Report Number : ICRR0021249

1. Project Data

Project ID	Project Name
P118610	VN-Project Preparation TA Facility
Country	**Practice Area(Lead)**
Vietnam	Transport & Digital Development

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-47790	31-Dec-2015	100,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
24-Jun-2010	31-Oct-2017	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	100,000,000.00	0.00
Revised Commitment	58,142,355.92	0.00
Actual	52,797,320.77	0.00

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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p. 5) and the Financing Agreement of July 15, 2010 (p. 5) the objective of the project was “to increase the capacity of Government entities to plan and prepare public investments efficiently and to international quality standards.”

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
12-May-2014

c. Will a split evaluation be undertaken?
Yes

d. Components
The project included three components:

Component A: Project Preparation Facility (appraisal estimate US$94.7 million, actual US$47.82 million). This component was to finance the preparation of a large number of sub-projects in different areas including infrastructure and social sector operations. Areas to be supported under the sub-projects were preparation of proposals, administrative management, financial management, procurement, and disbursement. These sub-projects were to be financed through official development assistance. During the 2017 restructuring, financing for this component was reduced to US$63.77 million.

Component B: Project Preparation Facility Support and Capacity Building (appraisal estimate US$4.70 million, actual US$3.98 million). This component was to finance support to the Ministry of Planning and Investment (MPI) in the review and appraisal of sub-project proposals, monitoring and evaluation (M&E) of sub-projects, financial management, procurement and safeguards guidance to the implementing agencies, portfolio management, monitoring, and preparation of a capacity building program. Furthermore, this component was to finance project preparation capacity support services to support overall capacity building (primarily targeting the Implementing Agencies) for project preparation. This component was also to provide policy support and institutional strengthening to the MPI, the Ministry of Finance (MoF), and the State Bank of Vietnam with support for improving the government’s overall public investment project institutions and procedures.

Component C: Incremental Operating Costs and Project Management Expenses (appraisal estimate US$3.60 million, actual US$0.96 million). This component was to finance conducting annual external audits, and purchasing minor equipment and facilities required to manage the project.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates
Project Cost: The technical assistance (TA) project was estimated to cost US$103 million. Actual cost was US$52.79 million as a result of slow implementation progress and limited demand from line ministries for project funds (as explained below).

Financing: The project was financed by a US$100 million credit by the International Development Association (IDA); US$31 million was cancelled during implementation and the final disbursement was US$52.79 million. The project disbursement was hampered by (i) significant time taken for MPI and line ministries to define and establish implementation mechanisms linked to the facility (a new way of operating); (ii) the decentralized nature of project implementation, with 22 decentralized PMUs implementing various sub-projects; (iii) difficulties in securing counterpart funding needed for implementation and disbursement; and (iv) MPI’s weak capacity to manage and implement the project

(ICR, page 16).

Borrower Contribution: The Borrower was to contribute US$3 million. Actual contribution was US$780.000 to the Project Coordination Unit (PCU) for financing i) operating costs and ii) key consultants and staff for five months (Nov 2017-March 2018) after the project was closed in October 2017 in order to finalize disbursement, housekeeping, account closing, reporting, and asset liquidation during the grace period. In addition, counterpart funds of US$3.6 million were also provided to the implementing agencies (PMUs) of sub-projects.

Dates: The project was restructured three times:

- **On May 12, 2014** the project was restructured to: i) modify the financing agreement related to an on-lending mechanism, effectively changing the terms of funding for the sub-projects to a simpler on-grant basis; (ii) modify the references to the procurement and consultant guidelines to introduce flexibility to these processes for sub-projects; and (iii) revising the project's results framework (revising key outcome indicators and removing the results framework from the project Financing Agreement).
- **On December 22, 2015** the project was restructured to: i) extend the closing date by 22 months from 31 December 2015 to 31 October 2017 to allow for the delivery of the approved sub-projects and policy development activities that were delayed as a result of (i) weak capacity at the level of implementing agencies at national and sub-project level; (ii) overcommitted consultants involved in project implementation, not providing adequate support; and (iii) protracted approval processes on the part of designated authorities; ii) cancel US$11.428 million (XDR 8.24 million as of 22 December 2015) of project funds that were not to be committed for financing project preparation activities by the project's current closing date (31 December 2015); and iii) revise the Results Framework to reflect the new implementation timeline. All target values were aligned to reflect the new closing date and two PDO indicators were added.
- **On March 23, 2017** the project was restructured to: i) cancel US$19.572 million (XDR 14,532,656 million as of 08 March 2017) of project funds that would not be committed for financing project preparation activities by the closing date of 31 October 2017; ii) revise the Results Framework to reflect the new implementation timeline, and to introduce three new PDO indicators; iii) reduce the financing of component 1 from US$94.7 million to US$63.77 million and minor financing revisions for component 2 and 3.

