

**AUSTRALIA WORLD BANK STRATEGIC PARTNERSHIP (ABP)  
In VIETNAM**

**Mid-Term Review Report  
January 12, 2015**

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## EXECUTIVE SUMMARY

1. The Australia-World Bank Strategic Partnership (ABP) is dedicated to supporting Vietnam's development agenda through technical assistance, capacity building, and analytical work, as well as some investment support, financed by an AUD58 million programmatic trust fund and delivered through a strengthened partnership between the World Bank and Australia's Department of Foreign Affairs and Trade. ABP's objectives are to: foster an enabling environment in Vietnam for improved economic competitiveness, increased environmental sustainability, and broadened access to economic and social opportunity; and enhance cooperation between Australia and the Bank in working for development effectiveness in Vietnam. The Administration Agreement for ABP was signed on February 28, 2012 and is scheduled to close on June 30, 2016.

## SUMMARY OF CONCLUSIONS

2. **Relevance and strategic fit.** Activities financed by ABP support the very core of Vietnam's development agenda. The country's rapid growth since 1986 came from its embrace of markets, international trade, and foreign direct investment. Vietnam is now a middle income country and is embarking on a new generation of reforms involving fundamental shifts in the role of government itself - from being a direct participant in economic activity to being a regulator and facilitator, and shifting its emphasis to delivering public goods and services and offering equal opportunities to all strata of society. ABP is supporting this profound transformation through technical assistance, capacity building, analytical work, and exposing Vietnamese policymakers to the experience of other economies that surmounted similar challenges.

3. The partnership's strategic objectives are well aligned with Vietnam's development agenda as articulated in the Socio-Economic Development Plan (2011-2015). They are also virtually identical to the World Bank's Country Partnership Strategy for Vietnam, and resonate well with two of the three operational priorities in DFAT's aid strategy for Vietnam.

4. **Implementation Progress.** Of the total available resources of AUD58 million, ABP had programmed AUD54.16 million (as of October 15, 2014) to finance 31 World Bank-supported activities. Of this, AUD15.19 million (29.4%) had been disbursed; this disbursement performance compares favorably with other DFAT trust fund programs with the Bank at a similar stage of implementation. Proposals for an additional 18 activities have been shortlisted. These will be financed from ABP's unallocated funds together with AUD2.5 million that were "clawed back" from ongoing activities that were progressing slowly. With only 18 months left before ABP's scheduled closure, careful monitoring of progress and timely completion of work are critical to ensure that ABP funds are effectively used and the program achieves its desired impact. Although it is still early to make a full assessment of ABP's effectiveness, progress of work in a number of areas indicates that the partnership's expected outcomes are likely to be either fully or substantially achieved.

5. **Efficiency.** The demand-driven nature of proposals for ABP funding, the application of ABP criteria when selecting ABP-financed activities, and the stringent approval process through the Steering Committee provide assurance that funds of the right amount are being allocated to the right activities. The Bank's quality control and consultant selection procedures provide further assurance that these funds are used effectively.

6. **Impact.** The ultimate impact of most ABP-funded activities will take years to materialize, although some impact is already evident in a few areas. These include: amendments to critical laws with potential economy-wide impact; possible opening of expressway investments to PPP; incipient use of Vietnam's systems by donors in select sectors; and mainstreaming of demand response programs in power companies. Some of the activities that will get underway shortly, such as the Vietnam 2035 Report and technical assistance to support development of a wholesale electricity market, could have significant long-term impacts.

7. ABP-funded activities have had greater impact where Bank-government relations are already strong. ABP has allowed the Bank to deepen and broaden its analytical and technical work in these areas and respond quickly to government requests for advice on key policy and implementation issues. DFAT has benefited from leveraging the Bank's expertise, lending program, and convening power. Government officials and development partners who spoke to the MTR mission were highly appreciative of the two agencies working together for increased development effectiveness.

8. **ABP Governance.** The management and governance arrangements for the partnership - especially at the strategic level - are robust and are working well. Nevertheless, this review suggests that some improvements can be made. For example, membership of the Steering Committee, beyond the two co-chairs, could be made clear. Similarly, the current practice of annual Steering Committee meetings may need to become more frequent to ensure successful achievement of ABP objectives by the end-June 2016 deadline.

9. **Bank – DFAT Cooperation.** Cooperation between DFAT and the Bank has been excellent at the level of the Steering Committee. However, as implementation has accelerated, some frictions at the working level have emerged. These are surmountable if: sufficient attention is paid to maintaining good communication and strong working relationships between Bank and DFAT staff; each partner clarifies what it expects from the other; DFAT staff acquires greater familiarity with the Bank's structure, policies and procedures (especially given the Bank's recent reorganization), while the Bank understands DFAT's organizational structure since its absorption of AusAID; Bank ABP task team leaders and their DFAT counterparts in Hanoi brief each other more frequently; and DFAT's Hanoi staff are given technical support from experts located in Australia or in other parts of Southeast Asia.

## SUMMARY OF RECOMMENDATIONS

### Ensure ABP is completed successfully

10. While ABP is off to a reasonable start, much needs to be done to ensure successful completion of all activities by the closing date of June 30, 2016. This will involve:

- (a) **Accelerating implementation of on-going activities.** Child trust funds (CTFs) on the critical path include co-financing of Bank projects (MDTIDP, VRAMP, and DEP), other recipient executed tasks (PPP Cell in MOT, support for the Rural Water Supply and Sanitation Program) and select Bank executed tasks (transport PPPs, HCMC Integrated Strategy Note). Bank Practice Managers and Bank & DFAT Theme Coordinators should monitor progress quarterly for quality and timeliness. The ABP Program Manager should monitor disbursements quarterly. The Steering Committee should be informed of key issues on a quarterly basis.
- (b) **Initiating recently shortlisted activities immediately while ensuring they have realistic timetables.** The recently approved shortlist of 18 includes several large and high profile activities: Vietnam 2035 Report; TA for Vietnam Wholesale Electricity Market; Vietnam

Innovation Learning Program; Supporting PPP Development in the Urban Water Supply and Sanitation sector; and Strengthening Vietnam's Trucking Sector. The Steering Committee should initiate these activities immediately, while Bank Practice Managers, Bank and DFAT Theme Coordinators, and the ABP Program Manager should monitor progress of these tasks quarterly. The Steering Committee should be provided a quarterly summary, highlighting key implementation issues and assessment of risks.

- (c) **Clawing back funds from slow-moving tasks.** ABP management should remain tough in clawing back funds from CTFs making little or no progress. Some examples the Steering Committee may wish to consider include CTFs for the NBBV Expressway Transaction Structuring TA and Large Scale Infrastructure Planning.
- (d) **Climate Change, Green Growth and Gender.** It is encouraging that the shortlist of 18 new activities includes a few tasks focusing on gender, climate change, and green growth issues. These tasks should now be given special attention by the Steering Committee.

#### **Strengthen Bank – DFAT Cooperation**

11. The following actions should be taken to strengthen Bank – DFAT cooperation:

- (a) Senior Bank managers (President, Vice Presidents, and Senior Global Practice Directors) visiting Hanoi should meet with the Australian Ambassador and/or the DFAT Development Counselor to discuss topics of common interest.
- (b) The Bank's Vietnam Country Director and the Australian Ambassador to Vietnam should meet once a quarter to discuss development issues in Vietnam and to review progress of ABP.
- (c) DFAT should convey to Bank ABP colleagues the ABP tasks that DFAT considers high priority and the desired mode of collaboration on these tasks.
- (d) A retreat should be held at an early date for Bank and DFAT staff working on ABP (whether based in Hanoi, Washington, or elsewhere) to improve mutual understanding of the structures and processes of the two organizations, expectations of each side from the other, communication standards and protocols, etc.
- (e) Bank and DFAT management should clarify membership of the Steering Committee and increase the frequency of Steering Committee meetings and ABP progress reports.

#### **Possible Second Phase of ABP**

12. There are many reasons why this report recommends strongly that both institutions seriously consider a second phase for ABP. The partnership should hit its stride in the remaining 18 months of the first phase, so a second phase should impose virtually no start-up costs. Moreover, the ABP-supported Vietnam 2035 Report should give the partnership greater strategic focus and the implementation period for the second phase of ABP would coincide with Vietnam's 2016-2020 Socio-Economic Development Plan. As important, during its second phase, the partnership's impact on Vietnam's development trajectory could be magnified if the future Asian Infrastructure Investment Bank and the New Development Bank choose to co-finance lending and capacity building operations with the World Bank.

## AUSTRALIA WORLD BANK STRATEGIC PARTNERSHIP (ABP)

### Mid-Term Review Report

#### BACKGROUND

1. The AUD58 million programmatic trust fund for the Australia – World Bank Strategic Partnership in Vietnam (ABP) was signed on February 28, 2012 and is scheduled to close on June 30, 2016. Disbursements for expenditures incurred on or before June 30, 2016 will be permitted up to December 31, 2016.
2. ABP emerged from AusAID's Infrastructure for Growth Initiative (IFGI), which *inter alia* supported analytical work, project preparation and implementation support for infrastructure investments in East Asia, and in particular Vietnam. It is a part of the overall engagement in Vietnam of both the Bank and Australia. Discussions between the head of AusAID in Vietnam and Bank management in the Hanoi office focused initially on a partnership to support infrastructure development, in particular on transport and energy; subsequently rural water supply, urban infrastructure and climate change activities were added to the list. Ultimately it was decided to expand the scope of ABP to poverty reduction and economic management, as well as financial sector development, and set it up as a partnership between AusAID and the Bank for the development of Vietnam, along the lines of Australia's partnership with the Bank's Philippines program.
3. According to the Administration Agreement *the strategic partnership's overarching objective is to support Vietnam's development agenda through the strengthened partnership between Australia and the Bank. The specific objectives are to: (a) foster an enabling environment for improved economic competitiveness, increased environmental sustainability, and broadened access to economic and social opportunity; and (b) enhance cooperation between Australia and the Bank in working for development effectiveness in Vietnam.*
4. A detailed list of benchmarks and dates is attached as Table 1 to the Appendix.
5. The ABP Concept Note envisaged a demand driven program, with an indicative funding plan as shown below.

Window	Amount before fees (AUD Million)
Sustainable Development Window	54.5
of which Recipient Executed	44.5
and Bank Executed	10.0
Finance and Private Sector Development	2.5
Poverty Reduction and Economic Management	1.0
<b>Total</b>	<b>58.0</b>

6. Annexes to the December 16, 2011 Concept Note for ABP identified the priority activities to be financed by ABP under the proposed windows of sustainable development (SD), finance and private sector development (FPD), and poverty reduction and economic management (PREM) This detailed planning enabled ABP implementation to get started promptly, as these identified priorities (except those in FPD) were all funded by ABP.

7. **Methodology.** The MTR team, comprising a Main Consultant (Raja Iyer, engaged by the World Bank) and a Supporting Consultant (Vikram Nehru, engaged by DFAT), started work by reviewing background documents, including: the Bank's Country Partnership Strategy for Vietnam; documents relating to Australia's development support to Vietnam and DFAT's priorities; ABP Concept Note, Administration Agreement, Operation Guidelines, minutes of Steering Committee Meetings, and annual progress reports; Grant Funding Requests (GFRs) and Grant Reporting and Monitoring (GRM) Reports. This was followed by a two week mission to Vietnam, during which the team read various documents relating to ABP individual Child Trust Funds (CTFs). The team had discussions with: task team leaders of CTFs; Bank management in Vietnam (Country Director, Operations Manager); and officials at the Australian Embassy (Ambassador, Counselor Development Cooperation, DFAT Theme Coordinators and other staff connected with ABP); Bank Theme Coordinators and selected Practice Managers; ABP Program Manager; officials at government agencies benefiting from ABP CTFs; and officials from other donor agencies, including IMF, Asian Development Bank (ADB), and UK Department for International Development (DfID).

8. The two consultants coordinated their work in Washington prior to the mission in Vietnam. They held many meetings together in Hanoi, both at the Bank and at the Australian Embassy, discussed their findings and held joint start-up and wrap-up meetings at the Embassy and at the Bank.

9. **Organization of the Report.** This report, prepared by the Main Consultant, draws heavily from the Supporting Consultant's report in several areas, in particular: overall assessment; assessment of activities under the macroeconomic, fiscal management, and governance theme; assessment of program management; and lessons learned and future directions. The Supporting Consultant's report is attached in entirety as an Appendix to this report.

10. A draft of this report was issued on November 15, 2014. Comments were received from the World Bank and DFAT and these have been reflected, as appropriate, in this report.

11. The Report is organized in the following sections:

- (a) Background (this section).
- (b) Overall Assessment.
- (c) Assessment of Program Content.
- (d) Assessment of Program Management.
- (e) Lessons Learned and Future Directions.
- (f) Conclusions.

12. The Report includes seven annexes: Terms of Reference of Main Consultant and Supporting Consultant; Achievement of Results Framework Indicators; Macroeconomics, Fiscal Management, and Governance; Transport and PPP; Social, Urban, Rural, and Water; Energy; and Climate Change/Green Growth.

13. **Acknowledgements.** The MTR team would like to acknowledge the guidance, cooperation, and support it received, particularly from: Victoria Kwakwa, World Bank Country Director for Vietnam; Hugh Borrowman, Australian Ambassador to Vietnam; and Claire Ireland, Counselor Development Cooperation, Australian Embassy in Vietnam. We appreciate the cooperation and support received from Bank staff and staff at the Australian Embassy in Vietnam. We are particularly grateful to Nga Dang, Program Manager and Phuong Duong, Team Assistant for providing us the relevant documents and for excellent logistical support during the mission.

## OVERALL ASSESSMENT

14. **Relevance and strategic fit.** Activities financed by ABP support the very core of Vietnam's development agenda. The country's rapid growth since 1986 came from its embrace of markets, international trade, and foreign direct investment. Vietnam is now a middle income country and is embarking on a new generation of reforms involving fundamental shifts in the role of government itself - from being a direct participant in economic activity to being a regulator and facilitator, and shifting its emphasis to delivering public goods and services and offering equal opportunities to all strata of society. ABP is supporting this profound transformation through technical assistance, capacity building, analytical work, and exposing Vietnamese policymakers to the experience of other economies that surmounted similar challenges.

15. The partnership's strategic objectives are well aligned with Vietnam's development agenda as articulated in the Socio-Economic Development Plan (2011-2015). They are also virtually identical to the World Bank's Country Partnership Strategy for Vietnam, and resonate well with two of the three operational priorities in DFAT's aid strategy for Vietnam.

16. **Effectiveness.** Work on several fronts is still in progress to permit a full assessment of the effectiveness of ABP at MTR. However, the progress of work in a number of themes indicates that the expected outcomes are likely to be either fully or substantially achieved. These include work on amendments to CIT and VAT Laws and a revised Budget Law; use of M&E Framework by MARD for rural water supply and sanitation; and implementation of the pilot demand response program in a Power Company. However, reforms in areas such as state enterprise reforms, procurement law, and PPP require adequate time for discussions within government and for a consensus to emerge before decisions are made. Some of these decisions are likely to be made only after ABP closes.

17. Implementation of the MTR recommendation to review and update the Results Framework would enable a good assessment of ABP's effectiveness to be made at the time of preparing the completion report.

18. **Efficiency.** ABP financed activities have become critical to the success of the Bank's extensive analytical and advisory assistance and lending program in Vietnam. This is all the more so, given the winding down of the UK DfID's Vietnam Program and its past support for the Bank's Vietnam program.

19. *Value for money.* Almost all of ABP activities, with the exception of co-financing investments under MDTIDP, support analytical work, capacity building, and related activities. ABP's efficiency can therefore only be measured by the importance of ABP-funded activities for Vietnam's development (as well as to the Bank's and DFAT's programs in Vietnam), the amounts of funds allocated to each activity, the cost effectiveness of the use of funds, and their outcomes. ABP governance arrangements - demand driven nature of the proposals for ABP funding, the application of ABP criteria for allocation of funds, and the approval process through the Steering Committee - provide assurance that funds of the right amount have been allocated to the right activities. The Bank's quality control procedures and consultant selection procedures provide further assurance of quality and value for money.

20. **Impact.** At MTR, an early indication of the likely impacts of ABP activities is beginning to emerge: economy wide impacts as a result of the amendments of the CIT and VAT Laws and potential revisions to the Budget Law; focused discussions on the opening of expressway investments to PPPs as a result of the ABP PPP work; increased use of country systems by donors through the use of a program for results approach, based on the support for the rural water supply and sanitation program; and mainstreaming of demand response programs in power companies, following the pilot under DEP. Some of the activities that will get underway shortly, e.g., Vietnam 2035 Report and Wholesale



Electricity Market, could have very significant long term impacts. The ABP Completion Report will enable a more evidence based assessment of impact.

21. ABP-funded activities have had greater impact where Bank-government relations are already strong. ABP has allowed the Bank to deepen and broaden its analytical and technical work in these areas and respond quickly to government requests for advice on key policy and implementation issues. DFAT has benefited from leveraging the Bank's expertise, lending program, and convening power. Government officials and development partners who spoke to the MTR mission were highly appreciative of the two agencies working together for increased development effectiveness.

22. **Risk management.** The ABP Concept Note identified eight risks: five were rated low, while the other three (activity related, financing arrangements, and donor) were rated moderate, with appropriate risk management measures listed. These measures have been satisfactorily implemented. Other than the need to strengthen program management to ensure satisfactory completion of ABP on time (see Monitoring and Evaluation below), no new unanticipated risks to the overall achievement of ABP objectives have emerged that require serious attention.

23. Individual Grant Funding Requests (GFRs) contain a risk section, where risks are described along with risk management measures, and include a risk rating. Grant Reporting and Monitoring reports (GRMs) provide a current risk rating (with the original risk rating mentioned), along with comments. Risks have been rated moderate or low in the majority of GFRs/GRMs. A few GFRs rated risks substantial (e.g., Sustainable Development and Ethnic Minority Poverty Reduction in Mountainous Regions, Preparation and Supervision of Rural Water Supply and Sanitation Program); however, the corresponding GRMs rate the risks as either low or moderate.

24. Overall, the MTR considers the risks of ABP and its CTFs to be well managed.

25. **Sustainability.** ABP activities support either (a) macroeconomic policy reforms or sectoral reforms where there is either already a strong on-going dialogue with government or (b) Bank projects that are either under implementation or preparation. Some examples: the government and the Bank are engaged in Economic Management and Competitiveness Credits (EMCC) and Programmatic Public Finance Review (PPFR); the Bank has been working with the government on power sector issues – both investments and policy reforms - for over a decade; DFAT and the Bank have been supporting activities in the transport and rural water and sanitation sectors for a long time; and the Bank has been engaged with government on climate change and green growth through development policy operations. The selection of ABP tasks that are aligned with government priorities and Bank/DFAT engagement priorities provides assurance of the sustainability of ABP outcomes. However, a clearer assessment of sustainability can only be made when ABP activities are completed in June 2016, their outcomes are evident, and continued government commitment to them is demonstrated.

26. **Monitoring and Evaluation.** The Operation Guidelines outline the procedures for GRMs and Implementation Completion Memoranda (ICM), and the Annual Progress Report. Overall, these procedures are working well. The Program Manager is to be commended for following up with Task Team Leaders (TTLs) to ensure that nearly all GRMs for the period ending June 30, 2014 were available for review at the MTR. The quality of some of the GRMs (e.g., the three GRMs relating to CTFs for the Program for Results operation for Red River Delta Rural Water Supply and Sanitation) is excellent; however, there is room for improvement in other cases. The Program Manager should continue to work with TTLs to ensure that all GRMs and ICMs are of good to high quality.

27. The first Annual Report issued in December 2012 was quite brief, reflecting the early stage of ABP implementation. The second Annual Report issued in December 2013 was much more detailed and provides relevant information on program overview, highlights of activities by sector, and next steps,

and includes annexes on the list of approved CTFs, results framework, milestones for 2014, and implementation progress of individual CTFs. This MTR report could take the place of the December 2014 annual report.

28. As ABP enters its final 18 months in 2015, the MTR recommends that a six monthly progress report be issued in July 2015, highlighting activities on the critical path and issues to be addressed in the final year of ABP to ensure satisfactory completion. Both the mid-year report in 2015 and the annual report in December 2015 should also discuss strategic aspects of ABP, including achievement of results outcomes, significant achievements of completed tasks, etc.

29. **Gender.** Gender aspects are taken into account in some of the ABP CTFs, e.g., support for RRD RWSS PforR, co-financing of the Distribution Efficiency Project (DEP), safeguards assessments and planning under the Vietnam Road Asset Management Project (VRAMP) and PPP projects, and under the Additional Financing for the Mekong Delta Transport Infrastructure Development Project (MDTIDP). The March 2014 Gender Review of ABP noted that a range of activities under ABP are gender informed. The Review made the following recommendations (which the MTR endorses):

- (a) Gender reviews of planned ABP activities should be undertaken to identify potential for mainstreaming women's and gender issues at the Concept Note Outline stage.
- (b) Women's and gender issues should be highlighted, where relevant, in ABP CTF ToRs, Annual Progress Reports and other reports.
- (c) ABP transport sector activities should be more gender informed.

30. The Steering Committee endorsed the short listing of three gender focused activities for further processing:

- (a) Gender equality in participatory irrigation management – Vietnam Irrigated Agriculture Improvement Project.
- (b) Gender mainstreaming work in the transport sector.
- (c) Improving women's access to finance.

Special attention should be paid to the satisfactory completion of these activities.

## **ASSESSMENT OF PROGRAM CONTENT**

### **The Results Framework**

31. ABP was conceived of as (and is) a programmatic trust fund, with activities to be funded being selected based on specified criteria from among proposals made by Bank staff. Because of the work done at the Concept Stage in identifying priority activities under each of the three windows, ABP was able to develop a Results Framework, comprising Trust Fund Outcomes and Window Outcomes, along with outcome indicators. The September 2014 Operation Guidelines include the current version of the Results Framework along with indicators for achievement of trust fund outcomes and indicators for achievement of specific outcomes. The current status is summarized below; more details are provided in Annex 2.

32. **Achievement of Trust Fund Outcomes.** Two the four TF outcome indicators (steering committee meetings are held as scheduled and PCN reviews and project supervisions are jointly held) are process indicators, which have been achieved. The indicator *no less than 75% BETF GRMs and ICMS are rated satisfactory* has also been achieved. The final indicator, *project management is rated*

*satisfactory in no less than 75% of ISRs for AusAID co-financed projects, needs to be revisited, as project management ratings in ISRs are for the entire project, and not just for ABP activities.*

33. **Achievement of Specific Objective Outcomes.** The results framework includes specific outcomes for each of the three original windows of ABP, with a total of ten indicators.

34. **Sustainable Development Window.** Of the five indicators under the SD window, the outcome indicators for water (Use of M&E Framework by MARD for RWSS NTP) and energy (Pilot demand response program implemented in a power company) are likely to be achieved. One of the two indicators for Climate Change/Green Growth (Resource mobilization framework for guiding CC/GG financing dialogue) is likely to be achieved, while the other (Selected sub-sectoral CC/GG action plans guiding SEDP planning) is unlikely to be achieved, as funds for the relevant activity have been clawed back. The outcome indicator for social (Documentation of successful project prototypes and piloting three approaches in three ethnic groups in Northern Mountains) is unlikely to be achieved, as work on piloting approaches in three ethnic groups is no longer being funded under ABP.

35. In the case of transport, given the difficulties encountered by Dau Giay - Phan Thiet Expressway Project (DPEP) and the Ninh Binh – Bai Vot Expressway PPP (NBBV) there is a strong likelihood that the outcome indicator (Completion of the first pilot PPP and signed concession agreement of the first PPP) is unlikely to be achieved. However, the PPP CTFs will clearly contribute to the specific ABP outcome of improved capacity at the Ministry of Transport to identify, screen and prioritize PPP projects.

36. **PREM Window.** The indicator on Amendment of CIT and VAT Law has been achieved. In the case of the second indicator (Revised Budget Law to align Vietnam Public Financial Management practices more closely with international good practices) the ABP work has made important recommendations on changes to the Budget Law; however, the timing of the approval of legislation for a revised Budget Law is beyond ABP control.

37. **FPD Window.** Three outcomes are listed for the FPD Window; however, no indicators are listed. As the FPD Window has been merged with the PREM Window (and is now part of the Macroeconomics, Fiscal Management, and Governance theme), the MTR recommends that the Steering Committee consider formulating new indicators for FPD activities under the MFG theme.

38. **Reformulation of Results Framework, Outcomes and Indicators.** When CTFs are approved for the 18 recently shortlisted activities, ABP would be fully committed and activities would have been identified. As a result, outcomes and indicators can be more clearly anticipated. The MTR recommends that the Steering Committee should therefore revisit the Results Framework, Outcomes, and Indicators and revise them accordingly.

### **Overall Implementation Progress**

39. At MTR ABP had approved 31 Child Trust Funds (CTFs) for a total commitment of AUD50.06 million, of which AUD37.6 million was for seven RETFs and the remaining AUD12.66 million was for 24 BETFs. Together with two CTFs for management related functions and administration fees, total programmed funds under ABP were AUD54.16 million. It should be noted that the amount programmed on RETFs, at AUD37.6 million, is lower than the originally envisaged amount of AUD44.5 million. This would increase the amount available for BETFs within the overall ABP amount. (See Table 2 of the Appendix for details of approved CTFs.)

40. The total amount disbursed at MTR was AUD15.93 million, 29.4% of total ABP funds. Although the disbursement percentage is well below the percentage of elapsed time of over 50%, this merely reflects the startup time needed to approve CTFs, award contracts, and make payments. This lead time

is typically much more for RETFs, where government agencies are responsible for contracting, payments, and making disbursement claims. The disbursement percentage of ABP, after two and a half years of implementation, compares favorably with disbursements under recent and on-going DFAT trust funds with the Bank after two and a half years. Nevertheless, going forward, careful monitoring of progress and timely completion of work are critical.

41. **Merger of FPD and PREM Windows.** Until June 30, 2014 despite serious issues in the Vietnamese financial sector relating to structural, governance, and capacity problems, no FPD activities were proposed for ABP funding. Indeed the current Finance and Markets (F&M) Practice engagement note for Vietnam reveals a significant work program and a broad engagement with the State Bank of Vietnam (SBV). A significant portion of the F&M program is financed through other trust funds, including from Switzerland, Japan, MPDF, and FIRST. In view of the lack of demand, the Steering Committee has since merged the FPD and PREM windows into a consolidated Macroeconomics, Fiscal Management, and Governance (MFG) theme (see below).

