

GOV's FS. When the GOV's FS and the PPTA are completed, ADB staff appraise the project and prepare the Report and Recommendations of the President (RRP) that serves the same role as the PAD. In contrast with the World Bank, the ADB does not require any detailed engineering design to have been done prior to loan negotiations. ADB's key milestones for project preparation and corresponding steps from the Government side are described in Figure 11. ADB's project readiness checklist to move from project preparation to project implementation is set out in Figure 12.

While the World Bank approach should allow projects to move directly to tendering for construction when loans become effective, this does not always occur so smoothly primarily because of GOV processes and approval requirements, but also because of the time taken for MOT agencies to prepare the necessary documents and to gain the approval of the World Bank. In the case of the ADB, securing consultants to commence detailed engineering design usually

Figure 12: ADB Project Readiness Checklist

A. Status of Compliance with Detailed Design (% completed)
B. Status of Recruitment of Consultants
1. EOI (express of interest) advertised in Consultant Management System
2. EOIs received
3. Executing Agency (EA) evaluates EOIs and sends Submission-1 (shortlist and draft Request for Proposal- RFP) to ADB
4. ADB Project Unit and OSFMD (financial management department) review and clear Submission-1
5. ADB sending approval of Submission 1 to EA
6. EA issuing RFP to shortlisted consultants
C. Status of Bidding Process for Civil Works
1. Standard bid documents prepared by EA and sent to ADB for review/ comments
2. Project unit to receive comments from OGC and OSFMD
3. Comments from ADB received and incorporated by EA and bid documents finalized
4. Invitation for bids issued/ advertised by EA
D. PMU established and core PMU staff designated (Yes / No)
E. Status of Safeguard Clearances
1. Status of land acquisition (Yes = completed; No = not yet completed)
2. Status of statutory environmental clearances obtained for .....% subprojects
F. Other
1. Status of local counterpart financing stage (Yes / No / Partial)
2. Fund flow arrangements agreed between ADB and line ministry (Yes /No)
3. Local permits and other clearances (utilities etc.) obtained (Yes / No)
Project Readiness Classification (High/Low) <sup>2</sup>

Source: ADB

does not commence until the loan for the project becomes effective. This results in a considerable delay in commencement of project implementation, covering the time for project approval, loan negotiations and completion of final steps to all loan effectiveness to occur. Another challenge in the case of World Bank projects is for the GOV to secure sufficient funds to conduct the additional activities required by the World Bank, covering the FS and the need for a considerable amount of detailed engineering design and documentation to occur prior to the loan for the project becoming effective.

In response to these matters, both the World Bank and the ADB provided loans to the GOV to establish project preparation facilities. These facilities have been managed by MPI and have been intended to provide funding to contribute to the cost of FS and DDD activities in the case of the World Bank and to allow DDD activities to commence earlier in the case of ADB projects. However, in both cases, disbursement of the funds has been very slow due to MPI acting as the gate-keeper, with MPI reluctant to use loan funds for project preparation rather than investment and with complex procedures for line agencies to access the facilities and associated high interaction costs between MPI and the line agencies responsible for infrastructure. In the case of the World Bank facility, only 20% of the total funds were disbursed, and the facility has been closed due to its lack of efficiency and effectiveness. The AVTDP has a central role to play in providing a better solution to these facilities.

## Project Approval

The new Decree No. 16 on ODA management has been effective for any few ODA projects and programs. Based on this Decree, preparation of program and project proposals using ODA and concessional loans are made under the provisions of Clause 1 and Clause 2 of Article 24 of Public Investment Law. Selection of these programs and projects must be based on the following criteria:

1. compliance with strategies, master plans and socio-economic development plan, annual and medium-term public investment plans approved by competent agencies, and donors' policies and priority areas for ODA and concessional loans;
2. ensuring socio-economic and environmental effectiveness and sustainable development;
3. ensuring economic sustainability;
4. compliance with capacity in allocation of ODA, concessional loans and counterpart fund;
5. compliance with the ability to repay public debts, central government debts and local government debts (for program/project using ODA and concessional loans); and
6. avoid overlapping with program/project(s) already having decision on investment policy or decision on investment;

Following Decree 16, processes and procedures in selection of the suitable program and project proposals and notification to line agencies for preparation of pre-feasibility study reports or Investment policy proposals are as follows:

- For program/project(s) using ODA grants which have investment policy decided by the Prime Minister: MPI will take the lead and coordinate with related agencies to select suitable program/project proposals in compliance with provisions of Clause 2 of this Article, then notify in document to the line agency of selected program/project proposals to prepare Pre-feasibility study report or Investment policy proposal;
- For program/project(s) using ODA and concessional loans: MPI will take the lead and coordinate with MOF and related agencies to select suitable program/project proposals in compliance with provisions of Clause 2 of this Article, then submit to the Prime Minister for review and decision; MPI will notify the line agencies of the Prime Minister's decision on the selected program/project proposals for which Pre-feasibility study reports or Investment policy reports are to be prepared.

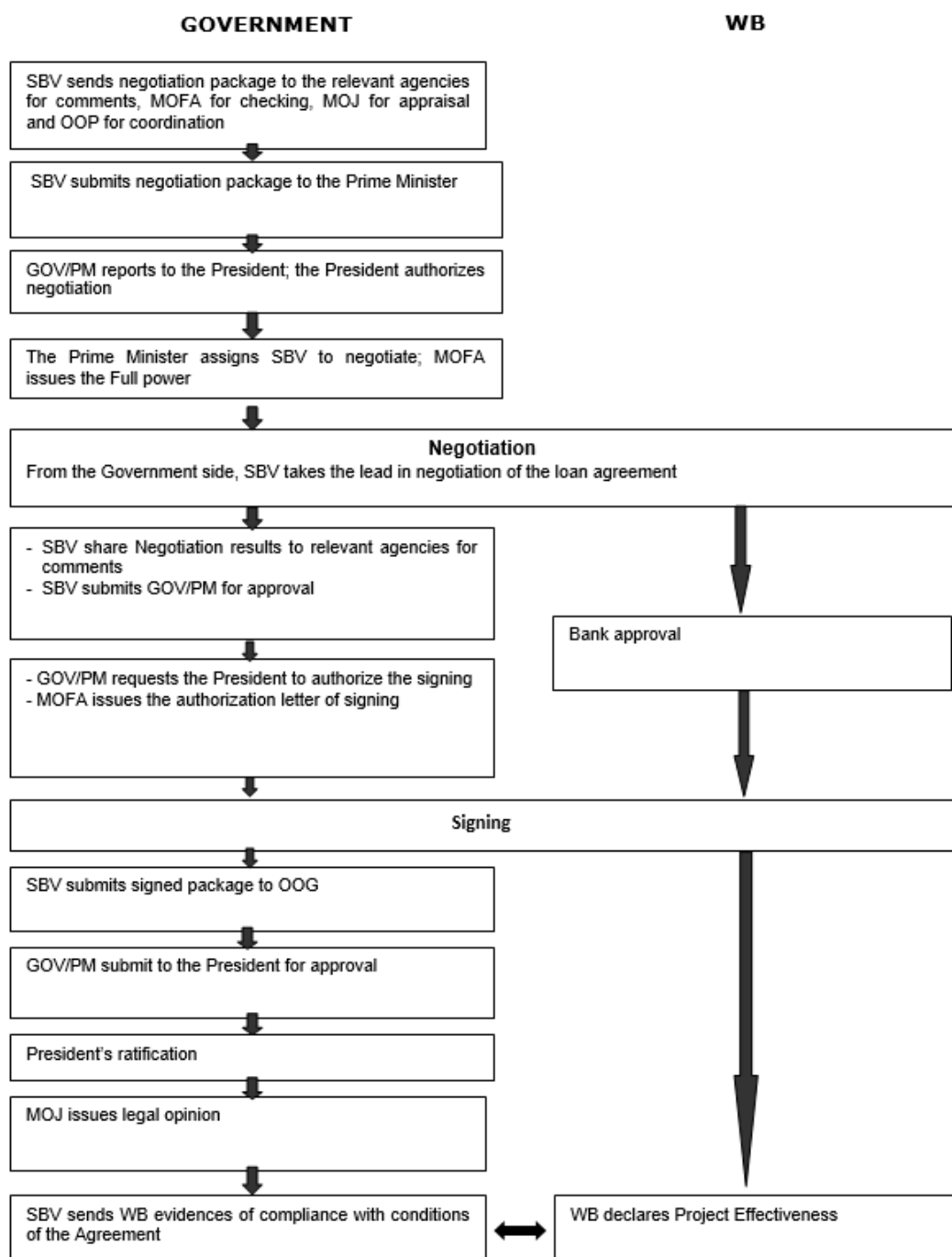
In the process of preparing programs/projects, line agencies should advise MPI, MOF and related agencies on progress and difficulties, with MPI to lead and coordinate with the other agencies to take timely actions before the investment proposal is submitted to competent authorities for approval (Article 4, Decree 16).

From the government side in the transport sector, projects ideas for further selection should derive from the Government's Socio-Economic Development Strategy (SEDS), the five-year Socio-Economic Development Plan (SEDP) and the Transport Sector Five-year Socio-Economic Development Plan; and the Strategy for using ODA and concessional loans. From donor side, project ideas should be in line with the Country Partnership Strategy (CPS), sectoral dialogue and provincial dialogue. The Line Ministry will consult with relevant donors, MPI, MOF and other relevant agencies to firm up an investment project idea for further development into a Project Development Objective (PDO) included in the Portfolio List of Investment Policies to be submitted to Prime Minister for approval.

## Loan Negotiation, Approval and Effectiveness

Figure 13 describes the project negotiation, approval and effectiveness for a World Bank assisted project, i.e. activities that occur after the government has approved the project, the PAD has been completed and approval has given by the Board of the World Bank to proceed with loan negotiations. ADB has a broadly similar process. Key steps are:

Figure 13: Negotiation and Signing of Agreements on Official Development Assistance and Concessional Loans for World Bank Support Projects



Source: World Bank

- loan proposals for a project are be submitted for management approval in the MDBs prior to negotiations commencing with the GOV;
- officials from the MDB and the State Bank of Vietnam (SBV) together with MOT negotiate the loan and any conditionalities that are to be required;



- following approval of the loan by the board of the MDB and from the Prime Minister (which is relayed through the Ministry of Foreign Affairs - MOFA), the loan is signed; and
- a number of other actions are required for the loan to become effective, including internal approvals that involve the Office of Government (OGG) and the President of Vietnam and the provision of evidence by the GOV to the MDB that any conditions to be met prior to loan effectiveness.

## Preparation for Implementation

This phase covers any further work needed for project implementation. The key part of the work relates to the preparation of detailed engineering design and tender documents. It also covers implementing institutional arrangements for project implementation (including allocating responsibility for the project to a specific PMU and recruiting necessary staff), securing counterpart funding, completing land acquisition and resettlement, baseline monitoring and evaluation (M&E) activities and other activities that may be stipulated in the World Bank project effectiveness and ADB loan effectiveness conditions.

## Challenges

A recent study conducted for the World Bank's Regional Governance Hub and the Vietnam Transport Sector identified implementation performance constraints in the road sector in Vietnam (Turkewitz et al 2013). The study gave particular attention to bottlenecks during the design, contracting and construction phases of the project cycle. Reflecting this, it surveyed staff involved in road project development and implementation, with staff in national and provincial PMUs accounting for 86% of the usable survey results and road design consultants, contractors and construction supervisors accounting for a further 12% and ministry officials for 2%. The concerns of these people with regard to pre-construction activities is shown in Figure 14. While the factors are in a generally narrow band, the highest ranked issues related to land acquisition and resettlement, to securing funding for project development activities and review and approval of FS. The study also noted need for increased harmonization among donor and GOV practices, with challenges arising from a need for GOV agencies to deal with unfamiliar procedures and do often need to duplicate work to satisfy the procedural requirements imposed by the GOV and donors.

Figure 14: Concerns regarding pre-construction activities

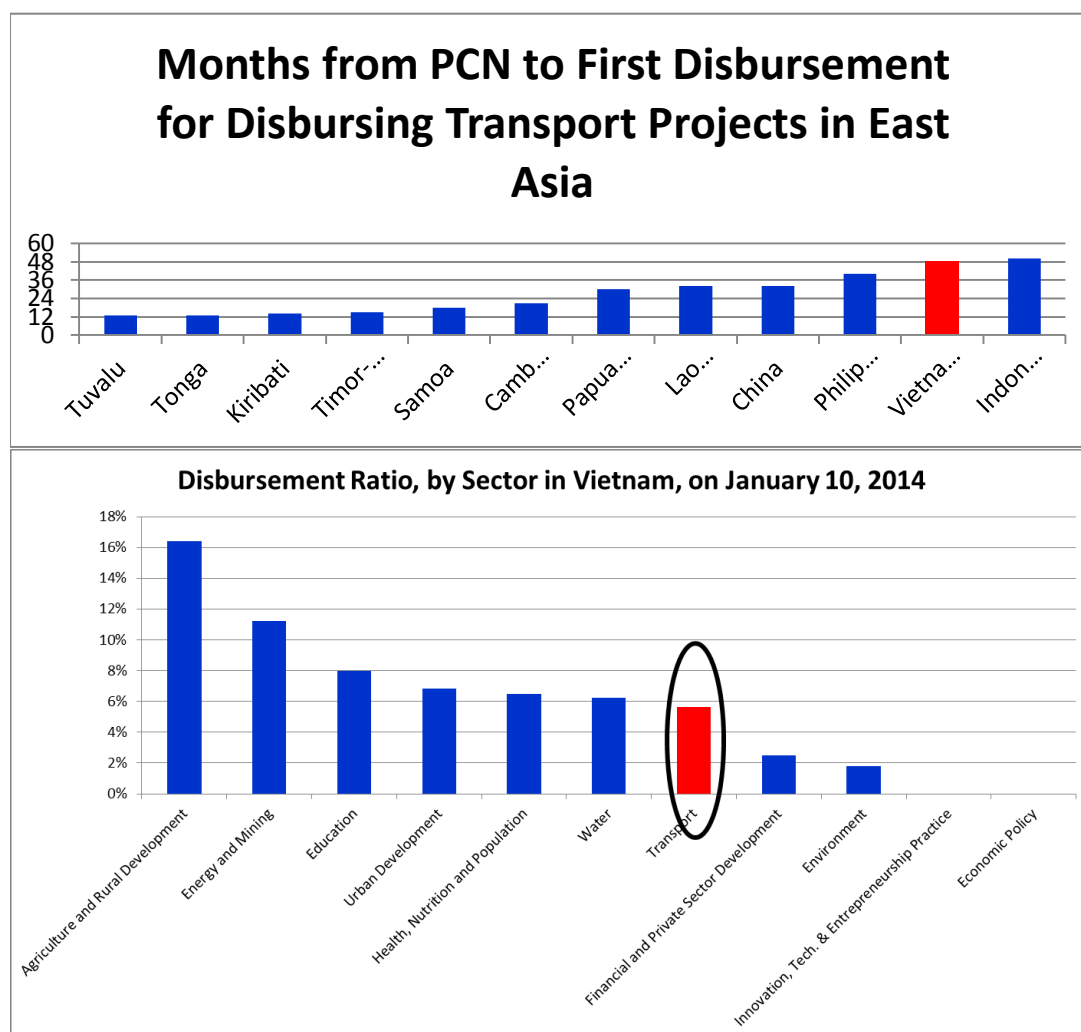
	National projects	Provincial projects	Total
Site compensation	4.51	4.43	4.44
Site clearance and resettlement	4.49	4.36	4.42
Finding sources of fund	4.40	4.28	4.35
Review/approval of FS	4.19	3.91	4.05
Review/approval of PFS	3.90	3.89	3.93
Decision making from higher level	3.92	3.89	3.93
Pre-feasibility study (PFS)	3.68	4.06	3.92
Feasibility study (FS)	4.02	3.87	3.92
Detailed design and cost	3.94	3.85	3.88
Process of selecting consultants	3.81	3.84	3.81
Budget adjustment	3.90	3.68	3.78
Lack of qualified staff at PMUs	3.69	3.70	3.72
Lack of qualified consultants	3.70	3.77	3.72
Process of selecting a PMU	3.43	3.72	3.60
Preparation of request for proposal (RFP) for consulting	3.59	3.65	3.60
Preliminary design and cost	3.65	3.51	3.58
Decision making at check points	3.37	3.47	3.49

Note: Scale is based on 1 = Not significant, 2 = Slightly significant, 3 = Moderately sig  
4 = Very significant, and 5 = Extremely significant

Source: Turkewitz et al (2013)



Figure 15: Time and Disbursement for World Bank Projects



Source: World Bank 2014 Portfolio Review

More specifically, there are a large number of challenges during project preparation which were consistently raised by agencies with which the Design Mission consulted. These are complemented by the challenges faced in moving projects from preparation to implementation and in progressing implementation. Data from the World Bank Portfolio Review in 2014 shows that it takes at least 48 months from the Project Concept Note (PCN) to the first disbursement of a transport project in Vietnam, the second longest in the East Asia region (see Figure 15). More specific information on the time taken from completion of the GOV's FS to project/loan effectiveness is not available, but periods in the range of 9-12 months have been mentioned to the Design Mission – this reflects the time involved in the MDBs preparing their project proposals (the RRP in the case of ADB and the PAD in the case of the World Bank), and going through the process described in the subsection above on Loan Negotiation, Approval and Effectiveness. The disbursement rate of the transport sector in Vietnam is also one of the lowest compared with other sectors.

The key challenges during the project preparation and the start-up period and some questions raised include:

**Planning:** The planning process so far focuses mainly on the five-year period with some bottom-up elements, but it is not linked to the budget nor is it based on rigorous data analysis and economic, social and environmental appraisal. Rather it has a more top-down, political driven

nature with complicated procedures. The network linkages between the national level, provincial and district levels are weak. The key output is a list of projects for the five-year period. DPI of MOT is in charge of this, in coordination with other agencies in MOT and with MPI. There is clear evidence that DPI is interested in additional support from donors to undertake more in-depth analysis and advice on prioritization issues and how best to use different sources of funding for different type of transport projects. Also given the 2015 Budget Law will be effective from January 2017 which requires medium-term framework planning (on a three-year rolling basis) – there is a need for supporting MOT in this area. As so far the Government only has experience with five-year planning (without consolidation and adjustment as time goes by) and annual plans. Other challenges are:

- Complex planning arrangements at central, provincial, and district level.
- No consolidation of these plans – either by sector or administrative unit.
- Need for consolidated, long-term planning and creation of consolidated master plans that set out objectives (rather than project lists). The focus on economic development objectives is weak and there are no master plans linking and coordinating different sector development plans. This results in waste and inefficiency. For example, often roads are built and very soon damaged by water and electricity projects or mining activities.
- Need for improved economic and financial analysis, estimating, and forecasting. The lack of up-to-date data is a major problem for economic and financial analysis. But there is also a clear weakness in government agencies' capacity in forecasting. Another factor is once a project is included in the project pipeline list of the Government, they will go ahead anyway, and the PFS and FS are not serving their function, rather they are for project implementation preparation. Capacity building on economic and financial analysis and forecasting has been a key area of helpful support, suggested by PMUs, research agencies and government departments.
- Inadequate and low quality detailed technical design which are not ready for implementation and which therefore contribute to construction delays. This is due to: (i) the government does not provide sufficient funds to undertake adequate detailed technical design, especially for complex projects using new technologies; (ii) there is an unwillingness by the GOV to borrow for project preparation; (iii) grant funds from bilateral sources to fund project preparation for MDB projects has declined; and (iv) inconsistent and conservative technical standards contribute to inappropriate technical design. Additional funds from DFAT for project preparation would enable MOT and PMUs to be less risk averse and more innovative in exploring and applying new technologies and cutting-edge technical solutions for complex projects.

