



Technical Assistance Concept Paper

Project Number: 54445-001
Knowledge and Support Technical Assistance (KSTA)
January 2021

Socialist Republic of Viet Nam: Public-Private Partnership and Private Sector Development Technical Assistance

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

Project Classification Information Status: Complete

KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 54445-001	
Project Name	Viet Nam: Public-Private Partnership and Private Sector Development Technical Assistance	Department/Division	SERD/VRM
Nature of Activity	Capacity Development	Executing Agency	Asian Development Bank
Modality	Regular		
Country	Viet Nam, Socialist Republic of		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum)	0
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Strengthening governance and institutional capacity			
✓ Fostering regional cooperation and integration			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4		Gender Equity (GEN)	✓
SDG 5.a			
SDG 7.a		Poverty Targeting	
SDG 9.3		General Intervention on Poverty	✓
SDG 10.3			
SDG 17.17			
4. Risk Categorization	Complex		
5. Safeguard Categorization	Safeguard Policy Statement does not apply		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		2.85	
Government of Australia (Full ADB Administration)		0.15	
Government of Canada (Full ADB Administration)		2.70	
Counterpart		0.00	
None		0.00	
Total		2.85	
Currency of Financing: US Dollar			

I. KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE

1. The knowledge and support technical assistance (TA) grant will develop an enabling environment for public-private partnerships (PPPs) and private sector development in Viet Nam through upstream project development and gender-sensitive policy advice and capacity building.¹

A. Rationale

2. The private sector plays an increasingly important role in Viet Nam's economic development. For example, credit to the private sector was only 28% of gross domestic product (GDP) in 1999 and reached 138% of GDP by 2019 after two decades of growing by 7% per annum.² Economic growth, employment, and export data all showcase a similar story of the ascending role of Viet Nam's private sector.

3. The government recognizes the private sector's role as a growth engine and is expected to prioritize its development in the upcoming Socio-Economic Development Strategy 2021–2030 as a key to reaching upper-middle income status. Preparatory documents for this strategy target that the private sector will account for 60% to 65% of gross domestic product by 2030. This includes a larger role for the private sector in capital investment.

4. These changing circumstances are also changing the support that Viet Nam will need from the Asian Development Bank (ADB). Whereas traditional sovereign operations have historically dominated ADB's operations in Viet Nam, that balance is expected to shift toward nonsovereign operations, support for PPPs, and sovereign operations that incorporate private sector elements. Indeed, ADB's next country partnership strategy, which will cover 2021 through 2025, is expected to prioritize private sector development.

5. In executing both the government's and ADB's strategies, PPPs will feature prominently. Viet Nam is facing twin challenges in that there is an infrastructure financing gap, but the government has decreasing financial flexibility particularly in the aftermath of the coronavirus disease (COVID-19), which has slowed economic growth and increased demands on public resources. With their potential for greater efficiency, PPPs are a potential solution.

6. Viet Nam passed its first PPP law in 2020 with the advisory support of ADB and other development partners. Whereas recent donor support was focused on preparing this law, this TA will be the first major initiative to help the law's implementation and will include support for drafting circulars and other government documents, policy advice, and capacity building. Moreover, the TA will help to establish best practices and raise awareness for the project screening and project preparation will consider other principles of Quality Infrastructure Investment such as economic, social, environmental, gender, and governance—in addition to bankability.³ This support is needed at both the central and provincial levels.

7. Women must play an important role in these new developments. According to a McKinsey report, if gender gaps in the labour force were addressed in Asia Pacific, this could add \$4.5 trillion to annual GDP by 2025 in the region.⁴ Increasingly gender diversity is viewed as a source of

¹ The TA is not included in Viet Nam: Country Operations Business Plan (2021–2023), a management-approved workplan, or the endorsements of a corporate priority framework meeting because the TA's external funding became available after the approval of the Country Operations Business Plan.

² World Bank. [World Development Indicators](#). (Accessed on 12 November 2020).