42. **From Windows to Themes.** Following the reorganization of the operational part of the Bank into global practices effective July 2014, the Steering Committee restructured the sustainable development window of ABP in to the following themes: transport and PPP; social, urban, rural and water; energy; and climate change and green growth. These themes are more closely aligned with the Bank's new Global Practices, although there is not a one to one correspondence between themes and global practices. As discussed above, the PREM and FPD windows were merged into the MFG theme.

43. **Claw back of funds.** ABP deserves to be commended for clawing back AUD2.50 million from five activities: AUD1million and AUD600,000 respectively from the RETF and BETF for the proposed Additional Financing of GEF financed Clean Production and Energy Efficiency (CPEE) Project as the PDO had not been approved by the Prime Minister; AUD400,000 from the BETF for the Preparation and Implementation Support for the Distribution Efficiency Project, as the allocated funds were unlikely to be fully used; and AUD147,000 from the balance on the BETF for Poverty Reduction in Mountainous Regions.

44. **Approval of a shortlist of activities to utilize unallocated funds.** In the second half of 2014 ABP called for initial proposals to utilize remaining unallocated funds. Of the 28 initial proposals received, 18 have been shortlisted for further development and awards. (See Appendix, Table 3). These activities are expected to result in CTFs that would enable commitment of the balance of AUD6 million. However, the large number of newly shortlisted activities that need to be fully implemented in a little over 18 months will pose a considerable challenge for ABP.

### **Status of Work by Themes**

45. **Macroeconomics, Fiscal Management, and Governance (MFG).** This theme comprises three active CTFs (one of which was approved in June 2014) and a fourth which was approved in October 2014 and was not yet operational at the time of the MTR. The highlights are summarized below; Annex 3 contains more details.

46. *Programmatic Public Finance Review (PPFR).* This AUD866,000 Bank executed CTF has made excellent progress and is expected to achieve its objective of helping government in designing and implementing public finance management (PFM) reforms, including those supported through the Bank's development policy operations. Technical assistance and workshops under this CTF supported work on budget classification, fiscal transparency, carry overs, and fiscal decentralization. Technical assistance on debt management supported the conference on debt management during the global

crisis and provided training on debt sustainability analysis. The substantial work on fiscal decentralization review will be of relevance to policy makers for many years.

47. *Economic Management and Competitiveness Credit (EMCC)*. This AUD716,250 Bank executed CTF has also made excellent progress in achieving its objective of providing analytical support and technical assistance to help government meet the triggers supported by EMCC and inform the policy dialogue on the next generation of reforms under the next EMCC. EMCC has contributed to the revisions to the CIT and VAT laws and has thus met the outcome indicator.

48. *Other CTFs*. Work on *State Asset Management Law Revision* and on *Institutional Reform* has not yet begun.

49. The Steering Committee recently approved the short listing of two tasks relevant to this theme: Programmatic Economic and Sector Work and Technical Assistance for Strengthening Public Investment Management (PIM); and PPFR topping up. Other recently shortlisted activities with a strong relationship to the MFG theme include: Improving Women's Access to Finance; and Vietnam 2035 Report.

50. **Transport and PPP**. Fourteen CTFs had been approved in the transport sector at the time of the MTR: six CTFs that support Public Private Partnerships (PPPs) and eight CTFs that support non-PPP transport tasks. The highlights are summarized below; Annex 4 contains more details.

51. **PPP**. The six PPP CTFs can be classified into three groups: PPP Support to Expressway Development – PPP Cell in MOT; Dau Giay – Phan Thiet Expressway PPP Project (DPEP); and Ninh Binh – Bai Vot (NBBV) Expressway PPP.

52. Progress of work on *PPP Support to Expressway Development – PPP Cell in MOT* has been slow and mobilization of consultants for one of the contracts is on the critical path. However, MOT is committed to the objectives of this task.

53. *Dau Giay – Phan Thiet Expressway PPP Project (DPEP)*. The objective of this task is to strengthen GOV capacity and facilitate the transfer of knowledge and global best practices, procedures and frameworks to ensure the viability of DPEP, and the preparation of DPEP to internationally acceptable standards. Progress on DPEP will depend on GOV being able to offer revenue and foreign exchange guarantees expected by international investors, consistent with Vietnamese laws, and GOV's willingness to take on these contingent liabilities. This process could understandably take some time, as this is the first expressway PPP of this kind in Vietnam. Senior Bank management, including the Country Director and the Regional Vice President, is ensuring that appropriate guidance is provided to the task team and is also engaged in discussions with GOV at a high level.

54. The Viability Study for the *Ninh Binh – Bai Vot (NBBV) Expressway PPP* was completed in December 2013. The next phase of work, i.e., NBBV Expressway Transaction Structuring TA, is contingent on the issues relating to DPEP being resolved.

55. **Non-PPP Transport CTFs**. The eight non-PPP transport CTFs (except for *Large-scale Infrastructure: Planning, Finance, and Long Term Risks*) support either the preparation and/or implementation of Bank transport projects. Three of these support the *Vietnam Road Asset Management Project (VRAMP)*: support for the development and implementation of a Road Asset Management System (RAMS); and *Capacity Building for Environmental and Social Planning in Transport Projects* (focusing on VRAMP). A fourth co-finances the component *Connecting the Poor to the Supply Corridors* under the *Mekong Delta Transport Infrastructure Development Project Additional Financing (MDTIDP)*. These activities are on the critical path in terms of completion on time.

56. *Bus Rapid Transit (BRT) Support Task Force.* This AUD690,000 BETF supports the efficient preparation and implementation of BRT projects by: providing strategic technical inputs to the development of feasibility studies, detailed designs and other critical areas of project development; and helping build local capacity in BRT systems among technical staff and higher ranking officials. CTF outputs include: BRT operations and service plan for HCMC; BRT draft plans for Hanoi; and a Workshop in June 2014 to disseminate good practices in BRT in Da Nang. The HCMC work included work on the impact of BRT on women.

57. *Mapping Haiphong: Foundations for the Future.* This AUD250,000 BETF informs transport decision making by developing and presenting a public transit accessibility analysis for Haiphong, using geo-spatial mapping and international open data standards. It complements the pilot public transit corridor improvement component of the on-going Haiphong Urban Transport Project. The analytical tools for bus network accessibility will be replicable in other cities in Vietnam.

58. *Monitoring Technical and Social Indicators on Transport Projects.* The initial review found that the post-construction survey had been undertaken before sufficient time had elapsed for the magnitude of changes in variables to become measurable. However, additional surveys were completed to collect baseline data for environment indicators; these have been stored for future use.

59. *Large-scale Infrastructure: Planning, Finance, and Long Term Risks.* The objective of this AUD600,000 BETF is to support the Government in developing an effective large-scale infrastructure investment program. The methodology proposed by the task team was not given the go ahead at the Bank Decision Meeting. More substantive content will be provided to the methodology, including economic considerations, under the PIM work program. In addition, a longer term approach will be brought to the work, including through capacity building in Government.

60. *Recently shortlisted transport activities.* Four transport activities were short listed by the Steering Committee: *Viability of Regional Transport Linkages among Vietnam, Laos, and Myanmar* (AUD300,000); *Medium Term Expenditure Planning (MTEP) for Provincial Roads* (AUD200,000); *Gender Mainstreaming Work in the Transport Sector in Vietnam* (AUD250,000); *Strengthening Vietnam's Trucking Sector for Lower Logistics Costs* (AUD400,000).

61. **Social, Urban, Rural, and Water.** Seven activities were supported under this theme at the time of the MTR: two in social, two in urban and three in water. The highlights are summarized below; Annex 5 contains more details.

62. **Social.** *Sustainable Development and Ethnic Minority Poverty Reduction in Mountainous Regions* provided policy advice to the Government on successful approaches to poverty reduction in dispersed rural mountainous communities in the Northern Mountains, including ethnic minorities and the rural poor. Activities relating to stocktaking of Government programs and international experience were completed satisfactorily and a very successful international conference was held in June 2013. *Impact Evaluation of the Central Highlands Poverty Reduction Project* is underway and is expected to be completed on schedule by June 30, 2015.

63. *Recently Shortlisted Social Activities.* Two gender related activities that were recently short listed by the Steering Committee for further processing are shown under transport and water. Other social related tasks shortlisted include: *Poverty Update with Focus on Ethnic Minorities, Land, and Pathways out of poverty* (AUD200,000); and *Improving Women's Access to Finance in Vietnam* (AUD250,000).

64. **Urban.** The AUD300,000 BETF task *Assessment of Financing Framework for Municipal Infrastructure* covered the cities of HCMC, Quang Ninh, and Quang Nam and a final report has been published in both English and Vietnamese. The final dissemination workshop was held in March 2014.
65. The AUD400,000 BETF on *HCMC Engagement* builds on the stocktaking exercise completed in 2013. An urban planning workshop was organized in HCMC in October 2014. Three HCMC officials attended a debt management course in Vienna. The final report on a qualitative survey to identify the potential social and poverty impacts of a proposed Flood Risk Management Project, especially on the poor and migrants vulnerable to flood risks, is due in 2015.
66. *Recently Shortlisted Urban Activities.* The Steering Committee recently approved the short listing of two activities: *Support for Resilient Development in Can Tho*; and *Land Pooling and Land Readjustment Piloting and Policy Development*.
67. **Water.** The three water related activities are all linked to the Bank project *Program for Results (PforR) Red River Delta Rural Water Supply and Sanitation Project (RRD RWSSP)*. *Technical Assistance for Results Based Rural Water Supply and Sanitation Program under the National Target Program (NTP)* contributes to improving the results-based culture in the PforR RRD RWSSP provinces and the corresponding implementing units. Although the quality of work completed to date is satisfactory, the majority of the TA packages are behind schedule. Continued regular supervision and close monitoring on a quarterly basis will be essential to ensure that the work is satisfactorily completed by the June 30, 2016 CTF closing date.
68. *Preparation and Supervision of Rural Water Supply and Sanitation Program for Results in the Red River Delta* provides advisory support to the design of the principal components of the technical assistance program by the corresponding implementing agencies, as well as support for overall program implementation.
69. *Rural Water Supply and Sanitation under the NTP: impact Evaluation and Baseline Verification* enables baseline verification of water supply and sanitation indicators and sets a baseline against which to measure progress towards meeting the targets of the Disbursement Linked Indicators (DLIs) required under PforR, as well as evaluate impact against provinces not participating in PforR.
70. *Recently Shortlisted Water Activities.* Three activities have been short listed by the Steering Committee recently: Proposed Scaling up Sanitation Operation (AUD300,000); Supporting PPP Development in the Urban WSS Sector (AUD375,000); and Gender Equality in Participatory Irrigation Management.
71. **Energy.** ABP financed a BETF and an RETF each for the Distribution Efficiency Project (DEP) and for the proposed Additional Financing of GEF financed Clean Production and Energy Efficiency Project (CPEE). However, as the Prime Minister has not yet approved the Project Development Objective of the proposed AF CPEE, funds allocated for the AF CPEE have been clawed back.
72. The AUD7.6 million RETF for DEP provides technical assistance and capacity building support to the Power Corporations (PCs) and the Energy Regulatory Authority of Vietnam (ERAV) to achieve improvements in efficiency and reductions in energy consumption through implementing smart grid technologies and effective demand response programs. CTF implementation in ERAV has made significant progress after a slow start. However, implementation by PCs is slower than expected. The companion AUD900,000 BETF supported the preparation of DEP and is expected to make a major contribution to ensuring the satisfactory completion of the RETF.
73. *Shortlisted activity.* The Steering Committee recently approved the short listing of an AUD1 million initial proposal for Technical Assistance for Vietnam Wholesale Electricity Market (VWEM).

74. **Climate Change (CC)/Green Growth (GS).** ABP initially approved two activities: Resource Mobilization for CC/GS (AUD300,000); and Sectoral GG Action Plans (AUD350,000). There has been progress in the former through use of other funding. Progress in the latter has been much more limited, and the Steering Committee recently clawed back the entire amount of AUD350,000 allocated to it.

75. *Shortlisted activity.* The Steering Committee recently approved the short listing of the AUD350,000 task *Support for Building Resilience in the Mekong Delta*. In addition, the Steering Committee also approved the short listing of *Support for Resilient Development in Can Tho* (AUD250,000), which will be managed by the Urban Practice.

## **ASSESSMENT OF PROGRAM MANAGEMENT**

### **ABP Governance Arrangements**

76. ABP governance arrangements are outlined in the Program Description annexed to the ABP Administration Agreement (AA) and are further elaborated in the Operation Guidelines (which were revised in September 2014 to reflect organizational changes in AusAID and the Bank).

77. **Steering Committee.** The ABP Governance structure comprises a Steering Committee, co-chaired by the Bank's Country Director and the DFAT Counselor Development Cooperation. The Steering Committee's membership is to comprise representatives from DFAT and the Bank; however, the membership does not appear to be defined. According to the AA Annex, the Steering Committee is to meet every six months to review implementation progress as a whole, monitor achievements of the TF, and provide guidance on strategic areas to be supported by ABP; however the Operation Manual indicates annual meetings.

78. In practice, the Steering Committee had a couple of initial meetings in early 2012 and has met about once annually thereafter. Minutes of Steering Committee meetings indicate that in addition to the two co-chairs and the Program Manager, other attendees were invited on an *ad hoc* basis. The Minutes also indicate that systemic and transaction issues were discussed regularly and constructively. The annual progress reports were issued at the time of the annual meetings.

79. The MTR recommends that the membership of the Steering Committee be spelt out more clearly. Apart from the co-chairs and the Program Manager, the Theme Coordinators (see below) from the Bank and DFAT could be made regular members of the Steering Committee. A further option would be to also include two of the Bank's Program Leaders in Hanoi whose scope of work is relevant to ABP. In addition, since ABP is now in the final 18 months before closure, the MTR recommends that the Steering Committee should meet every six months (as indicated in the AA annex) rather than annually.

80. **Roles of Practice Managers and Theme Coordinators.** The September 2014 Operation Guidelines indicate that the Bank's East Asia and Pacific Region Practice Managers will be responsible for the technical quality of activities, the availability of Bank staff time and adequate budget, and for maintaining effective internal control of BETF activities. (Prior to July 2014 these responsibilities were assigned to Sector Managers and the Lead Economist.) Practice Managers appointed in July 2014 have now begun to carry out these responsibilities. The MTR notes that during the remainder of ABP these Practice Managers (for Transport; Water; Energy; Social, Urban, Rural and Resilience; and Environment and Natural Resources) will need to play a key role in ensuring the quality of outputs and thus contribute to the overall achievement of outcomes and success of ABP.



81. The Operation Guidelines do not list the DFAT equivalent of Practice Managers. DFAT should examine the feasibility of nominating either technical managers or experts, located in Canberra or elsewhere, to work with the Bank's Practice Managers on the technical content of ABP tasks.

82. *Theme Coordinators.* The September 2014 Operation Guidelines list Bank and DFAT Theme Coordinators for: transport and PPP; social, urban, rural, and water; energy; climate change and green growth; and macroeconomics, fiscal management, and governance. The Theme Coordinators are to represent each theme in ABP and will be responsible for coordinating with TTLs at the CTF level on operational issues. Theme coordinators are to report to the Program Manager on key pending issues. Bank staff nominated as Theme Coordinators is generally the most senior representative of the theme/practice based in Hanoi. The Theme Coordinators have generally settled into their new role in ABP.

83. The Theme Coordinator role for Social, Urban, Rural, and Water spans two Bank global practices: Social, Urban, Rural, and Resilience; and water. The MTR recommends that ABP consider appointing separate theme coordinators for these two global practices, as (a) there is a significant ABP work program under each practice, and (b) there is a very senior water practice staff based in Hanoi.

84. **Role of Government.** As ABP is a partnership between Australia and the Bank, ABP governance arrangements do not envisage a direct role for Government. Both the Bank and Australia discuss their assistance strategies and work programs directly with Government and ABP-linked activities are likely included in these discussions. Government departments and agencies are, of course, beneficiaries of BETFs and implement RETFs, and as such are involved in ABP without being involved in its governance. The MTR finds the role of Government in ABP governance to be appropriate.

85. **Quality Assurance.** ABP Operation Guidelines describe the procedures for processing new activities from call for proposals to approval of the Grant Funding Request. These procedures are working well; however, it appears that the reasons for not short listing initial proposals in the recent round have not been communicated to TTLs. Responsibility for implementing BETFs and RETFs, including ensuring quality, follow standard Bank procedures for Trust Funds.

86. Quality assurance procedures for analytical work under BETFs follow standard Bank procedures. In the case of RETFs, co-financing of investment operations (e.g., in the case of MDTIDP) is covered by Bank procedures for project implementation support and reporting. Quality assurance for recipient executed technical assistance (e.g., in the cases of RAMS in VRAMP, support for ERAV and capacity building of PCs under DEP, and technical assistance support for PforR for RWSS RRD) is covered under GRMs. Given the importance of these ABP RETFs, the MTR recommends that Practice Managers should review the progress and quality of work in these cases with the TTLs of the respective CTFs on a regular basis, at least once every six months.

87. Bank and DFAT Theme Coordinators should meet on a regular basis – at least once a quarter - to discuss progress of the CTFs of their respective themes, and identify and resolve coordination issues at the CTF and theme level.

88. *Portfolio Quality Assurance and Technical Support.* ABP funds a CTF to provide support to the administration of activities under the Sustainable Development Window of ABP to ensure that these activities are implemented in compliance with ABP Operation Guidelines and the Bank's TF Operations Manual. The former SD Manager for Vietnam confirmed that this activity was carried out exceptionally well. With the realignment of the ABP Governance Structure in September 2014 in line with the changes in the Bank, the need for a CTF to help manage SD activities of ABP is not clear. The MTR recommends that the Steering Committee review the need for this CTF under ABP's current alignment with Bank Global Practices and thematic structure.

89. **Fiduciary Arrangements and Financial Management.** The Administration Agreement and the Operation Guidelines describe the payment schedule for transfer of funds to the Bank, eligible expenditures, etc. Financial management of ABP, including accounting, financial reporting and auditing, is governed by standard Bank policies and procedures, as applicable to Trust Funds. There are no known issues. The MTR is pleased to learn that the Controllers' reviews of sample BETFs in 2013 and 2014 included 7 ABP BETFs and no compliance issues were observed in the reviews of these BETFs. Audit reports of RETFs (DEP, PforR for RWSS RRD, DPEP) by external auditors have not identified any issues.

#### **DFAT – Bank Coordination and Cooperation**

90. ABP was established as a continuation of AusAID – Bank collaboration under IFGI as well as the excellent working relationship between senior AusAID staff in Hanoi and Bank managers in Hanoi. Indeed one of the specific objectives of ABP is to enhance cooperation between DFAT and the Bank in working for development effectiveness in Vietnam.

91. Cooperation and relations between DFAT and the Bank continue to be excellent at the Steering Committee level, despite AusAID becoming a part of DFAT in 2014 and the change in DFAT leadership in Hanoi. Bank staff involved in ABP activities, irrespective of their role (TTL, Theme Coordinator, Practice Manager, Program Manager) is highly appreciative of ABP support for their work in Vietnam. Most DFAT staff respect the Bank's expertise, access to senior government officials, and convening power and recognize that the partnership could yield significant synergies.

92. As ABP moved into its implementation phase during the past 18 months, pressures have emerged on the partnership for a variety of reasons:

- (a) Both DFAT Theme Coordinators and other Hanoi staff, as well as Bank Theme Coordinators and TTLs, have other important responsibilities besides ABP. As a result, insufficient attention has been paid to maintain good communications on an on-going basis and build a strong working relationship, especially on the part of some Bank staff.
- (b) Expectations at the working level are unclear on both sides.
- (c) DFAT staff is unfamiliar with Bank policies and procedures, e.g., concept review meetings, quality enhancement reviews, and decision meetings. In particular they find it difficult to understand the Bank's complex structure and decision making responsibilities, especially after the recent changes.
- (d) DFAT staff feels that they do not have the necessary expertise in some technical disciplines and hence cannot add value.
- (e) Bank TTLs typically interact with donors (including DFAT) only from time to time and TTLs based outside Vietnam do not make the time to interact with DFAT Hanoi staff during their missions. Even Bank staff based in Hanoi sometimes fails to attend important donor-led aid coordination meetings.

93. In order to strengthen coordination and cooperation between DFAT and the Bank, the MTR recommends the following:

- (a) Bank senior management (President, Vice Presidents, Senior Global Practice Directors) visiting Hanoi should seek an appointment with the Australian Ambassador, through the Country Director's office, to discuss topics of common interest.

- (b) Global Practice Directors and EAP Practice Managers visiting Hanoi should meet with the DFAT Counselor Development Cooperation to review ABP in their practices.
- (c) The Bank's Vietnam Country Director and the Australian Ambassador should meet once a quarter to review progress of ABP.
- (d) TTLs of ABP CTFs who are not based in Hanoi should, jointly with the relevant Bank Theme Coordinator, meet with the relevant DFAT Theme Coordinator during missions to Hanoi to brief her on progress and issues at least once in six months.
- (e) A Retreat should be organized for Bank and DFAT staff working in ABP (based in Hanoi, Washington, or elsewhere) to discuss, *inter alia*, (i) the Bank's internal structure, processes, and unit responsibilities, (ii) DFAT's internal structure and processes, (iii) DFAT's strategic interests in ABP and expectations from it, (iv) expectations of each side from the other and what each side can offer the other, (v) communication standards and protocols, and (vi) channels to convey immediate feedback on ABP. DFAT may wish to invite relevant Canberra staff (e.g., Vietnam Desk Officer, staff from MDB Division) to the Retreat.

94. DFAT, for its part, could determine and convey to its Bank ABP colleagues the ABP tasks and missions that DFAT considers high priority and the desired mode of collaboration on these tasks. These would include areas where DFAT staff wishes to (a) participate substantively, (b) monitor intensively, or (c) leave entirely to the Bank. The areas and extent of desired involvement could be different from theme to theme and even from staff to staff.

95. **DFAT Visibility.** The Operation Guidelines envisage visibility for DFAT in ABP activities in line with the branding and other communication requirements described in the September 2011 AusAID – World Bank Partnership Framework. DFAT's role is formally recognized in ABP financed activities and outputs, e.g., workshops, documents, press releases, meetings. This could be further enhanced by having select ABP-financed workshops, seminars, and conferences opened by the Ambassador or Counselor.

## LESSONS LEARNED AND FUTURE DIRECTIONS

### Lessons

96. As discussed under Status of Work by Themes, ABP is proving to be an important vehicle for deepening and broadening the analytical foundations of reforms in Vietnam. ABP has helped finance capacity building, piloting reforms, institutional development, training, and exposing Vietnamese policymakers to international experience. ABP financed activities have become critical to the success of the Bank's extensive analytical and advisory assistance and lending program in Vietnam. Without the ABP, the design, preparation, and implementation of the program could be weakened significantly. This is all the more so, given the winding down of the UK DfID's Vietnam Program and its past support for the Bank's Vietnam program.

97. ABP-funded activities tend to make more progress and have greater impact where Bank-Government relations are already strong. ABP allows the Bank to deepen and broaden analytical and technical work in these areas and respond quickly to government requests for advice on key policy and implementation issues.

98. DFAT has benefited from leveraging the Bank's expertise, lending program, and convening power. Its Vietnam assistance strategy has been given greater visibility through its association with the Bank.

99. Other lessons include:

- (a) The need to examine the failure to generate any activities under the FPD Window, despite apparent government demand for support and the significant funding originally allocated under ABP. This would help avoid a repetition in a possible future ABP Phase 2.
- (b) The need to pay greater attention to strengthen the partnership during the remainder of ABP implementation, especially at the more senior levels, both at DFAT and the Bank - indeed more so at the Bank at all levels.
- (c) The need to pay more attention to develop a stronger results framework, with measurable and attributable indicators.
- (d) Greater care in determining the duration of a partnership that has a broad scope with significant funding. With almost 50 CTFs (including both those already committed and those recently shortlisted) and the bulk of funds allocated to RETFs, ABP will find it extremely challenging to complete the program in its four and half year life.

### **Recommendations for the Remainder of ABP**

100. The MTR has made a number of recommendations in the earlier sections of this report to enable ABP to complete already committed and recently shortlisted activities by June 30, 2016 and achieve its objectives. The principal recommendations are:

- (a) **Accelerating implementation of on-going activities.** A number of CTFs are on the critical path to ensure timely completion of ABP. These include the RETFs (in particular the co-financing of MDTIDP, VRAMP, and DEP, as well the RETFs for the PPP Cell in MOT and the PforR for RRD RWSSP) as well as select BETFs (including those related to the transport PPPs and the HCMC Integrated Strategy Note). The task teams should provide quarterly progress reports to the respective Practice Managers and Theme Coordinators, and following their review, furnish these reports to the ABP Program Manager. In addition, the Program Manager should monitor the disbursement status of all on-going CTFs on a quarterly basis, and discuss them with the respective Theme Coordinators. Key issues should be brought to the attention of the Steering Committee.
- (b) **Initiating recently shortlisted activities immediately while ensuring they have realistic timetables.** Successful implementation of the recently approved shortlist of 18 activities will be a challenge. The Steering Committee, Practice Managers, Bank and DFAT Theme Coordinators, and the Program Manager should monitor progress of their implementation on a quarterly basis, and the TTLs should furnish brief quarterly progress on each of these CTFs to the Program Manager. The Program Manager should furnish a summary to the Steering Committee, highlighting any major issues and likely slippages. Special attention should be paid to large and/or high visibility activities, including (i) Vietnam 2035 Report, (ii) TA for Vietnam Wholesale Electricity Market, (iii) Vietnam Innovation Learning Program, (iv) Supporting PPP Development in the Urban Water Supply and Sanitation Sector, and (v) Strengthening Vietnam's Trucking Sector for Lower Logistics.
- (c) **Clawing back funds from slow moving tasks.** The Steering Committee should review with the relevant Practice Managers the possibility for clawing back funds from some CTFs which may not move forward as originally envisaged or require all of the as yet uncommitted funds, e.g., NBBV Expressway Transaction Structuring Technical Assistance and Large Scale Infrastructure: Planning, Finance, and Long Term Risks.