**Counterpart Funds:** The GOV faces challenges in providing sufficient counterpart funds for project preparation. Donors cannot solve this problem, but they can help facilitate in-depth analysis and informed dialogue between donors and MOF, MPI and provinces. Specific issues are:

- Availability of counterpart funding: a number of large projects are being carried out at the same time, so counterpart funding is tight, especially for land purchases and resettlement compensation. Budget constraints due to reduced oil prices and increased public debt have intensified this challenge.
- Cash flow/transfer of funds: in some cases of national transport infrastructure projects, provinces are being asked to use their funds in the first instance until they can be reimbursed by the GOV. This may not happen promptly, which is a disincentive for provinces to advance funds on behalf of the national government for subsequent projects.
- Fiscal responsibility: provinces have been asked to provide funds (for example for resettlement sites) and have appealed to the Prime Minister for assistance. GOV regulations require provinces to pay for resettlement compensation. For many large

projects this is a major financial burden and is also a social and environmental challenge.

**Land valuation and resettlement.** This is one of the most challenging area for any investment projects in Vietnam. Land valuation is a technically challenging matter, which is exacerbated in practice by constraints in GOV budgets and the process of implementing land acquisition and resettlement. Strong commitment and timely interventions from MOT's leadership and other high levels in the GOV have helped address issues in some of the key projects in Vietnam. Early project preparation and clear price and trend analysis would help avoid problems during the project start up and implementations stages. A suggestion from MPI was that a handbook on key issues and good practices to address issues related to land valuation would be useful for PMUs, especially PPP projects. Specific matters are:

- There are differences between the 'market price' determined by independent valuers, the 'government price', and registered 'transaction price'
- Government uses the 'K-Factor' method, for example 2x in Hanoi, but the market price can be much higher.
- Land purchases cause delay due to negotiation over price.
- New land law allows for use of independent land consultants.
- Newer World Bank-supported projects have required use of such an independent consultant for land appraisal and an independent grievance redress mechanism, though the consultant's report is not always accepted.
- On January 15, 2014, Prime Minister a commitment to 'arrange for the country's contribution to capital and speed land clearance to help disburse the loans from ADB. There seems to be a more universal need for such direction.

**Procurement:** The MDBs have procedures that allow procurement to commence prior to, for example, loan effectiveness, but GOV procedures make it difficult to take advantage of this. Also better project development, in particular detailed engineering design and documentation, will reduce complications during the procurement of contractors. It is also noted that:

- Preparation of TORs for Quality- and Cost-Based Selection (QCBS) contracts takes time, with many iterations of comments between the GOV and MDBs.
- Government and MDB procedures require pre-qualification for complex contracts. However, pre-qualification is a time consuming process, taking as much as 9 to 12 months, with a majority of bidders then being pre-qualified.

**Bid Evaluation:** As for procurement above, this work could start before all approvals are in place. Training for contractors so that they are aware of procedures and fines that they will face if they commit wrongdoings will be helpful to avoid issues during project bidding period and implementation. Other issues are:

- Unreasonable bids for works cannot be disqualified, with a high known risk that contractors will be unable to satisfactorily meet the terms of the contract.
- Bid evaluation is time-consuming, exacerbated by a need for both GOV and MDB requirements to be satisfied and by complex GOV approval requirements.
- There is anecdotal evidence of contractor underperformance but a challenge in properly documenting failures so that contractors can be barred from new contracts.
- Complaints from losing bidders and contractors who chose not to bid have increased. The GOV has issued clear guidance on how to address complaints including role and responsibilities, the time frame, channels for higher level resolution etc. There remains the challenge of ensuring that contracting procedures are satisfactorily followed while at the same time trying to reduce the complexity of contracting.

**SOE Eligibility.** There are conflicts of interest in SOEs bidding for contracts issued by the agency that has an interest in the SOE. The MDBs do not allow SOEs to bid in these circumstances.

**Prior Review Thresholds.** The MDBs have reviewed and raised prior review thresholds in Vietnam over time.

**Timing of Procurement Processes.** The Vietnam Procurement Hub has a database of dates/timing of the procurement processes. Counterpart agencies have similar data. A review of these data will enable the Government and the Bank to identify the processes that take the longest, propose countermeasures, and set service standards. An opportunity for DFAT support is to finance a joint review on timing and mismatch of procurement processes of MDBs and government procedures.

**Manual of MDB Procedures and sequencing.** Having to meet both GOV and donor procedures is challenging for PMUs and others involved in the development of MDB-supported projects, as requirements from each are different even though under the same topic e.g. safeguard policies. Counterparts have suggested that it would be very helpful to have a manual that sets out the activities and sequencing of GOV and MDB procedures. The AVTDP will address this, including identifying differences between the requirements of the MDBs (and DFAT also).

**Securing Procurement Staff in PMUs.** Staff turnover in PMUs is high as people gain skills that are in demand elsewhere and because of the short-term nature of activities in PMUs that reduces the prospects for career development. Continuous training is required to maintain good understanding of GOV and donor procedures. Procurement specialists are in especially short supply. The risk of penalties from errors, which is exacerbated by the complicated procedures involved in the project cycle, is a disincentive to involvement by staff.

**Low quality of social and safeguards documents prepared by GOV agencies.** The MDBs need to have strong involvement in social and environmental analysis and safeguard work to ensure that the required frameworks and documents prepared meet their requirements. GOV work is restricted by inadequate funding and awareness, low expectations and a focus on technical design issues, though there has been gradual improvement over time.

## F: Project Development Pipeline

Projects in MOT's infrastructure project pipeline for the period 2016-2020 that are earmarked for implementation with donor support are described in Table 7. It is possible for the program to change over time, but the table provides a first-order long list of projects from which projects to be supported by the AVTDP will be drawn. More specific infrastructure projects recorded in the World Bank's pipeline are shown in **Figure 16**. The ADB is currently discussing its project pipeline with the GOV and hence details are not available.

Figure 16: World Bank Transport Infrastructure Pipeline

Project	CPS Pillar
Northern Delta Transport Infrastructure AF (FY17)	Competitiveness/Sustainability
Dau Giay – Phan Thiet Expressway Pilot PPP (Component 1) (FY17)*	Competitiveness
Central Region Connectivity (Second Road Safety Project) (FY17)	Opportunity
Southern Region Waterways and Transport Logistics Corridor Project (FY18)	Competitiveness/Sustainability
Can Tho Public Transport Development Project (FY18)	Sustainability
Railway Upgrading Project (FY19)	Competitiveness
Hanoi Public Transport Development Project (FY19)	Sustainability

Source: World Bank

Table 7: MOT Infrastructure Project Pipeline and Sources of Finance for the Period 2016-2020 (for projects with signed MOUs, in commitment with donors in 2016, or seeking financing)

No	Project name	Construction location	Time frame	Donor	Investment decision <sup>(4)</sup>						5-year planned disbursement 2016-2020 <sup>(4)</sup>						
					TMDT						Total fund	In which (VND billion)					Donor capital
					Total budget (all sources)	In which			Donor capital (as in MOUs)			Counterpart fund					
						Counterpart funds		Total				In which					
						State budget	Other sources					Foreign currency <sup>(2)</sup>	VND (billion)	State budget	TPCP	Other	
	TOTAL				177,539	26,029	24,465	1,563		151,539	104,375	15,080	0	14,777	348	89,295	
1	Preparation for Project Upgrading the #2 inland water way corridor	Northern Delta area	2016-16	WB	25	1	1	0	1.1	24	25	1	0	1	0	24	
2	Sub-project HTKT chuẩn bị dự án "Development of inland water's corridor and logistics in Southern region"	Southern Delta and Mekong Delta areas	2016-16	WB	70	1	1	0	3.15	69	70	1	0	1	0	69	
3	Strengthening Capacity of Training for Railway sector				176	0	0	0	8	176	176	0	0	0	0	176	
4	Renovation of key and connecting bridges in highway routes	Nationwide	2016-20	EDCF - Hàn Quốc	2,764	638	638	0	100	2,126	2,764	638	0	638	0	2,126	
5	Additional financing for Project "Transport Infrastructure of Northern Delta Area"	Northern Delta area	2016-20	WB	2,372	546	546	0	83	1,826	2,372	546	0	546	0	1,826	
6	Development of Inland water's corridor and đường thủy và logistics of Sourthern areas	Southern East area and Mekong Delta	2017-20	WB	6,527	1,069	1,069	0	250	5,458	6,527	1,069	0	1,069	0	5,458	
7	Upgrading Highway 19 (AH21) connecting the border between Vietnam and Cambodia	Bình Định, Gia Lai	2016-20		3,672	432	432	0	150	3,240	3,672	432	0	432	0	3,240	
8	Renovation and Upgrading railway route Yên Viên - Lào Cai, Phase 2	Yên Viên - Lào Cai railway route			3,495	291	291	0		3,204	1,402	3	0	3	0	1,399	

No	Project name	Construction location	Time frame	Donor	Investment decision <sup>(4)</sup>						5-year planned disbursement 2016-2020 <sup>(4)</sup>					
					TMĐT						Total fund	In which (VND billion)				
					Total budget (all sources)	In which			Donor capital (as in MOUs)			Counterpart fund				Donor capital
						Counterpart funds		Foreign currency <sup>(2)</sup>	VND (billion)	Total		In which				
						Total	State budget					Other sources	State budget	TPCP	Other	
9	Constrution of Ring road 3 at section Tân Vạn - Nhơn Trạch ofHo Chi Minh City: Project A1	HCM City, Đồng Nai, Bình Dương	2016-18	EDCF	0	0	0	0	200	0	0	0	0	0	0	0
10	03 routes connecting 3 provinces Lai Châu, Hà Giang, Tuyên Quang with Nội Bài - Lào Cai Highway			ADB	4,711	377	377	0	1	4,335	4,711	377	0	377	0	4,335
11	Upgrading Highway 14D connecting Nam Giang with Đăk Tô Oóc border gate of Quảng Nam Province			ADB	13	7	7	0	0.8	22	28	7	0	7	0	22
12	Renovation of Thống nhất railway, Hải Vân mountain pass route	Đà Nẵng City			9	4	4	0		17	22	4	0	4	0	17
13	Renovation of Thong Nhat railway, Khe Nét mountainous pass route	Quảng Bình		EDCF	9,500	1,802	1,802	0	85	7,698	3,900	1,170	0	1,170	0	2,730
14	Renovation of Thong Nhat railway, Hòa Duyệt (Km358+000) - Thanh Luyên (Km369+620)	Hà Tĩnh		EDCF	2,189	319	319	0	68	1,870	1,024	307	0	307	0	717
15	Highway Hà Nội - Lạng Sơn, section Km1+800 - Km45+100 (Hữu Nghị - Chi Lăng)	Lạng Sơn	2016 - 2019	ADB	1,760	264	264	0	454.2	1,496	1,740	261	0	261	0	1,479
16	Highway Dầu Giây - Phan Thiết - Component 1: Dầu Giây – Xuân Lộc (36km)	Bình Thuận	2016-18		9,953	128	83	45	257	9,825	9,811	71	0	71	45	9,741
17	Southern coastal Corridor -Phase 2		2016-20		6,468	814	814	0	332.32	5,654	6,468	814	0	814	0	5,654



No	Project name	Construction location	Time frame	Donor	Investment decision <sup>(4)</sup>						5-year planned disbursement 2016-2020 <sup>(4)</sup>					
					TMDT						Total fund	In which (VND billion)				
					Total budget (all sources)	In which			Donor capital (as in MOUs)			Counterpart fund				Donor capital
						Counterpart funds			Foreign currency <sup>(2)</sup>	VND (billion)		Total	In which			
						Total	State budget	Other sources					State budget	TPCP	Other	
18	Upgrading Highway 14D connecting Nam Giang with Đăk Tà Oóc border gate of Quảng Nam Province	Quảng Nam	2016-18	ADB	7,331	20	20	0	100	7,311	7,331	20	0	20	0	7,311
19	Management of local road assets (LRAMP)	51 provinces	2016-18	WB	2,860	660	660	0	36 triệu	2,200	2,860	660	0	660	0	2,200
20	Construction of Bridge Hòa Bình 4, Hòa Bình Province	Hòa Bình	2016-18		1,876	1,084	1,084	0	44.7	792	9,428	1,084	0	1,084	0	8,344
21	Construction connection Highways Hà Nội – Lào Cai and Lai Châu Province	Lai Châu,			1,148	172	172	0	300	976	1,148	172	0	172	0	976
22	Construction connection Highways Hà Nội – Lào Cai and Ha Giang Province	Hà Giang			7,260	660	660	0	200	6,600	7,260	660	0	660	0	6,600
23	Construction of Land communications satellite Cospas Sarsat - New generation MEOLUT	Hải Phòng	2016 - 2018		4,840	440	440	0	4	4,400	4,840	440	0	440	0	4,400
24	Upgrading railway route Hà Nội -TP. HCM - Phase II	Thong Nhat railway route			120	24	24	0		96	120	24	0	24	0	96
25	HDH TTTH Vinh - Sài Gòn - Phase 2	Thong Nhat railway route			2,586	660	660	0		1,926	2,200	660	0	660	0	1,540
26	Construction of Operation Centre ITS in Northern region				2,679	699	699	0	JPY 6.6 billion	1,980	2,329	699	0	699	0	1,630
27	Upgrading Inland water' corridor #2	Northern Delta area	2017-20		1,366	178	178	0	170	1,188	1,366	178	0	178	0	1,188
28	Strengthen traffic safety in highway of Southern region	Southern provinces	2016-22		4,366	655	655	0		3,711	4,366	655	0	655	0	3,711

No	Project name	Construction location	Time frame	Donor	Investment decision <sup>(1)</sup>						5-year planned disbursement 2016-2020 <sup>(1)</sup>					
					TMDT						Total fund	In which (VND billion)				
					Total budget (all sources)	In which			Donor capital (as in MOUs)			Counterpart fund				Donor capital
						Counterpart funds						Total	In which			
						Total	In which		Foreign currency <sup>(2)</sup>	VND (billion)			State budget	TPCP	Other	
State budget	Other sources															
29	Construction of Ring road 3.Hồ Chí Minh City, section Bến Lức - QL22	Long An, and HCM City	2019-21		3,240	540	540	0	318.55	2,700	2,400	400	0	400	0	2,000
30	Construction of Long Thành International Airport	Đồng Nai	Complete 1 <sup>st</sup> phase in 2025		8,723	1,819	301	1,519		6,904	1,544	417	0	113	304	1,128
31	Construction of connection route Tuyên Quang and highway Nội Bài - Lào Cai	Tuyên Quang, Phú Thọ	2016-18		0	0	0	0	294	0	1,047	0	0	0	0	1,047
32	Construction of Bridge Mỹ Thuận	Cần Thơ	2018-22		8,000	1,600	1,600	0	304	6,400	7,625	1,544	0	1,544	0	6,081
33	Construction of Railway Trảng Bom – Hòa Hưng				7,500	1,125	1,125	0	2.4	6,375	375	56	0	56	0	319

(1) Monetary units are in VND billion unless otherwise indicated. (2) in US\$ million unless otherwise indicated.

Source: MOT

## Appendix B: Social Dimensions

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## A: Summary of Progress

This Appendix includes (A) an overview of the progress made by the Government of Vietnam (GOV) to address poverty and inequity; (B) a brief country-wide poverty and social assessment; (C) a national gender assessment; (D) a gender analysis of the transport sector; and (E) proposed options to assist the Ministry of Transport (MOT) to become more gender responsive, especially with regard to preparing transport projects.

### Overview

Vietnam has made considerable advances in relation to poverty reduction, social development and gender equality and is transitioning from low to middle income country status. By 2015, Vietnam had already achieved most of its Millennium Development Goals (MDGs). Since the 1990s, about 43 million people in Vietnam have moved out of poverty. From a poverty rate of 58.1% in 1990, the country successfully reduced poverty to 14.2% in 2010 and to 9.6% in 2012.<sup>1</sup> This is among the fastest poverty declines in the Asia region. The proportion of the population undernourished fell from 45.6% in 1991 to 12.9% in 2013. Universal primary education was attained in 2000 and the country is on track to achieving universal secondary education. Gender gaps have been closed at primary and secondary school levels. Furthermore, the gender gap between literate men and women fell from 10% in 1989 to just over 4% in 2009.<sup>2</sup> Vietnam has also reduced the children under-five mortality rate from 50.6 per 1,000 live births in 1990 to 23.8 in 2013 and infant mortality rates fell from about 44% to 16% during this period.<sup>3</sup> In addition maternal mortality has decreased, and economic opportunities for both men and women have been expanded.

Compared to other countries in the region, Vietnam has high relative rates of female labour participation (72.3% compared to 81% for males), and female representation in the National Assembly (24.4%).<sup>4</sup> Vietnam's Gender Development Index (GDI) ranks the country 58 out of 138, ahead of its neighbors Thailand, at 69, and the Philippines, at 78.<sup>5</sup> These positive results stem in part from specific measures to promote gender equality which were included in the GOV's Development Goals and then incorporated into its Socio-Economic Development Plan (SEDP) 2006-2010. Other legislation and covenants aimed at improving the implementation of these laws and guaranteeing women equal rights in all spheres are discussed in section C.

Significant challenges to gender equality however, persist, such as low levels of women's participation in public decision-making at local, regional, and national levels; a highly gender segregated labor market in which women are paid less than men; gender disparities in educational outcomes in rural and mountainous areas; increased domestic violence against women; an increasing spread of HIV/AIDS among women; rising male sex ratios at birth (SRB); and weak implementation of gender equity laws and policies at all levels with little consequence for failure to meet the stated targets.<sup>6</sup>

Overlaying these concerns are differences between Vietnam's 54 ethnic groups which make up the country's population. The ethnic majority Kinh, comprise just under 86% of the population while the other 53 ethnic groups account for 14.3% or about 12.25 million people. Most ethnic minority groups depend primarily on subsistence agriculture for their livelihood and inhabit mountainous, coastal, and remote areas with complex topographies, difficult transportation and

<sup>1</sup>Ministry of Planning and Investment, Socialist Republic of Viet Nam (December 17, 2013) Millennium Development Goals Full Report 2013 Achievements and Challenges in The Progress of Reaching Millennium Development Goals Of Vietnam.

