

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Economic Management Competitive Credit (EMCC) Program is a joint development partner budget support program aligned to government reform priorities. The program objective is enhanced competitiveness. The program supports reforms efforts in six policy areas: (i) banking sector, (ii) fiscal policy, (iii) public sector administration and accountability, (iv) state enterprise management, (v) public investment management, and (vi) business environment. The EMCC consists of a programmatic series of three policy-based operations (EMCC 1–3) implemented during 2013–2015.

2. EMCC partners include the World Bank, the Asian Development Bank (ADB), the Government of Australia, the Canadian International Development Agency (CIDA), the Department for International Development of the United Kingdom, the Japan International Cooperation Agency (JICA), and the Swiss State Secretariat for Economic Affairs (SECO). The table provides a summary of ongoing development projects under the EMCC joint development budget framework.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Multisector			
ADB	ICP	2014	229.99
World Bank	EMCC 1 and 2	2014	250.0
JICA	EMCC 1 and 2	2014	150.0
CIDA	EMCC 1 and 2	2014	5.5
SECO	EMCC 1 and 2	2014	9.0
DFID			0.225 (TA only)
Government of Australia			0.180 (TA only)

ADB = Asian Development Bank, CIDA = Canadian International Development Agency, DFID = Department for International Development, EMCC = Economic Management Competiveness Credit, ICP = Improving Competitiveness Program, JICA = Japan International Cooperation Agency, SECO = Swiss State Secretariat for Economic Affairs, TA = technical assistance.

Note: Contribution amounts by each collaborating agency cannot be disaggregated across sectors since they are general interventions that target institutional reforms.

Source: State Bank of Vietnam, World Bank, and Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

3. The EMCC has a tiered governance structure. The technical working group led technical discussions and analysis for triggers and policy actions. The group helped discuss the technical elements of policy actions, and decided on analytical work. ADB was actively involved in technical discussions, especially policy actions relating to procurement and state-owned enterprise reform. This process helped build greater ownership for the EMCC operation among the lead technical staff both in government and among development partners. The State Bank of Vietnam was responsible for overall coordination of the program.

4. The EMCC has been developed in close consultation with all participating development partners. Initial ideas, including proposed objectives and areas of focus for the EMCC, were discussed between development partners at a series of seminars and meetings between September 2010 and December 2011. Based on the initial feedback, an approach paper was prepared and discussed with development partners and the government at a workshop in March 2012. ADB participated actively in all these discussions. The process helped to build consensus

around the general outline of the EMCC, and the need to look at the impact on competitiveness as the main filter to prioritize reforms under the program.

C. Achievements and Issues

5. ADB has participated in joint development partner programmatic budget support in Viet Nam since 2003. The EMCC is therefore able to draw on lessons learnt from a previous joint development partner budget support program—the Poverty Reduction Support Credit (PRSC). An independent PRSC review report¹ was published in July 2011.² The report concluded that the PRSC had been one of the most successful general budget support programs to date. The report observed that (i) the PRSC was predictable in the sense that there was never a case of slippage (or cancellation) of disbursement in the 10-year operation; (ii) ownership is one of the strongest aspects of the PRSC, mostly because of the exceptionally strong government control over its own policy-making process; and (iii) the PRSC had a positive effect on donor harmonization. All collaborators have an opportunity to engage in dialogue, some choosing to focus on specific sectors of priority.

6. The evaluation suggested future program budget support should be more focused on a few important crosscutting issues, strengthen analytical underpinning of selected policy actions, and improve monitoring and communication of program impact. ADB's own evaluation is in line with this assessment.³ These assessments also take into consideration the falling number of donors as Viet Nam graduates from concessional overseas development assistance financing.

D. Summary and Recommendations

7. The EMCC provides a common platform for ADB and other development partners to engage in policy dialogue with the government. It enables better alignment of donor programs to government priorities and, as a result, leverages more resources for the country. Coordination is improved and transaction costs are reduced. ADB can also leverage support for its own policy-based loans in the finance and corporate sectors, while broadening other related policy reforms.

8. The EMCC design has incorporated lessons from previous joint development partner budget programs including narrower focus, increased technical assistance funds for analytical and advisory support, as well as extended outreach to communicate results of the program.

¹ ACE Consultants. 2011. *Joint evaluation of the PRSC General Budget Support operation in Viet Nam*. Ha Noi.

² European Union. 2011. *Joint Evaluation of PRSC General Budget Support Operation*. Ha Noi.

³ ADB. 2013. *Project Completion Report of the Support for the Implementation of the Poverty Reduction Program*. Ha Noi.