- (d) **Climate Change and Green Growth activities.** The Steering Committee should confirm with the Practice Manager that there is a full ABP work program for the CTF for a full time position of Senior Climate Economist.
- (e) **Gender.** The recommendations of the March 2014 Gender Review should be implemented, i.e., (i) continue to systematically undertake gender reviews of planned ABP activities to identify potential for mainstreaming women's and gender issues at the Concept Note Outline stage, and (ii) highlight women's and gender issues in ABP CTF ToRs, Annual Progress Reports and other reports, where relevant. In addition, progress of the three newly shortlisted gender related tasks should be monitored carefully.
- (f) **Changes to ABP Governance Structure and Reporting.** These include (i) specifying the membership of the Steering Committee beyond the two co-chairs, (ii) increasing the frequency of Steering Committee meetings to every six months, (iii) increasing the frequency of progress reporting to once in six months, (iv) nominating a separate theme coordinator for water, especially at the Bank, and (v) reviewing the need for a separate CTF for Portfolio Quality Assurance and Technical Support under ABP's current thematic structure and the role of Practice Managers.
- (g) **Strengthening Bank – DFAT cooperation.** The many MTR recommendations in this regard include (i) Bank senior management (President, Vice Presidents, Senior Global Practice Directors) visiting Hanoi seeking an appointment with the Australian Ambassador, through the Country Director's office, to discuss topics of common interest, (ii) Global Practice Directors and EAP Practice Managers visiting Hanoi meeting with the DFAT Counselor Development Cooperation to review ABP tasks of their global practices, (iii) the Bank's Vietnam Country Director and the Australian Ambassador meeting once a quarter to review progress of ABP, (iv) TTLs of ABP CTFs who are not based in Hanoi (jointly with the relevant Bank Theme Coordinator) meeting with the relevant DFAT Theme Coordinator and staff during missions to Hanoi to brief them on progress and issues at least once in six months.
- (h) **Retreat of Bank and DFAT staff working on ABP (based in Hanoi, Washington, or elsewhere)** to discuss, *inter alia*, (i) the Bank's internal structure, processes, and unit responsibilities, (ii) DFAT's internal structure and processes, (iii) DFAT's strategic interests in ABP and expectations from it, (iv) expectations of each side from the other and what each side can offer the other, (v) communication standards and protocols, and (vi) channels to convey immediate feedback on ABP. DFAT may wish to invite relevant Canberra staff (e.g., Vietnam Desk Officer, staff from the MDB Division) to the Retreat.
- (i) **DFAT expectations.** DFAT could determine and convey to its Bank ABP colleagues the ABP tasks and missions that DFAT considers high priority and the desired mode of collaboration on these tasks, including areas where DFAT staff wishes to (i) participate substantively, (ii) monitor intensively, or (iii) leave entirely to the Bank.

### **Possible Second Phase of ABP**

101. The section on Overall Assessment of ABP highlights, *inter alia*, the relevance, effectiveness, efficiency, and impact of ABP. With appropriate improvements in design and operational procedures, it should prove even more effective in future. DFAT and the Bank should consider a second phase of ABP for the period 2017-2021 (i.e., after ABP closes in 2016), as the partnership's leverage stems from its

deep understanding of Vietnamese policies, institutions, and political economy, and will only grow in the coming years.

102. The so-called BRICS Bank (officially named the New Development Bank) to be based in Shanghai and the Asian Infrastructure Investment Bank (based in Beijing) will be realities by 2017 and will offer Vietnam – among other Asian countries – new sources of finance. These institutions will have significant resources and, in their initial years, may choose to co-finance operations with multilateral development Banks such as the World Bank and the Asian Development Bank, before they gradually develop their own pipeline of operations. Analytical and policy work, as well as project preparation and implementation support, under an ABP Phase 2 could also influence the effective utilization of resources provided to Vietnam by these new institutions.

103. Vietnam will be implementing the next SEDP (2016-2020) and its ambitious growth targets will mean a new set of policy, capacity, and institutional challenges. The ABP-funded Vietnam 2035 Report will have helped shape the analytical framework underpinning the next SEDP. This will provide the DFAT-Bank partnership a sound basis to design a strategy that is supportive of Vietnam, and at the same time serves the strategic objectives of the two partners.

104. DFAT's strategic interests in Vietnam have been recently clarified through Australia's new aid policy, the mandate to make "performance count", and the clear signal on "economic diplomacy" from the Foreign Affairs Minister. In addition, DFAT will be ready with its own Aid Investment Plan 2015-2020, which will provide a more detailed Vietnam-specific framework within which to position the next phase of ABP. Given the Bank's current expenditure review with a view to curtail costs, and the departure of UK DfID from Vietnam, there would be a greater incentive for both the Bank and DFAT to work together to leverage the strengths of the respective institutions.

105. The Government's strategic economic objectives on the one hand, and the interests and comparative advantages of the Bank and DFAT on the other, are likely to overlap to a significant extent. The engagement areas of common interest could include infrastructure development, private sector development (including SME development), state enterprise reforms, and financial sector reforms – all of which are of importance to the Government and the World Bank, and are also central to DFAT's new objective of supporting activities that have a direct and significant positive impact on Australian business and commercial prospects.

106. Efforts should be made to build on the work done by ABP in thinking through the objectives and the results framework of ABP Phase 2. The outcome indicators identified should drive the activities necessary to achieve the desired outcomes. However, the design should include some flexibility in implementation, as other sources of funding may become available for activities planned for funding under ABP Phase 2, or new priorities may emerge.

107. During the planning of ABP Phase 2, the Bank and DFAT should examine ways to better utilize Australia's expertise in the analytical and technical assistance work, without tying in ABP Phase 2 resources to Australian nationals and firms. Some ideas worth exploring include: DFAT staff in Hanoi/Canberra publicizing ABP-funded consultancy opportunities to relevant universities, think tanks and research organizations in Australia; DFAT staff sharing the list of DFAT accredited development consultants with ABP Phase 2 Theme Coordinators; and DFAT administering a small consultancy fund in the Australian Embassy, dedicated to funding Australian researchers and development practitioners that the Bank could select for participation in ABP Phase 2 activities.

## CONCLUSIONS

108. The MTR finds the prospects for achieving the objectives of ABP to be promising. ABP got off to a good start, and implementation so far is ahead of most comparable DFAT trust funds managed by the World Bank at the two-and-a-half year stage. The ultimate impact of most ABP-funded activities will take years to materialize, but in the case of a few (especially in macroeconomic and fiscal management) the impact is already evident. Even where reforms appear to have slowed or stalled (e.g., the expressway PPPs), the influence of ABP-funded analytical work, capacity building, workshops, training, and other activities has been significant. Vietnam is at a stage in its development where obstacles to reform are becoming increasingly complex and the transition from a centrally planned to a market-driven economy poses unique institutional and political challenges. ABP-funded activities have the difficult task of successfully addressing these new challenges by conveying new ideas and information, building capabilities, and suggesting ways forward that are suited to the conditions in Vietnam.

109. The management and governance arrangements for the partnership – especially at the strategic level – are robust and are working well. At the working level, however, more can be done to make ABP a more genuine – and consequently a more effective – partnership. None of the coordination problems that have emerged in the course of implementation are insurmountable. Good partners leverage interdependence, communicate well, respect each other, and work seamlessly together. Most encouraging is a sincere willingness on the part of management and staff in both institutions to raise the standards and effectiveness of the partnership and improve performance along these dimensions.

110. There are many reasons why both institutions should seriously consider a second phase of ABP. The partnership should hit its stride in the remaining 18 months of the first phase, so a second phase should impose virtually no start-up costs. Moreover, the ABP-funded Vietnam 2035 Report should give the partnership greater strategic focus. The indicative implementation period for the second phase of ABP would coincide with Vietnam's 2016-2020 Socio-Economic Development Plan. The partnership's impact on Vietnam's development trajectory could be magnified if the future Asian Infrastructure Investment Bank and the New Development Bank choose to co-finance lending and capacity building operations with the World Bank and seek to benefit from a potential ABP Phase 2.

## **Annex 1: Terms of Reference for Main Consultant and Supporting Consultant**

### **A. BACKGROUND**

1. In February 2012, the Department of Foreign Affairs and Trade (DFAT) and the World Bank (WB) have agreed to an AUD58 million partnership to leverage the assistance programs of both DFAT and the Bank to support the Government of Vietnam's development program. This Trust Fund (TF) finances various activities including, but not limited to, project preparation and co-financing, Advisory and Analytical Works (AAA), program management, and quality assurance.

2. Rationale for the programmatic TF: The TF is proposed to be a single donor programmatic TF<sup>1</sup> which will: i) strengthen collaboration and promote more strategic use of resources by the two institutions; ii) enhance the quality and results of the DFAT Program and the Bank's CPS; and iii) promote efficient management through harmonized TF processing and management.

3. The program overarching objective is to support Vietnam's development agenda through strengthened partnership between DFAT and the World Bank. Specific objectives are to: i) foster an enabling environment for improved economic competitiveness, increased environment sustainability, and broadened access to economic and social opportunity; and ii) enhance cooperation between DFAT and the World Bank in working for development effectiveness in Vietnam.

4. Under the parent TF, there are three windows for each of the three sectors, namely SD, FPD, and PREM. Under each window, there are several child funds (i.e. activities) for bank execution and recipient execution. The three windows of the TF are implemented through the Bank's Sustainable Development (SD), Poverty Reduction and Economic Management (PREM), and Finance and Private Sector Development (FPD) units. Respective sector objectives of the three windows are to support the Government of Vietnam to:

- (i) Foster an enabling environment that will support investments and policies aimed at (i) strengthening Vietnam's competitiveness in the regional and global economy, (ii) increasing the sustainability of its development, and (iii) broadening access to economic and social opportunity (SD).
- (ii) Design and adopt key macro-economic reforms. (PREM); and;
- (iii) Develop a stable and resilient financial system that efficiently allocates resources to support sustainable and inclusive growth through active private sector participation (FPD).

5. The expected outcomes of the ABP program are:

- (i) Improved Government's capacity in project management;
- (ii) Enhanced Bank's AAA activities; and
- (iii) Enhanced partnership between DFAT and the World Bank.

6. To date, the ABP program has programmed 92% of the entire program amount. Disbursement amount is around AUD8 million. Key thematic areas of support are Transport/PPP, Urban & Water, Energy, Climate Change/Green Growth, and Economic Development. Currently, there are 28 on-going individual activities, including recipient and bank-executed grants. Three of them were closed.

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<sup>1</sup> A Programmatic TF finances multiple grants, under a two-stage funding mechanism. In the first stage, the Bank and the donor agree to a broad thematic framework designed to support a program of activities over multiple years, after which the donor commits the funds. In the second stage, the grants are approved for specific activities. Grants may be approved by the Bank, the donor, or a special committee which may include representatives of the Bank, the donor, and other entities. The approval criteria are agreed between the Bank and the donor.



7. Since the program has reached the midpoint of its program duration, it is critical to have a mid-term review (MTR) to reassess the relevance of the program's original development objectives, in light of the current country context, and recent organizational restructuring of the two institutions, and to evaluate the likelihood of achieving them. The World Bank is seeking two experienced international consultants to conduct the MTR.

## **B. OBJECTIVES**

8. The objective of this MTR is to serve the purpose of accountability, program improvement, and knowledge generation. The main tasks would be:

- (i) Assess how well aligned the ABP is to the country strategic objectives set in context of change of the WB and DFAT.
- (ii) Review and assess the value add of the programmatic TF
- (iii) Review the program logic and assess the utility and robustness of M&E system.
- (iv) Assess the progress and achievements of the ABP in supporting these strategic objectives.
- (v) Evaluate whether the current Results Frameworks and its reporting mechanism are adequate and helpful to measure and report on results at individual TF window level and outcome level.
- (vi) Assess the effectiveness of the current governance arrangements of the ABP and quality control mechanism for individual activities for enhancing the quality and results of these activities.
- (vii) Highlight areas that work well and areas that need improvement for the rest of the program implementation period.
- (viii) Draw lessons with regards to the design, the management, the implementation, and the monitoring and evaluation of activities supported by the ABP.
- (ix) Make recommendations for future direction of the program.
- (x) Identify lesson-learnt for future design.

## **C. SCOPE**

9. The review is expected to cover both the overall program level and the individual activities executed by the bank and recipient agencies under the program. It will also cover all operational activities on project preparation, co-financing, technical assistance, and AAA.

10. The review is expected to capture lessons learnt from the program design and implementation, and provide forward-looking recommendations to ensure that the program achieves optimal impact.

## **D. EVALUATION CRITERIA**

11. The MTR will assess the performance of the ABP against the following criterion (See the Annex on the Questionnaires):

- (i) **Relevance:** Assess whether the activities under the ABP are contributing to the country strategic objectives of DFAT and WB.
- (ii) **Effectiveness:** Assess whether the ABP is achieving its stated objectives, both at overall program level, and the Window level.
- (iii) **Efficiency:** Assess whether the ABP is making efficient use of available resources to achieve objectives.
- (iv) **Impact (where feasible):** Qualitatively assess whether the activities under the ABP produce positive or negative changes (directly, or indirectly, intended or unintended). The degree to which the various aspects of impact can be assessed will vary according to the nature and duration of each activity. Whether impact can be assessed, or the way impact can be assessed will need to be determined by the consultant.
- (v) **Risk Management:** Assess how risks are being managed and whether there is any need for improvement.
- (vi) **Sustainability:** Assess whether the benefits of the program will last after the funding has ceased.
- (vii) **Monitoring and Evaluation:** Assess whether the M&E framework effectively measures progress towards meeting the objectives of each activity and the entire program.
- (viii) **Gender Equality:** Assess whether the activities advance gender equality and promote women. A gender review of the ABP was conducted in January 2014. The consultant is expected to substantially base on the findings of this review and following-up actions after the review for incorporation of the gender aspect in the MTR report.

## E. METHODOLOGY

12. The review will be carried out in four stages. In the first stage, the WB will provide the consultants with relevant documents. The consultants will develop an evaluation plan for the WB's approval. The plan will include the design and budget for evaluation. It will identify the methods, tools, and information sources to be used for addressing the evaluation questions and provide an indicative timetable (including the timing of meetings, and delivery of outputs). This will be submitted to the WB by email for comments and subsequent approval.

13. In the second stage, the consultants will carry a desk review of the program and its individual activities, followed by a short country visit for interviews and consultation with relevant stakeholders (including DFAT, WB, and the Gov's agencies). The consultants are expected to refer to several documents listed in the *Section I – Reference Materials* below.

14. In the third stage, the consultants will write a draft report of its key findings and submit it to the WB for initial feedback. The WB will then jointly review the draft report with DFAT for comments.

15. In the fourth stage, the consultants will incorporate any changes based on the feedback received and then submit the final report in English in electronic copy to the WB. The final report will basically include:

- (i) Key findings and recommendations of the MTR report
- (ii) Key issues as highlighted through the ratings against criterion
- (iii) Lessons learnt
- (iv) Recommendations on how the program should move forward

16. The consultants will directly work with Nga Dang, ABP Program Manager of the WB, and Madhu Raghunath, Sr. Urban Specialist. The WB will be responsible for coordinating in getting feedback from relevant reviewers in DFAT and WB, approving the evaluation plan, providing feedback on the draft report, and approving the final report.

17. The final MTR report will be presented to the Annual Steering Committee meeting of the ABP in late 2014 for their consideration.

#### **F. CONSULTANT QUALIFICATION**

18. The consultants, including one leading consultant with infrastructure background and one supporting consultant with economic/financial background, engaged to conduct the MTR will have the following key skills:

- (i) More than 20 years of experience in international development and policy reform.
- (ii) Demonstrated expertise in the evaluation of aid interventions, including sound understanding of operations of multilateral and bilateral organizations.
- (iii) Experience in monitoring and evaluation methods and impact assessment of partnership arrangements and development activities, especially trust funds.
- (iv) Demonstrated analytical skills and proficiency in verbal and written communication, especially report writing.

19. The leading consultant will be responsible for directing and managing the preparation, implementation, and conclusion of the report writing process. Specifically, he/she will:

- (i) Maintain dialogues with the WB throughout the MTR process in terms of the contribution and time use of the whole team.
- (ii) Ensure that the MTR team adhere to the agreed timeline and deliver tasks as per the signed contract.
- (iii) Be responsible for evaluating the entire APB program as a whole and the SD Window in particular.

20. The supporting consultant will work with the leading consultant to:

- (i) Provide inputs on the economic and financial analysis for the entire program.
- (ii) Evaluate the PREM and FPD Windows.
- (iii) Coordinate with the leading consultant as necessary to deliver the assigned tasks.

## **G. SCHEDULE**

21. The assignment is expected to start from 05 October 2014. Within the assignment frame, the consultants will undertake a short consultation visit to Vietnam to meet WB in Hanoi, DFAT in Hanoi, and the Vietnamese Government's agencies.

22. The draft report should be available by 05 November 2014 as latest for comments by WB and DFAT. The final report is expected to be submitted ten days after receipt of such comments.

## **H. BUDGET AND PAYMENT**

23. An initial contract of twenty two (22) working days will be signed with the leading consultant. An initial contract of twelve (12) working days will be signed with the supporting consultant. The consultant's time and eligible expenses incurred for the purpose of the Review will be paid.

24. The consultants will submit claims and supporting documents by the end of the assignment to the Program Manager. Payment will be made to the consultants after the Bank's verification of deliverables and payment claims.

## **I. REFERENCE MATERIALS**

- Approved Concept Notes of the ABP
- Approved Trust Fund Proposal
- Administration Agreement for the ABP
- Operations Guidelines
- Annual Progress Reports on ABP
- Minutes of Meetings of Steering Committee Meetings
- Budget Table of the ABP
- Milestones Tables of Individual Activities
- Approved Grant Funding Requests (GFR)
- Approved Grant Reporting and Monitoring reports (GRM)
- ABP Gender Review Report
- Australian Aid Policy Framework

## Mid-term Review Questionnaires

1. **Relevance:**
  - Are the activities under the ABP program supporting the country development strategies of the Vietnamese's Government, the WB and DFAT?
  - Do activities under the program address the critical development needs of Vietnam?
  - Has the policy or operating context changed since the program design? If so, how should the program adapt to remain relevant?
2. **Effectiveness:**
  - To what extent are the program's intended objectives being met?
  - What changes should be made to ensure these objectives to be successfully achieved?
  - How effective was the program in terms of funding arrangement, governance structure, modality of support, and approach in supporting the activities?
  - What have been contributions of the activities under the program to the overall objectives?
3. **Efficiency:**
  - How efficient has the program been in terms of use of time and resources?
  - Has there been any variation from the Admin Agreement and Operations Guidelines? If yes, any justification?
4. **Impact (where feasible):**
  - What are obvious changes (intended or unintended) to the beneficiaries and their environment evident from the program's activities? Include any positive/negative impacts from external factors.
5. **Risk Management:**
  - How risks are being monitored at the activity and program level?
  - Are risks being monitored adequately?
  - How does it need to be improved?
6. **Sustainability:**
  - Is the result of the program likely to last after the program is closed?
7. **Monitoring and Evaluation:**
  - Does the M&E framework effectively measure progress towards meeting the objectives of the program?
  - Is the information being used appropriately for management and accountability?
8. **Gender Equality:**
  - Are the activities under the program gender-informed?
  - Is there any opportunity for making these activities more gender-informed?

9. **Lessons learnt:**

- What key lessons can be learnt to inform the continued funding of the ABP or future funding of other program?

## Annex 2: Achievement of Results Framework Indicators

1. ABP was conceived of as, and is, a programmatic trust fund, with activities to be funded being selected based on criteria from among proposals made by Bank staff working on the Vietnam Program. Because of the work done at the Concept Stage in identifying priority activities under each of the three windows, ABP was able to include a Results Framework, comprising Trust Fund Outcomes and Window Outcomes, along with outcome indicators. The September 2014 Operation Guidelines include the current version of the Results Framework.

2. Achievement of Trust Fund Outcomes. The status of achievement of the four TF outcome indicators is as follows:

- (a) *Project management is rated satisfactory in no less than 75% of ISRs for AusAID co-financed projects.* ABP co-financing of Bank projects is for either specific investments (e.g., Mekong Delta Transport Infrastructure Project Additional Financing) or technical assistance and capacity building of selected agencies (e.g., development and implementation of road asset management systems in the Vietnam Road Asset Management Project, and support for Energy Regulatory Authority of Vietnam and Power Corporations under the Distribution Efficiency Project). As such a rating for overall Project Management in these projects would not be attributable to ABP. ABP should revise this indicator to better measure attributable ABP outcomes.
- (b) *No less than 75% of BETF CTF GRMs and ICMs are rated satisfactory.* This indicator is presumably meant to measure the ratings of Outcomes indicated in GRMs and not the quality of the GRMs and ICMs. As such, the text should be modified. The indicator target was at MTR.
- (c) *Steering Committee meetings held as scheduled.* This indicator is a process indicator and is not an Outcome indicator. It is not clear how often Steering Committee meetings are meant to be held: the AA indicates “every six months, or as needed”, while the Operation Guidelines indicate that the Steering Committee is to “meet annually”. The Steering Committee has met four times since ABP was established in 2012 and hence this indicator target could be considered achieved. However, the MTR recommends that this indicator should be revisited for reasons indicated above.
- (d) *PCN reviews and project supervisions are jointly organized.* DFAT is invited to PCN reviews and to project supervision missions and DFAT representatives participate whenever possible. This indicator target can be considered to have been achieved.

3. **Achievement of Specific Objective Outcomes.** The results framework includes specific objectives for each of the three original windows of ABP, with a total of ten indicators. Achievement of the outcomes in each window is discussed below.

4. **Sustainable Development Window.** Progress in achieving the specific outcome indicators of this window is as follows:

- (a) *Transport – Completion of the first pilot PPP and signed concession agreement of the first PPP.* The PPP CTFs will clearly contribute to the specific outcome of improved capacity at Ministry of Transport to identify, screen and prioritize PPP projects. However, achievement of the listed indicator is dependent on the availability of a viable PPP and investor/s within the timeframe of ABP, as well as the legal/regulatory framework and political economy;

these factors are well beyond the control of ABP activities. Given the difficulties encountered by DPEP and NBBV (as discussed under PPP) there is a strong likelihood that the outcome indicator is unlikely to be achieved. The Steering Committee and the Transport Practice Manager/Theme Coordinator should consider reformulating the indicator.

- (b) *Water – Use of M&E Framework by MARD for RWSS NTP.* Subject to satisfactory completion of work by the consultant, and its acceptance by MARD for use across RWSS NTP, this results indicator could be achieved.
- (c.) *Energy – Pilot demand response program implemented in a power company.* The target indicator is expected to be met through the HCMC Power Company.
- (d.) *Social – Documentation of successful project prototypes and piloting three approaches in three ethnic groups in Northern Mountains.* The conference proceedings will document successful approaches. However, piloting of three approaches in three ethnic groups in Northern Mountains is no longer feasible under ABP as funds for the relevant activity have been clawed back. In view of this, the Steering Committee should consider reformulating the indicator.
- (e.) *Climate change/green growth – (i) resource mobilization framework for guiding CC/GG financing dialogue; (ii) and selected sub-sectoral CC/GG action plans guiding SEDP planning.* The first indicator is likely to be achieved. However, as funding for the CTF relating to the latter indicator has been clawed back, the Steering Committee and the CC Practice Manager/Theme Coordinator should revisit the results indicators for Climate Change/Green Growth, taking into account new activities which have been included in the recently approved shortlist.

5. **PREM Window.** Progress in achieving the specific indicators is as follows:

- (a) *Amendment of CIT and VAT Law.* EMCC has contributed to the revisions to the CIT and VAT laws.
- (b) *Revised Budget Law to align Vietnam PFM Practices more closely with international good practices.* The ABP PFM work recommends at least 15 changes to the Budget Law, and if even a third of these are introduced, the impact of PPFR would be considerable. It should however be noted that the timing of the approval of legislation for a revised Budget Law is beyond ABP control.

6. **FPD Window.** Three outcomes are listed for the FPD Window; however, no indicators are listed. As the FPD Window has been merged with the PREM Window, the MTR recommends that the Steering Committee should consider reformulating new indicators for any FPD activities under the MFG theme.

7. **Reformulation of Results Framework, Outcomes and Indicators.** ABP is now fully committed with activities identified and hence outcomes and indicators can be more clearly anticipated. The MTR recommends that the Steering Committee revisit the Results Framework, Outcomes, and Indicators, and revise them accordingly.



### **Annex 3: Macroeconomics, Fiscal Management, and Governance**

1. This theme comprises three active CTFs (one of which was approved in June 2014) and a fourth which was approved in October 2014 and was not yet operational at the time of the MTR.
2. **Programmatic Public Finance Review (PPFR).** This AUD866,000 Bank executed CTF has made excellent progress and is expected to achieve its objective of helping government in designing and implementing public finance management (PFM) reforms, including those supported through the Bank's development policy operations. Technical assistance and workshops under this CTF supported work on budget classification, fiscal transparency, carry overs, and fiscal decentralization. Technical assistance on debt management supported the conference on debt management during the global crisis and provided training on debt sustainability analysis. The substantial work on fiscal decentralization review will be of relevance to policy makers for many years.
3. Outputs produced under this CTF compare favorably in relation to those proposed in the Grant Funding Request (GFR). However, only about 40% of the allocated funds have been disbursed/committed, leaving considerable scope for additional analytical work and technical assistance. The focus in the remaining period before the CTF closes in June 2016 will be the completion of the public expenditure review, covering trends and issues with fiscal aggregates, and a detailed public expenditure analysis in five sectors.
4. DFAT's participation in this activity has been limited, as PFM is not a central focus for DFAT in Vietnam.
5. *Outcome indicator for PPFR.* The ABP Results Framework includes an outcome for PPFR: improved analytical information on PFM to support government decision makers and the reform agenda in investment and development policy operations. The indicator listed is: revised Budget Law to align Vietnam PFM practices more closely with international good practices. The ABP PFM work recommends at least 15 changes to the Budget Law, and if even a third of these are introduced, the impact of PPFR would be considerable. It should however be noted that the timing of the approval of legislation for a revised Budget Law is beyond ABP control.
6. **Economic Management and Competitiveness Credit (EMCC).** This AUD716,250 Bank executed CTF has also made excellent progress in achieving its objective of providing analytical support and technical assistance to help government meet the triggers supported by EMCC and inform the policy dialogue on the next generation of reforms under the next EMCC. Policy notes prepared by Bank staff and papers presented at workshops by EMCC financed consultants have been targeted at Vietnam's current macro policy concerns. Some of the activities appear to have had a direct effect on pending legislation, including: Decree No. 61 on state enterprise information disclosure; draft Law on State Capital Investment and Management in Enterprises; revisions to the CIT and VAT laws; and revision of the Procurement Law.
7. Outputs produced by EMCC compare favorably with the list of outputs listed in the GFR, despite only about 70% of the allocated funds having been disbursed/committed.
8. *Outcome indicator for EMCC.* The ABP Results Framework includes an outcome for EMCC: better understanding of policy impacts on competitiveness and impacts on types of reforms, with the indicator being amendment of CIT and VAT laws. As mentioned earlier, EMCC has contributed to the revisions to the CIT and VAT laws.
9. **State Asset Management Law Revision.** The objective of this AUD238,750 Bank task is to provide assistance to the government in revising the State Asset Management Law of 2008. The work

will extend the law's application to the entire government (the current law governs the management of physical assets and is restricted to ministries providing basic public services – mainly health and education – and to buildings and vehicles) and to all physical assets, including infrastructure. Revisions to the law will provide for an asset registry that could be incorporated into a government balance sheet. It will also allow the government to sell or lease its assets to the private sector.