<sup>2</sup>World Bank 2011. Vietnam Country Gender Assessment

<sup>3</sup>Ministry of Planning and Investment, Socialist Republic of Viet Nam (December 17, 2013) Millennium Development Goals Full Report 2013 Achievements and Challenges in The Progress of Reaching Millennium Development Goals Of Vietnam.

<sup>4</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>5</sup>ADB 2012. Country Partnership Strategy, Vietnam, 2012-2015

<sup>6</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

communication systems, and harsh climates. Not only are members of ethnic minorities more likely to have poor socio-economic outcomes compared to the Kinh, such as more poverty; less access to transport, health facilities and formal financial services; lower market access; lower wages; and less schooling and educational resources, especially for females, the gaps between men and women tend to be larger in ethnic minority communities.<sup>7</sup> More than half of ethnic minority groups still live below the poverty line. Thus many families migrate to urban centres in search of a better life for themselves and their children.<sup>8</sup>

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<sup>7</sup>Hai-Anh Dang November 2009; revised January 2010. Indigenous Peoples, Poverty and Development Ch. 8 Viet Nam A Widening Poverty Gap for Ethnic Minorities. World Bank

<sup>8</sup>ActionAid International Vietnam 2014. Access to social protection of migrant workers: policy brief. Hanoi

## B: Poverty and Social Assessment

### Physical and Geographic Profile of the Regions<sup>9</sup>

Vietnam is located in Southeastern Asia, bordering the Gulf of Thailand, Gulf of Tonkin, and South China Sea, as well as China, Laos, and Cambodia, having a total area of 331,210 km<sup>2</sup>. The terrain is generally low, flat delta in the south and north, with central highlands and hilly, mountainous in the far north and northwest. Current environmental issues include logging and slash-and-burn agricultural practices which contribute to deforestation and soil degradation; water pollution and overfishing threatening marine life populations, and groundwater contamination limiting potable water supply. Growing urban industrialization and population migration are rapidly degrading the environment in Hanoi and Ho Chi Minh City.

Vietnam comprises 58 provinces and five centrally-governed cities grouped into three key economic zones:

- Northern (Hanoi City, Hung Yen Province, Hai Phong City, Quang Ninh Province, Hai Duong Province, Ha Tay Province, Bac Ninh Province and Vinh Phuc Province);
- Central (Thua Thien Hue Province, Quang Nam Province, Quang Ngai Province, Binh Dinh Province and Da Nang City); and
- Southern (Ho Chi Minh City, Binh Duong Province, Ba Ria – Vung Tau Province, Dong Nai Province, TayNinh Province, BinhPhuoc Province and Long An Province)

The General Statistics Office of Vietnam further groups these provinces and cities into the following eight regions:

- Northwest (TâyBắc) contains four inland provinces in the west of Vietnam's northern part. Two of them are along Vietnam's border with Laos, and one borders China.
- Northeast (ĐôngBắc) contains eleven provinces that lie to north of the highly populated Red River lowlands. Many of these provinces are mountainous.
- Red River Delta (ĐồngBằngSôngHồng) contains the small but populous provinces along the mouth of the Red River. There are nine provinces in this region. It also includes the national capital, Hanoi, and the municipality of Haiphong – both are independent of any provincial government.
- North Central Coast (BắcTrungBộ) contains six provinces in the northern half of Vietnam's narrow central part. All provinces in this region stretch from the coast in the east to Laos in the west.
- South Central Coast (Nam TrungBộ) contains seven coastal provinces and a municipality Da Nang in the southern half of Vietnam's central part. Vietnam is wider at this point than in the North Central Coast region, and so the inland areas are separate provinces.
- Central Highlands (TâyNguyên) contains the five inland provinces of south-central Vietnam. Almost of this region is mountainous. While mostly inhabited by ethnic minorities, there are many Vietnamese living here.
- Southeast (Đông Nam Bộ) contains those parts of lowland southern Vietnam which are north of the Mekong delta. There are five provinces, plus the municipality of Ho Chi Minh City. This region draws domestic migrants from poor rural areas, including those from ethnic minority groups.

<sup>9</sup> Sources: Vietnam's Regions and Key Economic Zones (2012) <http://www.vietnam-briefing.com/news/vietnams-regions-key-economic-zones.html/#sthash.lkm5mt4B.dpuf>/ IndexMundi (2104) Vietnam Geography Profile 2014 [http://www.indexmundi.com/vietnam/geography\\_profile.html](http://www.indexmundi.com/vietnam/geography_profile.html), and <http://www.vietnam-briefing.com/news/vietnams-regions-key-economic-zones.html/>



- Mekong River Delta (Đồng bằng Sông Cửu Long) is Vietnam's southernmost region, mostly containing small but populous provinces in the delta of the Mekong. There are twelve provinces, plus the municipality of Cần Thơ.

## Progress Meeting Millennium Development Goals

Vietnam has made impressive progress towards achieving the MDGs (Table 2),<sup>10</sup> however it is important that progress is sustained, rising disparities are better targeted, risks are anticipated, and remaining gaps are addressed.

Table 1: Vietnam's Progress in meeting Millennium Development Goals

Goal	Target	Progress
Goal 1 Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> <li>• Halve the proportion of people whose income is less than \$1.25 a day</li> <li>• Achieve full and productive employment and decent work for all</li> <li>• Halve the proportion of people who suffer from hunger</li> </ul>	<ul style="list-style-type: none"> <li>• Population below \$1.25 (PPP) per day (1993=63.7% and 2008=16.9%)</li> <li>• Employment-to-population ratio (1996=74.5% and 2012=75.5%)</li> <li>• Population undernourished (1991=45.6% and 2013=12.9%)</li> </ul>
Goal 2 Achieve universal primary education	<ul style="list-style-type: none"> <li>• All children complete a full course of primary schooling</li> </ul>	<ul style="list-style-type: none"> <li>• In 2011, 97.5% pupils starting grade 1 reach last grade of primary</li> </ul>
Goal 3 Promote gender equality and empower women	<ul style="list-style-type: none"> <li>• Eliminate gender disparity in primary and secondary education</li> </ul>	<ul style="list-style-type: none"> <li>• In 2012, the ratio of girls to boys in primary was 1.01, in secondary was 1.00, and in tertiary education was 1.02</li> </ul>
Goal 4 Reduce child mortality	<ul style="list-style-type: none"> <li>• Reduce by two thirds the under-five mortality rate</li> </ul>	<ul style="list-style-type: none"> <li>• Children under five mortality rate per 1,000 live births (1990=50.6 and 2013=23.8)</li> </ul>
Goal 5 Improve maternal health	<ul style="list-style-type: none"> <li>• Reduce by three quarters the maternal mortality ratio</li> <li>• Achieve universal access to reproductive health</li> </ul>	<ul style="list-style-type: none"> <li>• Maternal mortality ratio per 100,000 live births (1990=140 and 2013=49)</li> <li>• In 2011, 77.8% of married women 15-49 years old report using some contraceptive method.</li> </ul>
Goal 6 Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> <li>• Have halted and begun to reverse the spread of HIV/AIDS</li> <li>• Achieve universal access to treatment for HIV/AIDS for all those who need it</li> <li>• Have halted and begun to reverse the incidence of malaria and other major diseases</li> </ul>	<ul style="list-style-type: none"> <li>• HIV incidence rate, 15-49 years old (2000=0.07 and 2013=0.03)</li> <li>• In 2011, 57.7% of people with advanced HIV infection covered by antiretroviral therapy.</li> <li>• In 2011, there were 108 notified cases of malaria per 100,000 population</li> </ul>
Goal 7 Ensure environmental sustainability	<ul style="list-style-type: none"> <li>• Halve the proportion of the population without sustainable access to safe drinking water and basic sanitation</li> <li>• Achieved a significant improvement in the lives of slum dwellers</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of the population using improved drinking water sources (1990=61% and 2012=95%)</li> <li>• Proportion of the population using improved sanitation facilities (1990=37% and 2012=75%)</li> <li>• Slum population as percentage of urban (1990=60.5% and 2009=35.2%)</li> </ul>
Goal 8 Develop a global partnership for development	<ul style="list-style-type: none"> <li>• Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</li> <li>• Deal comprehensively with</li> </ul>	<ul style="list-style-type: none"> <li>• Developed country imports from developing countries admitted duty free (1996=26.7% and 2012=67.2%)</li> <li>• Debt service as percentage of exports of goods and services and net income</li> </ul>

<sup>10</sup>The Millennium Development Goals(MDGs) are eight international development goals that were established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. Viet Nam committed to achieve the MDGs by 2015.

Goal	Target	Progress
	developing countries' debt <ul style="list-style-type: none"> <li>In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</li> </ul>	(1996=3.2 and 2012=1.8) <ul style="list-style-type: none"> <li>Mobile-cellular subscriptions per 100 inhabitants (1990=0 and 2012=131)</li> <li>Internet users per 100 inhabitants (1990=0 and 2013=43.9)</li> </ul>

Source: UN (2014) The Millennium Development Goals Report 2014, Statistics for Vietnam. New York

## Sustainable Development Goals

The global Sustainable Development Goals (SDGs) were agreed at the United Nations Headquarters in New York on 25<sup>th</sup> September 2015, with Vietnam as a signatory.<sup>11</sup> There are 17 goals which replace and expand on the MDGs goals.<sup>12</sup> SDG Goal 11 is to 'Make cities and human settlements inclusive, safe, resilient and sustainable.' This Goal has ten targets, the second of which includes "the delivery of safe, affordable, accessible and sustainable transport systems for all, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons".

## Remaining Challenges

While overall poverty levels have dropped remarkably, wide disparities still exist which can lead to certain groups being left behind in the overall economic growth and social development of the country. These groups include both rural and urban poor, including domestic migrants, ethnic minority groups, people with disabilities (PWD), and women.<sup>13</sup> The poverty rate in the economically disadvantaged regions fell from 58.3% in 2010 to 43.9% in 2012 but it is still almost five times as high as the national average. Poverty is largely a rural phenomenon, with 95 percent of the poor living in rural areas, and is concentrated in the North West and North East, in the border areas of the North Central and South Central Coast and in parts of the Central Highlands.<sup>14</sup> Also new forms of poverty are also starting to emerge.<sup>15</sup> These include chronic poverty, urban poverty, female poverty, child poverty and poor domestic migrants. The GOV's plan to transition from the traditional one-dimensional poverty approach to a multidimensional poverty approach in Vietnam will increasingly highlight these forms of poverty, which can have overlapping – and thus intensified – forms of disadvantage.<sup>16, 17</sup>

**Rural to Urban Migration:** Vietnam's economic rise has been accompanied by the growth of its large cities. More than a third of the population now lives in cities, and this is expected to rise to 50% by 2050. These areas account for a major part of the gross domestic product (GDP) as urbanization has helped drive economic growth by supplying sources of labour. Whilst the rural to urban shift is a normal and healthy pattern in growing economies, it can put pressure on transport and infrastructure and people's access to other basic services, urban housing, and social-welfare systems if not carefully planned and managed; and lead to new forms of multi-dimensional poverty.<sup>18</sup>

<sup>11</sup>Viet Nam News (2015). President: Viet Nam commits to successfully implementing SDGs. Hanoi. from <http://vietnamnews.vn/politics-laws/276320/president-viet-nam-commits-to-successfully-implementing-sdgs.html>

<sup>12</sup><https://sustainabledevelopment.un.org/?menu=1300>

<sup>13</sup> Strategic risk (2014) Asia risk report 2014. [www.strategic-risk-global.com/Journals/2014/07/24/d/a/I/Vietnam.pdf](http://www.strategic-risk-global.com/Journals/2014/07/24/d/a/I/Vietnam.pdf)

<sup>14</sup>World Bank (2015). World Bank East Asia and Pacific Update (April): adjusting to a changing world. Washington DC, World Bank: 149. from <http://www.worldbank.org/content/dam/Worldbank/Publications/eap/EAP-Economic-Update-April-2015.pdf>.

<sup>15</sup> UNICEF Viet Nam - Overview - Viet Nam and the MDGs

<sup>16</sup>SRV (2014).DECISION to issue an Action Plan for implementing Resolution 76/2014/QH13 of the National Assembly on speeding up sustainable poverty reduction target until 2020.

<sup>17</sup> The Multidimensional Poverty Index (MPI) complements monetary measures of poverty by considering overlapping deprivations suffered by people at the same time. The index shows the number of people who are multi-dimensionally poor and the number of deprivations with which poor households typically contend with. It can be deconstructed by region, ethnicity and other groupings as well as by dimension (UNDP)

<sup>18</sup>SRV (2014).DECISION to issue an Action Plan for implementing Resolution 76/2014/QH13 of the National Assembly on speeding up sustainable poverty reduction target until 2020.

**High Poverty Incidence amongst Ethnic Minority Groups:** Almost one fifth of people who live in rural areas of Vietnam belong to Vietnam's 53 ethnic minority groups. Poor capability and lack of self-confidence in using the Vietnamese language presents problems for ethnic minorities in accessing basic transport, health, education and other services, communicating with the mainstream population, and attaining high salaried jobs. Furthermore, the custom of early marriage among ethnic minorities and having many children contributes to their prevailing poverty.<sup>19</sup> The GOV has promulgated many policies to support ethnic minority peoples and significant progress has been made to reduce poverty and provide better access to infrastructure, however unequal development and high poverty levels amongst ethnic groups remain. Vietnam's poverty rate is highest in the Northwest (28.6%) followed by the Northeast (17.4%), the Northern Central Area (15.0%), and the Central Highlands (15.0%). Although ethnic minority populations account for only 14% of the total population, the number of poor households among such groups represents almost 50% of the total number of poor households. In terms of income, the average income of ethnic minority households is only one sixth of the national average.<sup>20</sup>

**High Incidence of People with Disabilities (PWD):** According to a recent Disability Fact Sheet 21 just over 15% of Vietnam's population has one or more disabilities, for example in seeing, hearing, walking or cognition. This number corresponds to more than 13 million people, of whom 3 million have two or more disabilities. In terms of gender gaps, the recorded prevalence of disability in Vietnam is slightly higher among girls/women at 8.4% compared with 7.0% for boys/men five years or older. Regional data from the North and South Central Coast suggests the highest prevalence and most severe cases of disability, followed by the Red River Delta, the Northern Midland and Mountains region, then the Southern region.

The Ministry of Health (MOH) and Ministry of Labour, Invalids and Social Affairs (MOLISA) have classification systems and screening tools in place to define different types of disabilities. PWD are often stigmatized and ostracized by negative community attitudes, and girls especially, are disproportionately vulnerable to violence, exploitation and abuse. Cultural, legal and institutional barriers render girls and young women with disabilities the victims of two-fold discrimination: as a consequence of both their gender and their disability.

The Disability Fact Sheet notes that 75% of Vietnamese PWD live in rural areas, which means they generally have very limited access to quality medical care, schooling, employment and transport services and infrastructure. Almost 20% of PWD have never attended school, and only 76% of disabled people are literate. Not surprisingly, 70% of disabled people are financially dependent on their families or on social allowances. In urban areas, many PWD resort to begging or selling lottery tickets or other items to earn an income. Recent educational data <sup>22</sup> indicates that in the 2013/14 school year, only 13,572 students with a disability attended Lower Secondary Education (0.3% of the student population at this level); and 1,520 disabled students attended Upper Secondary Education (or 0.1% of the student at level). This data confirms that educational opportunities for disabled youth are very limited, hindering their job and livelihood opportunities in the future.

Disabled females and males face specific and conceivably different challenges in accessing mainstream transport services and related infrastructure, however these barriers are difficult to determine since little information is known about PWD transport behaviour and concerns due to a lack of survey data. Collecting this type of information poses problems in itself because comparatively few PWD travel on public services to enable interviewing, and some PWDs may have difficulty in communicating, especially if they feel embarrassed to talk about their disability. Thus it is difficult for transport planners to plan specific measures to cater to disabled female and male needs, such as special seating arrangements, ramps for wheelchair access, specialized toilets, and other measures.

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<sup>19</sup>ActionAid International Vietnam 2014. Access to social protection of migrant workers: policy brief. Hanoi

<sup>20</sup> Phan Thi Lac, 22 November 2013, ADB: LSEMDAP II Ethnic Minority Plan

<sup>21</sup> October 15, 2015. Enablecode Factsheet. Source: [www.enablecode.vn/aboutus/9-facts-about-disability-in-vietnam/](http://www.enablecode.vn/aboutus/9-facts-about-disability-in-vietnam/)

<sup>22</sup>Government of Viet Nam. 2015. Department of Planning and Finance, Ministry of Education and Training.

The main form of transport in Vietnam is the motorbike, but many PWD are unable to use a bike. In Ho Chi Minh City, the Disability Resource and Capacity Development Centre provides disabled people with free three-wheeler motorbikes, but these can still be difficult to ride. In addition, there are only two bus lines out of more than 100 that are accessible to PWD in Ho Chi Minh.<sup>23</sup> The lack of access to safe, reliable and disability-friendly transport services country-wide, but especially in rural and remote areas, constrains PWD in benefiting from using transport facilities.

*Poor women:* The single biggest disadvantaged group in Vietnam comprises women and girls who make up slightly less than 50% of the population; approximately 17% of the population lives in poverty, and over half of these are female. A combination of being female and being poor means being doubly disadvantaged. Poor women are less likely to access transport due to a lack of money for travel, a lack of time due to busy work schedules, and fears about safety.

## Multidimensional Approach to Poverty Reduction

Vietnam is experiencing a significant policy shift in relation to sustainable poverty reduction, and a focus on improving transport systems is a key way of increasing access to social and economic opportunities, especially for the rural poor, and thus reducing poverty. A 2006 study by the Vietnam Academy of Social Sciences found that “spending an additional 1% of GDP on infrastructure in Vietnam has led to a proportionate reduction of the poverty rate by roughly 0.5%”.<sup>24</sup> The impact of improved access is greater in poorer provinces. Improved access and increased mobility of the population can enhance economic well-being and, if appropriately designed, gender equality as well.

Under the direction of Resolution 80 and Resolution 76, the National Assembly and Central Poverty Reduction Steering Committee is encouraging line ministries to look at poverty in a concerted and multi-dimensional way. Better and more effective measurement and targeting of poverty is anticipated with the evolution of this approach and experience from other Middle-Income Countries (MIC) such as Mexico, Columbia, Brazil, and Malaysia. This methodology has been integrated into the design of a new poverty survey that was applied by the Ministry of Labour, Invalids and Social Affairs (MOLISA) in 2015. This is a radical move away from the traditional income measurement that will have far reaching effects on line ministries' coordination and concerted approaches and interventions. MOLISA's Poverty Reduction Coordinating Office is leading on this with the support from the Party, National Assembly and Government.