³ G20. 2019. [G20 Principles for Quality Infrastructure Investment](#). Osaka.

⁴ McKinsey Global Institute. 2018. [The power of parity: advancing women's equality in Asia Pacific](#).

competitive advantage, and even as an enabler of business strategy and growth. Studies have also found a correlation between the presence of women in leadership positions and key business performance indicators, promoting firms' profitability, reputation, and strategic advantage. The Viet Nam Constitution, the Law on Gender Equality (2006), and other measures create an enabling environment for women to play an active role in the development of the private sector in Viet Nam. Despite a strong business case and progress made, barriers remain for women to gain employment, especially in traditionally male-dominated sectors as witnessed within the construction and transport sectors in Viet Nam, where less than 10% of those employed are women.⁵

8. This TA will support project development, policy advice, and capacity building that will position ADB to partner with Viet Nam to address these areas of emerging need. It is to be funded by the Government of Canada, which selected ADB to administer these funds after consultations with the Government of Viet Nam and other stakeholders. The TA will also include funding from the Government of Australia and potentially from other donors that are interested in Viet Nam's private sector development.

9. The TA firmly aligns with ADB's Strategy 2030.⁶ It not only focuses on the operational priorities (OP) of strengthening governance and institutional capacity (OP7), gender equality (OP2), and making cities more livable (OP3), but also supports Strategy 2030's goals of (i) harnessing the private sector to achieve these operational priority and (ii) using a "One ADB" approach to enhance ADB's value addition with the TA's implementation being co-led by the Southeast Asia Regional Department and the Office of Public-Private Partnerships.

10. The TA also draws from lessons learned from other ADB private sector development projects in Viet Nam, including the Public Private Partnership Support Project (P3SP), which closed in March 2020.⁷ The complex budgeting and the rigidity of public investment approvals in Viet Nam's medium-term investment plan (MTIP) impeded the preparation of projects screened by P3SP. As a loan, budgetary expenses for P3SP were required to be included in the MTIP and approved by the National Assembly, which caused delays and low disbursements. As a TA, the inputs to project concept preparation will not require approval from the National Assembly, and ADB may still recover the project preparation costs if the project is successfully tendered.

B. Proposed Solutions

11. The TA will be aligned with the following impact: the private sector is transformed into a driver of economic growth.⁸ The outcome will be the private sector's role in Viet Nam's gender-responsive and environmentally sustainable development expanded.⁹

12. The TA will achieve this outcome through three outputs.

13. **Output 1: PPP and other private sector projects conceptualized.** This is particularly important for PPPs where the government is preparing the MTIP for 2021 through 2025. Projects in the MTIP will have already completed prefeasibility assessments. Using the principles of Quality Infrastructure Investment (footnote 3), the TA will help (i) to screen and advise the government

⁵ ADB and UN Women Gender. 2019. [Responsive Budgeting in Viet Nam: Gender Equality in Transport Sector](#).

⁶ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

⁷ ADB. 2012. *Report and Recommendation of the President: Social Republic of Viet Nam, Public-Private Partnership Support Project*. Manila.

⁸ Communist Party of Viet Nam. 2020. *Draft Report on Review of 2011–2020 10-Year Socio-Economic Development Strategy Implementation, and Formulation of 2021–2030 10-Year Socio-Economic Development Strategy*. Ha Noi.

⁹ The preliminary design and monitoring framework is in Appendix 1.

on projects in the MTIP pipeline and (ii) to provide inputs to support the government in preparing a project concept paper for one of these screened projects. The inputs to the concept paper will preferably be for a project in the health sector, to help mitigate the impact of COVID-19 on healthcare funding, or a sector that promotes environmental sustainability, such as waste-to-energy generation, waste management, municipal water, or irrigation. A sector that promotes environmental sustainability would contribute to the government's agenda to transition to a low-carbon economy and introduce green and climate-proofed infrastructure. At a minimum, the inputs for project concept paper preparation will adhere to ADB's Safeguard Policy Statement¹⁰ to ensure that it is environmentally sustainable, includes appropriate mitigants to address identified safeguard risks, and is consistent with other principles of Quality Infrastructure Investment. Contingent on the availability of additional funding, the TA is also expected to play a role in upstream transaction development in local credit rating agencies and other interests where ADB's nonsovereign operations are strategically focused.

