



# Project Information Document/ Identification/Concept Stage (PID)

---

Concept Stage | Date Prepared/Updated: 18-Oct-2018 | Report No: PIDC85120



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental Assessment Category C - Not Required (C)	Project Name Vietnam: Strengthening M&E Capacity for Improved Performance of Public Investment Projects
P161176			
Region	Country	Date PID Prepared	Estimated Date of Approval
EAST ASIA AND PACIFIC	Vietnam	18-Oct-2018	20-Mar-2017
Financing Instrument	Borrower(s)	Implementing Agency	Initiation Note Review Decision
Investment Project Financing	Ministry of Planning and Investment	Department of Investment Supervision and Appraisal, Ministry of Planning and Investment, Information Technology Center, Ministry of Planning and Investment, National Economic Issues department, Ministry of Planning and Investment	The review did authorize the preparation to continue

Public Disclosure Copy

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	1.80
<b>Total Financing</b>	1.80
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**



Trust Funds	2.00
Japan Policy and Human Resources Development Fund	2.00

**B. Introduction and Context**

Country Context

Urbanization and urban development have been an important driver of Vietnam’s remarkable progress in economic growth and poverty reduction over the past two decades. Large cities with industrial concentration have now generated more than half of Vietnam GDP. Rapid growth and urbanization have been associated with an impressive fall in the national poverty head account rate, from 58% in 1993 to 2.9% in 2014. The economy undergoes the continued and rapid transformation from a substantially agrarian society to the one with aspiration to become a modern industrial economy in near term.

However, the evidence shows that urbanization and urban development in Vietnam have followed an unsustainable path. The land conversion-based urban development model is associated with fragmentation of urban expansions which reduces potential benefits of increased economic density in around large metropolitan areas. The cities are not well connected to transportation networks, service delivery modes, and markets which result in unreliable supply chain and high logistic costs, accounting for 21percent of GDP. Urban areas are expanding quickly without adequate infrastructure and public services, causing major issues including severe pollution, social exclusion, expanded pockets of urban poverty, crimes etc. The current urban development pattern may risk becoming a major stumbling block to the country’s ambition to transform its economy into an industrialized one.

Reshaping urban policies and investment is therefore important for Vietnam to overcome these critical challenges and driving further growth. The Government of Vietnam has taken a strategic approach to urban development with the formulation of various strategic documents. The Vietnam 2035 Report sets out the long-term development vision for Vietnam and stresses that effective managing urbanization for greater efficiency is one of the key transformations for Vietnam to unleash its growth potentials. For medium-term, Vietnam has formulated a Framework Master Plan for Urban Development in Vietnam to 2025 with a Vision to 2050. The National Urban Development Program 2011-2020 (NUDP) --prepared with support of the World Bank-funded Vietnam Urban Upgrading Project-- adopts an integrated urban planning to promote compact cities. This represents a transformative shift in strategic approach, moving away from the narrowly focused basic infrastructure investments. The strategic vision was then transformed into an action plan in the Socio-economic Development Plan (SEDP) 2016-20, which gives priority to selected areas including urban development management.

Sectoral and Institutional Context

Investment for urban development will remain high in the medium to long term but there is no impact consideration at present. Rapid urbanization (27% in 2006, 36% in 2015, and projected to reach 45% in 2020) drives the high demand for urban infrastructure services, while investment in urban areas continues to rely on the state sector. According to a Government report, total state investment in 2005-10 for water and

Public Disclosure Copy



environmental sanitation in urban areas was about USD 3.6 billion, and this is projected to reach USD 7-9 billion for 2010-20 (Vietnam Urban Development Program 2012-20). However, there is no systemic quantitative assessment of the impact of these investments. The current structure of the SEDP puts emphasis on sector-specific issues and there is no systemic approach to cross-cutting areas such as urban development. Among the existing 26 socio-economic targets of the SEDP, there are no direct indicators for urban development.

While the Public Investment Law (PIL) and Construction Law 2014 contain notable improvements in pre-screening and appraisal procedures, no changes in Vietnam’s approach to M&E for public investment projects were introduced in these two laws. Some good elements of a sound monitoring and evaluation (M&E) framework for investment projects were, however, introduced in Decree 84/2015. Definitions of terms, scope, procedures, and responsibilities of agencies in M&E as stipulated in Decree 84 are broadly in conformity with international good practices. Both the PIL and Decree 84 require the evaluation of project impact at four different points of time, namely at the beginning, mid-term, completion and impact evaluation. But their effectiveness has been constrained by the lack of relevant regulations and the associated guidance for the formulation of a project log-frame, result chain, and indicators which can then be used for effective result-based M&E. As a result, the current M&E focuses exclusively on outputs, financial monitoring, and compliance. The lack of outcome indicators in project proposals makes it impossible to adopt result-based M&E as required by PIL and Decree 84. With regards to urban development projects, a complete list of urban projects or a set of standardized indicators to monitor project level in the urban sector does not currently exist.