MOT policy makers, project designers, researchers, and statistical units need to understand this policy shift in a comprehensive way, so that transport interventions can cater for poor and near poor, ethnic minority, disadvantaged and migrant families, as well as mainstream groups. The development of broader and more inclusive gender responsive indicators and strategic restructuring of policy responses are key to MOT inputs in this regard.

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<sup>23</sup> October 15, 2015. Enablecode Factsheet.

<sup>24</sup> World Bank 2014. Scoping Report Opportunities to Mainstream Gender in Transport Policy and Operations in Vietnam. World Bank, Hanoi Country Office, Transport & Social Development Teams July 2014

## C: National Gender Assessment

### National Gender Issues, Gender Policy and Implementation

Vietnam has made considerable advances in relation to gender equality. Compared to other countries in the region, Vietnam has a relatively good gender equity performance. This positive result stems in part from specific measures to promote gender equality which were included in the GOV's Development Goals and then incorporated into its Socio-Economic Development Plan 2006-2010. Vietnam's National Laws on Gender Equality (LGE); Domestic Violence Prevention and Control (LDVPC); and the National Program on Gender Equality (NPGE) were endorsed in 2006, 2007 and 2011 respectively. A new draft National Strategy on Gender Equality (NSGE) 2011-2020 aimed at improving the implementation of these laws has recently been approved. Vietnam also has a National Strategy for the Advancement of Women (NSAW) 2010, has ratified the Universal Declaration of Human Rights, and the Convention on the Elimination of Discrimination against Women (CEDAW); and the 1992 Constitution guarantees women equal rights in all spheres, including the family, and bans discrimination against women.<sup>25</sup>

Significant challenges however, persist, such as low levels of women's participation in public decision-making at local, regional, and national levels; a highly gender segregated labor market in which women are paid less than men; gender disparities in educational outcomes in rural and mountainous areas; increased domestic violence against women; an increasing spread of HIV/AIDS among women; rising male sex ratios at birth; and **weak implementation of gender equity laws and policies at all levels with little consequence for failure to meet the stated targets.**<sup>26</sup> These challenges elaborated below, reflect a deep-rooted cultural social bias against females, particularly in rural areas. Such gender discrimination favours boys over girls, undervalues girls' education and economic potential, places the burden of unpaid housework and childcare disproportionately on women and girls, and increases the vulnerability of females to exploitation. In addition, women are forced out of public service at 55 years compared to 60 years for men, as a result of mandatory retirement laws. This deprives Vietnam of its most senior and experienced female leaders at the peak of their careers and reduces the likelihood of promotion and training opportunities as women advance in age. Leadership statistics show that only 5% of the presidents of large companies and just under 10% of the vice presidents are women.<sup>27</sup> The fact that some Vietnamese women as well as men are resistant to women taking up leadership roles reflects the strength of traditional gender norms and attitudes held by both sexes.<sup>28</sup>

### Challenges

**Public decision-making and politics:** Vietnam's National Assembly has just one female minister out of 22 ministers, and women are leaders in only 2 of the 9 government Ministries. Women's participation rates in government councils are 24% at provincial level, 23% at district level, and 20% at commune level, and the number of women in leadership positions remains very low. Men dominate the civil service, especially the Ministries of defence and security, law, justice, economics, foreign affairs, and finance, holding 85%–92% of positions. The Ministries of culture, education, social affairs, technology and environment have higher percentages of female employees, ranging from 28% to 37%. Barriers to women's public participation include unequal burdens of household and reproductive responsibility, traditional values and attitudes related to women's roles, official rules and regulations that are gender biased, and unequal opportunities for training and capacity development.<sup>29</sup>

<sup>25</sup>World Bank 2011. Vietnam Country Gender Assessment

<sup>26</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>27</sup>World Bank 2011. Vietnam Country Gender Assessment

<sup>28</sup>UN Women 2011. Viet Nam Fact Sheet

<sup>29</sup>ADB 2012. Country Partnership Strategy, Vietnam, 2012-2015



**Labour force participation:** Vietnam's labor force is generally young and unskilled: 48.4% of the labor force is in the age group 20-39 years and only 16% of the labor force has received technical training. The percentage of women employed as unskilled workers is 68% compared with 57% for men.<sup>30</sup> Men tend to be more educated or skilled; 20% of economically active men compared to 15% of economically active women have undertaken vocational training, and 5.4% of men compared to 4.0% of women have graduated from university.<sup>31</sup> Women work mostly in agriculture (50%), followed by services (33%), then industry (17%) where they are commonly employed on an informal or casual basis as a cheap and flexible labour source. In addition, around 54% of female workers are unpaid family workers, often working long hours in informal household businesses with few written contracts and little access to public services, training or promotion. On average, women earn 25% less than men for the same type of work, with gaps decreasing with level of education and training completed, and the type of education and employment received. A combination of low education levels, limited access to skills training, lack of access to credit and financial services, and gender segregation in the labour market hinder women's ability to get better jobs and improve their incomes.<sup>32</sup>

**Formal and non-formal education:** While Vietnam has good gender parity in education, gender disparities persist in educational outcomes in rural and mountainous areas of the Northwest region which has the highest levels of poverty. Distance to schools; language of instruction; persistent gender stereotypes; and the lack of gender-sensitive and locally relevant curricula, teaching methods and qualified teachers, are key concerns. In addition, there is a mismatch between vocational education training, especially for women, and labor market demands. Gender gaps in basic literacy, and technical and vocational education and training, highlight that working-women face major disadvantages relative to working-men in today's labour market.<sup>33</sup>

**Gender-based violence:** Domestic violence against women is pervasive in Vietnam. A comprehensive study conducted by the United Nations Population Fund (UNFPA) and the Vietnam's Women Union (VWU) in 2010 found that among nearly 5,000 women between the ages of 18 and 60, 58% had experienced some form of violence at the hands of an intimate partner at some time in their lives. Since the Domestic Violence Law went into force in 2008, at least two studies have found that the rate of physical violence has not decreased, that both the beneficiaries of the law and those responsible for enforcing it know little about it, and that few women are willing to come forward and confront their abusers. Furthermore, almost 66% of women interviewed think it acceptable for men to beat women because of entrenched gender norms which consider women subservient to men. Vietnam's support systems for abuse survivors are very limited, almost always temporary, and often lack any mental health component to help survivors and their families cope with trauma.<sup>34</sup>

**HIV/AIDS:** Prevalence of HIV varies considerably by age, sex, sexual orientation or gender identity, occupational group and location. High risk groups are people who inject drugs, sex workers, and men who have sex with men. In Vietnam, the 20-39 age group accounts for 80% of total cases.<sup>35</sup> Although HIV infection primarily occurs among Vietnamese men (73.2% in 2009), the proportion of infected women has increased. Currently an estimated 243,000 people in Vietnam are living with HIV/AIDS of whom 25% are women.<sup>36</sup> Some women are infected through injecting drugs and/or sex work, however significant numbers are contracting the disease through sex with infected partners or husbands. Emerging evidence indicates the following link between gender-based violence, unprotected sex and HIV infection. Sexual violence against girls and women, including within marriage, places women at higher risk of HIV infection not only because forced sex is almost always unprotected sex, but also because violent sex can result in abrasions which facilitate HIV transmission. Moreover, physical and emotional abuse, or fear of it, undermines women's ability to negotiate safer sex with their regular partners. Furthermore, cultural norms about gender and sexuality have given rise to stigma and discrimination within

<sup>30</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>31</sup>ADB. 2012. Country Partnership Strategy, Vietnam, 2012-2015

<sup>32</sup>ADB. 2012. Country Partnership Strategy, Vietnam, 2012-2015

<sup>33</sup>ADB. 2012. Country Partnership Strategy, Vietnam, 2012-2015

<sup>34</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>35</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>36</sup>ADB. 2012. Country Partnership Strategy, Vietnam, 2012-2015

the community against groups most at risk, making it harder for those who become infected to seek information or services for prevention or care and treatment.<sup>37</sup>

**Sex ratio at birth:** Traditional gender norms including strong son-preference in Vietnam, combined with access to sex selective technologies to help with prenatal sex identification and selection, have resulted in Vietnam having one of the fastest rising global disparities in SRB. The male-female birth ratio increased from 111.2/100 in 2010 to nearly 114 in 2013. The UNFPA predicts a 10% surplus of men in 2035 which is likely to result in increased demand for sex work, marriage migration and trafficking of women and girls.<sup>38</sup> Disadvantaged groups especially vulnerable to exploitation in such trades currently and in the future, include female domestic migrants and females with lower levels of education.

## Gender equality national mechanisms

A Gender Equality Department (GED) in the MOLISA was established in 2008 to drive gender equality efforts; implement Vietnam's gender equality laws, the NSGE and NPGE, and report on CEDAW. A UN-GOV Joint Program on gender equality also serves as an important mechanism to help coordinate government and donor activity in support of gender equality and a network of non-government organizations work in research, training and advocacy, which feeds into policy discussions. Policy implementation, however, has been slow. A coherent, well-funded, effort to achieve the admirable goals both implicit and explicit in the legislation is still lacking, as is a government-wide capacity to better understand gender issues, and implement appropriate policy.<sup>39</sup>

Key social protection strategies and policy frameworks are also in place, including the new National Targeted Program on Poverty Reduction, Resolution No 80/NQ-CP on Sustainable Poverty Reduction (2011-2020) and a new master Plan on Social Protection, which together have considerable potential to promote more gender-sensitive social safeguard and protection interventions. In addition, Vietnam endorsed a Disability Law in 2010, ratified the UN Convention on the Rights of Persons with Disabilities (UNCRPD) in 2014, is currently revising the 2004 Law on Protection, Care and Education of Children, and has various decrees and inter-ministerial circulars that support inclusive education.<sup>40</sup> However, Vietnam's national social protection system plays, at best, a limited role in addressing gendered risks and vulnerabilities and there is an urgent need to strengthen the social protection framework.<sup>41</sup>

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<sup>37</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>38</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis

<sup>39</sup>World Bank 2011. Vietnam Country Gender Assessment

<sup>40</sup>Unicef Viet Nam 2015. Readiness for education of children with disabilities in eight provinces in Viet Nam. Hanoi

<sup>41</sup>Sumali Ray-Ross, November 2012. USAID/Vietnam Gender Analysis



## D: Gender Assessment of the Transport Sector

Vietnam has achieved impressive results in improving transport connectivity over the past two decades. This has made a significant contribution to economic growth in Vietnam and has reduced poverty directly through better linkages to markets, education, and health facilities. However, the findings of the Design Team indicate that much more can be done to cater to the different needs and constraints of female and male transport users, especially disadvantaged groups such as the elderly, people with disabilities, ethnic minorities, pregnant women, and poor women and children, to increase equal access to, and benefits from, quality transport services. A brief gender analysis and discussion of challenges to promote gender equality in the transport sector, follows. Australia Vietnam Transport Development Partnership (AVTDP) Program recommendations to close identified gender gaps and improve gender equality outcomes in the sector appear in section E.

### Key Findings

**Gender Assessment of the Transport Sector:** According to Ministry of Agriculture and Rural Development (MARD) staff, women in both rural and urban settings generally have less access to transport modes than men due to (i) less access to cash income, (ii) less control over household income, and (iii) less time for mobility due to primary domestic care giving responsibilities. Rural women typically travel primarily on foot around the vicinity of their home, communities, and agricultural and forest land, and often manually carry heavy loads of water, firewood, and agricultural produce on their shoulders, heads, or backs. To improve rural women's mobility, greater consideration needs to be given to investment in footpaths, footbridges, neighbourhood paths and roads, intermediate means of transport, and other time-and load-reducing measures. Urban women are also more likely to walk than men, but are heavily reliant on public transport systems to carry out their multiple gender roles. Productive and reproductive gender roles are increasingly becoming physically separated in urban contexts.

Nowadays, women, particularly in manufacturing and service sector jobs, are commuting more to work, with long commuting times, both of which may hinder women's family commitments. In some contexts, women may need to commute with their children to urban areas to bring daughters and sons to and from school. Hence, women's urban mobility often depends on service reliability, scheduling and affordability, as well as physical and personal safety for themselves and their children.

With regard to personal safety, a study in Ho Chi Minh<sup>42</sup> found that women often need to make trips during off-peak hours when public transport services are very limited and personal security is inadequate, given the poor street lighting, poorly designed underpasses and lack of sidewalks in some areas. In addition, long waits for buses, combined with poor facilities at bus stops contribute to women's transport vulnerability and can create barriers to their access to employment opportunities. Household surveys, roadside interviews, and focus group discussions are valuable ways to understand the specific needs of women and poor as well as the disabled.

In addition, men are more likely than women to own, know how to drive, or have access to rides in motor vehicles, and generally have more information about transport projects. A baseline survey for the Mekong Delta Infrastructure Development Project conducted in 2010, found that women had less voice in decision making about the projects.<sup>43</sup> Since constraints on the mobility patterns of women not only affect their household but also the development and productivity of economies as a whole, it is important to improve women's access and mobility and to consult them in the provision of transport options.

<sup>42</sup> World Bank 2014. Scoping Report Opportunities to Mainstream Gender in Transport Policy and Operations in Vietnam. World Bank, Hanoi Country Office, Transport & Social Development Teams July 2014

<sup>43</sup> World Bank 2014. Scoping Report Opportunities to Mainstream Gender in Transport Policy and Operations in Vietnam. World Bank, Hanoi Country Office, Transport & Social Development Teams July 2014

## Key challenges to gender equality in the transport sector:

A summary of the main gender barriers in the transport sector include:

- Compared to men, women generally lack capacity to fully capture economic opportunities from improved transport, due to their limited skills, access to credit, property rights, and time flexibility.
- Voices of women as transport users are often not heard in consultative processes, and there is no critical mass of women in positions that influence transport planning.
- Women are less likely to be able to afford the cost of transport services.
- Transport service providers have little incentive to respond to women's needs due to women's limited capacity to pay.
- Securing construction employment for women in local communities is often difficult in civil works due to the difficulty in setting gender targets in bidding documents, skills required, travel distances to sites, lack of child-care facilities, and harassment. In addition gender norms prescribing that construction work is not an appropriate job for women, may result in few women taking up construction employment opportunities. The increased use of equipment-based methods and related skills requirements further affect women's ability to compete for transport sector jobs.
- Gender dimensions are often overlooked in road safety responses.
- Women don't generally study engineering as this is traditionally considered a man's job, thus there is a lack of female engineers to provide input about women's needs and constraints in transport projects and to serve as role models for other females in this sector.

These constraints reflect the fact that female transport users are more disadvantaged than male users. This means that women are not currently participating or sharing equally in the benefits from transport services and infrastructure, nor are their concerns, especially safety and security fears for themselves, and their children, likely to be voiced. Since data on transport users disaggregated by sex, age, disability, ethnic minority, extent and type of transport use, and barriers constraining use, are not generally collected, the lack of evidence based data makes it difficult for planners to make gender responsive plans. Furthermore, a lack of inclusive consultation with stakeholders, especially women, about transport issues, makes it difficult for their needs, constraints and ideas about possible solutions to be heard and acted upon.

**Institutional challenges:** A literature review and stakeholder responses<sup>44</sup> indicate a number of institutional challenges to promoting gender equality outcomes in the transport sector.

Firstly, while the MOLISA is the national machinery for promoting gender mainstreaming across Vietnam's ministries and sectors, official documentation is required from MOLISA's Department of Gender Equality for gender mainstreaming to be institutionalized within the line ministries, including the MOT. Although the Prime Minister has recently endorsed the NSGE for 2016-2020 for the country, there is little reference in it to gender and social inclusion efforts in transport and/or infrastructure projects run by the GOV.

Secondly, while the MOT does have a Gender Action Plan (GAP), and a Committee for the Advancement of Women (CAW) to help promote it, the GAP relates mainly to internal matters such as increased quotas of female staff for employment and training opportunities, equal pay provisions, and maternity leave; and CAW members indicated that the MOT does not have adequate resources or full time staff working on gender equality promotion. Furthermore, the overall lack of women in high level positions within the transport sector to present women's concerns, means that transport planners may not consider the needs of women, hindering gender responsive plans and gender equality outcomes.

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<sup>44</sup> A list of references is attached to this report and a stakeholder listing is attached to the main report

Whilst the revised GAP sets out a target to pilot gender mainstreaming in ODA funded projects during 2016-20, MOT capacity to ensure that transport projects are gender responsive, remains weak. Thus sex-disaggregated data on the different travel patterns, needs, and constraints of female and male users of rural and urban transport services is not being routinely collected or assessed in project planning, nor the constraints addressed. Monitoring of beneficiaries, as well as impact monitoring and evaluation, is not usually done outside of donor-funded projects and when it is done, it is not sex-disaggregated. Furthermore, previous gender equality training has reportedly targeted management level staff but not transport implementation staff.<sup>45</sup>

Thirdly, the GOV's principles for project preparation fall short of the comprehensive due diligence requirements of the Asian Development Bank (ADB), World Bank (WB), Japan International Cooperation Agency (JICA), and other donors involved in the transport sector. For example, the MOT does not have standards and guidelines for addressing gender equality in areas such as: the resettlement action planning process, compensation, and livelihood restoration; social and environmental assessments; consultations with communities on proposed transport projects; public transport safety and security; and monitoring and evaluation.<sup>46</sup> Furthermore, since there is no mention in the GOV's criteria of the importance of collecting or analyzing sex-disaggregated data concerning user behaviour and attitudes during pre-feasibility (pre-FS) and feasibility studies (FS), critical information which might inform gender responsive strategies and lead to gender equality outcomes during project design and implementation, is missing. This deters donors from accepting project preparation documents prepared to GOV standards for funding. An added complication is that some Project Management Unit (PMU) staff involved in donor funded Project Preparation Technical Assistance (PPTAs), find donor requirements difficult to follow and time consuming to undertake, because each donor's criteria is different; and the requirements often deal with quite complex matters such as gender concerns in resettlement, which are difficult to respond to.

Fourthly, there does not appear to be any government budget specifically allocated for gender or social safeguard activities which could help to place gender and social inclusion issues and solutions on the agenda during project preparation and other stages of the project cycle. Thus gender and social inclusion in transport projects tend to be ignored or minimized.

## Conclusions

The lack of (i) a comprehensive sectoral gender mainstreaming framework (including a dedicated gender budget) endorsed by the GOV; (ii) a critical mass of women in positions to influence gender responsive transport design; and (iii) understanding of gender and social inclusion issues as well as low capacity amongst MOT staff and national consultants preparing transport projects to identify and address gender gaps and social safeguard concerns, means that there is little ownership of gender and social assessments at preparation stage by executing (EA) and implementing agencies (IA). While comprehensive due diligence is undertaken by multilateral donors, the need for such requirements in pre-FS and FS is currently donor driven. Most donors see a need (i) to improve ownership of such assessments at preparation stage by the EAs and IAs; (ii) for EA/IAs to agree on targets proposed in GAPs prepared during donor funded PPTAs; and (iii) for gender focal points in EAs/IAs to follow up and report on GAPs in line with gender responsive monitoring and evaluation (M&E) frameworks. MOT informants, PMUs and other stakeholders also see the need for stronger GOV ownership, as well as more standardized, due diligence criteria that meets both donor and GOV requirements to make transport projects more gender responsive and socially inclusive.