14. Output 2: Policy advice on PPPs and private sector development delivered.

Infrastructure is a significant governmental priority, but there is little research as how this infrastructure should be developed to meet the needs of women. The TA would fund a study to examine this question with the study expected to inform the operations of the government and development partners as they conceptualize solutions to Viet Nam's infrastructure needs, including the feasibility study under Output 1 of the TA. It would build upon other ADB studies on women and infrastructure.¹¹ Policy advice will also extend to the implementation of the PPP law. Although the government is expected to have published most of the corresponding decrees and circulars before the TA's approval, the Ministry of Planning and Investment is going to have ongoing needs for policy advice to adjust these documents as the first PPPs are implemented.

15. Output 3: Skills, knowledge, and capacities of central authorities, local authorities, and other stakeholders for PPPs and private sector development strengthened.

This output will have several foci. First, it will help women to advance in infrastructure and related technical fields through sponsoring an executive program for promising managers and an on-the-job internship program to encourage more young women to enter these fields. Three cohorts of 10 women each will participate in the executive and internship programs, respectively.¹² For both programs, ADB will work with a consultancy to (i) identify key public and private sector organizations that are willing to participate and (ii) design the programs which are expected to include training on designing, evaluating, and implementing infrastructure projects for environmental sustainability, climate change resilience, gender inclusiveness, and other principles of Quality Infrastructure Investment. The program will be open nationally, but participants are expected to be based mainly in Ha Noi and Ho Chi Minh City which are Viet Nam's centers for infrastructure development. Second, it will develop provincial leadership to create investable cities. Viet Nam's expertise in PPPs is clustered in the central government. For PPPs to become viable at lower levels, capacity building is a required precursor. The TA will select one province or municipality to train a cadre of professionals that will be positioned to facilitate sub-sovereign PPPs using the principles of Quality Infrastructure Investment. Third, it will help to develop local credit rating agencies. The lack of an established local credit rating agency impedes the development of Viet Nam's capital markets. Although two agencies have been established, they have not yet developed the requisite technical expertise. The TA will

¹⁰ ADB. 2009. *Safeguard Policy Statement*. Manila.

¹¹ ADB. [Gender Checklists and Toolkits in Sector Works](#). Manila.

¹² There may be limitations on government ministries participating in the internship program, in which case the program would focus on state-owned enterprises and private companies. As a possible alternative, the internship program may also sponsor staff exchanges between women working in different governmental organizations.

support a local credit rating agency to establish a technical services agreement with a global credit rating agency.

16. A TA is merited over a grant-financed project because the TA modality better aligns with the Government of Canada's priorities on how its funding should be used.

C. Indicative Technical Assistance Budget and Financing Sources

17. The proposed TA budget is estimated to cost \$2,750,000, of which (i) \$2,600,000 will be financed on a grant basis by the Government of Canada and (ii) \$150,000 will be financed on a grant basis by the Government of Australia, both to be administered by ADB.

D. Implementation Arrangements

18. The Ministry of Planning and Investment will be the executing agency and the implementing agency for the support for PPPs. The Ministry of Finance will be the implementing agency for the support for a domestic credit rating agency. Firms will be recruited using quality- and cost-based selection with a 90:10 quality-cost ratio. ADB will engage the consultants and carry out procurement following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. ADB's Viet Nam Resident Mission, in coordination with the Office of Public Private Partnerships, will administer, coordinate implementation, and monitor the TA to assess progress towards TA objectives and enhance knowledge capture and dissemination. Indicative implementation arrangements are summarized in Table 1.