In addition, the fragmented nature of the PIM and M&E arrangements result in further impediments for M&E effectiveness. Responsive monitoring takes place at a decentralized level, by implementing agencies. However, the central element of a good M&E system is largely missing and the MPI’s role in M&E for individual projects is limited. There is scope for significantly strengthening MPI’s role in centralized monitoring of projects, to timely identify early deviations from plan and developing corrective actions, especially for problematic or at-risk projects.

There is also notable room for improvement of the project database, a critical element of a well-functioning M&E system. The Ministry of Planning and Investment (MPI) has already developed a database for public investment projects (State Budget Investment Management Information System, SBIMIS) which provides an electronic platform for reporting and monitoring of public investment projects. The roll-out of this centralized PIM information system was initiated at the end of 2016 through an MPI Circular, and the system has now captured around 21,000 projects. However, the database has to date simply been a replacement of the administrative paper reporting system and hence is of limited usage for performance reporting and on-ward financing decision. In particular, the system needs to be interoperable with the Treasury system (TABMIS) to capture most up-to-date financial data and non-financial information. Besides, the system only covers

projects that are funded by the central budget, which is only a third of the total value of public investment projects, given that public investment is highly decentralized. In addition, provinces - especially those that are capable of generating own source revenue - are investing in systems to monitor their own projects. This leads



to wasteful resources and unnecessary reporting burden on the project implementation agency while M&E function should be centralized pursuant to the PIL.

Weak capacity of officials at the subnational level in both appraisal and performance M&E of investment projects is another major issue for the implementation of new changes as illustrated by the implementation of the PIL and the roll-out of the SBIMIS. MPI and provincial Departments of Planning and Investment (DPI) staff are supposed to play the gate-keeping role in screening the projects before they are included in the budgets as well as in rejecting projects when they are not capable of delivering planned results. In practice, the weak capacity of MPI and DPI in appraising projects, is an important factor behind the fragmented proliferation of projects in the past.

***This proposed project responds to the MPI request with the aim to support the MPI to strengthen Vietnam's PIM M&E, focusing on two inter-related aspects: (1) result-based indicator framework for public investment projects; (2) data availability and reliability, with improvements of database for M&E of public investment projects.*** The M&E indicators will be applied to the appraisal, selection, implementation, adjustment of the project cycle (Figure 1). Projects will be appraised and monitored based on the set of result-based indicators supported by the SBIMIS. The project is a natural follow-up of the analytical work of the PIM diagnostics and complements the on-going TA to support the revision of the PIL. The project will complement an on-going Bank's technical assistance under the Mekong Delta Region Urban Upgrading Project, which aims to support the formulation of a national database of key urban indicators.

Public Disclosure Copy

#### Relationship to CPF

Reform priority is given to public investment management in Vietnam Systematic Country Diagnostic (SCD). The SCD is the key analytical report to inform the formulation of the World Bank Group's Country Partnership Framework (CPF) for FY17-22. The SCD recognizes that effective implementation of adequately financed public investment is one of the key requirements for Vietnam to sustain growth, reduce extreme poverty, ensure continued shared prosperity and achieve climate resilient and environmental sustainability.

In addition, support to improve the M&E system for the public investment with a focus on urban development is consistent with the priorities of the WBG CPF for FY17-22. The CPF, in turn, is aligned with the objectives of the SEDP 2016-20 and structured around three focus areas: (i) Enable Inclusive Growth and Private Sector Participation; (ii) Invest in People and Knowledge; and (iii) Ensure Environmental Sustainability and Resilience, with Governance as a cross-cutting engagement area. Specifically, strengthening M&E of

public investment with focus on urban sector public investment will contribute to various objectives of the CPF, including:

- Objective 1. Strengthen economic governance and market institutions;
- Objective 4. Improve planning, management, and delivery of infrastructure and land in cities.