A valuable resource to guide Transport Policy and Programs in Vietnam is the World Bank's 2014 Gender Mainstreaming Scoping Study. This document presents a draft roadmap for integrating gender equality into the transport sector including possible strategic gender equality entry points, a gender action work plan, a gender training capacity development program, content for

<sup>45</sup> World Bank 2014. Scoping Report Opportunities to Mainstream Gender in Transport Policy and Operations in Vietnam. World Bank, Hanoi Country Office, Transport & Social Development Teams July 2014

<sup>46</sup> World Bank 2014. Scoping Report Opportunities to Mainstream Gender in Transport Policy and Operations in Vietnam. World Bank, Hanoi Country Office, Transport & Social Development Teams July 2014

a gender equality workshop and a gender responsive transport user survey. The proposed gender entry points and actions can easily be incorporated within the objectives of the current MOT Action Plan for Women's Advancement and Gender Equality.<sup>47</sup> Discussion of this resource by MOT and donors is recommended.

One of the best ways to improve the transport sector as a whole so that projects can be more quickly picked up by donors is to initially build national capacity in gender mainstreaming and social safeguard measures at the project preparation stage (including pre-FS and FS), and also throughout the ensuing project cycle as implementation occurs.

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<sup>47</sup> World Bank 2014. Scoping Report Opportunities to Mainstream Gender in Transport Policy and Operations in Vietnam. World Bank, Hanoi Country Office, Transport & Social Development Teams July 2014

## **E: Recommendations to Address Key Gender Equality and Social Inclusion Challenges**

This section provides recommendations to address the key challenges to gender equality and social inclusion in the transport sector discussed above. Firstly five recommendations, particularly focusing on capacity building of MOT and PMU staff in integrating gender into their work, under the two overarching themes of facilitating project development, and unlocking opportunities for innovation, are deemed necessary. Institutional strengthening in the practical teaching and learning methods mentioned below, will enable gender issues and possible solutions to address gender gaps in the transport sector:

- (i) to be taken into account at each step of the project cycle (from design and planning through to implementation and M&E phases); and
- (ii) will allow female and male national staff and counterparts working in the transport sector to take a gender perspective as part of their routine work. Such internalization of gender-responsive processes will not only begin to change gender discriminatory behaviours and attitudes of national staff, it will allow them to start taking ownership of the whole gender mainstreaming process, especially during pre-FS and FS stage. In this way the capacity building activities are not seen as one-off actions undertaken by outside consultants, rather they become the responsibility of all those working in the sector. This will greatly facilitate the promotion of gender equality and women's empowerment outcomes in sustainable ways both at institutional and community beneficiary levels.

Secondly, a sixth recommendation to address the challenge of disability is also warranted to promote better social inclusion of PWD, as well as other groups such as pregnant women and the elderly, who may have difficulty in accessing transports services. Whilst collecting data on such population groups poses problems in itself (as mentioned above), the AVTDP will make, to the extent possible, every effort to ensure that disability and social inclusiveness is understood and integrated into project designs. Such efforts will make it easier for transport projects to cater to the needs of disabled females and males by including specific measures such as special seating arrangements, ramps for wheelchair access, or specialized toilets; and to consider if it is possible to employ PWD in some meaningful way.

### **Recommendations**

#### **1. Gender specialists should be recruited as part of Stream B activities of the AVTDP to train on-the-job, and guide staff of MOT, PMUs and local consultants.**

Training should focus on how to:

- (i) capture differences in needs, constraints, participation and benefits of female and male transport users by way of separate sex Focus Group Discussions and captured in sex-disaggregated data collection formats (such as Transport User Surveys; Access and Control Profiles; and Decision-making Matrices);
- (ii) facilitate effective stakeholder consultations so that all ideas, especially women's, are taken into account with regard to road safety concerns, care and maintenance of commune roads, and possible employment opportunities for women on road construction projects; and
- (iii) develop simple gender responsive indicators in M&E frameworks to capture the impact of project interventions on the lives of females and males in transport project areas (especially resettlement areas).

In addition, site visits by PMU staff to experience and discuss gender and social issues first hand with sub-national MOT staff, local authorities, communities and other stakeholders, will familiarize PMUs with gender and social safeguard concerns in practical ways to complement theoretical gender mainstreaming knowledge. Understanding how to collect, record and analyze sex-disaggregated data; and how to write evidence based reports will help feed such information into the project preparation stage. PMUs will then be able to submit more gender responsive pre-FS and FS which respond directly to affected community needs in local contexts, as well as to

donors' due diligence requirements, and thus increase the likelihood of project proposals being picked up for downstream piloting, implementation and possible replication.

## **2. Gender mainstreaming capacity should be strengthened**

Such strengthening should include:

(i) developing gender sensitive resource material such as gender tool kits – DFAT is currently involved in this exercise – and Training of Trainers' (TOT) Manuals; and holding short duration workshops (e.g. 3 day participative trainings/seminars) on gender awareness and mainstreaming throughout the project cycle. A core group of identified MOT master trainers should be trained to on-train others and allow for a cascade approach to gender mainstreaming training to occur.

(ii) following on from gender toolkit/resource development, an Information, Communication and Technology (ICT) consultant should set up a user-friendly 'e-learning' facility of such material on the MOT website so that this information can be accessed by MOT staff, PMU officers and local consultants at their convenience. This type of learning will increase knowledge of how to apply gender responsive measures in practical ways within the project cycle and assist staff to become more gender sensitive themselves in their daily work and lives.

## **3. Mentoring of female MOT staff**

Professional development by way of senior MOT staff, especially senior female staff, mentoring or coaching more junior staff (females) to do their jobs more effectively, as well as involvement in a peer learning/exchange modality would encourage more women to be involved in the transport sector and provide strong role models for future MOT staff. Mentoring/coaching of individuals or groups could take place on-the-job in the office and field at suitable times. Electronic editing of field reports could also be set up with face-to-face follow up and lessons shared amongst colleagues.

## **4. Encouraging more women into engineering courses**

Encouraging and supporting current female engineering students at training institutes such as the University of Transport and Communication, by providing marketing material/information about such courses; and by arranging informal meetings so that potential engineering students (females) could speak to successful female engineers about ways to overcome gender discrimination in the transport sector, will help to increase women's participation in this sector.

## **5. Linkages with DFAT Human Resource Department (HRD) in Hanoi**

Links with DFAT's HRD in Hanoi to build capacity and leadership of MOT staff, especially females, via HRD staff organizing informal training workshops (e.g. gender in development seminars and short courses) with Australian University providers should promote improved gender mainstreaming knowledge and application amongst female staff. Also linking younger Vietnamese female engineers with older, experienced female engineers in Vietnam who are alumni of Australian universities and technical institutes, will support younger female engineers in the transport sector.

## **6. Disability specialists should be recruited as part of Stream B activities of the AVTDP to train on-the-job, and guide staff of MOT, PMU and local consultants.**

Training should focus on how to:

(i) develop an overall understanding of disabled female and male transport user behaviour and concerns, and how to improve PWD access to, and participation in, transport-related services and activities, through document research; key informant/stakeholder discussions and community consultation at national, sub-national levels; and focus group discussion with PWD and household members who live with PWD in the field during preliminary site visits;

(ii) identify any specific differences between disabled female and male needs, perceptions, attitudes and opportunities associated with transport related services through desk studies and stakeholder consultation as mentioned above; and

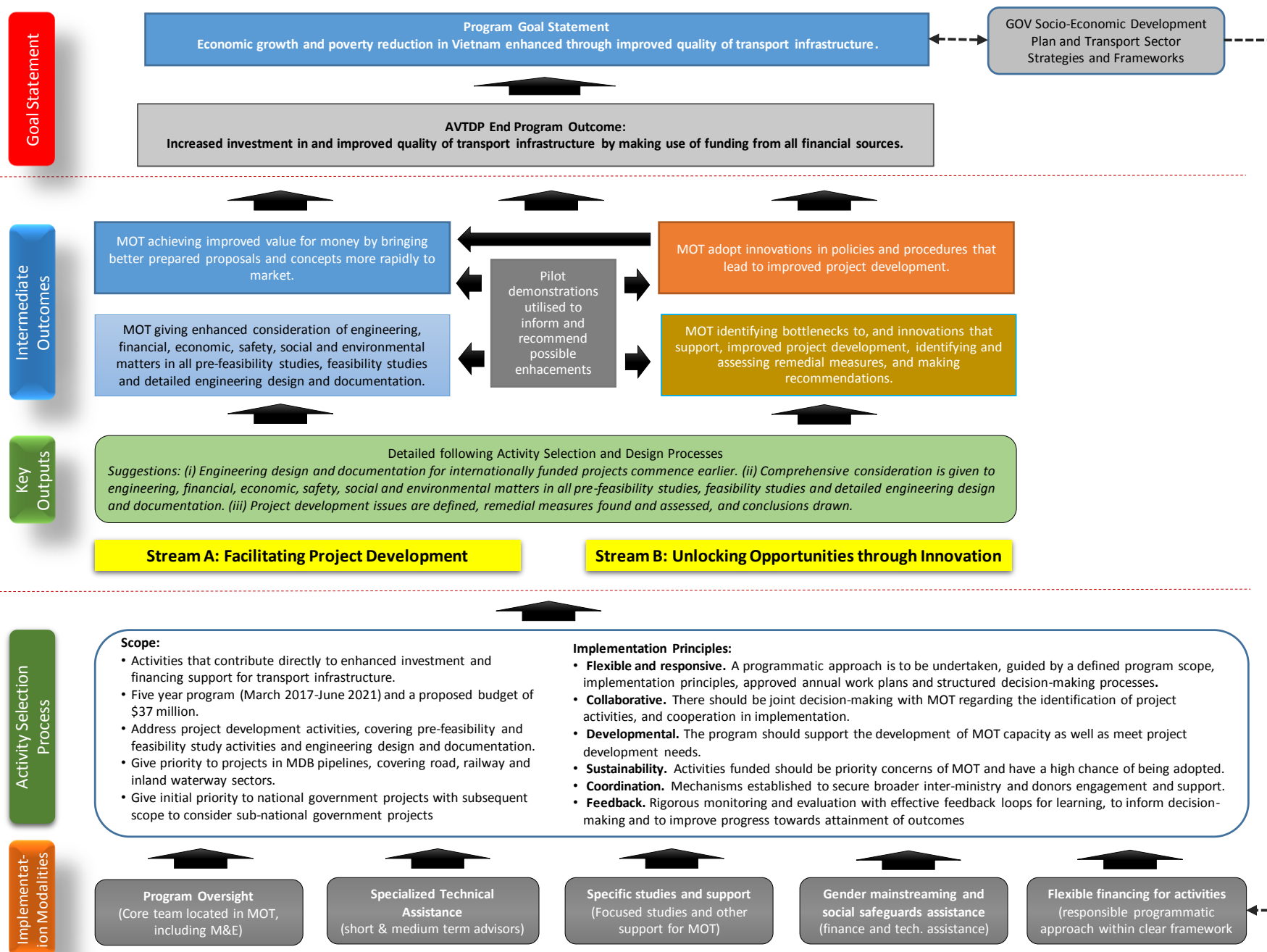
(iii) identify the likely differential impacts of project activities on disabled females and males prior to implementing interventions, through consultation (especially focus group discussions)

with PWDs and other community members about how they think the quality of their lives might change; and ensuring that follow up of the actual impact, once interventions have been implemented, will take place through regular M&E practices which measure progress against set indicators

In summary, the ADVTP Program's focus on facilitating project development, and unlocking opportunities for innovation, will not only help prepare gender-responsive and socially inclusive pre-FS and FS projects and facilitate their uptake by donors, it will lead to sustainable practices that benefit the transport sector as a whole. With regard to gender equality outcomes, the fact that MOT's Committee for Advancement of Women has verbally endorsed (i) placing a gender focal point under the AVTDP in the MOT's Department of Environment, subject to agreement by that Department's Head; (ii) staff addressing gender and social safeguard concerns more fully in transport project studies; and (iii) supporting programs for women in MOT, such as the coaching or mentoring of junior female staff by senior females, reflects MOT commitment and goodwill regarding gender mainstreaming and promoting social inclusiveness. Furthermore, the MOT has acknowledged the importance of catering to the needs of PWD and disadvantaged groups. The above points augur well for the AVTDP Program and for Vietnam's transport sector as a whole.



## Appendix C: Theory of Change



## Appendix D: Activity Selection Criteria and Potential Initial Activities

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## A: Activity Selection Criteria

Selection criteria that are to be used to determine activities to be undertaken under the Program are:

1. **Program scope.** Activities under the AVTDP must be related to supporting the role of women in MOT, and to the development of transport infrastructure projects covering:
  - a. PFS, FS and DDD stages for projects that are to be financed by MDBs and, in the case of private sector finance, for formal PPPs that are to be subject to international competitive tendering or where they meet best practice standards and transparency; and
  - b. activities and policies that support improved outcomes from project development activities.
2. **Stream A: Facilitate Project Development.** Priority will be given in the following order:
  - a. projects that demonstrably address transport bottlenecks, are of national importance, provide benefits for the poor, and are innovative or can otherwise be leveraged to secure larger benefits;
  - b. projects for which finance is available from multilateral development banks (MDBs) and public-private partnerships (PPPs);
  - c. regional surface transport infrastructure (i.e. roads, railways and inland waterways) implemented by the Ministry of Transport; and
  - d. when sufficient experience has been accrued with b., consideration could be given to projects to be implemented by Provincial Departments of Transport.
3. **Stream B: Unlock Opportunities through Innovation.** Priority will be given, in the following order, to:
  - a. initiatives that directly support improved practice for Stream A activities and which can be incorporated in subsequent Stream A activities;
  - b. other initiatives for which there are reasonable prospects in the short term for their results to be adopted
  - c. Activities that support the role of women in MOT; and
  - d. other initiatives that will foster debate and ongoing work in MOT and other relevant GOV agencies that could eventually lead to the proposed changed being adopted.
4. **Appropriate activities.** Appropriate activities with regard to the above project scope include the provision of:
  - a. a core Program management team to be located in the MOT and associated oversight by DFAT, with a total cost that is not to exceed \$1.5 million per annum;
  - b. finance and technical support for an additional scope of works for PFS and FS to bring the content and output of these studies to a standard able to meet the criteria and needs of MDBs and DFAT, with the financial support not to exceed an amount of \$150,000 for any individual PFS and \$300,000 for any individual FS and with these amounts only to be used for activities identified by the Managing Consultant as being additional to activities conventionally undertaken in GOV-financed PFS and FS;

- c. finance for DDD for MDB-financed projects covering activities that can be undertaken in the period between acceptance of the results of FS by the GOV and MDB and the time of Loan Effectiveness up to a maximum of one year of support for a given project and a maximum amount of support of \$3.5 million for any given project;
  - d. finance to support securing of transaction advice and preparation of contract and tender documentation for PPP projects for which FS indicate are highly likely to be commercially viable and which have been approved for implementation by the GOV subject to a maximum level of support of \$3.5 million for any given project;
  - e. under the Unlock Opportunities through Innovation stream, technical and policy studies covering research, investigations, analysis and formulation and promotion of proposals that are within the Program scope, with no work on a single topic to exceed \$1.0 million;
  - f. under the Unlock Opportunities through Innovation stream, study tours and training related to activities that are within the Program scope, with no single activity or set of related activities to exceed \$50,000; and
  - g. under the Unlock Opportunities through Innovation stream, technical and other support for women in the MOT, including its agencies with the work not to exceed a total of \$100,000 in any single year.
5. **Annual work program.** An annual work program covering the period 1 July to 30 June shall be prepared three months prior to commencement of plan and submitted to the Steering Committee for the Program for approval. The work program should describe, for each specific activity, the activities to be undertaken, evidence that the activity meets the selection criteria described above, budget, schedule, procurement procedures, implementation arrangements and monitoring and evaluation arrangements.
6. **Program variations.** Some flexibility in the annual work program is needed to allow for changes that may emerge in the course of the year, for example a new project enters the development pipeline or the need is identified for some additional activity. Approval of such changes will be:
- a. changes that involve expenditure of less than \$100,0000 may be approved by DFAT on the basis of a recommendation from the Managing Consultant;
  - b. changes that involve expenditure of \$100,0000 to \$250,000 may be approved by DFAT on the basis of a recommendation from the Managing Consultant that is endorsed by the Chair of the Steering Committee; and
  - c. Changes in excess of \$250,00 need to be approved by DFAT following endorsement by the Steering Committee.

## B: Potential Initial AVTDP Activities

### Project Management

The initial activities under the Program will be to secure the core team to be provided by the Managing Contractor that is to be located in MOT. Concurrently, DFAT will establish arrangements for oversight of the Program. The will include staff in DFAT and the use of external technical consultant(s) with expertise in transport policy and practice, institutional matters and monitoring and evaluation (M&E). The latter consultant(s) will provide advice to DFAT on matters of technical detail, and can also act as an external sounding board for the Team Leader of the core team to be provided by the Managing Contractor.

### Project Development Studies

The current pipeline of projects for the ADB and the World Bank are described in Chapter **Error! Reference source not found.** Given a proposed start to the Program in around April 2017, it is expected that the first support for project development will occur in the 2017/18 financial year. It is expected that support in that year will be focussed on earlier stage project preparation (PFS and FS) for selected pipeline project. It will be possible to undertake PFS, FS and DDD for a number of projects in subsequent years of the program. The specific projects to be developed will be determined in the course of preparing annual work plans under the Program.

Proposed gender mainstreaming and consideration of social and environmental safeguard measures in project development studies will focus on identifying matters that need to be considered to bring PFS, FS and DDD to best practice standards, specifying the work in Terms of References for these studies, and providing guidance and on-the-job training to assist staff in MOT, its divisions that are responsible for undertaking the studies and for consultants undertaking the studies. In the case of gender mainstreaming, consideration will be given to means to:

- capture differences in needs, constraints, participation and benefits of female and male transport users by way of separate sex Focus Group Discussions;
- facilitate effective stakeholder consultations so that all views, especially women's, are taken into account with regard to road safety concerns, care and maintenance of commune roads, and possible opportunities for women to be employed on road construction projects; and
- develop simple gender responsive indicators in monitoring and evaluation frameworks to capture the impact of project interventions on the lives of females and males in transport project areas (especially resettlement areas).

Feeding such information into the project preparation stage in this way, will enable PMUs and similar organizations to submit more gender responsive PFS and FS which respond to donors' due diligence requirements and increase the likelihood of these studies being picked up for downstream piloting, implementation and possible replication.