10. The GFR was approved only on June 4, 2014 and work has not yet begun. Progress of work should be monitored on a quarterly basis by the Practice Manager and the Theme Coordinator to ensure its completion by the ABP closing date of June 30, 2016.

11. **Institutional Reform.** This AUD480,000 Bank executed task was approved in October 2014 and work has not yet begun. The objective of this task is to reduce administrative and excessive interventions of the state and create a fair and competitive business environment. Proposed outputs include studies on: policy rents and SOE performance; efficiency of state subsidies for healthcare; and impact of state ownership on bank lending practices. The broad range of analytical work will require strong coordination between the Macroeconomics and Fiscal Management Global Practice and other Bank global practices, e.g., health and finance. Given the limited time available before ABP's closing date, progress of work should be monitored on a quarterly basis by the Practice Manager and the Theme Coordinator to ensure its timely completion.

12. DFAT is deeply involved (outside of ABP) in developing a business friendly environment for private business and hence should be considered a close partner in implementing this CTF.

13. **Recently approved shortlist of activities under the Macroeconomic, Fiscal Management and Governance theme.** The Steering Committee recently approved the following tasks relevant to this theme, which were endorsed by the Practice Manager:

(a) ***Programmatic economic and social work and technical assistance for strengthening public investment management (PIM).*** This AUD200,000 Bank task has the objective of supporting GOV (in the context of preparing SEDP 2016-20) to enhance the efficiency of PIM to contribute to poverty reduction and shared growth through improved public sector governance and service delivery within the constrained resource envelope for capital budgeting over the medium-term.

(b) ***PPFR topping up.*** This AUD200,000 allocation will cover part of the Public Expenditure Review budget and the dissemination of the Fiscal Decentralization Review.

14. Other recently approved shortlisted activities with a strong relationship to the MFG theme include:

(a) ***Improving Women's Access to Finance.*** This AUD250,000 Bank task overlaps with the gender dimensions of the Social Urban Rural and Resilience Global Practice.

(b) ***Vietnam 2035 Report.*** This AUD700,000 cross sectoral task, which will be managed by the Vietnam Lead Economist, will provide inputs to the next Party Congress, which is expected to set the stage for the second wave of reforms, and will be a published report to serve the new cabinet.

(c) Given the limited time available to complete these tasks by the ABP closing date of June 30, 2016 their progress should be monitored on a quarterly basis by the Practice Manager and the Theme Coordinator.

#### Annex 4: Transport and PPP

1. The establishment of Global Practices in the Bank in July 2014 and the elimination of the sustainable development department resulted in the Sustainable Development Window of ADP being split into a number of themes, transport being one. Among the approved CTFs, transport has the highest number (14 of 31) and value (AUD26.9 million of AUD50.1 million).
2. The Bank's FY15-16 transport sector goals are:
  - (a) Enhancing efficiency in both resource utilization and service delivery.
  - (b) Establishing a sustainable financing framework for the sector.
  - (c) Facilitating sustainable urban growth.
  - (d) Managing the negative impacts of transport.
  - (e) Developing institutional and human capacity to respond to the sector's evolving needs.
3. The Bank's transport sector goals overlap with Australia's strategic approach to aid in Vietnam 2010 – 2015. Australia's Vietnam development goal of Infrastructure for Development has the strategic objective of developing better transport infrastructure and policy to support economic integration. In addition, Australia's June 2014 document, Making Performance Count, includes engaging the private sector and empowering women and girls among its ten key targets.
4. Activities supported by ABP in the transport sector – on-going and recently approved – are consistent with Bank transport sector goals and Australia's priorities in Vietnam.

#### ON-GOING ACTIVITIES

5. Currently 14 activities in the transport sector (Child Trust Funds, CTFs) have been approved. These include six CTFs that support Public Private Partnerships (PPPs) and eight CTFs that support non-PPP transport tasks. Two of the PPP CTFs and two of the non-PPP CTFs are recipient executed (RETFs), while the rest are Bank executed (BETFs).

#### PPP CTFs

6. The six PPP CTFs can be classified into three groups:
  - (a) **PPP Support to Expressway Development – PPP Cell in MOT.** This includes an RETF and a BETF.
  - (b) **Dau Giay – Phan Thiet Expressway PPP Project (DPEP).** This too includes an RETF and a BETF.
  - (c) **Ninh Binh – Bai Vot (NBBV) Expressway PPP.** This includes two BETFs, one for a Viability Study and the other for a Transaction Structuring TA.
7. **PPP Support to Expressway Development – PPP Cell in MOT.** The objective of the AUD2.5 million RETF is to enhance the institutional capacity of MOT to identify, prepare, and implement major infrastructure projects using PPP modalities. The Grant finances consulting services to support MOT in this regard. The Procurement Plan, comprising six packages, was approved by the Bank in August 2014, terms of reference have been agreed with the Bank and procurement is underway. Mobilization of consultants for one of the contracts, which has an implementation period of 14 months, is on the critical path and consultants may mobilize only by April 2015, while the CTF (and ABP) closing date is June 30, 2016. *Overall progress toward achieving grant objectives is currently rated moderately unsatisfactory.*

8. The companion AUD250,000 BETF is to provide just-in-time advice from short-term PPP experts to achieve the objectives of the RETF. The slow progress of the RETF has resulted in lack of progress in the BETF as well, and it too is *currently rated moderately unsatisfactory*.
9. MOT is committed to achieve the objectives of the RETF, and as such there is some likelihood that the work would be at least substantially completed, provided there are no further slippages in the agreed Procurement Plan. DFAT is aware of the situation and the Bank and DFAT have had joint meetings with MOT to discuss progress.
10. **Dau Giay – Phan Thiet Expressway PPP Project (DPEP).** The objective of the AUD1.8 million RETF is to support GOV with the preparation of DPEP by strengthening GOV's capacity and facilitating the transfer of knowledge and global best practices, procedures and frameworks to ensure its viability, and project preparation to internationally acceptable standards. The Grant financed the work of local financial, technical, and legal advisors, who have been working under the guidance of the Bank and international transaction advisors.
11. GOV/MOT has selected six firms as pre-qualified bidders for the competitive process of selecting the Second Investor to join Bitexco, the pre-selected Vietnamese First Investor. The issuance of the Initial Request for Proposals has however been held up, pending completion by the Bank of a Quality Enhancement Review (QER), which included integrity due diligence and financial due diligence of Bitexco. The Bank is currently discussing the results of the QER with MOT, with a view to reconfiguring the transaction. In view of the unresolved issues, the closing date of the RETF will need to be extended to December 31, 2015, i.e., the same closing date as for the BETF below.
12. The AUD2.4 million companion BETF supports the achievement of the RETF objectives by providing international transaction advisor – financial, legal, and technical – guidance and support to the MOT transaction advisors financed by the RETF.
13. Progress on DPEP will depend on GOV being able to offer revenue and foreign exchange guarantees expected by international investors, consistent with Vietnamese laws and GOV's willingness to take on these contingent liabilities. This process could understandably take some time, as this is the first expressway PPP of this kind in Vietnam. As such, despite the lengthy learning period, there is a substantial risk that a PPP concession may not be awarded by the close of ABP.
14. Senior Bank management, including the Country Director and the Regional Vice President, is ensuring that appropriate guidance is provided to the task team and is also engaged in discussions with GOV at a high level.
15. DFAT representatives have been kept informed of developments, but feel that they cannot contribute much in this area. DFAT representatives noted that the Bank QER was very time consuming.
16. **Ninh Binh – Bai Vot (NBBV) Expressway PPP.** The AUD750,000 BETF Viability Study for NBBV was completed in December 2013. MOT has confirmed that NBBV is a priority project for Vietnam. In their review of the Viability Study, MOF, MPI, and SBV noted that: overall level of GOV contribution is high, both for construction and operation; State Participating Portion (44%) is above the limit set by current PPP regulations (30%); estimated cost per km appears to be very high; availability payment mechanism needs to be explained; and the feasibility of an alternative two lane road under a first phase could be explored. They also approved the use of PPTAF funds for the detailed design.
17. The Bank has approved the Concept Note for the next phase of work, i.e., the AUD500,000 BETF for NBBV Expressway Transaction Structuring TA, which would focus on: advising GOV on the options for the structuring of the proposed NBBV PPP; developing a detailed financial model for the project that will clarify the level of GOV contribution; consistency of the proposed transaction with the

existing legal framework; and continued support for building GOV capacity in creating and managing greenfield infrastructure PPP projects. A decision to go ahead is expected shortly after upcoming discussions with GOV.

18. Even though NBBV currently does not have a pre-identified investor (as is the case with DPEP) progress of NBBV is expected to depend on GOV decisions on the key DPEP issues. As such, it is unlikely that a Bank NBBV Project will be approved by the June 30, 2016 ABP closing date. Nevertheless, work on NBBV, as with DPEP, will add considerable value in enhancing GOV capacity to think through and address key PPP issues relating to contingent liabilities in an appropriate way.

#### **Non-PPP Transport CTFs**

19. The eight Non-PPP Transport CTFs are:

- (a) Two CTFs – an RETF and a BETF – for Vietnam Road Asset Management Project (VRAMP).
- (b) A BETF for Capacity Building for Environmental and Social Planning in Transport Projects, focusing on VRAMP.
- (c) A BETF for co-financing Mekong Delta Transport Infrastructure Development Project Additional Financing (MDTIDP).
- (d) A BETF for Bus Rapid Transit (BRT) Support Task Force.
- (e) Mapping Haiphong: Foundations for the Future.
- (f) Large-scale Infrastructure: Planning, Finance, and Long Term Risks.
- (g) Monitoring Technical and Social Indicators on Transport Projects.

20. **Vietnam Road Asset Management Project (VRAMP).** The AUD1.7 million RETF co-finances the development and implementation of a Road Asset Management System (RAMS), compatible with already established sub-systems; and establishment of short, medium, and long term road asset management planning for national road network maintenance. Activities supported by the CTF are part of Component A, RAMS Development of VRAMP, which became effective in April 2014. Consultants for setting up the road database framework, development of RAMS, and RAM Plans are expected to mobilize by June 2015, while the data collection contract will only be signed by March 2016. Unless procurement is expedited, there is considerable risk that the RETF funds will not be fully utilized and benefits of the work will only be felt after the ABP closing date.

21. The companion AUD300,000 BETF provides implementation support for VRAMP, in particular: support for Component A, RAMS; support for design and implementation of effective maintenance practices with performance based contracts; and support for the recently created Road Maintenance Fund. The CTF will support costs of two specialist consultants and some Bank staff costs. Given the limited time available there is considerable risk that activities under this CTF may not be completed the ABP closing date of June 30, 2016.

22. **Capacity Building for Environmental and Social planning in Transport Projects** (focusing on VRAMP). This AUD150,000 BETF has been satisfactorily completed. The CTF contributed to the enhancement of the quality of VRAMP environment and social safeguard documents to meet Bank appraisal requirements and provided capacity building on safeguard document preparation to MOT agencies and transport PMUs. The activity was implemented in coordination with DFAT officials.

23. **Co-financing of Mekong Delta Transport Infrastructure Development Project Additional Financing (MDTIDP).** This AUD15 million RETF continues Australian co-financing for the MDTIDP component *Connecting the Poor to the Supply Corridors* that was initiated by AusAID co-financing of

this component under the parent MDTIDP. The August 2014 ISR rates progress of this component Satisfactory (although overall implementation progress of MDTIDP is rated Moderately Unsatisfactory). The PMU is confident that the RETF activities can be completed by December 31, 2015 (which is both the closing date of the project and the RETF) as this is a priority project for MOT. However, construction is underway in only one of five provinces and contracts are yet to be awarded in the remaining four provinces; the typical construction period is one year. The task team will need to monitor progress carefully and ensure that there are no slippages.

24. DFAT representatives join Bank implementation support missions. DFAT has expressed concern regarding the M&E indicators for this project and would like it strengthened, especially by making it more outcome, rather than output, oriented. DFAT representatives also felt that an impact evaluation of this support should be carried out. See **Monitoring Technical and Social Indicators on Transport Projects** below.

25. **Bus Rapid Transit (BRT) Support Task Force.** The objective of this AUD690,000 BETF is to support the efficient preparation and implementation of BRT projects by: providing strategic technical inputs to the development of feasibility studies, detailed designs and other critical areas of project development; and helping build local capacity in BRT systems among technical staff and higher ranking officials. CTF outputs include: BRT operations and service plan for HCMC; BRT draft plans for Hanoi; and a Workshop to disseminate good practices in BRT in Da Nang in June 2014. The HCMC work included work on the impact of BRT on women. Progress toward achievement of Grant objectives is rated satisfactory. Funds are almost fully committed, but the TTL is seeking a six month extension to the current closing date of December 31, 2014.

26. **Mapping Haiphong: Foundations for the Future.** The objective of this AUD250,000 BETF is to inform transport decision making by developing and presenting a public transit accessibility analysis for Haiphong, using geo-spatial mapping and international open data standards. It complements the pilot public transit corridor improvement component of the on-going Haiphong UT Project. Data collection and formatting for Haiphong has been completed. A demonstration workshop was conducted in October 2014. Progress toward achieving grant objectives is rated satisfactory and the Grant is expected to close on schedule in December 2014. The analytical tools for bus network accessibility will be replicable in other cities in Vietnam.

27. Sustainability of CTF interventions is likely through mainstreaming under the on-going project. Establishment of a Public Transport Authority in Haiphong is expected soon and will be of further assistance. Women were involved in the work through consultations on the locations of bus stops, lighting etc.

28. DFAT was invited to the Haiphong workshop. A DFAT representative attended the BBL on the Haiphong Mapping work at the Bank Hanoi office.

29. **Large-scale Infrastructure: Planning, Finance, and Long Term Risks.** The objective of this AUD600,000 BETF is to support GOV in effectively developing a large-scale infrastructure investment program by: (i) developing robust methodologies to better prioritize investment decisions to build an optimized and coordinated portfolio; (ii) better leveraging public investment to attract private sector funding; and (iii) achieving efficiency and productivity gains and enhance bankability of PPPs. While the technical team within MPI was eager to proceed with the tool provided under this task in order to meet their delivery deadline of June 2016, the Minister felt that the tool was too complicated to be used effectively in Vietnam's low capacity environment. The Bank Country Director had a similar view, as well as concerns about the substance and analytic rigor of the proposed methodology. An internal Bank decision meeting did not give the green light to this methodology. It has been decided to provide more

substantive content to the methodology, including economic considerations, and bring in a longer term approach to the work, including through capacity building in Government. The significant unutilized funds will be reallocated to the PIM work program.

30. **Monitoring Technical and Social Indicators on Transport Projects.** The objective of this AUD50,000 BETF was to improve the quality of the analysis and reporting on the M&E framework and enhanced indicators for selected transport projects in Vietnam. The initial review found that the post-construction survey had been undertaken before sufficient time had elapsed for the magnitude of changes in variables to become measurable. However, additional surveys were completed to collect baseline data for environment indicators and have been stored for future use.

31. CTF activities were prepared and implemented in close cooperation with DFAT. MDTIDP, co-financed by DFAT, was one of the selected projects. It was agreed with DFAT that any further survey work would be undertaken when all work funded by DFAT/AusAID on MDTIDP and AF had been completed. The CTF was closed with a Moderately Unsatisfactory rating and an unutilized balance of about AUD20,000 was cancelled.

#### **RECENTLY SHORT-LISTED TRANSPORT ACTIVITIES**

32. The following transport activities were short listed by the Steering Committee from among requests received from Bank staff (with the endorsement of the Transport Practice Manager) for preparing proposals for further processing:

33. **Viability of regional transport linkages among Vietnam, Laos, and Myanmar (AUD300,000)** – This task will identify priorities and provide initial assessments of regional transport linkages among Vietnam, Laos, and Myanmar through reviewing existing Master Plans and scoping out alternative transport linkages among the three countries to enhance economic integration.

34. **Medium term expenditure planning (MTEP) for provincial roads (AUD200,000)** – This task will build on the achievements of the on-going technical assistance by undertaking a follow-on technical assistance to roll out MTEP in selected provinces.

35. **Gender mainstreaming work in the transport sector in Vietnam (AUD250,000)** – This work will provide a practical demonstration of ways in which GOV can implement its Gender Action Plan to address gender equality and gender empowerment goals.

36. **Strengthening Vietnam's trucking sector for lower logistics costs (AUD400,000)** – This work will comprise three tasks: conduct a multi-stakeholder interview program; carry out quantitative market research to produce market sizing and operating assessments to better understand basic industry characteristics; and based on the above, plus international benchmarks and good practice, to quantitatively assess the viability of selected recommendations.

37. With just a year and a half available to complete the work before the ABP closing date of June 30, 2016 it is essential that work on setting up the CTFs and activating them is completed quickly and that work on the individual CTFs is started by early 2015. Progress of these activities should be monitored at quarterly intervals by the Practice Manager and the Transport Theme Coordinator and should be reported to the Steering Committee.

#### **TRANSPORT RESULTS INDICATOR**

38. The TF Results Framework lists a specific outcome for transport: improved capacity at Ministry of Transport to identify, screen and prioritize PPP projects. CTFs related to PPP Cell at MOT, DPEP, and NBBV will clearly contribute to this outcome. However, the indicator *completion of first pilot PPP and signed concession agreement of first PPP* is well beyond what is necessary to demonstrate achievement

of the expected outcome. Indeed it is more dependent on the availability of a viable PPP and investor/s within the timeframe of ABP, as well as the legal/regulatory framework and political economy. As these factors are well beyond the control of ABP activities, the Steering Committee should consider reformulating the indicator. While doing so, the Steering Committee might wish to include additional indicators, based on the newly shortlisted activities.



## Annex 5: Social, Urban, Rural, and Water

1. The establishment of Global Practices in the Bank in July 2014 and the elimination of the sustainable development department resulted in the Sustainable Development Window of ABP being split into a number of themes. Although Water and Social/Urban/Rural are separate Global Practices, under ABP water, urban and social have been brought together under a single theme “Social, Urban, Rural, and Water”.

### SOCIAL

2. The Vietnam Land and Social Development Practice focuses on three areas: land policy and governance; building resources for managing resettlement; and targeting vulnerable groups, in particular, ethnic minorities, urban marginalized poor, and gender. Some of these areas overlap with Australia’s key target areas of reducing poverty and empowering women and girls. DFAT is also engaged in the donor group on ethnic minorities.

3. The two CTFs currently listed under Social are discussed below. The TTL for the CTF on *Impact Evaluation of the Central Highlands Poverty Reduction Project* is mapped to the Poverty Global Practice and is based in Manila.

4. **Sustainable Development and Ethnic Minority Poverty Reduction in Mountainous Regions.** The objective of this AUD250,000 BETF activity is to provide policy advice to the Government on successful approaches to poverty reduction in dispersed rural mountainous communities in the Northern Mountains, including ethnic minorities and the rural poor. Activities relating to stocktaking of GOV programs and international experience were completed satisfactorily and a very successful international conference was held in June 2013. A DFAT representative attended the conference and is supportive of work on ethnic minorities. The Steering Committee recently clawed back the unspent balance of AUD147,000 from this CTF.

5. **Impact Evaluation of the Central Highlands Poverty Reduction Project.** The objective of this AUD200,000 BETF is to support the impact evaluation of the Central Highlands Poverty Alleviation Project. Based on discussions with MPI, it has been agreed that the Bank would take a lesser role in the development of instruments for the baseline survey and in the preparation of the baseline report. Instead the Bank would focus on the development and implementation of design variations. These changes would not affect the overall objective and the quality of outputs is expected to be acceptable. The baseline survey will be completed by December 2014 and the final report will be issued before the CTF closing date of June 30, 2015.

6. To date only AUD60,000+ has been disbursed/committed and there is a likelihood of significant savings. A decision should be made by the Steering Committee soon on a possible claw back and reallocation of funds to other priority activities.

7. DFAT has not been involved in this activity and the TTL plans to brief DFAT on this task during his upcoming mission.

8. **Recently Shortlisted Social Activities.** Two gender related activities were recently short listed by the Steering Committee for further processing (based on endorsements of the respective Practice Managers) and are shown under transport and water. Other social related tasks shortlisted include:

- (a) **Poverty update with focus on ethnic minorities, land, and pathways out of poverty (AUD200,000).** This analytical Bank task (mapped to the Poverty Global Practice) would provide an update on poverty using the 2014 Vietnam Household Living Standards Survey

and help identify the pathways out of poverty in Vietnam in recent years, particularly for ethnic minority households.

- (b) **Improving women's access to finance in Vietnam (AUD250,000).** This Bank task (mapped to the Finance and Markets Global Practice) would create a gender disaggregated database on access to finance in Vietnam to serve as a public good for future work and policy dialogue in Vietnam and the region, and contribute to the global gender agenda by means of a supply side survey.

9. **Results Indicator for Social.** The TF Results Framework lists a specific outcome for social: successful approaches for poverty reduction in rural mountainous communities applied. The outcome indicator listed is "documentation of successful prototypes and piloting of three approaches in three ethnic groups in Northern Mountains". With funding for the CTF on *Sustainable Development and Ethnic Minority Poverty Reduction in Mountainous Regions* clawed back, the conference proceedings will only document successful approaches. It is considered premature to prepare commune level plans for ethnic minorities as the project that it was to feed into may not go ahead now. As a result, there are no plans under ABP to pilot three approaches in three ethnic groups in Northern Mountains. In view of this, the Steering Committee should consider reformulating the indicator.

## URBAN

10. The Urban Global Practice has identified Inclusive Cities (comprehensive programs in lagging regions - e.g., northern mountains, Mekong, social housing), Resilient Cities (e.g., integrated urban programs in large cities, including Da Nang and HCMC on issues such as urban transport, waste water, energy efficiency, climate change and DRM) and Competitive Cities (e.g., new sources of municipal/infrastructure financing, land markets, institutional arrangements) as priorities in Vietnam. Although Urban is not specifically a priority for Australia, it has an on-going engagement in the Mekong Delta, especially in advancing climate change adaptation and mitigation. The CTFs under Urban are discussed below.

11. **Assessment of Financing Framework for Municipal Infrastructure.** This AUD300,000 BETF task has been completed with a satisfactory rating. The study covered the cities of HCMC, Quang Ninh, and Quang Nam and a final report has been published in both English and Vietnamese. A Workshop was held on successful experiences in land pooling and land readjustment in Can Tho as an instrument to enhance financing of infrastructure. There was close coordination with DFAT on this CTF and this Workshop was attended by a DFAT representative. The final dissemination workshop was held in March 2014.

12. MOF has communicated its appreciation of the report and requested further support to implement policy recommendations of the report (issuing municipal bonds, establishing a special purpose vehicle to support municipal infrastructure). However, the Steering Committee did not approve the task team's request for further ABP support for inclusion in the recently approved short list of activities for further processing under ABP.

13. **HCMC Engagement.** This AUD400,000 BETF builds on the stocktaking exercise completed in 2013 (with funding from AusAID's Infrastructure for Growth Initiative in East Asia) with the objectives of: (i) improving the capacity of the city in public finance, climate change/flood risk management, and urban planning; and (ii) providing strategic guidance and the basis for the selection of future Bank engagements in the city. An urban planning workshop was organized in HCMC in October 2014. Three HCMC officials attended a debt management course organized by the World Bank and the Joint Vienna Institute in Vienna. A pre-PCN review for a possible Bank project on Flood Risk Management was held in July 2014 and a PCN meeting is planned before end 2014. The final report on a qualitative survey to

identify the potential social and poverty impacts of the project, especially on the poor and migrants vulnerable to flood risks, is due in 2014.

14. Progress in achieving Grant objectives is rated moderately satisfactory, in view of the slow progress (only about 10% of the Grant has disbursed so far and the closing date is June 30, 2015); however, the CTF is now said to be fully committed. The Practice Manager should carry out an early review of the likelihood of timely completion of work on this CTF and brief the Steering Committee of the findings.

15. DFAT representatives have been invited to provide comments on the PCN. Further consultations, joint missions, and reviews on progress and output are planned with DFAT staff.

16. **Recently Shortlisted Urban Activities.** The Steering Committee recently approved the short listing of the following activities which were proposed with the endorsement of the Urban Practice Manager:

(a) **Support for Resilient Development in Can Tho.** This AUD250,000 Bank task is expected to support resilient development in Can Tho through: (i) collection, sharing, and use of geospatial data in local government operations; and (ii) analysis of the city's role in job creation and as a hub of food processing and export for the Mekong Delta Region.

(b) **Land Pooling and Land Readjustment (LPR) Piloting and Policy Development.** This AUD130,000 Bank task will: (i) pilot the innovative assembly tool of LPR in one of the six pilot cities under the Mekong Delta Region Urban Upgrading Project and the proposed Can Tho Resilient Development Project; and (ii) draft regulations to be the basis for Government to include the use of this tool in the country policy framework for further scaling up of the approach.

## **WATER**

17. The Water Global Practice covers a range of sub-sectors: urban water supply and sanitation; rural water supply and sanitation; water resources management; disaster risk management; and irrigation. Australia has been active in the rural water supply and sanitation sector in Vietnam, and private sector participation and gender are among its key priorities overall in Vietnam. On-going and recently short listed ABP activities in Water reflect these priorities.

18. **Program for Results (PforR) Red River Delta Rural Water Supply and Sanitation Project (RRD RWSSP).** The PforR RRD RWSSP is the first operation in East Asia/Vietnam under the new Bank lending instrument, Program for Results. This program supports Government's National Target Program (NTP) for Rural Water Supply and Sanitation and Bank funds are disbursed on the basis of verified results achieved. Given the dramatic change in the modality of this operation compared to the just concluded Red River Delta Rural Water Supply and Sanitation Project (a traditional Bank investment project finance operation) ABP is providing three CTFs to support this operation: an RETF and two BETFs.