### **C. Project Development Objective(s)**

#### Proposed Development Objective(s)

The objective of the proposed free standing technical assistance is to strengthen the functional capacity of the MPI and selected provinces in the formulation and implementation of result-based monitoring and evaluation. The TA is focused on urban development projects in the context of the preparation and implementation of Vietnam Socio-Economic Development Plan 2021-25.

#### Key Results

The achievement of the PDO will be measured by the outcome indicator: “Strengthened functional capacity to adopt the result-based approach for M&E of urban public investment projects”.

Intermediate result indicators include:

- New/revised legislative documents and manuals that mandate, regulate, and guide the implementation of result-based M&E of public investment projects;
- Improved SBIMIS to reflect the mandatory changes in M&E approach;
- Number of staff of selected departments of MPI and provinces trained on the enhanced M&E system;
- Number of projects applied the M&E result-based appraisal methodology.

### **D. Preliminary Description**

#### Activities/Components

The project is proposed at the request of the MPI to help improve the capacity for monitoring and evaluation of projects based on reliable and timely data. The operation is proposed to be a Recipient-executed Trust Fund (RETF). The RETF modality would ensure the ownership and leadership of the counterparts as well as the effective application of the results of the operation. The engagement and contribution of the Bank will focus on sharing international good practice, ensuring the robustness of the approach and the quality of the outputs.

The proposed RETF will contribute to improving Vietnam’s M&E system for public investment projects. The RETF will aim to support the GoV in the implementation of the restructuring program of management of public investment. The RETF activities will help to (i) enhance result-based M&E approach in legal framework and appraisal methodology, (ii) improve the availability and quality of project data, enhance the approach to M&E. As a result, the RETF is expected to strengthen capacity of MPI and relevant stakeholders in the preparation and implementation of the improved regulatory framework for public investment. Finally, the RETF will contribute to the assessment of the SEDP 2016-20 and the formulation of an evidence-based SEDP 2021-25.

The adoption of the improved M&E framework of the RETF focuses on the M&E of urban development projects and is expected to complement the on-going technical assistance under the Mekong Delta Region Urban Upgrading Project (MDRUUP).



The project will have three components:

**Component 1. Review and formulation of a Results-based framework for Public Investment Projects, with pilot for urban projects.**

***Objectives***

This component will support the MPI to strengthen the result-based framework of public investment projects; and to effectively implement this framework through piloting of urban development projects.

***Key stakeholders***

The Department of Investment Supervision and Appraisal (DISA) of MPI will take the lead for this component, as they have the mandate and the leading role in formulation of policies and regulatory framework for appraisal and monitoring of public investment projects. DISA will work with Department of Urban and Infrastructure Development, as well as the selected provincial Departments of Construction and Department of Transport. Their primary focus is on taking stock of urban projects and the current monitoring mechanism and on introducing a new institutionally compatible results-based M&E system.

The pilot of the M&E framework will be implemented by the selected Provincial Departments of Construction and Department of Transport, in collaboration with Departments of Planning and Investment. The projects selected for pilot include both non-ODA and ODA projects in the urban sector. The result indicators will be adopted at appraisal stage, which will then be used throughout the project selection, implementation and adjustment to monitor implementation against result.

***Key activities and outputs***

Under this Component, DISA will take the overall leading role to carry out the following activities:

- Take stock of the list of the large ongoing projects in urban sector. Review the current M&E system and formulate a result-based framework for public investment projects appraisal and monitoring. The framework will (i) provide sources of information and data for M&E and responsibility of agencies in the data collection; and (ii) include standardized tools for M&E (including M&E plan, project development objectives and log frame, and result indicators).
- Pilot the M&E result framework in selected urban projects.
- Develop report templates on public investment in line with the new M&E framework.
- Formulate necessary legal document(s) and manual(s) to guide the implementation of project appraisal and the M&E framework.
- Disseminate the new appraisal and M&E framework and undertake capacity building activities that aim to use of result-based M&E in urban projects.



**Component 2. Improve the SBIMIS for on-line reporting and monitoring of public investment projects, with capability to adopt the M&E result framework for analytical, reporting, and forward capital planning and budgeting purpose.**

### **Objectives**

***The Component will contribute to assessing and improving the current project database and hence enable the adoption of the M&E framework developed by the first component of this project.*** The current reporting requirement will be revised in accordance with the result indicators as specified in the M&E framework. An option for this component is to improve the readiness of SBIMIS for effective two-way information sharing between the specific projects including planned expenditures and physical progress captured by SBIMIS with financial disbursements data recorded in TABMIS. The SBIMIS and TABMIS currently share the same project ID code, which will enable the reconciliation of disbursement data from TABMIS to the SBIMIS. In future, when TABMIS data is exported to the revenue-expenditure data warehouse at the MOF, and planned capital allocation can be transferred from SBIMIS to the MOF data warehouse, it is much more effective for the PIM system to monitor disbursement progress of capital projects. It is noted, however, that a formal agreement among stakeholders is needed to facilitate this two-way information sharing and synchronizing between SBIMIS and the data warehouse.