### Unlock Opportunities through Innovation

Based on discussions during the Design Mission, some potential studies that have been identified are:



- **Support tools.** Support tools that can help improve PFS and FS activities need to be prepared. They should be sufficient to allow PMUs and others that engage consultants to undertake the studies to include the activities in Terms of References for PFS and FS and also to allow tenderers to scope the work that needs to be undertaken when responding to invitations to tender. The tools need to address enhanced engineering optimization, improved consideration of gender and other social dimensions and more comprehensive treatment of environmental matters including options for climate resilience and mitigation of negative impacts.
- **Opportunities for improved contracting.** Current contracting by MOT follows GOV requirements and is based on an old-fashioned model. Some work on new approaches to contracting has been provided through development support programs, but continuing work is needed to identify opportunities to encourage new methods of contracting (e.g. performance-based contracting), making better use of contractors to promote innovation (e.g. such as alternative designs) and using construction projects to support the development of capacity in local populations, especially disadvantaged people.
- **Refine engineering design standards and cost norms.** Current use is made of two general design standards (American Association of State Highway and Transportation Officials – AASHTO, and a Russian standard, with a general trend to place more emphasis on the former). These standards are not necessarily directly appropriate to the range of conditions found in Vietnam. Where a donor country provides a special infrastructure facility (e.g. a large bridge), the design standard for the facility tends to be that of the donor country. There is potential to provide support to develop engineering design standards that are better aligned with the terrain and climatic conditions in Vietnam and which provide safer conditions for travellers and for those who undertake activities beside roads. Similarly, the price norms that govern cost estimation of infrastructure projects are a constraint to the development of projects that have lower life-cycle costs and better meet the needs of users and others affected by the projects. There is a need to identify opportunities to improve the role and standard of cost norms. Both of these activities require the involvement of TCQM in MOT and also MOC, and analytical work to provide a convincing case for change.
- **Constraints to PPP progress.** In the course of discussions during the Design Mission, there was little consensus in views expressed by people in various agencies on constraints to progress with PPPs in Vietnam. A scoping study is proposed to identify if there are simple bottlenecks to progress in the transport sector or if a more complex set of constraints exist. If the scoping study identifies practical and effective ways forward, it could be followed by more detailed work to develop support for change that draws on international experience and Vietnamese conditions.
- **Improved project appraisal.** MOT contracts out PFS, FS and DDD activities to PMUs, which in turn often engage other public institutes and private sector consultants to undertake detailed work. Developing the capacity of MOT and PMUs to assess the quality of the work that is undertaken under these contracts and to press for enhanced work will secure better prepared projects.
- **Gender inclusiveness.** Gender mainstreaming activities could include:
  - Developing gender sensitive resource material such as gender tool kits (DFAT is currently involved in this exercise) and Training of Trainers' Manuals;
  - Holding short duration participative workshops on gender awareness and mainstreaming through the project cycle using the above resource material for staff

in MOT departments, PMUs and local consultants supported by a user-friendly 'e-learning' facility of such material on the MOT website.

- Incorporating gender inclusiveness in project implementation through the addition of appropriate conditions in construction contracts during DDD activities.
- Professional development for senior female staff in MOT and mentoring more junior female staff in a peer learning/exchange modality to support the staff, encourage more women to be involved in the transport sector and provide strong role models for future MOT staff.
- Encouraging more women into engineering courses as well as supporting current female engineering students at training institutes such as the University of Transport and Communication, by providing marketing material/information about such courses, could increase women's participation in this sector.
- Linking with DFAT's Human Resource Department to build capacity and leadership for MOT staff, especially females, may also be an option in the near future. Some sort of informal training could be arranged and indirect links through HRD with Australian Universities providing gender in development seminars and short courses, could add value to the AVDTP.

## Monitoring and Evaluation

The Monitoring and Evaluation (M&E) approach and methodology will be outlined in the design document, and should be further elaborated in the inception phase of the Program. At a minimum, the M&E strategy should seek a rigorous yet flexible approach essentially working at two levels - activity level monitoring and higher level outcome related monitoring involving independent research, evaluation and learning studies. One possible methodology for consideration is the use of longitudinal case study methodologies to document key processes over an extended period of time. This could be applied both project streams of activities.

In addition to regular monitoring, two significant reviews are proposed:

- given the programmatic approach, a formal review around 15 months after commencement of the program to assess the success of initial activities and to make any necessary refinements to the remainder of the project; and
- a review at the end of year 4 is proposed to assess the success of the project and the potential follow-on activities, if any, after June 2021.

## Appendix F: Illustrative Position Descriptions and Terms of Reference

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## A: Introduction

This appendix sets out the requirements for consulting personnel to be involved in the Australia Vietnam Transport Development Partnership (AVTDP) that will be implemented through two streams of works (*Facilitating Project Development*; and *Unlocking Opportunities through Innovation*). The requirements include:

- personnel to be provided by the Managing Contractor, which in turn include:
  - a core team of long term consultants in the proposed Australian Transport Advisory Group; and
  - other consultants on a pre-approved register that the Managing Contractor is able to draw on to provide other services required under the contract; and
- an independent advisory group that can provide independent technical specialist advice to DFAT and oversight of the AVTDP.

## B: Managing Contractor

### Illustrative Core Team of the Australian Transport Advisory Group

To provide the support necessary to implement the AVTDP, a small core team of no more than four people will be located in the Ministry of Transport (MOT) supported by other technical assistance as required.

A Managing Contractor will provide the core team and a pre-approved list of other technical specialists that can be draw on to undertake specific activities. The Managing Contractor will also engage other consultants to undertake activities as set out in the implementation arrangements for the AVTDP.

As an illustrative arrangement, the core team could comprise:

- **Team Leader.** A highly qualified and experienced international Team Leader who has skills and experience in project development and public policy in the transport sector and who is able to establish working relationships with ministerial and senior level management of MOT.
- **Program Manager.** Most likely an International who will oversee all program activities and have specific responsibility for Stream B and management of monitoring and evaluation activities of the AVTDP.
- **Project Development Specialist.** A Project Development Specialist, who is likely to be a Vietnamese national who has excellent knowledge and experience with the development of transport infrastructure projects in Vietnam and who will manage Stream A activities of the AVTDP.
- **Program Administrator.** An Administrator, also a Vietnamese national, who can manage accounts for the Program and undertake other high level administrative activities.

However, bidders for the role of Managing Contractor (which will provide the core team and other technical services) should not be bound by this possible arrangement and should be encouraged to be innovative in their proposals for the ATAG to enable its functions to be best performed.

Specific requirements for these staff will be reviewed yearly through the annual program planning cycle. Additional resources in a particular thematic area may be required at differing points of the program implementation cycle in later years depending on progress. Short-term specialists will be recruited to support technical areas as needed.

A budget will also be provided for translation services to support the core team and other advisors working for the Program.

## Illustrative Position Descriptions for the Core Team

### Team Leader

**Full-Time:** Up to 51 months over 4.25 years

**ARF Classification:** D4 (15 years + experience)

**Location:** Hanoi, Vietnam

The Team Leader will provide the strategic leadership for the Program. In collaboration with DFAT and MOT and with the guidance of the Steering Committee, the Team Leader will facilitate the establishment and implementation of a strategic vision for the AVTDP that takes into account and effectively negotiates and works within the political and institutional realities of MOT, with specific activities to include:

- provide strategic advice to DFAT, MOT, the Steering Committee and other key stakeholders;
- develop a productive collaboration with the leadership of MOT in particular and with key people in other relevant agencies such as multi-lateral development banks and other government agencies;
- support problem analysis and identification, planning and prioritisation of activities, stimulation of innovation and risk taking;
- provide strategic vision and planning to identify, prioritize and select activities to be included in annual work plans, including updates to the work plans as needed;
- prepare annual and other reports as needed and support reviews of the AVTDP;
- manage a complex program of institutional strengthening activities; and
- coordinate and manage the core team and oversee overall quality assurance of project activities.

#### (a) Essential knowledge, experience and competencies

- Relevant post-graduate qualifications (business administration, strategic management, transport infrastructure).
- Successful strategic leadership and program management experiences (10-15 years) in leading and managing the implementation of programs in complex development settings.
- Highly developed leadership, strategic policy, and planning skills.
- Proven capability in seeking and implementing creative and innovative solutions to challenges.
- Extensive experience with the development of transport infrastructure projects from the pre-feasibility study stage through to being ready for tendering for construction.
- In-depth knowledge of and experience in working at the policy level in Vietnam.
- Understanding of and commitment to Australian aid safeguard issues, specifically child protection, gender mainstreaming and disability inclusion.
- Excellent stakeholder engagement, communication, and relationship management skills.

#### (b) Desirable knowledge, experience and competencies

- In-depth knowledge of Vietnam's transport system – including recent reforms.



- Knowledge of MDB practices with regard to project development and financing.
- Knowledge and experience in working with the institutional structures and key stakeholders in the transport sector.
- Knowledge and understanding of DFAT aid policies and strategies.

**Program Manager**

**Full-Time:** Up to 51 months over 4.25 years

**ARF Classification:** C4 (15 years + experience)

**Location:** Hanoi, Vietnam

The Program Manager will be responsible for the development and implementation of operational aspects of the AVTDP. Key responsibilities include:

- facilitate the implementation of the strategic vision articulated by the team leader for the AVTDP;
- work with the Team Leader to prepare annual work plans;
- coordinate the core team to support the efficient and effective implementation of the program and overall dissemination of monitoring and evaluation (M&E) results;
- oversee the activities of the Project Development Specialist with regard to Stream A (*Facilitating Project Development*) activities and facilitate the engagement of specialist technical consultants to support these activities;
- oversee the activities of the Program Administrator;
- arrange for Stream B (*Unlocking Opportunities through Innovation*) activities to be undertaken, including drawing on pre-approved technical specialists and engaging other consultants as needed, and manage the work of the specialists and consultants; and
- be responsible for the development and implementation of the AVTDP M&E system.

(a) Essential knowledge, experience and competencies

- Relevant post-graduate qualifications (business administration, strategic management, transport infrastructure and/or M&E).
- Successful strategic leadership and program management experiences (10-15 years) in leading and managing the implementation of programs in complex development settings.
- Extensive experience with the development of transport infrastructure projects from the pre-feasibility study stage through to being ready for tendering for construction.
- Highly developed program management and planning skills.
- Experience in the development and implementation of M&E systems for DFAT funded programs.
- Knowledge of qualitative and quantitative approaches to M&E for assessing transport infrastructure programs.
- Proven capability in seeking and implementing creative and innovative solutions to challenges.
- In-depth knowledge of and experience in working in Vietnam.
- Proven successful experiences leading teams of senior-level specialists.
- Successful experience of working within culturally and politically diverse institutions.

- Understanding of and commitment to Australian aid safeguard issues, specifically child protection, gender mainstreaming and disability inclusion.
- Excellent stakeholder engagement, communication, and relationship management skills.

(b) Desirable knowledge, experience and competencies

- In-depth knowledge of Vietnam's transport system – including recent reforms.
- Knowledge of MDB practices with regard to project development and financing.
- Knowledge and experience in working with the institutional structures and key stakeholders in the transport sector.
- Knowledge and understanding of DFAT aid policies and strategies.

**Project Development Specialist - national position.**

**Full-Time:** Up to 51 months over 4.25 years

**ARF Classification:** B3 (15 years + experience)

**Location:** Hanoi, Vietnam

The Project Development Specialist will be responsible for the development, implementation and support of work under Stream A (*Facilitating Project Development*). Key responsibilities include:

- facilitate the establishment and implementation of activities including pre-feasibility studies (PFS), and feasibility studies (FS) and detailed engineering design and documentation (DDD);
- prepare memoranda of understanding with PMUs and other delegated agencies to undertake PFS, FS and DDD activities;
- in conjunction with PMUs and other delegated agencies, and under the oversight of the Program Manager, be responsible for overseeing the engagement of external consultants that are to undertake PFS, FS and DDD studies, establishing contracts with these consultants and managing the contracts;
- recommend to the Program Manager the pre-approved technical specialists that are needed to support PFS, FS and DDD studies;
- manage the technical specialists drawn on to support PFS, FS and DDD studies; and
- act as a key local contact point with MOT and other key partners including MDBs ; and
- support the Program Manager with M&E where relevant.

(a) Essential knowledge, experience and competencies

- Relevant post-graduate qualifications (engineering, business administration, strategic management, transport infrastructure)
- Fluent in English and Vietnamese.
- Extensive experience with the development of transport infrastructure projects in Vietnam, from the pre-feasibility study stage through to being ready for tendering for construction.
- Knowledge of GOV and DFAT procurement procedures and contract management.
- Knowledge of MDB practices in Vietnam with regard to project development and financing.

- Highly developed program management and planning skills with respect to engineering programs.
- Proven experience in working on official development assistance projects in Vietnam..
- Understanding of and commitment to Australian aid safeguard issues, specifically child protection, gender mainstreaming and disability inclusion.
- Excellent stakeholder engagement, communication, and relationship management skills.

(b) Desirable knowledge, experience and competencies

- In-depth knowledge of Vietnam's transport system.
- Knowledge of and good network with people involved in the development of transport infrastructure projects in Vietnam.
- Knowledge and understanding of DFAT aid policies and strategies.

**Program Administrator - national position.**

**Full-Time:** Up to 51 months over 4.25 years

**ARF Classification:** B3 (15 years + experience)

**Location:** Hanoi, Vietnam

The Program Administrator will be responsible for the development, implementation and support of administration arrangements for the AVTDP including financial management. The Administrator will provide necessary advice and support to the Program Manager to ensure all financial arrangements are implemented and managed in an effective and efficient manner. Key responsibilities include:

- facilitate the effective management of all funding arrangements under the AVTDP;
- advise and assist the Team Leader and Program Manager with the establishment of compliant financial policies, procedures and processes to support implementation and management of the AVTDP;
- be responsible for the preparation of all financial reports, cost estimates, budgets and overall disbursements for inclusion in all relevant reporting; and
- provide other administrative support to the Team Leader and Program Manager as needed.

(a) Essential knowledge, experience and competencies

- Relevant qualification (finance, financial management, accounting, business administration)
- Fluent in English and Vietnamese.
- Demonstrable understanding of public sector financial management in Vietnam.
- Familiarity with MOT.
- Highly developed program management and planning skills with respect to financial management,
- Proven experience in working on official development assistance projects in Vietnam.
- Excellent stakeholder engagement, communication, and relationship management skills.

(b) Desirable knowledge, experience and competencies

- In-depth knowledge of Government of Vietnam agencies and systems with regard to the development of transport infrastructure projects.
- Strong understanding of relevant DFAT procurement processes
- Knowledge and understanding of DFAT aid policies and strategies.

## Register of Technical Specialists

The Managing Contractor will present and maintain a register of pre-approved technical specialists who can provide services required under the contract. A minimum of two nominees should be presented for each position to ensure that at least one person will be available at any particular time, with more required for positions with likely greater demand. The following specialists relevant to the development of transport infrastructure projects should be included in this register, noting that there will be benefits if a single person can serve more than one role:

- Road engineer (3 positions)
- Structural engineer (2 positions)
- Geotechnical engineer (2 positions)
- Transport sector specialists (2 positions)
- Traffic engineering and road safety specialist (2 positions)
- Environmental assessment and management specialist (2 positions)
- Social assessment and gender specialist (2 positions)
- Contract preparation specialist (2 positions)
- Economic and financial analyst (2 positions)
- Public-private partnership specialist (2 positions)
- Monitoring and evaluation specialist (2 positions)

For each of these positions

(a) Essential knowledge, experience and competencies

- Relevant professional qualification
- Extensive experience with regard to the area of expertise.
- Up to date knowledge on innovative technical and managerial issues in the transport sector.
- Proven experience working on official development assistance projects in similar environments to Vietnam.
- Excellent stakeholder engagement, communication, and relationship management skills.

(b) Desirable knowledge, experience and competencies

- Experience working on transport infrastructure projects in Vietnam.
- Knowledge and understanding of DFAT aid policies and strategies.

(c) Personal attributes

- Capacity to work in multi-cultural environments.
- Capacity to work as part of ad hoc multi-disciplinary teams

## C: Independent Technical Advisors

DFAT will directly engage independent technical advisors to assist it with technical oversight, review of M&E and for periodic reviews. These will include a principal technical advisor, who will be an international technical specialist. Other advisors will be engaged as needed. Features of the principal technical advisor are:

**Part-Time:** Indicatively, up to 9 months over 4.25 years

**ARF Classification:** D4 (15 years + experience)

**Location:** Hanoi, Vietnam and home office

The Technical Advisor will provide an independent source of technical advice and support to DFAT. Their activities will be at the request of DFAT and will include:

- review and provide comment to DFAT on annual work plans, proposals for activities, terms of references, reports, and other forms of documents prepared by the Australian Transport Advisory Group (ATAG) and other entities relevant to the AVTDP;
- provide advice to DFAT on technical matters related to AVTDP activities;
- provide advice to DFAT on the technical quality of work undertaken by the Managing Contractor;
- meet with leadership officials of the Ministry of Transport (MOT) and provide advice to DFAT on the responsiveness of AVTDP activities to the MOT, satisfaction with the work undertaken and the quality of the relationship between personnel in the ATAG and MOT staff;
- review the results of monitoring and evaluation (M&E) activities; and
- act as a sounding board to the Team Leader of the ATAG.

(a) Essential knowledge, experience and competencies

- Relevant post-graduate qualifications.
- Successful strategic leadership and program management experiences (10-15 years).
- Extensive experience with the development of transport infrastructure projects from the pre-feasibility study stage through to being ready for tendering for construction, and with other matters relevant to project development.
- Detailed knowledge of the processes and participating agencies relevant to the development of transport projects in Vietnam.
- Detailed knowledge of MDB practices with regard to project development and financing.
- Detailed knowledge of and experience in working with transport policy in Vietnam.
- Proven capability in seeking and implementing creative and innovative solutions to challenges.
- Successful experience of working with a variety of institutions in Vietnam.
- Understanding of and commitment to Australian aid safeguard issues, specifically child protection, gender mainstreaming and disability inclusion.
- Excellent stakeholder engagement, communication, and relationship management skills.

(b) Desirable knowledge, experience and competencies

- In-depth knowledge of Vietnam's transport system.
- Extensive experience working in the transport sector in Vietnam, including familiarity with personnel and institutions.
- Knowledge and understanding of DFAT aid policies and strategies.



## Appendix I: Monitoring and Evaluation

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## A: Introduction

A comprehensive and rigorous system of monitoring and evaluation (M&E) for the Australia Vietnam Transport Development Partnership (AVTDP) is needed to ensure that progress is being measured, performance is being assessed and that resources provided are being applied efficiently and effectively. The purpose of M&E for the AVTDP is to:

- provide strategic, high-level feedback of the influence AVTDP is having towards the attainment of intermediate outcomes and the uptake of new ideas and concepts by MOT;
- assess the influence and subsequent value of the program in supporting MOT through pre-feasibility and feasibility studies to bring projects to market in a more timely manner;
- provide accurate and reliable evidence that enables decision makers to continually adapt the program and its activities to maximise the extent to which it facilitates changes in behaviour of critical actors;
- provide sound evidence of the program results for active communications raising awareness of the program approach and scale up, for lasting impact;
- enable the MOT, DFAT and key stakeholders to learn which activities are most likely to influence improved service delivery in the contexts in which the program operates; and
- provide accountability for the selection of activities and the associated funds spent.