3. Relevance of Objectives

Rationale

According to the PAD (p. 1) over the last twenty years, Vietnam has made significant achievements in poverty reduction and economic growth. Due to economic reforms and steady macroeconomic management, the annual real Gross Domestic Product (GDP) growth rate was in average around 7.5 percent and the poverty rate decreased from around 70 percent to below 20 percent. To build on these achievements, Vietnam's 2006-2010 Socio-Economic Development Plan aimed to significantly increase investments, particularly for infrastructure development. However, the efficiency of public investments was impacted by delays in preparation and implementation processes. Therefore, the government established an Official Development Assistance Inter-Ministerial Task Force in 2009. The aim of the task force was to address delays in the implementation of Official Development Assistance financed investments (the stock of undisbursed ODA funds totaled about $11 billion at the end of 2008). The objective of this project supported this task force. The objective of the project was in line with the decisions by the Prime Minister and other high-level officials that call for speeding up the preparation and implementation of specific public investments, including implementation of World Bank projects. Furthermore, the project supported the Government's 2016-2020 Socio-Economic Development Plan, which estimated the demand for infrastructure investment capital over the period of about US$139 billion (approximately 10 to 12% of the country's Gross Domestic Product). The objectives of the project were also in line with the Bank's Country Partnership Strategy (FY18-22) at project closure which aims to support comprehensive reforms in the public financial and investment management areas and to strengthen capacity and institutions at the national and sub-national levels for improved efficiency and effectiveness.

Rating
High

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
To increase the capacity of Government entities to plan and prepare public investments efficiently.

Rationale
The project's Theory of Change linked the financing of capacity support to prepare sub-projects, feasibility studies, and procurement documents and support by specialists to key government agencies to a more efficient and, in line with international quality standards, planning and preparation of public investment projects and overall stronger capacity for public investment and preparation.
A split rating is used in the assessment of the objective as the original outcome indicators were revised during project restructuring in 2014, when US$21.88 million were disbursed (42% of the overall disbursement). The subsequent modifications of the key indicators in 2015 and 2017 do not trigger a split rating as it would not provide a material difference in the assessment.
Outputs

- 22 sub-projects were completed as targeted to improve quality at entry and reduce implementation delays as well as build capacity at different levels of government. These sub-projects contributed the preparation of 13 IDA/IBRD investment projects, to a total cost of $1.7 billion (equivalent to 22 percent of the current World Bank portfolio in Vietnam).
- Procurement capacity building program was delivered as planned.
- 12 studies were prepared as key inputs to drafting the Planning Law.
- A central database for all Official Development Assistance (ODA) projects was established in the MPI (not listed in the results framework).
- An M&E database was set up in the Informatics Center of the MPI to monitor ODA projects and to serve

the ministry's decision-making processes. MPI's Circular was not delivered as planned but Manual on ODA planning and M&E was approved.

- A loan registration system was established within the Ministry of Finance to help monitor public debt. This output was not included in the Results Framework and did not have a target.

Outcomes

Under original outcome indicators (rated Negligible)

- The preparation period for projects was not reduced from 27 months to 20 months, as planned, and remained 27 months. In addition, the ICR compared the preparation time for non project-financed projects for the same period, which was 19 months. The ICR (page 18) explained this by more preparatory work that was included in the project preparation cycle, including procurement, environmental, and design studies—so that this would lead to improved project quality at entry and speed up implementation.
- The target to reduce the average time taken to achieve 10 percent of total disbursement from 21.6 months to 15 months was not achieved, and remained at 21.6 months on average. The continued disbursement lags in project-financed subprojects(beyond the first disbursement) are explained by the ICR as due for several reasons: (i) in addition to the four state-owned banks serving World Bank projects, several private commercial banks were added to the roster during implementation, which had limited (or no) prior experience working with the World Bank; (ii) the State Bank of Vietnam (SBV) took considerable time selecting a serving bank for new projects; and (iii) national procurement rules did not allow for procurement activities to start until project effectiveness.