19. **Technical Assistance for Results Based Rural Water Supply and Sanitation Program under the National Target Program.** This AUD8 million RETF will contribute to improving the results-based culture in the PforR RRD RWSSP provinces and its corresponding implementing units. The work is to be carried out under 26 consulting packages, and the status as of end October was: 14 committed (AUD3.1 million); 6 expected to be committed by end 2014 (AUD1.9 million); five expected to be committed by June 2015 (AUD2 million); and the last one (verification for periods 3 to 5) is not planned to be committed until 2016 (AUD1.1 million). The majority of the main packages have now been procured and many packages are under implementation. Although the quality of work completed to date is

satisfactory, overall progress towards achieving objectives is rated moderately unsatisfactory, as the majority of the TA packages are behind schedule. Project management and procurement are also rated moderately unsatisfactory.

20. This RETF is being supervised jointly by the Bank and DFAT, and the task team provides DFAT a Quarterly Progress Report. Continued regular supervision and close monitoring on a quarterly basis will be essential to ensure that the work is satisfactorily completed by the June 30, 2016 CTF closing date.

21. ***Preparation and Supervision of Rural Water Supply and Sanitation Program for Results in the Red River Delta.*** This AUD650,000 BETF supports the preparation and supervision of the RRD RWSS PforR operation through advisory support to the design of the principal components of the technical assistance by the corresponding implementing agencies, as well as support for overall program implementation. Intensive supervision has been provided for PforR implementation, as it requires a change in mind-set on the part of Government. In addition, advisory support has been provided for the design of water schemes and the design of the TA packages for the RETF. Overall progress towards achieving CTF objectives is rated satisfactory. As the operation is for five years, support for additional enhanced supervision activities is considered necessary after the Grant closes.

22. There have been joint meetings between RETF between the task team and DFAT on the supervision of the PforR operation. DFAT staff has indicated that there should be greater collaboration in the RWSS sector between the Bank and DFAT. Following recent discussions between DFAT and the Bank's Water Team, collaboration has intensified.

23. ***Rural Water Supply and Sanitation under the NTP: impact Evaluation and Baseline Verification.*** The objective of this AUD470,000 BETF is to enable baseline verification of water supply and sanitation indicators and set a baseline against which to measure progress towards meeting the targets of the Disbursement Linked Indicators (DLIs) required under PforR and evaluate impact against provinces not participating in PforR. Baseline verification has been completed in the eight program provinces; however baseline verification has not yet been completed in the four control provinces. The design of the impact evaluation has progressed and its scope has been expanded to include a supporting study on water pricing and impacts. The Grant closing date has been extended to April 15, 2016.

24. Regular meetings with DFAT on the PforR operation cover discussion of this CTF as well.

25. **Recently Shortlisted Water Activities.** Based on their endorsement by the Water Practice Manager, the following requests have been short listed by the Steering Committee recently for further processing and establishment of CTFs:

- (a) **Proposed scaling up sanitation operation (AUD300,000)** – This task will ensure the quality of preparation of a high priority operation to scale-up access to and use of sanitation in Vietnam's most lagging areas, especially among ethnic minorities.
- (b) **Supporting PPP development in the Urban WSS Sector (AUD375,000)** – This task will support MPI/MOC and Binh Duong Provincial People's Committee in developing and procuring a successful pilot PPP project (including private finance) that can act as a model for a pipeline of PPPs in the sector.
- (c) **Gender equality in participatory irrigation management – Vietnam Irrigated Agriculture Improvement Project (AUD50,000)** – This task will conduct a gender analysis to explore opportunities to mainstream gender in the project.

26. **Results Indicator for Water.** The TF Results Framework lists a specific outcome for water: improved quality of services in water supply and sanitation sector. The outcome indicator listed is “use of M&E framework by MARD for RWSS-NTP”. The RETF *Technical Assistance for Results Based Rural Water Supply and Sanitation Program under National Target Program* , includes a technical assistance package for Improvement of M&E and Development of an IT Transparency Platform. The consulting firm for this package is expected to mobilize by end 2014. Subject to satisfactory completion of work by the consultant, and its acceptance by MARD for use across RWSS NTP, this results indicator could be achieved.

## Annex 6: Energy

1. The priorities of the Bank's energy sector engagement in Vietnam include: (a) Energy efficiency, including comprehensive supply and demand side energy efficiency engagement; (b) Sector reform and financing to support the creation of competitive energy markets and the financial viability of the sector; and (c) Renewables and energy security, including promotion of renewable energy resources (hydro, wind, solar and biomass) and diversity of energy supply.
2. Consistent with these priorities, ABP financed a BETF and an RETF each for the Distribution Efficiency Project (DEP) and for the proposed Additional Financing of GEF financed Clean Production and Energy Efficiency Project (CPEE). However, as the Prime Minister has not yet approved the Project Development Objective of the proposed AF CPEE, the Steering Committee recently clawed back funds approved for the RETF because of concerns about insufficient time for implementation.
3. **Distribution Efficiency Project (DEP).** The AUD7.6 million RETF will provide technical assistance and capacity building support to the Power Corporations (PCs) and the Energy Regulatory Authority of Vietnam (ERAV) to achieve improvements in efficiency and reductions in energy consumption through implementing smart grid technologies and effective demand response programs. CTF implementation in ERAV has made significant progress after a slow start. However, implementation by PCs is slower than expected. Implementation of the RETF should be closely monitored at quarterly intervals by the Energy Practice Manager and the Energy Theme Coordinator to ensure that activities under ERAV and the PCs are satisfactorily completed by the June 30, 2016 closing date of the RETF and ABP.
4. The companion AUD900,000 BETF supported the preparation of DEP and now supports its implementation. It is expected to make a major contribution to ensuring the satisfactory completion of the RETF. However, as only AUD200,000 has disbursed from this BETF, the Steering Committee recently clawed back AUD400,000 for reallocation to other priority tasks.
5. DFAT noted that while it does not have much in-house expertise in the sector, the Bank has the required expertise and has a very good relationship with the Government departments/agencies in the energy sector. Bank staff mentioned that the Australian energy sector is a source of knowledge for their Vietnamese counterparts through study tours. Australian individual consultants and firms have been awarded contracts to advise ERAV out of DEP RETF funds.
6. **Shortlisted activity.** The Steering Committee recently approved the short listing of an AUD1 million initial proposal endorsed by the Energy Practice Manager for Technical Assistance for Vietnam Wholesale Electricity Market (VWEM) for further processing for a BETF. This task will support the implementation of VWEM in the areas of: market design and electricity market rules development; legal and regulatory reform; market systems testing and auditing prior to market launch; and development of a Public Interest Fund (PIF) as part of a broader framework to deal with Community Service Obligations (CSOs) borne by different electricity distribution companies with different cost and customer bases. Given the limited time of about 18 months available to initiate and complete this task, it is critical that progress of this task is monitored at least on a quarterly basis by the Energy Practice Manager and the Energy Theme Coordinator.
7. **Results indicator for energy.** The expected outcome from the work in the energy sector is increased awareness by electricity users of their consumption. The target indicator of implementation of a pilot response program in a power company is expected to be met through the HCMC Power Company.

## Annex 7: Climate Change/Green Growth

1. The Bank has been active on Climate change (CC)/Green Growth (GG) in Vietnam through Development Policy Operations. Australia supports climate change/green growth in Vietnam, especially in the Mekong Delta region.
2. ABP initially approved two activities: Resource Mobilization for CC/GG (AUD300,000); and Sectoral GG Action Plans (AUD350,000). Work on Resource Mobilization for CC/GG has made progress through the use of other funding; however there has been no disbursement from the ABP CTF. Progress on Sectoral GG Action Plans has been much more limited, and the Steering Committee recently clawed back the entire amount of AUD350,000 allocated to it.
3. ABP is also financing a full time position of Senior Climate Economist; the incumbent of this position was the TTL for the CTF on Sectoral GG Action Plans. With the clawing back of funds allocated for this task, the Steering Committee should confirm with the Climate Change Practice Manager that there is a full work program for this position to justify 100% funding from ABP.
4. **Shortlisted activity.** The Steering Committee recently approved the short listing of an AUD350,000 task (endorsed by the Climate Change Practice Manager) for **Support for Building Resilience in the Mekong Delta**. This task will provide critical technical and social inputs which are missing from the original design of the Building Resilience in the Mekong Delta TA, including: (a) incorporation of new climate change projections into the national climate change database and Decision Support Framework (DSF) modeling; (b) provision of technical inputs on potential impacts on the water, agriculture and transport sectors; and (c) conduct of cost-effectiveness analysis on selected low regret investments. It is critical that progress of this task is monitored on a quarterly basis by the CC Practice Manager and CC Theme Coordinator to ensure that it is completed by the closing date.
5. In addition, the Steering Committee also approved the short listing of **Support for Resilient Development in Can Tho** (AUD250,000). This task, to be managed by the Urban Practice, is expected to support resilient development in Can Tho through: (i) collection, sharing, and use of geospatial data in local government operations; and (ii) analysis of the city's role in job creation and as a hub of food processing and export for the Mekong Delta Region. It is expected that the CC and Urban Practices would work jointly on this CTF to maximize synergies.
6. **Results indicator for Climate Change/Green Growth.** The expected outcome from the work in Climate Change/Green Growth is improved ability of GOV to plan, select, and finance climate actions in the context of SEDP. The indicators to measure achievement of this outcome are: resource mobilization framework for guiding CC/GG financing dialogue; and selected sub-sectoral CC/GG action plans guiding SEDP planning. As funding for the CTF relating to the latter indicator has been clawed back, the Steering Committee and the CC Practice Manager/Theme Coordinator should revisit the results indicators for Climate Change/Green Growth.

## **APPENDIX**

**Mid-Term Review of the Australia-World Bank Strategic Partnership (ABP) in Vietnam**  
**Report of Vikram Nehru (Supporting consultant) as input into the main consultant's report**



## **Mid-Term Review of the Australia-World Bank Strategic Partnership (ABP) in Vietnam**

### **Supporting consultant's report as input into the main consultant's report**

#### **1. Background**

ABP is a strategic partnership between the Australian Government's Department of Foreign Affairs and Trade<sup>2</sup> and the World Bank. The ABP trust fund was launched in January 2012 and is scheduled to close by end-December 2016. The total amount available in the trust fund is AUD58 million (USD51.4 million). ABP is a programmatic trust fund that currently finances 31 World Bank-supported activities, of which seven are executed by government agencies and the rest by the World Bank. The activities comprise mainly analytical work, technical assistance, and capacity building; only one co-finances an ongoing World Bank project. A further 18 activities have been shortlisted for possible inclusion in the ABP.

##### *a. Motivation for the program*

- The World Bank's motivation to enter into the partnership was two-fold. First, it was attracted by the additional financing the partnership would provide to augment, broaden, and deepen analytical work that would, in turn, facilitate implementation of Bank-supported projects and policy reforms; strengthen the knowledge base (in the Bank and the government) for new policy reforms and a pipeline of new projects; broaden the number of issues and institutions with which the Bank could engage and interact; and test innovative approaches for the next generation of development initiatives. And second, the partnership offered a means to increase efficiency by bringing several separate Bank-related activities financed by DFAT into one umbrella trust fund and thereby reduce management and administration overheads.
- For DFAT, the principal motivation to partner with the Bank was based on the Bank's reputation as an effective multilateral institution that could be leveraged to elevate its support for Vietnam's development objectives while achieving Australia's own strategic objectives in Vietnam. The intention was to: take advantage of the Bank's access, expertise, resources, and convening power; use its interactions with the Bank to influence the Bank's much larger lending and analytical program; learn from the Bank's operations to enhance the quality of DFAT's own programs, projects, analytical work, and understanding of development challenges and solutions; enhance DFAT's visibility and presence in Vietnam; and acquire a seat at the table for policy discussions that would support development outcomes in Vietnam – and, thereby, further Australia's own strategic and commercial interests.
- The government supported the ABP because it saw it as an effective means to: secure grant financing for capacity building and analytical activities that were not appropriate for funding by loans; broaden and deepen its engagement with the Bank and DFAT; better shape and design the project and program assistance pipeline of both organizations and thereby shape the country's own public expenditure program; and have an additional vehicle to tap the Bank's knowledge base and global experience.

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<sup>2</sup> On November 1, 2013, , just short of a year after the launch of the ABP, AusAID was integrated with the Department of Foreign Affairs and Trade. In Vietnam, the erstwhile AusAID unit became the Development Cooperation Section of the Australian Embassy. To avoid confusion, throughout this report we refer to the Development Cooperation Section as DFAT, and refer to the parent department in Canberra as DFAT Headquarters.

b. Key objectives

- The ABP's objectives were to: (a) foster an enabling environment for improved economic competitiveness, increased environmental sustainability, and broadened access to economic and social opportunity; and (b) to enhance cooperation between the World Bank and DFAT in working for development effectiveness in Vietnam.

c. Relevant benchmarks and dates

- A detailed list of relevant benchmarks and dates is attached (**Table 1**).
- A few features of ABP's benchmark dates are worth noting: the two institutions established the trust fund with commendable speed – just two months elapsed between the concept note and the administration agreement (despite such distractions as other end-of-year work obligations and winter vacations) and four months between the concept note and approval of the first grant funding request; ABP's steering committee met fairly regularly; the Steering Committee is still approving grant funding requests with just two years left in the program – an issue to which this report returns later; and the partnership launched the mid-term review mission on schedule at about the half-way mark of the program.

d. Organization of the report

- The first part of this report assesses progress in program implementation; it then turns to program management; and finally, it draws lessons from the analysis and puts forward suggestions for future directions (in the short and medium term).

## 2. Assessment of Program Content

a. Design and strategic fit

- A review of ABP documents leads to four observations:
  - Objectives of the ABP are virtually identical with the country partnership strategy (CPS) of the World Bank<sup>3</sup> and closely aligned with two of three operational priorities in DFAT's aid strategy (economic integration and environmental sustainability; DFAT's third operational priority, human resource development, was focused exclusively on scholarships and therefore was not applicable to the ABP).<sup>4</sup>
  - The ABP's concept note gives no rationale for the allocation of resources across the three windows – 94% for Sustainable Development (SD), 4% for Financial and Private Sector Development (FPD), and 2% for Poverty Reduction and Economic Management (PREM); a possible explanation is that the ABP was designed to bring together under one umbrella trust fund several ongoing, largely uncoordinated, trust fund requests to DFAT from different Bank project and sector teams. The allocation reflects a bottom up aggregation of initiatives rather than a consciously thought-through, top-down, strategic view of the ABP and its fit within the broader Bank and DFAT programs in Vietnam. Nonetheless, the allocation is consistent with the emphasis on infrastructure in the operational portfolios of the Bank and DFAT in Vietnam.

<sup>3</sup> The World Bank's strategy is available at: <http://www.worldbank.org/en/country/vietnam/overview#2>

<sup>4</sup> See AusAID, 2010. "*Australia's strategic approach to aid in Vietnam, 2010-2015*", p. 8. Australia's revised aid strategy, "*Australian aid: promoting prosperity, reducing poverty, enhancing stability*", and its accompanying document, "*Making performance count: enhancing the accountability of Australian aid*", were issued only in June 2014. These two documents were published too late to influence DFAT's objectives for the ABP, but they should inform DFAT's efforts for the remaining two-year period of ABP's implementation, and the design of any follow-up program, if there is one (see the last section of this document on lessons and recommendations).

- The design of ABP and its strategic fit for DFAT and the World Bank could have also been driven by the confluence of two emerging trends at the time: a sharply expanding supply of Australian aid in Vietnam that needed to be effectively allocated and disbursed; and sharply increased demand for grant financing by the World Bank's project and program teams in Vietnam for a burgeoning set of analytical, capacity building, and technical assistance opportunities in a rapidly growing economy.<sup>5</sup> The ABP provided a convenient vehicle to meet both needs.
- Perhaps most importantly, DFAT's contribution to the Bank's operational budget in Vietnam is significant. ABP funding for Bank-executed activities averaging roughly AUD3 million a year represents a quarter of the Bank's total annual budget in Vietnam and roughly three-quarters of its variable cost budget. Without the ABP, the Bank's operational capacity in Vietnam would be heavily curtailed. Australia's contribution to the Bank's work in Vietnam will gain greater significance next year onward when DFID withdraws from the country and DFID-funded World Bank activities wind down.

b. *The results framework*

- It is commendable that the ABP has a results framework with outcomes articulated for each of its three windows. This reflected serious intent at the outset of the ABP to have benchmarks against which progress could be monitored. But the rapidity with which the ABP was conceived and established, and the somewhat eclectic composition of its activities, affected some of the results framework's outcomes and outcome indicators. For example:
  - The very first ABP outcome is "improved government's capacity in project management"<sup>6</sup> and its corresponding outcome indicator is "[the category] 'project management' rated Satisfactory in no less than 75% of ISRs for AusAID-cofinanced projects".<sup>7</sup> Yet virtually all the activities financed under ABP are not designed to support project management – let alone project management in AusAID-cofinanced projects.
  - The third ABP outcome indicator — "Steering Committee meetings held as scheduled" — speaks to the objective of better coordination between DFAT and the World Bank. Yet the indicator has some drawbacks. First, this is a process, not an outcome indicator. Second, there was no pre-agreed schedule, so the indicator requires the steering committee to meet *whenever* meetings were scheduled -- a low bar for DFAT-World Bank cooperation. The steering committee has met four times so far, thrice in 2012 alone (twice at the inception of the program and once at the end of the year), and once in 2013. The meeting appears to be settling into an annual event, although (for reasons given in the last section on lessons and recommendations) there is a case for the Steering Committee to meet more frequently.
  - The fourth outcome indicator states: "PCN reviews and project supervisions are jointly organized". Unfortunately, there is no mention of the minimum proportion of jointly organized reviews and supervisions that would be acceptable.
  - For the sectoral windows (SD, PREM, and FPD), the concept note included just outcomes, not outcome indicators. In the second annual progress report on December 12, 2013, however, an annex with the results framework included outcome indicators corresponding to each sector outcome—but no explanation appears in either the progress report or the

<sup>5</sup> Since the early 1990s, Vietnam's growth rate has been second only to China's.

<sup>6</sup> See annex 3 of the concept note; also annex 2 of ABP's second annual progress report, December 12, 2013.

<sup>7</sup> Op. cit.

minutes of the Fourth Steering Committee Meeting as to how these outcome indicators were chosen and whether they were approved by both managements.<sup>8</sup>

- The concept note has two proposed outcomes for the PREM window, each with its own indicator. The first outcome is “better understanding of policy impacts on competitiveness and impacts of types of reforms”. The corresponding outcome indicator states: “amendment of CIT and VAT Law.” While the indicator is certainly clear and monitorable, it has two weaknesses: there is some disconnect between the proposed outcome and the corresponding outcome indicator,<sup>9</sup> but more seriously, the CIT law and the VAT law had already been amended and approved by the National Assembly 6 months before the indicator was proposed.<sup>10</sup>
- The second outcome in the PREM window refers to analytical work in public financial management supporting government policymakers and providing the analytical base to support Bank lending. The corresponding indicator is: “Revised Budget Law to align Vietnam PFM practices more closely to international best practices.” Here, the outcome and the outcome indicator are closely aligned, the outcome indicator is monitorable and clear, and perhaps most importantly, the outcome indicator refers to an important, substantive, and ambitious outcome—the revision of the Budget Law—which remains under discussion in government.
- The results framework for the FPD window contained in the concept note includes three proposed outcomes that are central to the development of a stable and efficient financial sector in Vietnam.<sup>11</sup> But unlike the other sectoral windows, the revised results framework does not mention corresponding outcome indicators. Again, ABP documents give no reason for this omission, but this is of little consequence since the ABP so did not approve any activities under the FPD window until only very recently – an issue that is taken up in the next section.
- In summary, the ABP should be commended for including a results framework at the inception of the partnership. Nevertheless, the results framework could have benefited from more thought and attention by the Steering Committee and should, in the future, be referred to when evaluating implementation progress under the partnership. For the future, however, the partnership may wish to *begin* with the results indicators in the various areas of engagement and use them as a reference to select activities that should help bring about those ends (see the last section on lessons and recommendations).

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<sup>8</sup> In the minutes for the fourth steering committee meeting, the section on follow-up actions says “The Bank will send DFAT the revised Annual Progress Report, together with the list of milestones and the revised results framework.” But there is no indication of whether the revised results framework was discussed and agreed by both institutions – and the reasons underpinning the choice of indicators.

<sup>9</sup> True, it's difficult to find an indicator that reflects “better understanding of policy impacts on competitiveness and impacts of types of reforms”, but it's also difficult to defend the view that passage of a revised VAT and CIT law appropriately reflects that better understanding. This consultant did not come across any analysis on Vietnam connecting the VAT and CIT laws on the one hand and increased international competitiveness on the other.

<sup>10</sup> The revised CIT (Corporate Income Tax) Law and the revised VAT (Value Added Tax) Law were approved by the National Assembly on June 19<sup>th</sup>, 2013, while the revised results framework was issued on December 12, 2013. For details on the revised CIT and VAT law, see: [https://www.pwc.com/vn/en/publications/2013/pwc\\_vietnam\\_newsbrief\\_new\\_cit\\_and\\_vat\\_laws\\_en.pdf](https://www.pwc.com/vn/en/publications/2013/pwc_vietnam_newsbrief_new_cit_and_vat_laws_en.pdf).

<sup>11</sup> The three proposed outcomes in the FPD window are: (a) capacity of country to assess risks and vulnerabilities particularly in the banking sector enhanced; (b) mechanism and process in place to address problems in financial sector enhanced; and (c) regulatory and supervisory procedures and practices closer to international practices.

c. *Implementation progress*

- Thirty-one activities have been approved so far under the ABP. Another three management-related functions have child trust funds (see the list in **Table 2**: “Allocation and disbursement of trust funds”).
- Seven of the 31 activities are RETFs (recipient executed trust funds) and comprise 70% of the total programmed funds available for child trust funds (CTFs); the remaining 24 Bank executed trust fund (BETF) activities account for 23% of programmed CTF resources. The remaining 7% is allocated for management and administration costs.
- Four of the 31 approved CTFs, accounting for less than 1% of total CTFs, have been completed and their trust fund accounts have been closed.
- Five of the 31 CTFs were approved recently and haven’t started to disburse.
- Resources from 5 CTFs have been “clawed back” (see **Table 3**) – that is, their allocations have been reduced – for several reasons: slow progress, weak performance, completion of the activity, and adequate funds in the corresponding RETF.
- In addition to the 31 approved CTFs, there was a further call for proposals as a result of which a further 18 potential activities have been shortlisted for possible CTFs (see **Table 4**: “Shortlist of proposals”). If these are approved, then there would be a total of 49 activities approved under the ABP – and this would virtually exhaust the available funds under the program (including the amounts “clawed back”).
- The 31 activities have been subdivided according to four themes: “Macro and fiscal management” (4); “Transport & PPP” (14); “Social, urban, rural and water” (SURW) (7); “Energy” (4); and “Climate Change and Green Growth” (2).
  - “Transport and PPP” accounts for 14 of the 31 activities and 50% of ABP’s total allocated funds – which is consistent with DFAT’s emphasis on “economic integration” and the Bank’s emphasis on “strengthening competitiveness”. But over half (55%) of the allocation for “Transport and PPP” is actually to co-finance one World Bank project (Mekong Delta Transport Infrastructure and Development Project – MDTIDP).
  - Similarly, “SURW” accounts for 20% of the total allocation, although one RETF (P4R-RWSS) accounts for almost 80% of that.
  - “Macro-fiscal” accounts for slightly over 4% of the allocation (management and administration gets nearly double that!). It has a total of four activities – two of which have yet to start.
- Perhaps most disappointing of all is the absence of any ABP activity in the financial sector – a sector plagued by serious structural, governance, and capacity problems. Indeed, the FPD window was allocated AUD2,500,000, and until the latest shortlist of proposed activities, there wasn’t a single request from the previous FPD network in the Bank or the current Finance and Markets (F&M) global practice.
- The absence of ABP activity on the financial sector was not for lack of demand from the government. In fact, following the completion of the joint Bank-Fund FSAP, the Bank received a request from the Director-General of the Banking Supervisory Agency of the State Bank of Vietnam, seeking technical assistance on eight important challenges faced in the financial sector.<sup>12</sup>

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<sup>12</sup> The letter, dated March 10, 2014, was to the Bank’s Vietnam Country Director and requested assistance for: corporate governance; cross-ownership; regulations on transparency and information disclosure; skill development for staff of the Vietnam Asset Management Company (VAMC); capital requirements under Basel II; a tailor-made crisis-resolution simulation program; financial projection modeling; and review and develop tools and indicators for banking supervision.

- These resources would have been potentially very useful to F&M, which found itself short of funds to complete its work program in FY2014 and had to “borrow” part of PREM’s internal budget allocation. F&M has now made one request in response to the latest call for proposals; the proposed activity is to study ways to improve women’s access to finance in Vietnam, but the amount is for AUD250,000; F&M apparently hopes to cover the rest of its funding shortfall by accessing FIRST funds as well as a Korean global trust fund, neither of which is certain.<sup>13</sup>
- Staff of the erstwhile FPD (today’s F&M) had their reasons for ignoring the resources available in the ABP. F&M wanted a full time Bank staff member in the Vietnam office, but were turned down because new positions in the field were disallowed and a cap on the share of ABP funds available to finance Bank staff (20%) was capped. In addition, notwithstanding SBV’s TA request, F&M could not agree on a concrete TA program with SBV’s working level departments, which made them reluctant to pursue an application for ABP funds.
- At the same time, however, F&M remained strategically engaged in assisting SBV. Indeed, the F&M engagement note for Vietnam reveals a significant work program and a broad engagement with the SBV. F&M had prepared a list of planned activities for the broader financial sector (capital markets, financial inclusion, consumer protection, and so on) under ABP for FY13-16 amounting to AUD1,500,000.<sup>14</sup>
- Moreover, F&M had prepared two GFR drafts but didn’t submit them suggesting that it did initiate the process for accessing ABP resources but failed to follow through. Despite periodic requests from the Bank’s management in the Vietnam country office, F&M management at World Bank headquarters in Washington didn’t respond. Interestingly, a significant portion of the Vietnam F&M program is financed through trust funds (SECO, MPDF, FIRST, and PHRD), so lack of familiarity with trust fund systems and practices could not have been a reason for inaction.
- Overall, the list of approved CTFs contain activities that are somewhat thin on gender- and environment-related activities, but this could be rectified if the Steering Committee approves the activities the latest shortlist of 18 proposals – which contain three standalone gender activities.
- As far as disbursements are concerned, progress is reasonable for this stage in the implementation of the program.
  - The disbursement rate for the programmed CTFs is 27%; for the program as a whole, its 29%. This may seem low for a program that is halfway through implementation, but trust funds usually take up to a year to install administrative and governance arrangements, call for proposals, approve activities, and contract Bank teams and external consultants. Indeed, a comparison with other Australian single-country trust funds at a similar stage of implementation (two and half years) shows the ABP is among the faster disbursing.
  - Nevertheless, once the final list of activities is approved, the focus of the steering committee should shift to implementation and impact. In this regard, the Steering Committee should consider the following actions seriously:
    - ❖ Particular attention should be paid to accelerating implementation in the RETFs which account for the bulk of the allocated funds and some of which have low disbursement

<sup>13</sup> FIRST funds are likely to be small in any case; and the Korean global trust fund is yet to get off the ground. (The FIRST initiative supports low- and middle-income countries in their efforts to strengthen financial sectors and ultimately achieve greater economic development and poverty alleviation. See: <https://www.firstinitiative.org>)

<sup>14</sup> The \$1.5 million activity is identified in the Finance and Markets Global Practice Draft Engagement Note dated April 2, 2014. The activities to be financed under this allocation included: crisis preparedness, capital market development, banking supervision, financial sector restructuring, payment systems enhancements, financial inclusion, and consumer protection.