Table 1: Indicative Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	March 2021–December 2025		
Executing agency	Ministry of Planning and Investment		
Implementing agencies	Ministry of Planning and Investment (PPPs), Ministry of Finance (credit rating agency)		
Consultants	Package title ^a	Selection method	Engaged by
	Firm: PPP Law Implementation Support	QCBS	ADB
	Firm: Women-focused Research and Capacity Building	QCBS	ADB
	Individual: Creating Investable Cities	QCBS	ADB
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		

ADB = Asian Development Bank, ICS = individual consultant selection, PPP = public-private partnership, QCBS = quality- and cost-based selection, TA = technical assistance.

^a Where appropriate, output-based contracts will be used for the consulting services.

Source: Asian Development Bank.

II. DELIBERATIVE AND DECISION-MAKING ITEMS

A. Risk Categorization

19. The TA is categorized as *complex* because it exceeds \$1.5 million.

B. Scope of Due Diligence

20. The items to be confirmed during due diligence and recorded in a memorandum of understanding are summarized in Table 2. The TA report will include appendixes on the terms of reference for consultants and contribution to Strategy 2030 operational priorities.

Table 2: Scope of Due Diligence

Items	Scope of Due Diligence
Outputs and activities	To be confirmed through discussions with the Ministry of Planning and Investment and the State Bank of Vietnam.
Processing timeline	Government of Canada has requested that ADB drawdown its funding prior to 31 March 2021; due diligence will confirm the feasibility of this timeline.
Cost recovery	To the extent allowed under Vietnamese law, cost recovery would apply to TA funds spent on inputs for project concept paper preparation, if the PPP project is successfully tendered and financed.

ADB = Asian Development Bank, PPP = public-private partnership, TA = technical assistance.
Source: Asian Development Bank.

C. Processing Schedule

21. The processing schedule by milestone is in Table 3.

Table 3: Processing Schedule by Milestone

Milestones	Expected Completion Date
1. Fact-finding completed	November 2020
2. Memorandum of understanding confirmed	February 2021
3. External financing agreement signed with the governments of Canada and Australia	February 2021
4. Technical assistance approved by ADB	March 2021
5. ADB draws down funding from the Government of Canada	March 2021
6. Technical assistance letter signed	October 2021

Source: Asian Development Bank.

PRELIMINARY DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with The private sector is transformed into a driver of economic growth ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Private sector's role in Viet Nam's gender-responsive and environmentally sustainable development expanded	By 2025: a. Adoption of a new approach to private sector participation in funding Viet Nam's development needs (2020 baseline: not applicable) (OP 6.1) b. At least 33% of participants in the women internship program are employed in infrastructure (2020 baseline: not applicable) (OP 2.1)	a. Revised government policy document incorporating ADB advice on catalyzing investment or signing of a PPP contract b. Consultant report	R: Government does not adopt new tools to catalyze investment because of concerns about contingent liabilities and public debt R: Local stakeholders may discount the importance of environmentally sustainable development because it is perceived as imposing additional costs
Outputs 1. PPP and other private sector projects conceptualized	1a. By 2022, Viet Nam's Medium-Term Investment Plan 2021-2025 is screened for PPPs with strong market potential (2020 baseline: not applicable) (OP 6.1) 1b. By 2023, inputs are provided for a PPP project's concept paper preparation (2020 baseline: not applicable) (OP 6.1) 1c. By 2024, the investment policy of at least 1 environmentally sustainable PPP project is approved by the competent authority under the new PPP Law (2020 baseline: not applicable) (OP 6.1) 1d. By 2024, key recommendations from the	1a.-1d. Consultant report	R: There may be limited PPPs with strong market potential because of inadequate prefeasibility assessments R: PPP project does not advance to closing because it is economically infeasible or because the government decides to proceed with traditional procurement R: Projects are not successfully tendered because of limitations in the untested PPP Law