Under revised outcome indicators (rated Modest)

- 94% of project-financed sub-projects had 30% of the detailed designs completed before Board approval, surpassing the target of 41%.
- The average time taken from effectiveness to the first disbursement for projects that used project funds slightly improved from 5.5. in 2010 to 5.2 months in 2017 (the defined target was erroneous and misaligned with the baseline).

The achievement of the objective is rated negligible under the originally defined outcome indicators as there was no progress from the baseline. Under the revised outcome indicators, the rating is modest for lack of sufficient evidence related to the increased capacity of the Government entities to plan and prepare public investments efficiently, as both indicators do not comprehensively capture the outcome. One outcome indicator focuses on the World Bank projects and the other does not clearly define the target.

Rating

Modest

Objective 2

Objective

To increase the capacity of Government entities to plan and prepare public investments to international quality standards.

Rationale

Outputs

- A total of 457 officials (line ministries, local authorities, various agencies), and project staff under the sub-projects were trained in Bank fiduciary requirements—surpassing the target of 300.

Outcomes

There were no originally defined outcomes and new indicators were introduced during implementation in 2015 and 2017, as follows: (i) the number of PPTAF-financed sub-projects detailed design packages using international standards like environment and social safeguard (27 against the targeted 18); and time taken to complete international procurement packages related to civil works in project-financed activities (achievement 14.9 months, against a target of 12 months—down from 30 months in 2010). The ICR adds that four sub-projects were reviewed to assess the quality of detailed design activities that meet international standards and concluded that 94% met the standards against the target of 70%. The ICR does not provide the methodology how this was assessed; it only explains that given time limitations in conducting a planned impact study, the findings were based on a review of four sub-projects that met certain criteria and were found to be representative of the portfolio of 22 sub-projects.

The achievement of this objective is rated modest for lack of sufficient evidence. The outcome indicators were added late into the project implementation and do not sufficiently gauge the achievement of the objective.

Rating

Modest

Rationale

The achievement of the first objective is rated negligible under the originally defined outcome indicators as there was no progress from the baseline. Under the revised outcome indicators, the rating is modest for lack of sufficient evidence related to the increased capacity of the Government entities to plan and prepare public investments efficiently, as both indicators do not comprehensively capture the outcome. One outcome indicator focuses on the World Bank projects and the other does not clearly define the target.

The achievement of the second objective is rated modest for lack of sufficient evidence. The outcome indicators were added late into the project implementation and do not sufficiently gauge the achievement of the objective related to international quality standards.

Based on the above, the overall efficacy rating under both the original and revised outcome indicators is rated modest.

Overall Efficacy Rating
Modest

Primary reason
Insufficient evidence

5. Efficiency

No economic or financial analysis was done for this TA project. The PAD (p. 12) stated that "the project will provide building support for Government agencies responsible for preparing public investment projects, and for funding for the preparation of such projects, and will not have itself present quantifiable economic and financial benefits."
The ICR (p. 20-21) discussed the project's operational efficiency and whether the costs of delivering the anticipated results were reasonable. The ICR provided a comparison of original versus revised allocations per components. The analysis showed that for component A, the preparation facility, unit costs were significantly lower than planned (US$4.30 million/sub-project versus US$2.72 million/sub-project). Actual unit costs for components B and C (capacity support and project management) were similar to the original costs at US$0.21 million/sub-project versus US$0.22 million/sub-project under component B and US$0.16 million/sub-project versus US$0.15 million/sub-project under component C. According to the ICR (p. 21) the Bank's operation costs were only 5.84 percent higher than originally planned, despite the 22 months extension. Overall, the project's original implementation timeframe was extended by about two years due to project design issues as well as project operational inefficiencies. 47.2% of the original loan amount of US$100 million were cancelled.