The system will be expected to aggregate necessary information with early warning indicators of problem projects for MPI to strengthen their M&E system and make informed policy decision on capital budget allocation. This component will help to provide reliable data about medium-term commitments of on-going projects, which serves as important inputs to formulate the next medium-term investment plan (MTIP 2021-2025). The component will also help the implementation of the amended Public Investment Law, which requires a move from the current decentralized towards a centralized M&E database. This change requires further improvement of the SBIMIS and its mandatory application in line ministries and provinces. The coverage of the system can be extended to urban projects using provincial own budget. This will provide a complete picture on the whole public investment in Vietnam.

### **Key stakeholders**

The leading agency for the online reporting system is the IT Center under MPI, with active participation of the Department for National Economic Issues (DNEI). While the IT Center is in charge of development, management and training for ministries and provinces to report on their public investment projects online, the DNEI is in charge of the preparation of the SEDP, MTIP, as well as the oversight of the overall public investment efficiency. DNEI and DISA are the main beneficiaries and implementing partners on policy analysis and use of project database for policy making at the MPI and selected provinces.

### **Key outputs and activities**

Formulate online report templates for public investment projects in line with the M&E framework developed in Component 1.





- Improve the online system for reporting on public investment projects to capture these indicators and other needs (including comprehensive coverage, report demand orientation, or early warning indicators of problem projects).
- Expand the coverage of the system to urban projects financed by provincial budget and allow provinces to use the system to monitor their own projects.
- Assess the readiness of the SBIMIS for two-way sharing capability and connectivity to the MOF national data warehouse and other databases.
- Prepare necessary legal documents for rolling out the improved reporting system
- Arrange activities for capacity building and support data collection for rolling out the application of the improved on-line reporting and utilization of the project database for reporting and policy making, including the implementation of the amended Public Investment Law.

**Component 3. Administer the PHRD project.**

**Project Management and Administration:** A project implementation unit (PIU) will be established to carry out the day-to-day management of the project. The PIU will hire consultants (including financial management consultant, procurement consultant, and administrative assistant) to help with daily activities.

**Monitoring and Evaluation:** M&E consultants will be hired to develop annual program workplan and monitor progress of the program on a six-monthly and annual basis. The consultants will report to the head of the PIU and share reports with the World Bank.

**Knowledge Dissemination:** A kick-off workshop will be organized to train all relevant staffs participating in the project implementation. All outputs of the project will be disclosed and shared to all relevant stakeholders.

Key outputs will include:

- Project work plan and budgets
- Project progress reports, including M&E
- Financial management and audit reports
- Procurement plans

**SAFEGUARDS**

**E. Safeguard Policies that Might Apply**

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	

Public Disclosure Copy



Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

Public Disclosure Copy

**CONTACT POINT****World Bank**

Contact : Quang Hong Doan Title : Senior Economist  
 Telephone No : 5777+8244 Email :

Contact : Anh Phuong Nguyen Title : Public Sector Specialist  
 Telephone No : 5777+8368 Email :

**Borrower/Client/Recipient**

Borrower : Ministry of Planning and Investment

**Implementing Agencies**

Implementing Agency : Department of Investment Supervision and Appraisal, Ministry of Planning and Investment

Contact : Huong Nguyen Thanh Title : Deputy Director General  
 Telephone No : 84904240671 Email : nguyenuong@mpi.gov.vn

Implementing Agency : Information Technology Center, Ministry of Planning and Investment

Contact : Nhu Son Nguyen Title : Director  
 Telephone No : 0913382138 Email : nhuson@mpi.gov.vn

Implementing Agency : National Economic Issues department, Ministry of Planning and Investment



Agency :

Contact : Quoc Phuong Tran

Title : Director

Telephone No : 0977575968

Email : [phuongmpi@gmail.com](mailto:phuongmpi@gmail.com)

**FOR MORE INFORMATION CONTACT**

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

Public Disclosure Copy