- rates. (The average disbursement rate for RETFs is 23 percent; for BETFs its 40 percent).
- ❖ BETF TTLs should be asked to submit realistic plans to the Steering Committee on how they wish to use their remaining funds.
  - ❖ Implementation progress for large BETF activities (AUD500,000 and above) and those with slower-than-planned disbursement should be reviewed once a quarter, and overall progress should be reviewed at least semi-annually.
  - ❖ Decisions to claw-back should be tougher on activities that are delayed or are progressing slowly – and such decisions need to be made soon, given there are only two years left before the program is scheduled to end.
  - ❖ Disbursements should not be pursued for their own sake and should not sacrifice the ABP's strategic objectives.
- Progress in EMCC AAA CTF
- The objectives of the ABP-funded EMCC (Economic management and competitiveness credit) AAA CTF were to provide analytical support and technical assistance to help government meet the triggers supported by the EMCC and inform the policy dialogue on the next generation of reforms under the next EMCC.<sup>15</sup>
  - The list of actual outputs produced under this CTF compares very favorably to the list of proposed outputs in the GFR (**Table 5**). This performance by the World Bank team is all the more impressive because the trust fund account shows a disbursement rate of only 67%; in other words, a third of the funding allocated to this activity still remains unused.
  - Furthermore, policy notes prepared by World Bank staff, as well as the powerpoints and papers presented at workshops, by ABP-financed consultants produced under this CTF are of good quality. They were all targeted specifically at Vietnam's current macro policy concerns and therefore should have been very relevant to Vietnamese counterparts.
  - Some of the activities appear to have had a direct effect on pending legislation (**Table 6**). These include:
    - ❖ For example, completion of Decree No. 61 on state enterprise information disclosure may have incorporated many of the recommendations that emerged from workshops, papers, and presentations. A government counterpart described state enterprise information disclosure as “a practice that may not have been new in OECD countries but was a revolution in Vietnam”. It will give the government a powerful instrument with which to improve the efficiency of state enterprises, make them compete on a level playing field with the private sector, and eventually prepare those in contestable markets for privatization. Further technical assistance under the program is helping government with implementation of the law.
    - ❖ ABP-financed TA has also had a significant effect on the draft Law on State Capital Investment and Management in Enterprises which is scheduled to be approved by the National Assembly on November 26, 2014. Some of the features in the revised law include the separation of ownership, management, and regulatory functions, and a hybrid arrangement for state enterprise asset management that reflects political realities in

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<sup>15</sup> The EMCC development policy operations are the successor to the long-running Vietnam PRSC (Poverty reduction support credit) series. They were designed to be a programmatic series of three policy-based loans. EMCC-1 went to the Bank's board in March 2013 and EMCC-2 went to the board in June 2014. Unlike the PRSC's broad-based approach, the EMCC is focused narrowly on core economic management issues including: fiscal and financial reforms; public administration; state enterprise management; public investment management; and the business environment.



Vietnam (the arrangement centralizes state asset management responsibilities in one agency although implementation will still occur through sectoral ministries).

- ❖ Revisions to the CIT and VAT laws reflected much of the work done under CTF which was a key vehicle for the Ministry of Finance to obtain technical assistance from high-quality consultants and learn from global experience.
- ❖ The revision of the procurement law similarly adopted many (but not all) of the recommendations that emerged from ABP-financed workshops, papers, and TA – and ABP-financed TA is helping government implement the revised law.
- This activity has already met its GFR outcome indicator of informing at least five prior actions contained in the EMCC-2 Development Policy Loan.
- Progress in PPFR CTF
  - ABP-financed programmatic public finance reform (PPFR) TA and analytical work is meant to help government in designing and implementing public finance management (PFM) reforms, including those supported through the Bank's development policy operations.
  - The actual outputs produced under this CTF again compare favorably when juxtaposed against the proposed list in the GFR (**Table 7**). Much of the technical assistance and many of the papers and workshops covered the unglamorous but necessary plumbing of good financial management – budget classification, fiscal transparency, carry overs, and fiscal decentralization (**Table 8**).
  - The technical assistance on debt management was notable for the conference on debt management during the global crisis and training on debt sustainability analysis.
  - Perhaps the most noteworthy accomplishment has been the completion of the fiscal decentralization review – a substantial piece of work that will be of relevance to policymakers for many years. Every effort should be made to disseminate this report and extract a high return from the capital (human and financial) that has been invested in it.
  - These outputs have been all the more noteworthy given that regular access to reliable fiscal data is a major constraint for analytical work. The Bank's PFM team has built databases of publicly available data (general government and sub-national), which has proved useful inside the Bank and in government.
  - As remarkable, only 40 percent of the allocated funds for this CTF have been disbursed, leaving considerable scope for additional analytical work and technical assistance. The focus in the remaining two years will be completion of the public expenditure review – an ambitious study covering trends and issues with fiscal aggregates, and a detailed public expenditure analysis in five sectors.
  - The outcome indicator is that the activities under this CTF inform priority PFM reforms as reflected in follow up work, changes to legislation, or adoption of new policies. Virtually all of the policy recommendations in this body of work are for revisions to the State Budget Law (currently under discussion). When it is issued, the revised Budget Law will contain the evidence of whether it has had an impact on policy or not. Taken together, the ABP-financed PFM work recommends at least 15 changes to the law;<sup>16</sup> if even a third of these are introduced, this particular activity should be considered satisfactory.

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<sup>16</sup> The 15 areas recommended for revisions in the State Budget Law are: a medium term fiscal framework for the consideration of the National Assembly, application of GFS to calculate the budget balance, statement of fiscal risks and risk management strategies, disclosure of the budget proposal sent by the Executive to the National Assembly, communication of the state budget to the public, audited budget accounts within 9 months of the end of the fiscal year, GFS-based budget classification, report status of extra-budgetary funds in the budget statement, income from fees and charges to be reported in gross terms, add provision for net transfers to SOEs, specify exclusive budgetary responsibilities of central authorities, share CIT and VAT with provinces according to agreed



- Government counterparts working with donors on public finance reform consider the World Bank-DFAT coordination as “invaluable” and want it to continue. They feel the analytical and technical assistance they received from ABP-funded activities has resulted in deepening reforms and making them more meaningful.<sup>17</sup>
- While the Bank’s PFM work under the ABP has been noteworthy from the government’s perspective (even if its policy impact is not certain), it has not been a central focus for DFAT, in part because the work does not resonate well with its priorities (economic integration and environmental protection). This perhaps explains why DFAT’s participation in this activity has been less than it has been in others (see the section below on program management).
- Progress in State Asset Management Law Revision CTF
  - A GFR for the CTF on state asset management law revision was approved on June 4, 2014, but work has not yet begun.
  - The activity was designed in response to a Ministry of Finance request for assistance in revising the State Asset Management Law of 2008. The law governs the management of *physical* assets of government, and is currently restricted to ministries providing basic public services (mainly health and education) and to buildings and vehicles. The Ministry of Finance wants to extend the law’s application to the entire government and to all physical assets, including infrastructure. The revisions to the law will provide for an asset registry that could then be incorporated into a government balance sheet. It will also allow the government to sell or lease its assets to the private sector as a means to improve public revenues or rationalize its physical asset portfolio.
- Progress in Institutional Reform CTF
  - This CTF was approved this month (October 2014) so work on this has also not yet begun.
  - The GFR states that the proposed work aims to reduce administrative and excessive interventions of the state and create a fair competitive business environment. The activity responds to a request from the Ministry of Planning and Investment for analytical support as it begins to design the institutional underpinnings for the next SEDP (2016-2020). The proposed outputs will include studies on: policy rents and SOE performance; efficiency of state subsidies for health care; and impact of state ownership on bank lending practices.
  - The CTF encompasses a broad range of analytical work and it is important to ensure its wide-ranging and ambitious scope does not lead to loss of focus or lack of depth. The sectoral basis of the studies lends considerable promise, but this will require strong coordination between MFM and other global practices within the Bank (for example, health and finance).
  - Finally, DFAT – outside the ABP – is deeply involved in developing a business-friendly environment for private business, so it should also be invited as a close partner in implementing this CTF.

d. *Economic policy reforms and the ABP*

- Given the short duration in which this MTR was undertaken, it was not possible to conduct an exhaustive review of the economic analysis contained in ABP-financed activities. Nor was there any intention to second-guess the depth and range of expertise in DFAT and the World

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formula, adopt qualitative debt management rules for provinces based on debt sustainability analysis, issue supplementary budgets as necessary, place limits on carry-over provisions, legislative approval required for changing budgetary appropriations, use international concepts for classifications and definitions, and start the budgetary process earlier in the year.

<sup>17</sup> In this context, note that the lead donor agency in the public finance field is GIZ which has financial support from the EU.

Bank's global practice groups. The reader should therefore consider this section as reflections on broad economic themes that emerged during the course of the review.

- Vietnam's rapid growth since its inception of economic reforms in 1986 has been largely possible because of its embrace of markets, international trade, and foreign direct investment. Many of the low-hanging fruits from reforms have been harvested. Now that Vietnam is a middle income country, it is embarking on the next generation of reforms that involve fundamental shifts in the role of government itself — from being a direct participant in economic activity to being a regulator and facilitator, and shifting its emphasis to delivering public goods and services and offering equal opportunities to all strata of society. This profound transformation not only requires challenging the vested interests in the economic system that have been built over three decades, but also requires changing the way public institutions see their role and the way they function.
- By its very nature then, reforms at this stage of Vietnam's development are likely to be slower and more difficult than in previous decades. ABP — as an integral part of the assistance in Vietnam programs of DFAT and the World Bank — needs to recognize this, and the two institutions should have realistic expectation about the results emerging from the partnership. While the analytical, capacity building, and institutional reform work of the ABP may not yield immediate reforms, they contribute to changing mindsets and gradually help change the dynamic within the government. ABP should allow these dynamics to play out. External forces demanding greater international competitiveness on the one hand, and internal pressures for greater equality of opportunity on the other, will be pitted against the forces of privilege, inertia, political power, and patronage. Not only should the World Bank and DFAT understand these forces for change (and stagnation) in the political economy of Vietnam, they should also recognize that resolution of these forces will take time.
- A good example is state enterprise reforms. The proposed revisions to the Law on Use and Management of Capital in Enterprises has met with fierce resistance from state enterprises as well as sectoral ministries. The proposed revisions (still not finalized) reflect a compromise that may fall short of expectations but is nevertheless a significant advance in Vietnam's context. Similarly, revisions to the Law on Public Procurement met with strong opposition because it removed opportunities for rent seeking in government agencies.
- The ABP's efforts to promote PPP projects is another dimension of this challenge. PPP projects, by definition, impose contingent liabilities on government (such as guarantees for revenue or foreign exchange risk) and pose a risk to public finances. Understanding these risks, measuring them, managing them, and taking appropriate action to deal with them (including by using offsetting instruments) requires capable institutions, clear accountability, and well-established and understood dispute resolution systems acceptable to all stakeholders. PPPs are an important means to increase financing for public investments, especially infrastructure, and the ABP is right to focus substantial amounts for technical assistance for this purpose. At the same time, the partnership should not be disappointed with the results. Vietnamese government officials are right to be concerned with the risks that such projects bring in their wake to public finances and foreign exchange reserves and these concerns should be addressed in future technical assistance work. There are good reasons why PPP projects are not ubiquitous in the developing world — their institutional demands are high and there is little capacity to measure the contingent nature of the future demands they may place on public sector assets, let alone ensure there are systems in place to manage them.
- Similarly, the partnership could be more understanding of Vietnamese desires to focus on institutional development even when, in some cases, this may lead to some delays in project implementation. In the CTF supporting an impact evaluation study of the Central Highland

Poverty Reduction Project, for example, the task team was understandably disappointed that the Vietnamese authorities, sensitive about data handling by a foreign agency, decided to contract the surveys and reporting to private Vietnamese companies.<sup>18</sup> The Bank team rightly feel that this could lead to a final product that would fall short of the Bank's cutting-edge standards in this area. In such circumstances, however, Bank teams should not only respect Vietnamese sensitivities about data access, but also welcome Vietnamese initiatives to develop their own analytical capabilities and extend every effort to provide technical assistance as required. In the case of the Central Highways Poverty Reduction Project, the task team leader expects the Vietnamese companies to produce results of an acceptable standard, and has commendably decided to be as constructive and supportive as possible in an endeavor to bring the quality of the final analysis as close to the cutting-edge as possible.

- Finally, an observation on the economic rationale of the ABP and the seeming lack of a consistent framework and narrative binding its varying activities -- infrastructure, poverty reduction, and public finance management. Such a framework is essential for two reasons: it provides a crisp account of the rationale for the activities under the program which, in turn becomes an important common framework for all stakeholders; and second, it provides a useful yardstick to decide which activities belong in the partnership and informs their design and implementation.
- The 2009 World Development Report "Reshaping Economic Geography" happens to provide deep insights on how infrastructure, poverty reduction, and public finances -- the three key focus areas of the ABP -- can be brought together into a common powerful framework to promote economic growth with equality of opportunity. The essence of the work states that economic concentration is a powerful driver of growth which governments should support and harness, while spatially blind delivery of public services through judicious allocation of public resources (including through well-designed fiscal decentralization) can help promote equality of opportunity. In Vietnam's case, the implications would be for the location of transport infrastructure to increase density -- that is, capture agglomeration economies in important urban settings -- while reducing (economic) distance between each other and with the poor outlying regions in the country. This is a theme that is likely to be developed in the Vietnam 2035 report -- the preparation of which is financed under the ABP -- and it could then be refined for the purposes of selecting a framework for ABP's strategy going forward (see below).
- Whether the above framework is used or not, it is important that partnerships such as the ABP adopt a framework and a powerful narrative that describes the focus of the partnership and how it fits into Vietnam's broader development aspirations. That narrative then defines the ABP in the minds of the donors as well as the government and provides a common understanding of what it intends to achieve.

e. Sustainability of results

- There are several reasons why policy and institutional reforms promoted by the Vietnam ABP are likely to be sustained -- but most lie outside the ABP. The first reason is Vietnam itself. Although reforms in Vietnam may not proceed as rapidly as some outside observers would want, thanks in part to consensus-driven decision-making in government, once reforms are introduced, they tend to stick. Unlike in other countries, there are few, if any, examples of reform reversal in Vietnam. Second, the Vietnamese government is not dependent on foreign expertise for program implementation (indeed, the Ministry of Finance in Vietnam doesn't have

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<sup>18</sup> After a previous critical report on the Central Highlands by a UN agency, the authorities decided that while they valued the Bank's technical advice, they preferred to keep the data handling and reporting in Vietnamese hands.

a single long-term resident advisor). Thus there is little risk that the departure of foreign expertise could lead to a slowdown or collapse in reform implementation. Finally, so long as Vietnam's macroeconomic situation remains robust, the likelihood that external shocks could lead to policy reversals is minimized.

- Many of the policy impacts arising from activities financed by the macro and fiscal management CTF are the enactment of laws and regulations which, by definition, are difficult to undo. By the same token, however, laws by themselves do not constitute “results” – they have to be implemented and enforced, which is why capacity building and institutional development are important. ABP is valuable to Vietnam because it finances technical assistance, capacity building, and institutional development on grant terms, which *improves* implementation of laws and regulations, *reduces* budget and debt risks, and *increases* the likelihood that reforms and outcomes will be sustained.
- Finally, ABP – together with other instruments of financial and technical support – give momentum to reforms, an important ingredient in continued rapid growth and the sustainability of outcomes.

### 3. Assessment of Program Management

#### a. Organization structure and implications of organizational changes in DFAT and the World Bank

- The World Bank's reorganization into 14 global practices and 5 cross-cutting solutions areas now requires better coordination mechanisms and internal incentives to ensure task teams are multidisciplinary. So far, the Bank's pace of work in Vietnam does not appear to have been affected; Washington may appear internally focused, but the Vietnam office has not faltered in its stride.
- DFAT's absorption of AusAID also appears to have had little impact on the manpower and resources devoted to its Vietnam operations. In fact, Australia's new focus on Asia (requiring that 90 percent of Australian aid be devoted to Asia) could mean additional resources for the Vietnam program. At the same time, however, the technical back-up support in Canberra has been reorganized and connections between staff in the field and the network of DFAT technical experts working on Asia has been temporarily disrupted. It is important that these connections are rapidly restored and strengthened by connecting DFAT staff to the vast reservoir of development and Asia-specific expertise that exists in Australian universities and think-tanks. The World Bank's reorganization is driven by the necessity of finding requisite expertise quickly wherever it may be in the world, and it is important that DFAT also marshals its technical resources to provide the best possible support to its frontline troops. The next section explains why this is so important.

#### b. DFAT-World Bank coordination and cooperation

- DFAT-World Bank cooperation and relations are excellent at the Steering Committee level.
- At the working level, however, there is considerable room for improvement. Both sides are of the opinion that the ABP has some distance to go before it can be considered a genuine partnership.
- Several DFAT staff feel their World Bank counterparts treat them as if they were an “ATM”. World Bank staff want DFAT resources, but fail to keep DFAT staff informed, ask them for comments on complex issues just a day or two before review meetings, and often don't listen to them, let alone take their comments into account.
- Some DFAT staff feel “overwhelmed” by their interactions with the Bank, in part because they feel constantly behind the curve --- having to chase after their Bank contacts for documents

they should have received, and being surprised by new developments, products, and missions of which they were oblivious --- but also because in most cases they feel they can't match the Bank's expertise and staff strength.

- Much of the DFAT staff's sense of being overwhelmed stems from being driven by the Bank's staff and processes over which they have no control. The partnership, they argue, is supposed to reduce transactions cost but, in reality, transactions costs remain very high. The Bank expects quick, if not immediate, responses to their communications, as if DFAT staff are on standby and waiting to serve Bank staff. In reality, DFAT staff have their "day job" – managing DFAT's own projects and programs (which are substantial), coordinating with other development partners, and interacting with DFAT headquarters in Canberra. A rough estimate suggests that ABP occupies about a fifth of their overall responsibilities, but weighs heavily on their time and is a significant source of stress.
- Some DFAT staff noted that World Bank staff often failed to attend important government- or donor-led aid coordination meetings in sectors where the Bank was not in the lead.<sup>19</sup> This gave the impression that the Bank was unprepared to be a genuine development partner and considered itself "above" other donor institutions. On occasion, the behavior of Bank staff toward government officials had been known to affect donor-government relations negatively.<sup>20</sup>
- Several DFAT staff said they did not understand the Bank's internal structure and processes. And that was *before* the recent organization, which some (in and outside the Bank) feel may complicate internal processes further. Many have to deal with Bank staff in Washington and find that the institutional, cultural, and geographical distance significantly raises communications costs and reduces efficiency.
- Even so, most DFAT staff respect the Bank's expertise (tellingly, however, a few don't), access, and convening power. They recognize that the partnership can yield significant synergies if it works well. They consider the Bank a better development partner than most (but they don't consider it the best).
- World Bank staff, on the other hand, seemed unaware of their DFAT counterparts' frustrations, which had not been communicated to them. Bank staff working on ABP activities say they value and appreciate DFAT's financial support. They feel the additional funding allows them to deepen their analysis and understanding of development issues in Vietnam and helps serve their clients better. Some also value DFAT's expertise, but they are in a minority. Most feel they get little of substantive value from their DFAT counterparts in review meetings, and some complained their DFAT counterparts often didn't turn up for these meetings.
- Finally, there have been instances in recent months when senior World Bank officials (Vice Presidents and above) visiting Hanoi have failed to notify the Australian ambassador, let alone scheduled a meeting with him. Given Australia's large contribution to the Bank's work in Vietnam, such oversights don't help strengthen the partnership. In future, visiting World Bank senior officials must seek an appointment with the Australian ambassador, and in cases where, despite best efforts, their schedules make it impossible to do so, the resident mission could explain the circumstances to the ambassador. This should become standard operating procedure.
- Clearly, while the strategic partnership appears to be healthy, there is significant work ahead to improve the working relations between the two institutions. Here are some priority actions that need immediate attention:

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<sup>19</sup> Indeed, a glaring example of this occurred while the MTR mission was in the field.

<sup>20</sup> This was probed further in interviews with government officials who agreed that this had occasionally been the case, but emphasized that these were exceptions, and that in most cases the Bank staff's relations with the government were respectful, constructive, and very healthy.

- Organize a retreat of Bank and DFAT staff involved in the ABP (from Hanoi and headquarters) to discuss, among other things: (a) the Bank's internal structure, processes, and unit responsibilities; (b) DFAT's internal structure and processes; (c) DFAT's strategic interests in the ABP and what it hopes to achieve from ABP financing; (d) what each side expects from the other – and what, realistically, each side can give the other; (e) minimum standards for communications (what information should be exchanged, when, and how); and (f) channels to convey immediate feedback on how the partnership is working.
- Establish a website with password-only access for ABP staff from both institutions that provides real-time information on CTF activity (milestones, disbursements, mission plans, completed documents, document drafts, guidelines, procurement procedures, communications standards, and so on). Both institutions should have access to the same information. The current information asymmetry is a key cause for the disquiet among DFAT staff. Of course, such a website will only be as useful as the information it contains, so World Bank and DFAT staff need to have the incentive to keep the website up-to-date.
- Consider secondments of DFAT staff to the World Bank and vice-versa for short periods to encourage cross-fertilization of ideas and familiarization of processes and personalities.
- World Bank missions should brief – and de-brief -- DFAT prior to their start-up and wrap-up meetings with government and should genuinely seek and reflect DFAT views and contributions. If all missions did this, then DFAT would be overwhelmed; therefore, only those missions on tasks considered high-priority by DFAT (in advance) should be subject to this discipline (see next point).
- For its part, DFAT may wish to review how its own internal structure, communications, and work priorities could best serve its strategic objectives while making ABP-related work manageable. For example, DFAT's 23 staff cannot be expected to match the hundreds in the World Bank whose contributions feed into the Vietnam program, let alone hundreds more who provide research and policy support. In addition, DFAT should work hard to restore technical support from Australia's network of experts in Canberra and the region, without which DFAT staff cannot be expected to make technical judgments (even on issues considered within DFAT's comparative advantage).
- A realistic approach for the DFAT Hanoi office would be to set priorities among the variety of ABP tasks and follow them in a disciplined fashion. Clearly the overriding priority for DFAT staff is to ensure that ABP-funded activities serve Vietnam's development priorities and Australia's strategic interests while also offering value-for-money to the Australian taxpayer. In addition, DFAT staff should be encouraged by their thematic coordinators to prioritize their time on ABP work by agreeing up-front which areas they choose to leave entirely to the World Bank (apart from being informed on progress), which activities they wish to monitor intensively or from which they wish to learn new skills and acquire new knowledge, and which activities they wish to participate in substantively, based on their expertise and comparative advantage. (In areas on which it wishes to engage substantively, DFAT staff can contribute by bringing an outside perspective and by challenging World Bank orthodoxy.) The boundaries between these three sets of activities are likely to differ from staff to staff and from theme to theme.
- Senior World Bank officials visiting Hanoi should make it a point to meet the Australian ambassador.

c. Visibility and branding.

- DFAT is concerned that the World Bank’s overwhelming presence in most economic engagement areas with the government may have eclipsed DFAT’s visibility and brand. This is a valid concern and one that needs to be taken seriously. Many consider DFAT as having to choose between seeking standalone DFAT-financed projects and programs where DFAT acquires high visibility by being recognized as the sole interlocutor with the government—and partnering with the most effective development partners in Vietnam and adopting a somewhat lower profile but over a wider range of issues. This is a false trade-off. In Vietnam today, on any single development issue, the field is crowded with multilateral, bilateral, non-governmental, and civil society organizations and agencies jostling for the government’s attention. Even when international development agencies finance standalone projects and programs, they usually operate in parallel with others. The agencies or organizations with a positive image in the country are not the ones operating alone but those that take the trouble to acquire a deep understanding of the challenges facing the country, offer supportive, collaborative, tailor-made solutions suited to Vietnam’s unique circumstances, and work in ways that minimize the administrative burden on government. DFAT has such a reputation, along with DFID and GIZ. These aid agencies stand above the rest in terms of visibility *because* they work with others and don’t constantly seek the limelight.
- In other words, DFAT obtains its visibility and has acquired a unique “brand” because it seeks partnership, not leadership. Government officials – as well as development partners – who spoke to this mission were not only aware of DFAT’s role in the ABP but were highly appreciative of its constructive presence and its willingness to finance World Bank activities in the interest of the client and for development effectiveness. Moreover, DFAT’s visibility and brand is set to gain prominence with DFID’s departure – leaving DFAT as the only large bilateral aid program in Vietnam. It is important that DFAT seize this opportunity to position itself as the *prima inter pares* among bilateral donors supporting Vietnam and do this by building stronger collaborative approaches with other development partners, including the World Bank.
- DFAT is, however, right to insist that its role be formally recognized in ABP-financed activities and outputs – be they workshops, documents, press releases, meetings, and so on. And the Bank and DFAT have been doing a creditable job on this front. One way to further enhance DFAT’s visibility is to have an arrangement with the World Bank that all ABP-financed workshops, seminars, conferences and meetings don’t just have an acknowledgement of DFAT financing, but that as many as possible are opened by the Ambassador or the development Cooperation Counselor who would then have an opportunity to publicize Australia’s support for Vietnam’s development through the ABP and DFAT’s contributions to the program. This would undoubtedly impose a toll on the precious time of these senior embassy officials, but if done diligently, it would yield high returns over time. Similarly, while all documents emerging from ABP-financed studies and workshops should have DFAT’s logo (and all the ones examined for this review did), it may also be useful to have a single sentence description of the ABP and its objectives.

d. ABP’s governance arrangements

- This section examines selective dimensions of the governance arrangements for the ABP:
  - Apart from government departments and agencies being clients for the CTFs, there is little evidence of the government being involved in the design and allocation of ABP funds. This is as it should be because the ABP is a partnership between DFAT and the World Bank and is a relationship exclusively between the two institutions. The two organizations have occasion to separately discuss their assistance strategies and corresponding work

programs with government, and presumably ABP-funded activities are included in these discussions.