<p>2. Policy advice on PPPs and private sector development delivered</p> <p>3. Skills, knowledge and capacities of central authorities, local authorities, and other stakeholders for PPPs and private sector development strengthened</p>	<p>gender gap assessment of a selected government agency or state-owned enterprise developing an infrastructure project are implemented (2020 baseline: not applicable) (OP 2.3.2)</p> <p>2a. By 2023, a study that examines how infrastructure in Viet Nam currently serve gender equality is published (2020 baseline: not applicable)</p> <p>2b. By 2025, MPI and related agencies to develop policy documents to implement the PPP Law are supported (2020 baseline: not applicable) (OP 6.1)</p> <p>3a. By 2022, a national women's executive program targeting women working in infrastructure related private sector is established (2020 baseline: not applicable) (OP 2.3.1)</p> <p>3b. By 2022, a national internship program for women in technical fields to receive on-the-job training in infrastructure related private sector is established (2020 baseline: not applicable) (OP 2.2.1)</p> <p>3c. By 2025, the capacity of government leaders in one province or city developed through an on-the-job training program to deliver environmentally sustainable and gender-responsive PPPs (2020 baseline: not applicable) (OP 4.2; OP 6.1; OP 6.2)</p>	<p>2a. Consultant report</p> <p>2b. Government and/or ministerial circular or other policy documents</p> <p>3a. Concept note for women's executive program</p> <p>3b. Concept note for women's internship program</p> <p>3c. PPP training workshop agenda and participants list</p>	
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Key Activities with Milestones

1. PPP and other private sector projects conceptualized

- 1.1 Government finalizes Medium-Term Investment Plan 2021-2025 (Q2 2021)
- 1.2 Consultant screens Medium-Term Investment Plan 2021-2025 to identify projects that are strong candidates for successful tendering as PPPs (Q1 2022)
- 1.3 Consultant prepares feasibility report and other inputs to PPP project concept paper (Q4 2024)

2. Policy advice on PPPs and private sector development delivered

- 2.1 Consultancy provides ongoing support to MPI and other ministries and provinces on implementation of PPP law (Q4 2021–Q4 2025)
- 2.2 Consultant completes survey of women's assessment of infrastructure in Viet Nam (Q2 2022)
- 2.3 Consultant prepares ADB working paper on infrastructure study and disseminates findings through a seminar (Q1 2023)

3. Skills, knowledge, and capacities of central authorities, local authorities, and other stakeholders for PPPs and private sector development strengthened

- 3.1 Identify cities to participate in municipal capacity building program (Q3 2021)
- 3.2 Support a domestic credit rating agency to enter into a technical services agreement with a global credit rating agency (Q1 2022)
- 3.3 Develop recruitment procedures and curriculum for women's executive and internship programs (Q1 2022)
- 3.4 Implement municipal capacity building program in selected municipalities (Q1 2022–Q1 2025)
- 3.5 Identify government agency to participate in gender gap assessment (Q4 2022)
- 3.6 Complete first cohort of women's executive and internship program (Q4 2022)
- 3.7 Complete gender gap assessment on the government agency (Q4 2023)
- 3.8 Complete second cohort of women's executive and internship program (Q4 2023)
- 3.9 Implement key recommendations from the gender gap assessment within the government agency (Q4 2024)
- 3.10 Complete third cohort of women's executive and internship program (Q4 2024)

Inputs

Government of Australia: \$150,000

Government of Canada: \$2,700,000 (equivalent of 3,500,000 Canadian dollars)

A= assumption, MPI = Ministry of Planning and Investment, OP = operational priority, PPP = public-private partnerships, Q = quarter, R = risk.

^a Communist Party of Viet Nam. 2020. *Draft Report on Review of 2011–2020 10-Year Socio-Economic Development Strategy Implementation, and Formulation of 2021–2030 10-Year Socio-Economic Development Strategy*. Ha Noi. Source: Asian Development Bank.