The development of a revised performance framework and associated plan will emphasise a utilisation-focused approach to M&E aligning to aspects of the Donor Committee for Small Enterprise (DCED) results measurement standard as well as recognising other possible approaches to evaluation, review and learning.

The DCED Standard is premised on a pragmatic approach to results measurement that balances being "complex enough to be credible, yet simple enough to be practical". This approach suits the facility nature of AVTDP allowing for a range of possible evaluation and research approaches to be considered. Whatever approach is decided, the underpinning responsibility is for a system that achieves quality, credibly and practicality. The following sections provide some commentary on the defined Theory of Change (TOC) and the overall M&E arrangements for the AVTDP and associated results framework that are needed.

## B: Context for M&E Program

### Guiding Principles

M&E is a tool for management that assists the AVTDP to undertake core functions in relation to accountability, program planning and improvement, and to promote learning. Specifically, M&E underpins the work of the core team to better support program implementation and management. M&E for the AVTDP serves a range of broader stakeholders, primarily the Ministry of Transport (MOT) and the Department of Foreign Affairs and Trade (DFAT). M&E for the AVTDP is guided by a number of key principles:

- Simple and practical. The implementation of program interventions should be simple, practical and not overtly complicated.
- Participatory. Implementation of the AVTDP interventions seeks to engage key stakeholders (namely MOT) to enable them to participate in initiatives for their own benefit, promote ownership in program interventions and outputs, and support long-term sustainability.
- Evidence-based. Initiatives should promote evidence-based decision making within the program. This will impact the way initiatives are prioritised, designed, monitored and evaluated.
- Synergy. Maximised efficiency and effectiveness will be gained by implementing the AVTDP as an integrated whole – working in partnership with MOT and DFAT, rather than as a series of separate stand-alone components/interventions based on contracting partners.
- Flexibility. Implementation of proposed interventions should remain flexible. This will enable interventions to respond to emerging opportunities and constraints in a dynamic environment, and the operational challenges inherent in the delivery of services on behalf of MOT and DFAT.
- Sustainability. Planning of each initiative should consider sustainability as a key requirement so that it is fully integrated into the design of every initiative.

### AVTDP Program Theory

The following narrative provides a discussion of the program logic that underpins the investment design for AVTDP. The goal of the AVTDP program is:

*Economic growth and poverty reduction in Vietnam enhanced through improved quality of transport infrastructure*

During consultations for the design phase, it became apparent early that the greatest constraint to effective implementation of infrastructure programs were the time lags to bring prioritised projects to market and implementation. Expectations around pre-feasibility and feasibility studies by both MOT and MDB's meant that considerable amounts of time were spent preparing necessary studies and documentation which often had to be continually revised (due to the time-lags) meaning even further delays. The cyclical nature of work meant that prioritised projects often did not meet expectations or meet immediate priorities. Considerable wastage was noted in terms of the inefficient use of time and resources, ultimately leading to key infrastructure enhancements not occurring or facing significant delays. The implementation of work under the AVTDP will contribute directly to increased investment infrastructure and the more efficient use of resources.

At the completion of this phase of AVTDP in 2021, it is expected that the End-of-Program Outcome (EPO) outlined in the TOC will have been achieved. Attainment of the EPO will directly contribute to the overall program goal. One EPO is expected. The EPO, which is consistent with Australian aid policy and current GOV development priorities for transport, is

*Increased investment in and improved quality of transport infrastructure by making use of funding from all financial sources.*

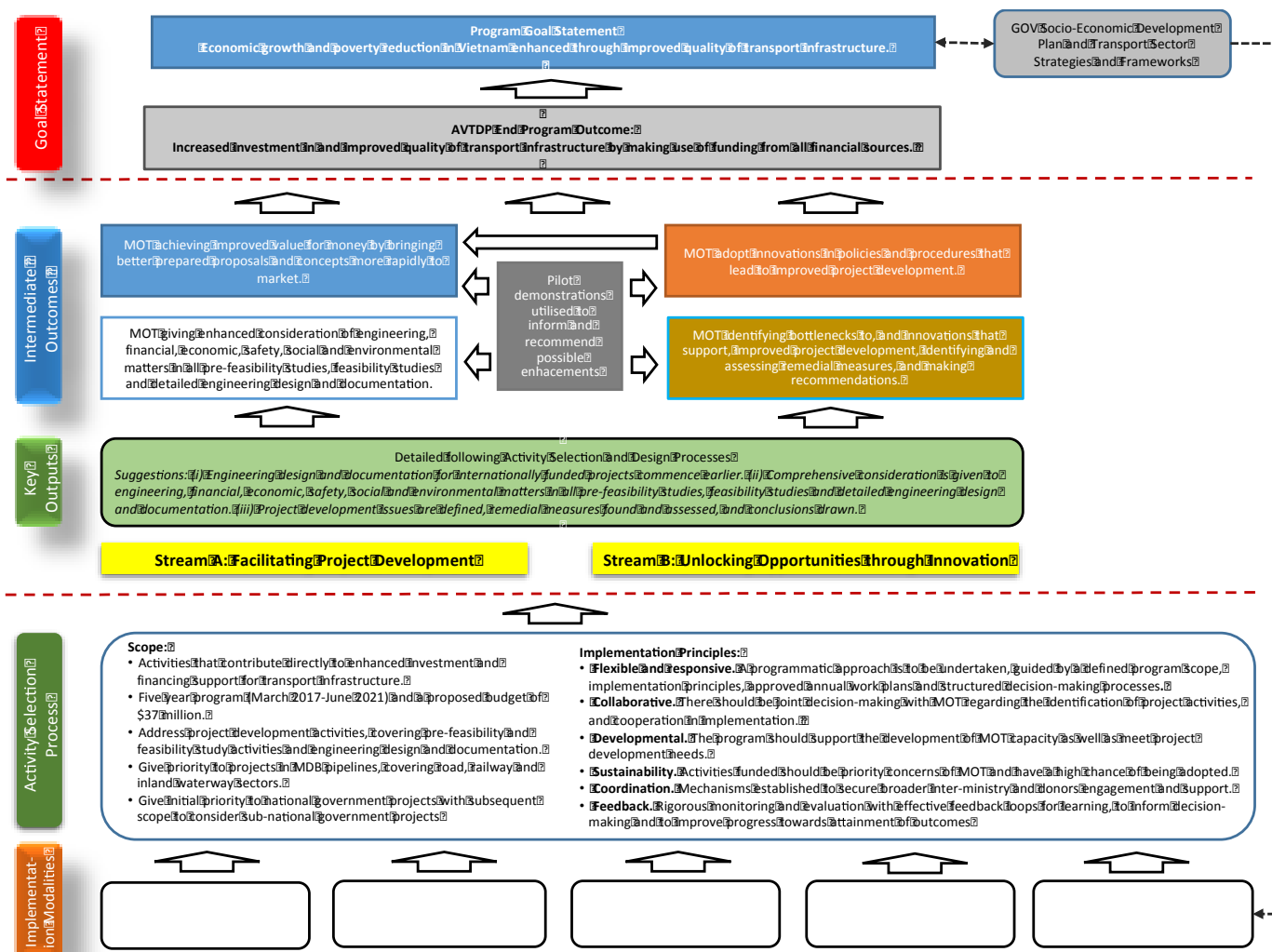
In following the logic outlined in the TOC, the intention of the EPO is to focus direct efforts on facilitating the delivery of key infrastructure projects and the implementation of selected innovative activities. The EPO is supported by three intermediate outcomes linked to two core implementation streams. The intended purpose and structure of the program is through two interrelated streams:

- **Facilitate Project Development.** This stream of activities will provide funding and technical expertise to support the improvements to pre-feasibility studies (PFS), feasibility studies (FS) and detailed engineering design and documentation (DDD) undertaken by MOT. The assistance will be directed to developing high quality projects that can be brought to implementation more rapidly than currently occurs
- **Unlock Opportunities through Innovation.** This stream of activities will provide more general support for project development through revised policies, guidelines and practices, testing of new concepts, and addressing bottlenecks in project development and financing

The two streams of work will be harmonised through Stream B taking account of issues that emerge during Stream A activities to develop and pilot policies, guidelines and practices that can be implemented in the future Stream A work. Stream B activities will also serve other MOT needs such as upgrading specific knowledge and skill sets on gender responsiveness, social safeguard measures and environmental management, enabling project preparation teams to integrate such cross-cutting issues into project development. Thus Stream B will help to promote gender equality and women's empowerment outcomes in practical ways in line with the framework established by the GOV that is comprehensive but hasn't yet been effectively applied

Figure 1 on the following page provides a diagrammatic representation of the program logic framework of the AVTDP program. In a traditional program, one would expect to find defined outputs and activities. As part of the implementation process, proposed interventions will define relevant outputs and activities linked to core intermediate outcomes. This approach brings core actors (MOT and DFAT) and key stakeholders (ADB, WB and PMUs) together to decide on appropriate outputs and activities and would be compromised should an externally developed set of prescribed outputs and activities be imposed at this stage.

Figure 1: AVTDP Theory of Change



A core focus of the M&E system is to assess the extent to which MOT is taking up and adopting new ideas, concepts, and proposals proposed through AVTDP. Therefore the M&E system requires the ability to provide an assessment of the value of pre-feasibility and feasibility work as well as the contribution of innovative concepts and ideas in influencing MOT actions. The AVTDP managing contractor, in collaboration with MOT and DFAT will need to develop and implement a progressive M&E system that:

- Produces useful baseline data that informs strategic planning as well as to assess any changes (i.e. uptake of new ideas and concepts) over time.
- Effectively quality assures the design and implementation of activities
- Captures and utilises both quantitative and qualitative information related to measuring progress and attainment of results.
- Is aligned with and contributes, where relevant, to the development of the MOT's internal monitoring and evaluation system(s).
- Delivers appropriately presented and timely information that meets the needs of different stakeholder groups, including the MOT and DFAT, key stakeholder groups and the Steering Committee.
- Tracks, records and analyses key data on overall expenditure, resource use and activity implementation (to help ensure efficient resource management).

## Proposed M&E System

The AVTDP contractor, in collaboration with MOT will need to develop and implement an M&E system that undertakes measurement related to the attainment of the intermediate and end-of-program outcomes. The rationale for doing so is to help inform, on a regular basis, the AVTDP contractor, MOT and DFAT on the extent to which the outcomes are being achieved and the degree to which progress activity is contributing to the attainment of the outcomes in relation to equity factors (such as gender and social inclusion). The system will utilize agreed-upon outcome 'progress markers' that will indicate the likelihood of attaining the desired outcomes.

The M&E system should be guided by the program theory of change presented above. The program theory provides an overall roadmap for the attainment of key development outcomes (intermediate and end of program).

Activity selection criteria remain at the heart of the M&E system. The selection processes are detailed in Appendix D. These criteria have significant influence on M&E arrangements in that they not only define and select the activities to be funded under the AVTDP but also provide a rationale and reasoning for the non-selection of activities. For M&E, this is an important consideration as it provides a basis for the assessment of quality, i.e. ensuring the right activities are selected and funded so as to minimise poor development results and inefficient use of resources.

As indicated in Appendix D, the AVTDP relies on five key inputs that work through an activity selection process. It is anticipated that the M&E system will be designed, implemented and operational within the first three-months of the program. This provides an opportunity for the managing contractor to assess key implementation priorities and develop relevant proposals for funding. For M&E the key implementation steps in the first three-month include:

- Revision and articulation of program theory of change.
- Development of an operational M&E performance framework (see later section) and associated plan.
- Finalisation of appropriate and relevant activity selection criteria to underpin overall implementation arrangements.



- Articulation of a M&E budget and resource schedule including development of an appropriate workplan indicating key deliverable and reporting dates.
- A strategy for the dissemination of key results and findings including lessons learned.

## Proposed AVTDP M&E Approach

M&E for the AVTDP will work at three levels - activity level reporting, facility/program reporting and internal/external evaluation activities. These functions will flow from the finalisation of overall activity selection criteria and project design development. The M&E system will need to be designed initially by a M&E and project specialist who will work full-time for an initial six-months to design the M&E system and prepare an activity design/proposal templates. The M&E specialist will then shift to a part-time periodic role to support on-going M&E and proposed external monitoring reviews. The rationale for this approach is that there are limited resources available for program implementation and the proposed number of core team members necessitates some specialists are capable of covering a number of core functions.

## Selection Criteria

Prior to the implementation of any M&E functions, activity selection criteria need to be established and formalised. These criteria lay the foundation of all M&E arrangements. The selection criteria should reflect the scope and implementation principles outlined in the ToC.

## Project Activity Design Templates

Once the criteria have been formalised, an activity design template is required. The design template should provide a clear rationale for the selection of respective activities and link these activities to a core intermediate outcome. Once this has been prepared, the activity design can then articulate the key expected outputs and how they link to specific intermediate outcomes in the program theory. The M&E specialist will prepare a relevant and context specific activity design document format.

## Activity Level Reporting

Following selection and design preparation is the development of appropriate reporting systems and structures. The M&E Plan needs to articulate an activity-level reporting framework that captures key performance information for each activity template. Activity level reporting will occur at the end of each activity (less than six-months) and will implement six-monthly reporting for those activities with greater implementation periods of six-months. At its core, the reporting will provide updates of progress (i.e. budget and timeframes) as well as any factors that are influencing results (positive and negative). The activity level reporting will feed into broader Facility reporting.

## Facility Level Reporting

The results from respective activity-level reporting will be consolidated into a broader facility-level reporting framework. The intention of the six-monthly report format provides information and data across the entire spectrum of the AVTDP. The report will highlight key implementation arrangements financial reporting and also key aspects related to risk, gender and key lessons learned. The reporting will be disseminated to key stakeholders and shared with DFAT and the Steering Committee.

## Evaluation Approaches for Consideration

The M&E system will also make provision for a range of evaluation approaches. These approaches need to be tailored to specific activities and also operate in a resource-constrained environment. Proposed evaluation approaches therefore need to remain relevant, rigorous, and yet simple in their structure and approach. Individual evaluation studies need to be determined based on the type of activity being implemented. Evaluations should be considered at the activity

design phase and adequate resources made available to implement proposed studies. There is no need to evaluate every activity, and selections should be made in partnership through the Steering Committee or in close consultation with DFAT and MOT.

The application of the case study method through a series of longitudinal case studies would be an ideal approach for the AVTDP. Case studies would be defined as part of the activity selection process and could focus on an individual intervention of a possible thematic area of interest (e.g. PPP). The case study method allows for the qualitative collection of data and the development and articulation of performance information over a period of time. In addition there is scope to include quantitative data as part of the case study approach. The combining of methods is ideal as it promotes a higher level of rigor, reliability and validity in the evaluation process. Although the case study approach is seen as a preferred option for the AVTDP context does not limit the opportunity for the managing contractor to consider other options and approaches (to be detailed in the final M&E Plan).

### Learning and Reflection Events

Learning is a core component of any M&E system. The AVTDP system should ideally contain annual learning and reflection events that provide an opportunity to internally review and assess program performance, progress and associated issues. The learning events should be structured in a way to inform Annual Planning and also the consolidation of information for presentation for Steering Committee meetings.

### External Performance Assessment

To support the implementation of the M&E program for the AVTDP, the IDD proposed that DFAT has in-house management staff dedicated to the program, and that it engage independent technical specialists to provide advice on technical issues as needed, to report on the quality of M&E activities and results, and to assist with annual reviews as needed and conduct two specified major reviews of the AVTDP. These personnel will ensure the program is progressing according to agreed schedules and timeframes and that quality is being maintained in all aspects of program implementation and management.

Oversight by individual technical advisers will complement the internal M&E system and provide an independent view of the performance of the AVTDP and whether it is on track to achieve the end-of-program outcomes and its intended impact of MOT delivering well prepared proposals more rapidly to implementation.

The independent assessment would include:

- A review of the program theory and relevance of the M&E Plan and performance framework;
- Overall delivery approach and implementation arrangements;
- Assessment of the contribution AVTDP is making through support to pre-feasibility and feasibility studies and new innovative concepts and the impact these are having in deriving core efficiencies in the MOT; and
- Provide recommendations for possible changes to the scope, strategies and operations of the program to improve the likely contributions to attainment of the desired outcomes.

The IAG should review the AVTDP at least twice during the first year and then at least annually thereafter. Composition of the IAG is addressed in the IDD and in Appendix H (Position Descriptions). The IAG team is to comprise one international specialist (with in-depth relevant transport sector experience), with other persons to be recruited where other specialist skills such as environment, social, institutional and policy are needed.

In addition to the IAG, a major review of the AVTDP should be undertaken at the end of year 4. The intention of this review is to occur prior to the completion report and to provide an external assessment of progress of the program and also provide considerations for possible extensions.

## AVTDP Performance Assessment Framework

The Performance Assessment Framework is provided as an initial guide to assist with the development of the M&E system. The framework is by no means complete and seeks to serve the establishment of a basis of suggested indicators against defined intermediate and end outcomes. No outputs have been defined at this stage so as not to prescribe selected activities to be funded under the AVTDP.

The indicators provided against the outcomes focus on the following broad areas, which are deemed relevant to assessing overall success and impact of the program:

- Assessment of the quality of support provided to facilitate pre-feasibility and feasibility activities
- Improvement in timeframes and financial savings and efficiencies to bring these studies to market for implementation.
- Assessment of the uptake of pilot policies, guidelines and practices (and associated benefits) by the Government of Vietnam initiated through the AVTDP.

The assessment framework should focus primarily on those areas of support, which can produce tangible results and findings. Effort needs to be made to move away from broad sweeping statements and measures of success towards tangible findings. This approach promotes credibility in the system and also promotes relevant accountability and transparency in that results can be monitored and assessed.

The collection and analysis of information from M&E activities should help stakeholders answer the following types of questions. These questions should therefore provide the focus for analysis and discussion during review and learning events, and the answers to these questions should help inform future planning.

Gender and social inclusion features are important components of the overall M&E system. For AVTDP both are viewed as cross-cutting despite a number of interventions being targeted through the gender and social inclusion strategies detailed in Appendix B. While some of the activities are directed to enhancing the role of women in MOT, the AVTDP will have no influence on the number of women studying disciplines such as engineering that could lead to their employment by MOT, or more generally the number of women employed in MOT. Hence, there is limited use in using these indicators as part of the M&E program. However, while the AVTDP also has no direct influence on the promotion of women to leadership positions in MOT, the support given by the AVTDP to women in MOT should better equip them to secure such leadership positions. Specific indicators have been included in the performance framework.

At a broader level AVTDP does have capacity to influence gender sensitive and inclusive approaches to ensure the needs of women are included in pre-feasibility and feasibility related studies and work. In addition, the innovative approaches to designs provides an opportunity to include best practice approaches to ensure gender and social inclusion concerns are recognised, addressed and prioritised.