- Apart from the initial couple of meetings at the inception of the program in early 2012, the Steering Committee has settled into a rhythm of meeting annually. Minutes of the meeting are recorded and an annual progress report is issued at the same time. Apart from the DFAT Counselor, the World Bank Country Director, and the ABP Program Manager, other attendees are invited on an ad hoc basis. In future, it is recommended that the Bank's three program leaders are also made "ex-officio" members of the Steering Committee.
- The minutes of the Steering Committee show that systemic and transactions issues were discussed regularly and constructively.
- ABP's program manager is highly experienced in trust fund management, and the administration of the trust fund has been to a high standard. The process of calling for and selecting new proposals has been clear, approved GFRs and peer-reviewed concept notes are required before trust fund activity can begin, GRMs have been regularly prepared chronicling progress up to end-June each year, and excess funding has been pro-actively clawed back and reallocated to new activities.
- Quality control arrangements are in place from concept note to final output for analytical and standalone technical assistance.
  - The ABP has a well-oiled procedure of peer-reviewed concept notes for each CTF as a prerequisite for approval. Larger outputs – such as reports and technical assistance programs – are also subject to the same quality control procedures as typical World Bank AAA activities. RETFs above \$1 million require the same review procedures as a regular World Bank project, which in some cases can take a very long time (the P4R Rural Water Supply and Sanitation RETF is a good example).
  - In some CTFs, such as the EMCC AAA and the PPFR, the value of outputs depend on their timeliness; a good example are policy notes, which are often written at the request of the government on an urgent policy issue. As a result, in occasional cases, there may not be time to apply standard review procedures; in such cases, the drafts are sent to the country team and outside experts for comments, revised in line with these comments, and then approved by the resident lead economist before being finalized and submitted to government. A review of these documents shows their quality to be similar to the quality of other, more standard, outputs. In the Bank's new structure, all such "just-in-time" notes submitted to government should be approved by the practice manager.
  - Quality control procedures for technical assistance rendered under the umbrella of projects are less clear. This is not an implementation issue for ABP *per se* because, apart from the Mekong Delta Transport Infrastructure Development Project (MDTIDP), the ABP does not provide project finance. But it does have implications for the consistency of messages supplied by Bank staff through the ABP and through parallel project-financed studies and technical assistance. Practice managers will need to be particularly alert to this issue.
  - Four World Bank thematic "coordinators" based in Hanoi help coordinate CTF-related activities. They cover macro-fiscal management, energy, transport and PPP, and SURW (social, urban, rural, and water). They keep track of the BETFs and RETFs in their respective areas and liaise with the ABP program manager as required on implementation issues. The four thematic coordinators should meet with their counterparts in DFAT periodically – perhaps once in six weeks -- to identify problems in information flows and coordination between the two institutions at the level of the CTF.



- The TTLs (task team leaders) are responsible for designing and implementing the tasks identified under the CTF. They are the frontline of the ABP and are responsible for consulting and working with their government counterparts, ensuring coordination with key development partners, especially DFAT, conceptualizing and designing activities, hiring consultants, preparing written outputs, organizing workshops, delivering technical assistance, consulting stakeholders, and filing monitoring reports.
- Monitoring and Evaluation
  - Monitoring is done at three level: the TTL keeps track of progress on the CTF and prepares an annual grant monitoring report (GMR); the ABP program manager prepares an annual progress report – and other ad hoc reports at the request of the country director; and the Steering Committee monitors progress annually and resolves implementation problems.
  - The annual progress report presents a good opportunity to not only report on implementation progress but also take a strategic perspective on the impact of the program, the need for mid-course corrections, and changes in management or governance arrangements. This mid-term review could substitute for the 2014 progress report, but the 2015 progress report should reflect on how MTR-recommended adjustments to the ABP are progressing and whether further course corrections are needed.
- Fiduciary arrangements and financial management
  - This will be covered in the report of the main consultant.
- Risk management
  - This will be covered in detail in the report of the main consultant. Every GFR contains a risk management section that is duly filled. In the EMCC AAA and PPFR CTFs, the TTL has followed through on mitigation actions (early engagement and regular dialogue with government counterparts, focused work plan, close liaison with the IMF, and focused generation of databases needed for fiscal analysis).

#### **4. Lessons learned and future directions**

##### *a. Key lessons*

- The ABP is proving to be an important vehicle for deepening and broadening the analytical foundations of reforms in Vietnam. This is particularly true of the macro-fiscal CTFs, but it applies to other areas too. The ABP has also helped finance capacity building, piloting reforms, institutional development, training, and exposing Vietnamese policymakers to international experience.
- ABP-financed activities have become critical to the success of the Bank's extensive AAA and lending program in Vietnam. The ABP contributes a substantial portion of the World Bank's variable cost budget in Vietnam. Without the ABP, the design, preparation, and implementation of the Bank's overall assistance program could be weakened – perhaps irreparably. This is all the more so given the winding down of DFID's Vietnam program.
- The ABP can be associated with several important policy reforms in economic management and public finance reforms. Some could be considered breakthroughs in previously intractable areas, such as SOE reforms contained in revisions to the Law on Management of Capital and Assets of Enterprises (especially in corporate governance and transparency), revisions to the Public Procurement Law, and revisions in the Budget Law (which are still under discussion). Government officials contacted during this mission have stated their appreciation for the workshops, technical assistance, training, and analytical work financed by the ABP.

- ABP-funded activities tend to make more progress and have greater impact where Bank-government relations are already strong. The ABP allows the Bank to deepen and broaden its analytical and technical work in these areas and respond quickly to government requests for advice on key policy and implementation issues.
- While much can be done to improve DFAT-World Bank working level relations, DFAT has benefited from leveraging the World Bank's expertise, lending program, and convening power. Its Vietnam assistance strategy has been given greater visibility through its association with the World Bank.
- While implementation needs to accelerate, the ABP disbursement rate is ahead of most other Australia-World Bank trust funds at an equivalent stage in their implementation.
- The failure to generate any activities under the FPD window gives cause for concern and requires further investigation.
- More focused upstream consideration of desired outcomes and outcome indicators could have given the ABP greater strategic focus. While the ABP has shown considerable progress, the seeming eclectic composition of its activities make it hard to craft a compelling narrative about its progress and impact. Moreover, the broad description of proposed outcomes in the results framework, the occasional disconnect between the outcome indicators and the proposed outcomes, and the occasional lack of specificity in the outcome indicators themselves makes it hard to monitor progress and in deciding which new activities should be approved for ABP funding.
- Relations at the strategic level between DFAT and the World Bank have been excellent and have contributed significantly to relatively smooth progress in implementation. But as implementation has accelerated, frictions have inevitably arisen affecting relations at the working level and unless corrected immediately could interfere with seamless and synergistic cooperation between the two institutions.

*b. Future directions*

- For the remaining two-year period of this ABP:
  - The Steering Committee may wish to meet more frequently than once a year and take a more pro-active stance in pushing for greater synergies between DFAT and the World Bank, ensuring new activities are designed in accordance with the results framework, making TTLs accountable for accelerated implementation, and closely monitoring if progress is being made in achieving the grant outcome indicators.
  - In addition, the World Bank's Country Director could meet from time to time with the Australian Ambassador and the DFAT Counselor to exchange views on the progress of the ABP. In addition, senior World Bank officials visiting Hanoi should make it a point to meet the Australian ambassador.
  - The MTR could possibly substitute for this year's ABP annual progress report. But starting in 2015, the annual progress reports should take a strategic perspective on the impact of the program, the need for course corrections, and necessary changes in management or governance arrangements. It should also reflect on how MTR-recommended adjustments to the ABP are progressing and whether further course corrections are needed.
  - The focus on the remaining two years of implementation should be on CTF implementation and the impact of the activities they finance. Although disbursement rates are low, they are still above the disbursement rates of other similar trust funds at this halfway point in the program. Implementation normally tends to accelerate in the second half of the program period. Nevertheless, particular attention should be paid to the RETFs

which account for the bulk of the allocated funds and some of which have been progressing slowly.

- Similarly, with immediate effect, BETF TTLs responsible for ongoing CTFs should be asked to submit plans on how they propose to use the remainder of their ABP funds; these plans could then be reviewed by the Program Manager and the Steering Committee.
- Large BETF activities (AUD500,000 and above) and those with slower-than-planned implementation should be reviewed once a quarter and overall progress should be reviewed at least semi-annually.
- Claw-backs should be tougher on delayed or slow-disbursing activities – and should be implemented soon, given there are only two years left before the program is scheduled to end.
- The focus should be on maximizing the impact of the program, rather than on accelerating disbursements for its own sake.
- Close attention should be paid to the dynamics between the DFAT and World Bank teams responsible for the ABP. To improve better understanding of each others' organization, it is urgent that the ABP organizes a retreat of Bank and DFAT staff involved in the ABP (whether in Hanoi or at headquarters) to discuss, among other things: (a) the Bank's internal structure, processes, and unit responsibilities; (b) DFAT's internal structure and processes; (c) DFAT's strategic interests in the ABP and what it hopes to achieve from ABP financing; (d) what each side expects from the other – and what, realistically, each side can give the other; (e) minimum standards for communications (what information should be exchanged, when, and how); and (f) channels to convey immediate feedback on how the partnership is working. Indeed, this should have been done at the very outset of the ABP, but it is not too late to do it now.
- The ABP should also seriously consider establishing a website with password-only access for ABP staff from both institutions that provides real-time information on CTF activity (milestones, disbursements, mission plans, completed documents, document drafts, guidelines, procurement procedures, communications standards, and so on). Any changes in Bank records of milestones, disbursements, mission travel, upcoming meetings, and so on should be reflected *automatically* on the website. Communication should not rely on periodic updates from the Bank – no matter how regular and frequent. Both institutions should have access to the same information in real time at all times. The current information asymmetry is a key cause for the disquiet among DFAT staff. Of course, such a website will only be as useful as the information it contains, so World Bank and DFAT staff need to have the incentive to keep the website up-to-date. Both institutions may wish to include this as a key performance standard for the program.
- Both institutions in Hanoi may wish to consider secondments in both directions for short periods to encourage better understanding of systems and cultures and cross-fertilization of skills and knowledge.
- For topics considered strategic for DFAT (to be indicated in advance), Bank missions should brief – and de-brief -- DFAT *prior* to their start-up and *before* their wrap-up meetings with government and should genuinely seek and reflect DFAT views and contributions.
- The Bank's four thematic coordinators based in Hanoi should have regular (once every six weeks) trouble-shooting tele-conferences or face-to-face meetings with their DFAT counterparts to share information and jointly resolve emerging issues related to the implementation of the program.

- For its part, DFAT may wish to review how its own internal structure, communications, and work priorities could best serve its strategic objectives, but without making the ABP-related work of its DFAT staff overwhelming. For example, DFAT's 23 staff cannot be expected to match the hundreds in the World Bank whose contributions feed into the Vietnam program, let alone hundreds more who provide research and policy support. Moreover, Canberra may wish to strengthen its technical support arrangements so DFAT field staff can perform more effectively in areas in which Australia is deemed to possess a comparative advantage.
- A realistic approach for DFAT Hanoi would be to set priorities among various ABP activities and follow them in a disciplined fashion. Clearly the overriding priority is to ensure that ABP-funded activities serve Vietnam's development priorities and Australia's strategic interests while also offering value-for-money to the Australian taxpayer. In addition, DFAT staff should be encouraged by their thematic coordinators to prioritize their time on ABP work by agreeing up-front which areas they choose to leave entirely to the World Bank (apart from being informed on progress), which activities they wish to monitor intensively or from which they wish to learn new skills and development knowledge, and which activities they wish to participate in substantively, based on their expertise and comparative advantage. The boundaries between these activities are likely to be different from staff to staff and from theme to theme.
- Considerations for a second phase of the ABP
  - The ABP agreement expires end-2016. Careful consideration should be given to continuing this partnership for another five years (2017-2021). The partnership is proving effective, and with appropriate improvements in design and operational procedures, there is no reason why it shouldn't prove more effective in the future.
  - There are strong reasons for continuing this partnership. The partnership's leverage stems from its deep understanding of Vietnamese policies, institutions, and political economy and will only grow in coming years. The BRICS Bank (called the New Development Bank) and the Asian Infrastructure Investment Bank will be realities by 2017 and will offer Vietnam – among other Asian countries – new sources of finance. These institutions will have significant resources and, in their initial years, are likely to co-finance operations with multilaterals like the World Bank and the ADB before they gradually develop their own pipeline of operations. The ABP could, therefore, not just influence the direction and quality of the World Bank's investment portfolio but also the resources of new and emerging financial institutions.
  - At the same time, Vietnam will be implementing the next SEDP (2016-2020), and its (presumably ambitious) growth targets will mean a new set of policy, capacity, and institutional challenges. If successful in its purpose, the Bank's 2035 report will have helped shape the analytical framework underpinning the SEDP. This will provide the DFAT-Bank partnership a sound basis on which to design a strategy that is supportive of Vietnam and at the same time serves the strategic objectives of the two partners.
  - In shaping the next stage of the ABP, DFAT will be in a stronger position to pursue its strategic interests through the partnership. The departure of DFID will have reduced an important alternative source of funds for the Bank. In addition, the Bank's own cost-cutting targets will constrain internal Bank budgets. Furthermore, DFAT's strategic interests in Vietnam have been recently clarified through Australia's new aid policy, the mandate to make "performance count", and the clear signal on "economic diplomacy" from the Foreign Affairs Minister. In addition, DFAT will have ready its own Aid

Assistance Plan 2015-2020, which will provide a more detailed Vietnam-specific framework within which to position the next phase of the ABP.

- Although the next phase of the ABP is likely to be two years in the future, there are nevertheless important lessons from the current phase that point to how things could be done differently in ABP-2. There is little doubt that the government's strategic economic objectives on the one hand, and the interests (and comparative advantage) of the Bank and DFAT on the other, will overlap to a significant extent. These engagement areas of common interest could include, for example, infrastructure development, private sector development (including SME development), state enterprise reforms, and financial sector reforms – all of which are of importance to the government and the World Bank, but are central to DFAT's new objective of supporting activities that have a direct and significant positive impact on Australian business and commercial prospects.
- As important, to lend the next phase greater strategic focus, planning should *begin* with the results framework – especially the outcome indicators in the designated engagement areas – as the starting point. These outcome indicators should then drive the activities necessary to achieve the outcomes. This would represent an important shift from the current practice of first deciding the activities and then the outcome indicators. It is possible that progress on some aspects of the work may be slow or even stall – but strategic focus should not be sacrificed at the altar of expediency. Persevering with analytical work and technical assistance in areas where there may be little reform progress is still worthwhile for two reasons: first, it builds knowledge and understanding which can be of immediate use when, and if, reforms suddenly begin to accelerate (and that is not the time to *begin* analytical work!); and second, continued work in areas that have few immediate prospects of reform is still useful to build trust and strengthen relations, but more importantly, to understand the political-economy constraints impeding reform.
- There may, however, come a point where lack of reform progress demands a shift in strategy. Such shifts should be taken by the Steering Committee, but only after a thorough discussion between the two institutions, and any new strategic directions should be chosen in the same manner as before – by first choosing expected outcomes and outcome indicators before identifying activities that would help achieve them.
- One issue that DFAT may consider worth examining is how Australia can increase its participation in the analytical work and technical assistance provided through the World Bank. Currently, only 1.8% of ABP funds go to Australian consultants. Under its rules, the World Bank cannot “tie” Australian grant resources to Australia – and this is appropriate. But there are three other possible ways that the ABP can tap into Australia's vast reservoir of development expertise and specialized knowledge of Vietnam – none of them mutually exclusive.
- The first approach would be for DFAT staff in Hanoi to be more pro-active in publicizing ABP-funded consultancy opportunities by transmitting information on upcoming ABP consultancy assignments to relevant universities, think-tanks, and research organizations in Australia. The second would be for DFAT-Hanoi to regularly send to World Bank staff the list of DFAT-accredited development consultants. While the World Bank must follow its own guidelines and rules for hiring consultants, these names could prove useful in identifying for the TTL someone with the right background and expertise. In fact, a common concern raised by Bank TTLs is the difficulty in identifying appropriately qualified consultants. A third would be for Australia to keep a small DFAT-administered consultancy fund in the Australian embassy dedicated to funding Australian researchers and

development practitioners that the Bank selects for participation in ABP activities. Such an approach would have several advantages for DFAT: first, at the margin, Australian experts would more likely be employed for ABP-funded activities; second, Australia's knowledge of Vietnamese development challenges—and solutions—would increase; and third, World Bank and DFAT staff would have an incentive to work together to advance the program.

## 5. **Conclusions**

This assessment of the macro-fiscal dimensions of the Australia-World Bank Strategic Partnership at its half-way point gives grounds for optimism. The partnership got off to a flying start and implementation so far is ahead of most comparable trust funds at the two-and-a-half-year stage. The ultimate impact of most ABP-funded activities will take years to materialize, but in the case of a few (especially in macro economic and fiscal management) impact is already evident. Even where reforms appear to have slowed or stalled, the influence of ABP-funded analytical work, capacity building, workshops, training, and other activities shouldn't be underestimated. Vietnam is at a stage in its development where obstacles to reform are becoming increasingly complex and its transition from a centrally planned to a market-driven economy poses unique institutional and political challenges. ABP-funded activities have the difficult task successfully addressing these new challenges by conveying new ideas and information, building capabilities, and suggesting ways forward that are suited to the political-economy realities of Vietnam.

The management and governance arrangements for the partnership – especially at the strategic level -- are robust and working well. At the working level, however, much can be done to make ABP a more genuine – and consequently more effective -- partnership. None of the coordination problems that have emerged in the course of implementation are insurmountable. Good partners leverage *interdependence*, communicate well, respect each other, and work seamlessly together. Most encouraging is a sincere willingness on the part of management and staff in both institutions to raise the standards and effectiveness of the partnership and improve performance along all these dimensions.

There are many reasons why both institutions should seriously consider a second phase for the ABP. The partnership should hit its stride in the remaining two years of the first phase, so a second phase should impose virtually no start-up costs. Moreover, the Bank's Vietnam 2035 study should give the partnership greater strategic focus and the implementation period for the second phase of the ABP would coincide with Vietnam's next 2016-2020 Socio-Economic Development Plan. As important, during its second phase, the partnership's impact on Vietnam's development trajectory could be magnified if the future Asian Infrastructure Investment Bank and the New Development Bank choose to co-finance lending and capacity building operations with the World Bank.

**Table 1: Relevant benchmark dates**

Date	Event	Task team leader	Sector	Trust fund #	Grant funding request#	BETF/ RETF
16-Dec-11	ABP concept note prepared					
15-Feb-12 ?	Operational guidelines issued					
28-Feb-12	Administration agreement signed					
28-Feb-12	First Steering Committee meeting					
14-Mar-12	Second Steering Committee					
21-Apr-12	Approval of GFR -- Programmatic Public Finance Review	Habib Rab	PREM	TF012277	10843	BETF
18-May-12	Approval of GFR -- Portfolio Quality Assurance and Technical Support - Sr Infrastructure Specialist	Paul Vallely	SD	TF012403	10824	BETF
25-May-12	Approval of GFR -- VN-ABP Program Management and Administration	Nga Dang	CMU	TF012506	10926	BETF
4-Jun-12	Approval of GFR -- PPP Support to Expressway Development - PPP Cell at MOT	Paul Vallely	SD	TF015072	13651	RETF
18-Jun-12	Approval of GFR -- Ninh Binh - Bai Vot Expressway PPP	Fei Deng	SD	TF012636	11051	BETF
26-Jun-12	Approval of GFR -- Assessment of Financing Framework for Municipal Infrastructure	Cuong Duc Dang	SD	TF012686	11062	BETF
27-Jun-12	Approval of GFR -- Preparation and Supervision of Rural Water Supply and Sanitation	Param Iyer	SD	TF012695	11114	BETF

Date	Event	Task team leader	Sector	Trust fund #	Grant funding request#	BETF/ RETF
6-Jul-12	Approval of GFR -- Distribution Efficiency Project prep and spn	Hung Tien Van	SD	TF012737	10935	BETF
27-Aug-12	Approval of GFR -- AusAID TA for Results-based Rural Water Supply and Sanitation Program	Param Iyer	SD	TF013061	11326	RETF
4-Sep-12	Approval of GFR -- Dau Giay - Phan Thiet Expressway PPP Pilot	Kamran Khan	SD	TF013100	11035	BETF
6-Sep-12	Approval of GFR -- Dau Giay-Phan Thiet Expressway PPP Project_RETF	Kamran Khan	SD	TF013116	11627	RETF
24-Sep-12	Approval of GFR -- Monitoring Technical and Social Indicators on Transport Projects	Paul Vallely	SD	TF013271	11615	BETF
18-Oct-12	Approval of GFR -- Distribution Efficiency Project cofinancing	Hung Tien Van	SD	TF013456	11237	RETF
30-Oct-12	Approval of GFR -- EMCC Programmatic AAA	Habib Rab	PREM	TF013514	11976	BETF
26-Nov-12	Approval of GFR -- Mekong Delta Transport Infrastructure Development Project	Dung Anh Hoang	SD	TF013700	10684	RETF
10-Dec-12	Approval of GFR -- P4R RWSS: Impact Evaluation	Param Iyer	SD	TF013792	12210	BETF
10-Dec-12	Approval of GFR -- Capacity Building for Environmental and Social Planning in Transport Projects	Fei Deng	SD	TF013791	11889	BETF
12-Dec-12	Third Steering Committee					



Date	Event	Task team leader	Sector	Trust fund #	Grant funding request#	BETF/ RETF
12-Dec-12	First annual progress report issued					
4-Apr-13	Approval of GFR -- Mapping Haiphong: Foundations for the Future	Anh Thi Van Tran		TF014555	12422	BETF
10-May-13	Approval of GFR -- BRT Development Support Task Force	Ajay Kumar		TF014798	13052	BETF
1-Aug-13	Approval of GFR -- Poverty Reduction in Mountainous Regions	Mark Woodland	SD	TF015251	12623	BETF
5-Sep-13	Approval of GFR -- Impact Evaluation of the Central Highlands Poverty Reduction Project	Andrew Beath	SD	TF015500	12382	BETF
1-Oct-13	Approval of GFR -- Cofinancing for Road Asset Management System Development in Vietnam Road Asset Management	Mitsuyoshi Asada	SD	TF015733	14165	RETF
12-Nov-13	Approval of GFR -- Technical Support to Climate Change and Green Growth - Senior Climate Economist	Anjali Acharya	SD	TF016028	14589	BETF
25-Nov-13	Fourth Steering Committee					
9-Dec-13	Approval of GFR -- Support to Establishment of PPP Cell at MOT	Dung Anh Hoang	SD	TF016210	14537	BETF
9-Dec-13	Approval of GFR -- HCMC Integrated Strategy Note -Phase 2	Madhu Raghunath	SD	TF016214	12576	BETF
12-Dec-13	Second annual progress report					

Date	Event	Task team leader	Sector	Trust fund #	Grant funding request#	BETF/ RETF
5-Mar-14	Approval of GFR -- Large Scale Infrastructure Planning, Finance and Long Term Risk	Xavier Cledan Mandri-Perrott	SD	TF016829	13755	BETF
7-Mar-14	Approval of GFR -- Vietnam Road Asset Management Project Implementation Support	Mitsuyoshi Asada	SD	TF016859	15159	BETF
3-Jun-14	Approval of GFR -- VN State Asset Management Law Revision	Minh Van Nguyen	PREM	TF017471	16218	BETF
15-Jun-14 ?	Gender review			??		
15-Jul-14	Approval of GFR -- Vietnam Ninh Binh-Bai Vot Expressway PPP Structuring Study		SD	TF017738	14996	BETF
15-Sep-14 ?	Revised operational guidelines issued			??		
21-Oct-14	Mid-term review mission arrives					
21-Oct-14	Approval of GFR -- Vietnam: Strengthening the Enabling Role of the State in a Market Economy	Quang Hong Doan	PREM	TF018354	16823	BETF
31-Oct-14	Draft mid-term review report by supporting consultant					

**Table 2: Allocation and disbursement of CTFs**

	CTF #	Allocated			Disbursed as of Oct 20, 2014	Disbursement rate (%)
		Total	BETF	RETF		
<b>Macro &amp; fiscal management</b>		<b><u>2,101,000</u></b>	<b><u>2,301,000</u></b>	<b>-</b>	<b><u>823,534</u></b>	<b><u>39.2%</u></b>
Programmatic Public Finance Review (PPFR)	TF012277	666,000	866,000	--	338,463	50.8%
Economic Management and Competitiveness Credit (EMCC)	TF013514	716,250	716,250	--	485,071	67.7%
VN State Assets Management Law Revision	TF017471	238,750	238,750	--	0	
<i>Institutional Reform (under preparation)</i>		<i>480,000</i>	<i>480,000</i>	<i>--</i>	<i>0</i>	<i>-</i>
<b>Transport &amp; PPP</b>		<b><u>26,939,000</u></b>	<b><u>5,939,000</u></b>	<b><u>21,000,000</u></b>	<b><u>9,387,216</u></b>	<b><u>34.8%</u></b>
PPP Support to Expressway Development - PPP Cell at MOT	TF015072	2,500,000	--	2,500,000	0	
Dau Giay - Phan Thiet Expressway PPP Project (DPEP)	TF013116	1,800,000	--	1,800,000	1,095,026	60.8%
Mekong Delta Transport Infrastructure Development Project AF	TF013700	15,000,000	--	15,000,000	5,629,363	37.5%
VRAMP cofinancing RETF	TF015733	1,700,000	--	1,700,000	0	
Monitoring Technical and Social Indicators on Transport Projects	TF013271	49,000	49,000	--	28,159	57.5%
Ninh Binh - Bai Vot Expressway PPP Viability Study	TF012636	750,000	750,000	--	749,778	100.0%
Capacity Building for Environmental and Social Planning in Transport Projects	TF013791	150,000	150,000	--	138,344	92.2%
Dau Giay - Phan Thiet Expressway PPP Project (DPEP)	TF013100	2,400,000	2,400,000	--	1,002,313	41.8%
Support for Establishment of PPP Cell at MOT	TF016210	250,000	250,000	--	15,948	6.4%
BRT Development Support Task Force	TF014798	690,000	690,000	--	513,102	74.4%