The following is a proposed list of the key questions that the internal and external M&E system will need to answer. The list of questions is provided as a guide and should be updated during the development of the performance assessment framework and reviewed on an annual basis. In general, the questions are:

At the activity and output levels the key evaluation questions are:

- i. How relevant were program outputs and activities to the intermediate and end-of-program outcomes?
- ii. To what extent did the outputs and activities contribute to progress towards expected results? Is this progress adequate?
- iii. Which outputs were achieved and when? Is this achievement appropriate?
- iv. What was the quality of the output?
- v. To what extent were the outputs and activities value for money?

At the intermediate outcome level the key evaluation questions are:

- i. How relevant are the intermediate outcomes to the development context and needs?
- ii. How relevant are the intermediate outcomes to the attainment of the end-of-program outcomes?
- iii. To what extent has the program been able to influence MOT to deliver better-prepared proposals?
- iv. To what extent has MOT adopted new approaches, ideas and concepts proposed through AVTDP initiatives.
- v. To what extent has the program been able to increase the degree of inclusion and collaboration in policy and decision-making?
- vi. What are the barriers impeding attainment of the intermediate outcomes?
- vii. What are the factors contributing to the attainment of the intermediate outcomes?
- viii. To what extent was the capacity of MOT, PMUs and local consultants built up to be able to develop gender responsive project proposals?
- ix. To what extent have activities influenced the advancement of women in transport sector?

At the end-of-program outcome level the key evaluation questions are:

- i. How relevant were the end-of-program outcomes to the development context and needs?
- ii. How relevant are the end-of-program outcomes to the attainment of the goal?
- iii. To what extent has MOT and MDBs been able to bring better prepared proposals and concepts to market?
- iv. To what extent has the program developed sustainable positive engagement, collaboration and convergence of key actors and stakeholders in target areas?

At the broader development goal level the key evaluation questions are:

- i. To what extent has AVTDP supported increased investment in MDB projects by bringing better prepared proposals and concepts to market in a timelier manner?

The summary Table 1 below presents the Performance Assessment Framework as an initial guide to aide the managing contractor in the development of the M&E system. The framework is focused at the end of program and intermediate outcome level and proposes a number of core indicators and suggested evaluation questions; however, these are indicative based upon the present analysis and suggestions and may change upon implementation of the program.

Table 1: AVTDP Performance Assessment Framework

Results hierarchy	Indicators <sup>(1)</sup>	Evaluation Questions <sup>(2)</sup>	Who, where and how will the data be collected?	
End-of-Program Outcome			Monitoring	Evaluation
<b>MOT achieving improved efficiency and effectiveness by bringing better prepared proposals and concepts more rapidly to market.</b>	<p>Change in time to bring pre-feasibility and feasibility studies to implementation.</p> <p># new activities brought to market.</p> <p>% of pilot policies, guidelines and practices that are adopted and supported through alternative funding streams.</p>	<p><b>Primary Questions:</b></p> <p>How effective has the program been in delivering the target outcomes (aid effectiveness) and in contributing to broader development outcomes (development effectiveness)?</p> <p>How efficient has program delivery been?</p> <p>How relevant were the end-of-program outcomes to the development context and needs?</p> <p>How relevant are the end-of-program outcomes to the attainment of the development goal?</p> <p>To what extent has the program developed sustainable positive engagement, collaboration and convergence of key actors and stakeholders?</p> <p>Is the MOT, more effective and efficient in delivery of projects of Vietnam? Why?</p> <p>How was M&amp;E analysis and learning applied in the program?</p> <p>Was monitoring and evaluation effective?</p>	<p>The AVTDP core team (deputy team leader. The first collection is for baseline. This should be part of the Annual Plan process</p>	<p>Conduct of independent performance assessment and oversight.</p> <p>DFAT to engage an independent advisory group to undertake periodic independent program assessments</p>

Intermediate Outcomes			Monitoring	Evaluation
<b>IO 1: MOT delivering well-prepared proposals more rapidly to implementation drawing on innovative practices and approaches.</b>	<p>% projects that reach market quicker and in a more efficient manner.</p> <p># of project preparation activities supported by program which would not receive project approval without the program support</p>	<p>To what extent has the AVTDP contributed to the preparation of engineering designs?</p> <p>What constraints are observed in ensuring appropriate support has been provided and adopted?</p>	<p>M&amp;E team undertake baseline study.</p> <p>Monitoring teams to collect information from program database.</p> <p>Monitoring teams to collect stories for relevant case studies</p>	<p>Research or activity to address the evaluation question.</p> <p>Independent monitoring team to validate assessments and evaluate how this outcome is contributing to the end of program outcomes.</p>
<b>IO 2: MOT adopting enhanced engineering, financial, economic, safety, social and environmental matters in all pre-feasibility studies, feasibility studies and detailed engineering design and documentation</b>	<p>Adoption of the AVTDP approaches and advice in pre-feasibility and feasibility studies.</p> <p># of PFS, FS and DDD project preparation activities supported by program</p> <p>% of stakeholders satisfied with AVTDP support on project preparation (survey done for each support)</p> <p># of activities which are scaled up/applied by other programs</p>	<p>To what extent does the MOT see the appropriateness of additional features included in pre-feasibility and feasibility studies?</p> <p>To what extent has the MOT adopted the guidance and suggestions provided through technical assistance?</p> <p>Has the technical support provided added value?</p> <p>To what extent have the additional measures been effective?</p> <p>Are these being carried through to implementation?</p> <p>To what extent has the MOT achieved cost savings as a result of better prepared designs and proposals?</p>	<p>M&amp;E team to undertake baseline study.</p> <p>Monitoring teams to collect information from program database.</p> <p>Monitoring teams to collect data and information for possible case studies</p>	<p>Research or activity to address the evaluation question.</p> <p>Independent monitoring team to validate assessments and evaluate how this outcome is contributing to the end of program outcomes.</p>

IO 3: MOT supporting revised policies, guidelines and practices that strengthen project development, and identify and address bottlenecks in project development and financing.	<p># new concepts adopted by MOT.</p> <p># of policy or operational practices supported by the Program</p> <p>recommendations adopted by MOT/donors</p> <p>Implementation of new concepts and development of appropriate proposals for funding.</p> <p>A guideline and/or strategy hat advance the position of women in transport sector</p> <p>MOT adopt best practice to mainstream gender effectively in transport infrastructure projects.</p>	<p>To what extent has the AVTDP influenced policy engagement through practical demonstrations?</p> <p>To what extent have new concepts been adopted and utilised by MOT?</p> <p>To what extent have bottlenecks been removed or minimised?</p> <p>To what extent have women's positions within transport sector been influenced by program activities?</p> <p>To what extent was the capacity of MOT, PMUs and local consultants built up to be able to develop gender responsive project proposals?</p>	<p>M&amp;E team undertake baseline study.</p> <p>Specific case studies on particular thematic areas</p>	<p>Research or activity to address the evaluation question.</p> <p>Independent monitoring team to validate assessments and evaluate how this is contributing to the end of program outcomes.</p>
IO4: MOT identifying bottlenecks to, and innovations that support, improved project development, identifying and assessing remedial measures, and making recommendations.	<p># innovative activities funded</p> <p>% of innovative activities that lead to improved project implementation....</p> <p># of activities which are scaled up/applied by other MOT programs</p>	<p>To what extent have project development issues been identified and addressed?</p>	<p>M&amp;E team undertake baseline study.</p>	<p>Research or activity to address the evaluation question</p>

- (1) Specify the quantitative or qualitative performance indicators for monitoring progress and for Results Reporting (analysed for disparities in gender, disability, location, poverty, conflict prevalence, ethnicity and culture, language use for learning and religion).
- (2) Where reporting against an indicator will be insufficient to assess performance, identify the evaluation question under which this be assessed

## Appendix J: Risk Register



RISK REGISTER:		DFAT-Hanoi												
Date of Last Review: <u>This is the Initial Risk Register</u>								Date of Next Review: <u>During Inception</u>						
Risk Ratings and Treatments Approved by:														
A. Objective/s	B. Risk Event, Source & Impact (what could happen ( <u>event</u> ), what could cause the event to happen ( <u>source</u> ) and what would happen if the event occurs?)	C. Risk Owner (who will manage the risk?)	D. Existing Controls (what's currently in place?)	Risk rating with existing controls in place			H. Is risk rating acceptable? Y/N (if no, please propose treatments)	I. Proposed Treatments (If no further treatment required or available, please explain why)	J. Person Responsible for Implementing Treatment/s	K. Implementation Date for Proposed Treatment/s	Target rating when Proposed Treatments are in place			O. Is risk rating acceptable ? Y/N
				E. Consequence (refer to matrix)	F. Likelihood (refer to matrix)	G. Risk Rating (refer to matrix)					L. Consequence (refer to matrix)	M. Likelihood (refer to matrix)	N. Risk Rating (refer to matrix)	
External	Level of political commitment to the partnership is high within MoT and DFAT however different expectations exist within MoT for priority funding support. This may lead to delays as program priorities as discussed.	DFAT	Pre-design consultations with MoT and the AVTDP design mission and development of appropriate activity selection criteria.	Major	Possible	Low	Yes	Continue to engage with MoT and work with managing contractor to prioritise the activity selection criteria	Managing Contractor (with DFAT)		Medium	Possible	Low	Yes
Institutional	Institutional capacity for implementation may be limited due to poor coordination or lack of local ownership	DFAT and Managing Contractor	On-going consultations between DFAT and MoT	Major	Possible	Medium	Yes	Recruitment of high quality technical advise and design of appropriate activities	Managing Contractor (with DFAT)	Development of activity selection criteria during the first six-months	Minor	Unlikely	Low	Yes
Institutional	Inappropriate use of funds due to poor accountability controls may result in fraud and corruption resulting in poor value for money and loss of opportunity to use funds for the intended purposes.	Managing Contractor	The design will not use partner government financial systems - but may, with enhancements, utilize fund accountability, monitoring and auditing processes. Fund utilization should ideally adhere to Commonwealth Procurement Guidelines (where appropriate). Fund expenditures will be guided by criteria agreed to by both governments and will undergo regular auditing.	Major	Possible	Low	Yes	Program Steering Committee. Failure to adhere to criteria and fiscal requirements could result in conflicting processes and decision-making.	Managing Contractor (with DFAT)		Major	Unlikely	Low	Yes
Institutional	Program pipeline for pre-feasibility and feasibility studies through MDB's may not fit with the proposed work schedule of the AVTDP.	Managing Contractor	Managing contractor in partnership with MoT and MDB's to confirm the priority list for inclusion into the prefeasibility/feasibility stream for support.	Moderate	Possible	Low	Yes	Managing contractor to confirm pipeline of activities on commencement	Managing Contractor (in consultation with DFAT)	Inception phase	Minor	Unlikely	Low	Yes
Institutional	Shortage of GoV funding may potentially cause delays in the process to bring PFS and FS to implementation phase thus impacting on effectiveness of program to meet objectives	DFAT and Managing Contractor	DFAT and MDB's maintain close contact over current GoV funding streams and share relevant information	Major	Possible	Medium	Yes	DFAT and MDB's to continue close working relationship through formal and informal channels to advise and address any potential changes or impacts.	Managing Contractor (in consultation with DFAT)	On-Going (annual review)	Moderate	Possible	Medium	Yes

Program	The program may introduce a range of activities and interventions that may face opposition and challenges in terms of supporting the pace of institutional change	Managing Contractor	Managing Contractors to detail overall approach to mitigate this risk as part of tendering process In addition project selection is vitally important to ensure quality projects are supported. Necessary to identify key personnel (i.e. institutional champions) to support relevant selections.	Moderate	Possible	Medium	Yes	Managing contractor to implement strategy detailed in tender	Managing Contractor	Inception Phase	Minor	Possible	Low	Yes
Program	Inability to source suitably qualified [personnel who have appropriate levels of institutional, policy and program management experience combined with working in Vietnam.	Managing Contractor	Comprehensive recruitment and selection process to identify potential expertise	Moderate	Possible	Low	Yes	In situations where a fully qualified adviser cannot be contracted to work with the program, contract appropriately qualified local consultants and support with short-term specialists (except for the Team Leader where special conditions may be negotiated to attract a qualified TL)	Managing Contractor (in consultation with DFAT)	During recruitment of long-term advisers	Minor	Possible	Low	Yes
Program	Facility model of implementation may lead to a series of ad hoc programs without contributing to broader longer-term development. The evidence base may be limited for some institutional and high-level policy type activities.	DFAT and Managing Contractor	Clear articulation of the Theory of Change and development of relevant results framework	Moderate	Likely	Medium	Yes	Managing contractor to work closely with DFAT to clearly articulate linkages and for DFAT to ensure some flexibility is built into the system to reflect change	Managing Contractor (with DFAT)	On-going	Minor	Unlikely	Low	Yes
Program	AusSUPPORT supported projects (PFS, FS and DDD) do not meet MDB's quality standards	Managing Contractor and MDB's	MDB's currently maintain their own risk registers (both institutionally and at project specific levels)	Moderate	Unlikely	Low	Yes	Work with MDB's to ensure consistency and shared understanding of risks across individual programs	Managing Contractor	On-going	Moderate	Unlikely	Low	Yes
Program	Program innovation changes (including policy changes) are not adopted by the GoV	Managing Contractor	No existing controls but options and strategies considered in program inception phase and M&E Plan.	Moderate	Unlikely	Medium	Yes	Managing Contractor to manage risk as part of annual workplans and M&E Plan	Managing Contractor	On-going	Moderate	Unlikely	Lo	Yes
Program	Social safeguards and gender specific interventions are not fully supported and are unable to fully influence institutional change	Managing Contractor	No existing controls but to be monitored through M&E Plan	Moderate	Likely	Low	Yes	Social safeguards programs and strategies to be fully discussed and shared with GoV partners and programs embedded as part of the broader program implementation process	Managing Contractor	Inception Phase	Moderate	Unlikely	Low	Yes

## Appendix K: Bibliography

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## Appendix L: List of Key Persons Met

## List of Key Persons Met

Agency	Names of People and Positions
<b>Government of Australia</b>	
Australian Department of Foreign Affairs and Trade - DFAT (Economic and Development Cooperation)	Claire Ireland, Counsellor Andrew Shepherd First Secretary Nguyen Lan Phuong, Senior Safeguards Manager Vu Duc Cong, Senior Infrastructure Manager
DFAT (Austrade)	Janelle Casey, Counsellor Trade Commissioner Phung Viet Linh, Business Development Manager
DFAT (Human Resource Development)	Nguyen Thu Hang, Senior Program Manager
<b>Government of Vietnam</b>	
Ministry of Transport (Ministerial Level)	Nguyen Ngoc Dong, Deputy Minister of Transport Nguyen Van Cong, Deputy Minister of Transport
Ministry of Transport (Organization and Personnel Department)	Tran Hoai An, Vice Director General
Ministry of Transport (Department of Planning and Investment - DPI)	Tran Thi Thanh Thuy, Deputy Director General Nguyen Anh Dung, Expert
Ministry of Transport (Transport Engineering Construction and Quality Management Bureau - TCQM)	Tran Xuan Sanh, Director General
Ministry of Transport (Department of Science and Technology)	Dinh Manh Duc, Deputy Director General
Ministry of Transport (Environment Department)	Tran Anh Duong, Director General Doan Thi Hong Tham, Specialist
Ministry of Transport (Directorate for Roads of Vietnam - DRVN)	Nguyen Van Huyen, Director General Le Hong Diep, Director, Department of Road Maintenance Management To Nam Toan, Department of Science, Technology, Environment and International Cooperation
Ministry of Transport (Vietnam Inland Waterway Administration - VIWA)	Nguyen Thi Tuong Vy, Deputy Director Hoang Hong Giang, Director General Truong Trong Doanh, Director
Ministry of Transport (Vietnam Railway Authority - VNRA)	Vu Quang Khoi, Director General Dang Sy Manh, Deputy Director General Tran Ngoc Trung, Deputy Director, Construction Management Division Nguyen Tien Thinh, Head, Planning, Investment and International Cooperation Division
Ministry of Transport (Project Management Unit No. 2 - PMU2)	Dinh Cong Minh, Deputy Director General Nguyen Thanh Hang, Ex- DPI Director General, Adviser
Ministry of Transport (Traffic Safety Department), and National Committee for Traffic Safety	Nguyen Van Thach, Director General, Transport Safety Department and Deputy Chief of the NCTS Tran Huu Minh, Deputy Head of the NCTS Office



<b>Agency</b>	<b>Names of People and Positions</b>
Ministry of Planning and Investment (Infrastructure Department)	Tran Duc Toan, Deputy Director General
Ministry of Planning and Investment (PPP Department)	Nguyen Danh Huy, Director General Tran Viet Dung, Head of PPP Office Nguyen Van Viet, Official
Ministry of Planning and Investment (Public Procurement Agency)	Nguyen Anh Tuan, Deputy Director General
Transport Development Strategy Institute (TDSI)	Nguyen Thi Phuong Hien, Deputy Director General Hoang Kim Ha, staff
Ministry of Agriculture and Rural Development (Management Board for Agriculture Projects)	Tran Van Lam, Consultative Coordination and Project Preparation Division; Duong Phuong Thuy, Gender Focal Point Tran Tien Hung, Safeguard Specialist
Viet Nam Women's Union (VWU)	Nguyen Thi Hoai Linh, Head of International Relations Department Nguyen Thi Hoang Bich, Specialist, International Relations Department
<b>Development Assistance Agencies</b>	
World Bank	Tran Minh Phuong, Senior Transport Specialist Nguyen Quy Nghi, Social Development Specialist
Asian Development Bank (ADB)	Le Dinh Thang, Senior Transport Specialist Daisuke Mizusawa, Senior Transport Specialist Nguyen Thanh Giang, Social Development Officer – Gender Nguyen Duy Thang, Social Development Officer - Safeguards
Japan International Cooperation Agency (JICA)	Tran Thi Minh Anh, Senior Program Officer
Korea Economic Development Cooperation Fund (EDCF)	Kang Sang Jin, Deputy Chief Representative Le Phuong Anh, Portfolio Programming Officer Miyeon Shin, Junior Portfolio Program Officer JeongHeejung, Junior Portfolio Program Officer
<b>Private Sector and Other</b>	
Transport Engineering Design Inc. (TEDI)	Nguyen Minh Thang, Deputy Director General Kim Dieu Quan, Deputy Manager, Marketing and Project Formation Department
SMEC	Vince Crosdale, Project Manager, Vietnam Road Asset Maintenance Project (VRAMP) Quang Nguyen, Mekong Region Manager
OTB	Dr Jasper Cook, Director General
Australian Chamber of Commerce (AusCham)	Giles Cooper, Partner, Duane Morris and Member, AusCham Board
University of Transport and Communications	Dr Tran Thi Kim Dang, Assoc. Professor, Highway Engineering Department, Civil Engineering Faculty