	CITF #	Allocated			Disbursed as of Oct 20, 2014	Disbursement rate (%)
		Total	BETF	RETF		
Mapping Haiphong: Foundations for the Future	TF014555	250,000	250,000	--	119,981	48.0%
Large-scale Infrastructure: Planning, Finance, and Long Term Risks	TF016829	600,000	600,000	--	59,116	9.9%
VRAMP Implementation Support	TF016859	300,000	300,000	--	36,087	12.0%
Ninh Binh - Bai Vot Expressway Transaction Structuring TA	TF017738	500,000	500,000	--	-	
<b><u>Social, urban, rural, and water</u></b>		<b><u>10,270,000</u></b>	<b><u>2,270,000</u></b>	<b><u>8,000,000</u></b>	<b><u>2,879,587</u></b>	<b><u>28.0%</u></b>
PforR - Rural Water Supply and Sanitation	TF013061	8,000,000	--	8,000,000	1,598,576	20.0%
Assessment of Financing Framework for Municipal Infrastructure	TF012686	300,000	300,000	--	283,546	94.5%
Rural Water Supply and Sanitation (RWSS) preparation and supervision	TF012695	650,000	650,000	--	543,882	83.7%
Ho Chi Minh City Integrated Strategy Note (HCMC ISN) - Phase 2	TF016214	400,000	400,000	--	43,493	10.9%
PforR - RWSS (NTP): Impact Evaluation and Baseline Verification	TF013792	470,000	470,000	--	242,983	51.7%
Poverty Reduction in Mountainous Regions - Sustainable Development of Isolated Rural and Ethnic Minority	TF015251	250,000	250,000	--	104,648	41.9%
Impact Evaluation of the Central Highlands Poverty Reduction Project	TF015500	200,000	200,000	--	62,459	31.2%
<b><u>Energy</u></b>		<b><u>10,100,000</u></b>	<b><u>1,500,000</u></b>	<b><u>8,600,000</u></b>	<b><u>570,287</u></b>	<b><u>5.6%</u></b>
Distribution Efficiency Project (DEP)	TF013456	7,600,000	--	7,600,000	468,660	6.2%
Energy Efficiency TA		1,000,000	--	1,000,000	-	
Distribution Efficiency Project (DEP) preparation and supervision	TF012737	900,000	900,000	--	101,627	11.3%

	CITF #	Allocated			Disbursed as of Oct 20, 2014	Disbursement rate (%)
		Total	BETF	RETF		
Energy Efficiency Project Preparation and Supervision		600,000	600,000	--	-	
<b><u>Climate change, green growth</u></b>		<b><u>650,000</u></b>	<b><u>650,000</u></b>	-	-	
Resource Mobilization Framework for CC/GG		300,000	300,000	--	-	
Sectoral GG Action Plans (GGAPs)		350,000	350,000	--	-	
<b><u>Total programmed amount for child trust funds</u></b>		<b><u>50,060,000</u></b>	<b><u>12,660,000</u></b>	<b><u>37,600,000</u></b>	<b><u>13,660,624</u></b>	<b><u>27.3%</u></b>
<b><u>Country management unit</u></b>		<b><u>1,650,000</u></b>	<b><u>1,650,000</u></b>		<b><u>708,846</u></b>	<b><u>43.0%</u></b>
Portfolio Quality Assurance and Technical Support	TF012403	1,000,000	1,000,000		634,456	63.4%
Technical Support to Climate Change & Green Growth - Sr Climate Economist	TF016028	650,000	650,000		74,390	11.4%
<b><u>Administration fees</u></b>		<b><u>2,436,597</u></b>	<b><u>2,610,000</u></b>		<b><u>1,558,594</u></b>	<b><u>64.0%</u></b>
Program Management and Administration	TF012506	1,353,665	1,450,000		475,662	35.1%
Fees for Central Units		1,082,932	1,160,000		1,082,932	100.0%
<b><u>Total programmed amount for CTFs+CMU+admin fees</u></b>		<b><u>54,146,597</u></b>	<b><u>16,920,000</u></b>	<b><u>37,600,000</u></b>	<b><u>15,928,064</u></b>	<b><u>29.4%</u></b>

**TABLE 3: CLAW-BACK LIST**

<b>FUND FOR ALLOCATION:</b>	<b>AUD</b>	<b>Reasons</b>
Clawed-back money from Energy Efficiency - RETF	1,000,000	Project PDO hasn't been submitted to PM for approval. Not enough time for implementation.
Clawed-back money from Energy Efficiency - BETF	600,000	This BETF is to support the above RETF
Clawed-back money from DEP BETF	400,000	Cannot disb. entire \$800K from now to June 2016.
Clawed-back money from one of the two CC/GG BETFs	350,000	Poor Theme performance
Balance of BETF on Poverty Reduction in Mountainous Regions - Sustainable Development of Isolated Rural and Ethnic Minority	147,000	All outputs are delivered. The BETF is closed earlier to claw the balance back (to be confirmed with the team)
<b>TOTAL:</b>	<b>2,497,000</b>	

**Table 4: Shortlist of proposals, October 8, 2014**

#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
1	Proposed Scaling Up Sanitation Operation	to ensure the quality preparation of a high-priority operation to scale up access to and use of sanitation in Vietnam's most lagging areas, especially among ethnic minorities (EM).	300,000	Oct 2014 – June 2016	Param Iyer	Water and Sanitation; Ethnic Minorities	
2	Vietnam 2035 Report (including a Management Survey)	i) Inputs for the next Party Congress, expected to set stage for second wave of reform; ii) Published report to serve the new cabinet (from June 2016)	700,000	Oct 2014 - Dec 2015	Sandeep Mahajan	Various areas of support	
3	Support for Building Resilience in the Mekong Delta	The proposed activities to be funded by DFAT will provide critical technical and social inputs which are missing from the original design of the Building Resilience in the Mekong Delta TA. The technical inputs will be used to inform long-term decision making processes through (a) incorporation of new climate change projections into the national climate change database and the Decision Support Framework (DSF) modeling; (b) provision of technical input on the potential impacts on water, agriculture and transport sectors; and (c) conduct cost-effectiveness analysis on selected low regret investments.	350,000	Sept 2014 - June 2015	Anjali Achayra	Climate Change	
4	Programmatic ESW & TA for Strengthening Public Investment Management in Vietnam	The programmatic ESW&TA is proposed in response to a request by the Government of Vietnam to support the country's efforts in stepping up the PIM restructuring program. The PDO of the proposed programmatic ESW&TA FY15-16 is to support the GOV to enhance the efficiency of the PIM that will contribute to poverty reduction and shared growth through	200,000	FY15-16 (End in June 2016).	Quang Hong Doan	Economic Integration	

#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
		improved public sector governance and service delivery within the constrained resource envelope for capital budgeting over medium term. The operation will provides timely support for the Government in the implementation of the recently issued Public Investment Law and preparation of the next SEDP 2016-20.					
5	Supporting PPP Development in the Urban WSS Sector	to support MPI/MOC and Binh Duong PPC in developing and procuring a successful pilot PPP project (including private finance), that can act as a model for a pipeline of PPPs in the sector.	375,000	End Oct 2014 - End Oct 2015	Iain Menzies	Water and Sanitation	
6	Gender equality in participatory irrigation management - Vietnam Irrigated Agriculture Improvement Project	to conduct a gender analysis (in the context of a Bank's recently effective 5-year project, namely, Irrigated Agriculture Improvement Project - IAIP) to explore opportunities to enhance the overall development effectiveness of the Project, and to make recommendations on gender mainstreaming to enhance development effectiveness for participatory irrigation management projects/programs in Vietnam. In line with this objective, the purpose of this analysis is three-fold: 1) to clearly understand -- from the gender perspective, the potential constraints to effective participation and benefiting of the project's beneficiary groups, 2) to develop a detailed plan of action (on the basis of the known constraints, for the IAIP) that addresses the identified constraints and maximize the effective participation and benefiting of the target beneficiaries, and 3) to make recommendations (to the Bank, Government of Vietnam, and other development	50,000	Jan to Dec 2015	Abdulhamid Azad/Cuong Hung Pham	Gender	TEAM NEEDS TO WORK ON SPECIFIC INDICATORS TO MAKE SURE THERE IS AN IMPACT



#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
		partners) with regards to gender mainstreaming under IAIP project and other participatory irrigation management projects in Vietnam. Recommendations will be specific for two geographical areas, including Northern and Central Vietnam (the same coverage with the IAIP). Using a mixed methods approach, the study aims to enhance the rigor of the findings/recommendation so as to enhance the applicability of the recommendations. The study will also examine and explore how coordination between water users and water coordination agencies should be done to enhance the effectiveness of water use and how to increase women membership in the water users associations through the participatory irrigation management.					
7	Vietnam Innovation Learning Program	The Vietnam Innovation Learning Program (VILP) aims to surface and support initiatives that advance innovative capacity building of Vietnamese organizations through annual small grant scheme to support both new ideas as well as growth initiatives that have reached proof of concept but need further support to reach scale in their quest to improve and enhance human resources competitiveness and broadening access to economic and social opportunities.	700,000	Jan 2015 to June 2016	Linh Hoai Nguyen	Human Resource Development, Economic Integration and Private Sector Engagement	TEAM NEEDS TO CARRY OUT AN EVALUATION OF THE PROGRAM AS PART OF THIS ACTIVITY

#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
8	Poverty Update with Focus on Ethnic Minorities, Land, and Pathways Out of Poverty	The objective of the proposed analytical report is to provide an update on poverty using the 2014 Vietnam Household Living Standards Survey and to determine what have been the pathways out of poverty in Vietnam in recent years, particularly for ethnic minority households. The availability of high-quality panel data that follow the same households between 2010 and 2014 will allow us to follow individual households over 2010, 2012, and 2014 to understand the trajectories out of poverty. Two important aspects of the work will include 1) an analysis of the impact of land inequality, using detailed data from a special module on land integrated into the 2014 household survey, and 2) an analysis of how pathways out of poverty may vary by gender composition of the household.	200,000	May 2015 - April 2016	Gabriel Demombynes	Poverty; Ethnic Minorities	
9	NOT IN BANK's SHORTLIST: Viability of Regional Transport Linkages among VN, Lao and Myanmar	Identify priorities and initial assessments of viability of regional transport linkages among Vietnam, Lao PDR and Myanmar through reviewing existing master plans and scoping out alternatives for transport linkages among the three countries to enhance economic integration.	300,000	January 2015 – June 2016	Mitch Asada	Economic Integration	
10	Medium Term Expenditure Planning for Provincial Roads	To build on the achievements of the ongoing technical assistance, it is proposed to undertake a follow-on technical assistance to roll out the of medium-term expenditure plan tool with selected provinces. It is further proposed that this work be used to commence preparation of a Provincial Road Asset Management Project whereby the medium-term expenditure plan tool would be	200,000	Jan 2015-Mar 2016	Transport team	Infrastructure	

#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
		used to develop work programs that would form the basis of a project to be implemented using the Program-for-Results modality.					
11	Gender Mainstreaming Work in the Transport Sector in Vietnam	The objective of this work will be to provide practical demonstrations of ways in which the Government of Vietnam, DFAT and the World Bank can implement their Gender Action Plan to address the equality and gender empowerment goals of the Government and the respective institutions, in a high spending sector. The MoT and the Vice Minister responsible for their Gender Action Plan in particular, has expressed a strong interest and willingness to work with other agencies to further strengthen their Gender Action Plan and expand the scope of their activities.	250,000	Jan-July 2015	Transport team	Gender	
12	Strengthening Vietnam's Trucking Sector for Lower Logistics Costs	The scope of work of BTTL2 will comprise three tasks: (i) to conduct a multi-stakeholder interview program; (ii) to carry out quantitative market research to produce market sizing and operating assessments to better understand basic industry characteristics; and (iii) to utilize the findings of tasks (i) and (ii), in combination with international benchmarks and best practices, expert industry knowledge, and first-hand market observation, to quantitatively assess the viability of selected recommendations to increase industry performance, where performance is primarily defined from the perspective of international competitiveness.	400,000	ended by July 2015	Transport team	Infrastructure	

#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
13	Support for Resilient Development in Can Tho	to support resilient development in Can Tho through (i) the collection, sharing, and use of geospatial data in local government operations; and (ii) the analysis of the city's role in job creation and as a hub of food processing and export for the Mekong Delta Region.	250,000	Jan-July 2015	Catherine Lynch	Climate Change	
14	Improving Women Access to Finance in Vietnam	Create a gender disaggregated database on access to finance in Vietnam which serves as a public good for future work and policy dialogue/making in Vietnam and the region and also contribute to the global gender agenda, by means of a supply side survey.	250,000	Nov 2015- June 2016	Olga Sulla	Gender	
15	Land Pooling and Land Readjustment Piloting and Policy Development	(i) to pilot the innovative land assembly tool of LPR in one of the six project cities under the MDR-UUP and under Can Tho resilience pipeline project (preparation activities); and (ii) to draft regulations to be basis for the Gov. to include use of this tool in the country policy framework for further scaling up of the approach.	130,000	Nov 2015 - June 2016	Hoa Thi Mong Pham	Infrastructure	
16	TA for Vietnam Wholesale Electricity Market (VWEM)	To support the timely and effective implementation of the new Wholesale Electricity Market (VWEM) in areas relating to: (i) market design, electricity market rules development; (ii) legal and regulatory reform; (iii) market systems testing and auditing prior to market launch; and (iv) development of a Public Interest Fund (PIF) to as part of broader framework to deal with Community Service Obligations (CSOs) borne by electricity distribution companies with different cost and customer bases.	1,000,000	Jan 2015 - June 2016	Tendai Gegan	Energy	

#	NAME	OBJECTIVE	AMOUNT (AUD)	TIMELINE	TTL	Area of Support	Remarks
17	Strengthening Vietnam's social assistance system for greater poverty reduction	to support MOLISA in strengthening social assistance delivery and management and promoting further integration, building on the operational platform provided by SASSP. These improvements in service delivery is in turn expected to lead to better incomes and greater access to education and health services and parenting advice, with expected impacts on longer term human development outcomes and poverty.	200,000	Dec 2014-May 2016	Nga Nguyet Nguyen/Puja Vasudeva Dutta	Poverty reduction/ethnic minorities and human resource development.	TEAM TO JUSTIFY WHETHER THIS IS THE ONLY SOURCE OF FUND
18	PPFR topping-up	to cover part of the PER budget, but also the dissemination of the Fiscal Decentralization Review (FDR) and other follow up work. This is based on feedback from the PER mission, which our DFAT-Australia colleagues were invited to participate, and rough cost estimates of dissemination of the FDR, which was reviewed earlier this month and is now being finalized.	200,000		Habib Rab		
			6,055,000				

**Table 5: Proposed and actual outputs under the ABP-funded EMCC AAA activity**

Activities proposed in the GFR	Activities actually undertaken
A survey of SOE information flows to inform development of a decree on SOE disclosure.	TA and Policy Note on SOE disclosure practices
	TA on implementation of Decree 61 on disclosure of information on SOE performance
Policy Note on SOE restructuring and employment effects	Policy Note on labor market impacts of SOE restructuring
	TA on revision to Decision 14 on classification of SOEs
Policy Note on public investment efficiency	TA and Policy Note on Treasury Single Account and cash management
	TA and Policy Note on development of a Law on State Capital Investment and Management in Enterprises
TA on revision of the CIT (corporate income tax) and VAT (value added tax) Law	TA and report on revision to the Corporate Income Tax Law
	TA and on revision to the Value Added Tax Law
	TA on international experience with reform of public procurement
	TA on development of an information system to monitor simplification of administrative procedures
TA on revision of Public Procurement Law and capacity building plan	TA on preparation of implementation decrees for revised Public Procurement Law

**Table 6: Details of ABP-financed activities under the EMCC Programmatic AAA**

No.	Activity and key issues	Status and outputs
Strengthened debt and treasury management for PFM transparency and efficiency		
1	<b>TA and Policy Note on Treasury Single Account and cash management:</b> GOV currently does not have a TSA, which creates inefficiencies in cash management. Rollout of the TSA is expected to reduce borrowing costs and provide more central oversight and control on cash management. Partial TSA implementation was a prior action under EMCC-2 and full implementation is a trigger under EMCC-3.	EMCC AAA funded external expert to help review steps taken to roll out TSA arrangements and provide advice based on international experience. Recommendations have already been shared with GOV. They are summarized in a policy note which was reviewed and will be shared with GOV.
Improved regulations and corporate governance for SOE transparency and restructuring		
2	<b>TA and Policy Note on SOE disclosure practices:</b> SOE transparency has been an ongoing concern. Disclosure by SOEs of financial statements and balance sheet information is largely voluntary. GOV/MOF has been working on regulations to improve disclosure and monitor risks. The EMCC-2 and EMCC-3 contain SOE transparency-related triggers.	EMCC AAA funded external experts (from OECD and Korea) to share experience of SOE disclosure practices in other countries. TA helped review the current legal framework and carry out a survey of existing disclosure practices. These were summarized in a policy note, which was reviewed and has been published after review.
3	<b>TA on implementation of Decree 61 on disclosure of information on SOE performance:</b> MOF has developed Decree 61, which took on board some of the recommendations from (2) above, to improve reporting on SOE performance. The Decree was a prior action under EMCC-2. Implementation of the decree is a trigger EMCC-3 and an overall result indicator for EMCC.	EMCC AAA is funding Ernst and Young to help implement Decree 61. E&Y helped develop the original decree 61 under the PFM RP. The TA provided under EMCC AAA is working with MOF and the SOE themselves to review challenges to implementing decree 61 and how to overcome these. The TA will provide training to SOEs also. This is still in the early stages of implementation, but I can share some outputs by the time you come here.
4	<b>TA and Policy Note on development of a Law on State Capital Investment and Management in Enterprises:</b> Ownership of SOEs in Vietnam is spread across line ministries, provincial authorities, MOF and MPI. Different ministries have some responsibility over different SOE	EMCC AAA has provided extensive external advice on international good practice with governance structures for SOE ownership. The TA has worked with MOF and held several workshops, provided drafting inputs into the Law, and summarized recommendations in a policy note which was internally reviewed. The note has been shared with MOF who have

No.	Activity and key issues	Status and outputs
	functions but there is lack of overall accountability. To address this GOV is preparing a Law on State Capital Invested and Managed in Enterprises, which is a trigger in EMCC-3	asked us to limit circulation for now.
5	<b>Policy Note on labor market impacts of SOE restructuring:</b> GOV has embarked on a restructuring program for SOEs, but with little consideration on potential labor market impacts. With slowing growth, potential to absorb retrenched workers in the private sector is lower than in the previous round of restructuring. Reviewing this was part of our poverty and social impact analysis.	Under EMCC AAA, the Bank worked with the ADB and ILO to take stock of SOE employment in Vietnam and estimate the potential retrenchment impact of SOE privatization based on a model developed earlier by Martin Rama. It also reviewed existing policies for dealing with retrenched workers. A policy note has been prepared but not yet reviewed.
6	<b>TA on revision to Decision 14 on classification of SOEs:</b> Vietnam over the past two decades has issued a series of regulations placing limits on state ownership in enterprises depending on which sectors they operate in. The most recent regulation is Decision 14, which GOV wanted to review to further reduce state ownership in enterprises. Revision of Decision 14 was a trigger for EMCC-2.	EMCC AAA provided extensive TA to review challenges with implementing Decision 14 (e.g. in terms of delays in privatization) through interviews with selected SOEs, and bring international experience with SOE classification. We decided to drop the revised draft decision prepared by GOV as a trigger for EMCC-2 because we felt that it was not strong enough based on the advice provided under EMCC AAA.
Streamlined administration for enabling business environment		
7	<b>TA and Report on revision to the Corporate Income Tax Law:</b> Revision of the CIT Law was part of GOV's tax reform strategy (2011-2020). They wanted to address a number of major issues around the CIT rate, tax exemptions, determination of taxable income, deductible expenses, and tax incentives. Their aim was to make the system simpler, more efficiency and more equitable (as with VAT reforms below). This was a prior action under EMCC-2.	EMCC AAA provided extensive TA to review the CIT Law in depth, and advise on specific provisions. The recommendations were shared in writing and through workshops, and compiled in a TA report submitted to GOV. The team worked closely with the IMF and EU, who were providing complementary support on this Law. The team prepared a summary note on the key changes in the revised Law with recommendations for further work.
8	<b>TA and Report on revision to the Value Added Tax Law:</b> Like the CIT Law, the revision of the VAT Law was also a major part of the GOV's tax	As with the support on the CIT Law, EMCC AAA provided TA to review the VAT Law in depth, and advise on specific provisions. The team worked closely with the IFC that was providing



No.	Activity and key issues	Status and outputs
	reform strategy. Discussions around revision of the Law looked at VAT registration thresholds, the VAT rate structure, criteria for exemptions, VAT refunds and other issues. The revised Law was a prior action under EMCC-2.	complementary support. We prepared a summary note on the key changes in the revised Law with recommendations for further work.
9	<b>TA on international experience with reform of public procurement:</b> The Bank has had a longstanding engagement procurement reform in Vietnam. The revision to the Procurement Law – to promote more competition, transparency and value for money – was a prior action for EMCC-2.	EMCC AAA provided brought in international procurement experts, including practitioners, to share experience on specific elements of procurement reform. These were shared through workshops and written comments. It also provided TA to develop a capacity building plan to help implement the revised procurement law, which was later adopted by an MPI Decision.
10	<b>TA on development of an Information System to monitor simplification of administrative procedures:</b> The Ministry of Justice has an Administrative Procedures Control Agency, which is tasked with monitoring administrative procedures across the government and recommend simplification to reduce burden on private businesses. The IFC assisted APCA to develop a monitoring and evaluation system for simplification of administrative procedures. Implementation of this system is a trigger for EMCC-3.	EMCC AAA provided TA to develop a Management Information System, which will help to implement the M&E framework prepared with IFC assistance. We collaborated closely on this with IFC. The TA was recently completed, and the MIS is now up and running. The APCA is now training over 10,000 users across the government to submit data through the system so that they can monitor progress on reforms. The first reports from the system should be available by the end of this year. The system is now live on the APCA website, and we can request the IT firm that designed it to take you through when you are here.
11	<b>TA on preparation of implementation decrees for revised Procurement Law:</b> As follow up to adoption of the revised Procurement Law, GOV requested assistance in developing supporting regulations for implementation of the new provisions.	EMCC AAA is providing TA to develop the regulations in specific areas such as competitive bidding procedures, technical specifications for bidding documents, development of standardized Request for Proposals, and other areas. I am attaching a summary table with the different activities, but Yuling and Adu will be able to brief you in more detail when you meet them.

**Table 7: Proposed and actual outputs under the ABP-funded PPFR activity**

Activities proposed in the GFR	Activities actually undertaken
Policy Note on Fiscal Transparency	Review of fiscal transparency in Vietnam
	TA to MOF on reforms to budget classification
	Policy note to share international practice on dealing with carry overs in the budget
TA on Fiscal Decentralization	TA on preparation of a Medium-Term PFM Action Plan
	Fiscal decentralization review
TA on Debt Management	Policy Note on Revising the State Budget Law
	TA on debt management
Updated budget tables	TA on on-lending policies and practices
	Budget database updated as planned
Twice yearly note on state budget and state budget implementation	Compilation of sub-national fiscal dataset.
	Twice yearly reports submitted
Regularly updated matrix of PFM support	
Regular coordination meetings with development partners	
TA on Revenue Forecasting	

**Table 8: Details of ABP-financed PPFR activities**

Task	Output	Activity
<b>Fiscal Transparency Review</b>	Report	Vietnam Fiscal Transparency Review: Analysis and Stakeholder Feedback on State Budget Information in the Public Domain (May 2014)
	MOF workshop with provinces	Presentation on findings of fiscal transparency review (June 2012)
	National Assembly Workshop	Presentation on Disclosure of and Access to Budget Information (June 2013)
		Presentation on Coverage, Comprehensiveness and Presentation of Budget Information
		Presentation on Transparency and Accountability
	MOF workshop	Same as above presentations to National Assembly (June 2013)
	National Assembly and UN workshop on revision to State Budget Law	Presentation on improving transparency provisions in SBL 2002 (September 2013)
<b>Debt management</b>	International workshop on debt management and global crisis (May 2012)	Presentation by Dr. Reddy (former RBI Governor) on debt management in India
		Presentation by Mr. Svetarundra (DPS Finance of Thailand) on debt management in Thailand
		Presentation by Shan Gooptu on debt management during the global crisis
		Presentation by Suhas Joshi (IMF) on debt management capacity
	DSA training	5-day training on DSA concepts with hands on exercise on DSA templates with MOF, SBV and MPI (October 2012)
		Presentation to NA on debt sustainability analysis (June 2012)
		Presentation at MOF conference on DSA (June 2013)
		Presentation to MOF on DSA 2013 results (October 2013)

Task	Output	Activity
		Presentation on debt crisis and sustainability for Ho Chi Minh Academy (Jan 2013)
<b>Review of State Budget Law (2002)</b>	Policy Note	Revising Vietnam's State Budget Law (2002)
	Workshop with NA and MOF	Presentation by Ian Lienert on revisions to State Budget Law 2002 (February 2014)
	PFM Partnership Forum	Presentation on priority reforms in revised SBL 2002 (August 2014)
<b>Fiscal decentralization review</b>	Report	Making the Whole Greater than the Sum of the Parts: A review of fiscal decentralization in Vietnam
	Workshop with NA and provinces	Presentation on reforms to expenditure assignments (December 2013)
	Workshop for UNICEF	Presentation on findings of fiscal decentralization study (October 2014)
<b>Budget classification</b>	TA report/aide memoire	Review of current issues and options for reform of budget classification (June 2013)
	TA report/aide memoire	Review of budget tables submitted to National Assembly and options for reform
	Workshop (April 2014)	Presentation on budget classification issues in France (Adetef)
		Presentation on transition to GFS 2001 standards (IMF)
		Presentation on international experience with budget classification reform
		Presentation on priority reforms for Vietnam budget classification system
	IMF workshop on GFS	Presentation on budget classification reform in Vietnam (September 2014)
	TA report	Summary of international experience with budget classification reforms