Efficiency Rating
Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐Not Applicable
ICR Estimate		0	0 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of Objective is rated High given inefficiencies in preparation and implementation processes of public investments in Vietnam. Efficacy and Efficiency are rated Modest resulting in an overall outcome rating of Moderately Unsatisfactory.

a. Outcome Rating

Moderately Unsatisfactory

7. Risk to Development Outcome

The government continues to be committed to the implementation of the project's objective and put in place the necessary laws such as the new planning law which establishes a new system of national master plans and fundamental principles for planning work. It also defines tasks and powers of State authorities in planning activities and specifies the process for formulating, implementing and supervising the implementation of the plans. Furthermore, the government has recently revised the ODA management law which is a legal document for regulating the management of ODA and Donor's Concessional Loans based on several laws such as public investment law, investment law, procurement law, and public debt management law. The government's commitment and the passing of these law/decree would support the sustainability of project outcomes.

8. Assessment of Bank Performance

a. Quality-at-Entry

According to the ICR (p. 27) project appraisal and approval was fast. The project design was built on findings from studies conducted by the government and development partners. However, it was complex and required the MPO to perform the challenging role to bring different line ministries at the central level together and provide support and collaborate with decentralized agencies. The Bank team identified relevant risk factors and assessed the risk of the MPI's ability to manage the project effectively as Substantial. The Bank's mitigation efforts in supporting the MPI were adequate but not sufficient. Processes for accessing funding from the preparation facility were considered cumbersome and heavy, and roles and responsibilities were not clear or fully understood. In addition, many decentralized agencies did not have the required capacity and experience to fulfill their roles. Furthermore, the ICR (p. 27) stated that the sub-project application and approval processes were a bottleneck in the processing chain, which ended up being simplified and streamlined to increase the demand for support by the project. The Results Framework had several shortcomings (see section 10a for more details).

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

The Bank team conducted a total of 13 supervision missions and monthly coordination meetings. During its seven years implementation period the project had four different Task Team Leaders. However, according to the ICR (p. 27) this did not have a negative impact on project implementation and performance. Since task team members were based in the country, the project benefited from ongoing communication and support. The ICR (p. 28) stated that due to the project's weak performance, supervision was intensified from April 2012 onwards. The supervision of the financial management and procurement of the project was performed satisfactorily (see section 11b for more details). The Bank also tried to address implementation issues through three project restructurings. From 2014 onwards, the focus of the project shifted more to the broader institutional and policy agenda. The Bank addressed the decreased need for a central project preparation fund over time by cancelling a significant amount of IDA resources. However, according to the ICR (p. 28) the Mid-Term Review and the subsequent restructuring of the project did not sufficiently solve the project's design and M&E issues.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project's theory of change and how key activities would lead to the intended outcomes was sound and reflected in the Results Framework. There were three original outcomes that focused on reduced project preparation periods, increased number of projects that achieve procurement readiness by financing approval, and reduced time to achieve 10 percent disbursement. They measured the performance of the overall public investment projects at large (financed through the national budget or other development partners, including the World Bank), and were revised to focus on the project- financed activities. There were no outcomes defined to measure the second objective related to international standards.
The selected intermediate outcome indicators were loosely connected to the objective and project activities. Also, the ICR (p. 24) stated that some of the indicators were based on assumptions that might not be accurate such as "average time for PCN to Board approval", even though it was not clear whether a reduction in project preparation time would lead to increased government capacity.
The PCU within the Ministry of Planning and Investment had the primary responsibility for monitoring and evaluating sub-project activities and results.

b. M&E Implementation

The PCU consolidated data from different sources to assess achievement towards the project's objective. The PCU prepared detailed quarterly monitoring reports including information on project outputs and activities

produced. Furthermore, the PCU, the PMUs at the sub-level, and the Bank team consistently worked together to identify bottlenecks and identify solutions. According to the ICR (p. 25) during the second half of project implementation, the PCU enhanced its field visits and its support to PMUs. The ICR stated that the PCU performed the M&E function satisfactorily.
The Results Framework was modified during three project restructurings due to its shortcomings in measuring implementation results. During the December 2015 restructuring, the Bank removed the Results Framework from the project's Financing Agreement to allow for more flexibility. The ICR (p. 24) raised the question whether the modifications aimed to align the Results Framework with actual results achieved.

c. M&E Utilization

According to the ICR (p. 25) M&E data was collected and monitored by the PCU consistently and was used to identify implementation challenges. The PCU submitted quarterly progress reports to the Bank. The ICR further stated that the M&E system, despite its shortcomings, supported project management and improved overall project performance. Since the M&E system was specific to the project and not institutionalized, it is unlikely for it to be sustained after project closing.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as Category B and triggered OP/BP 4.01 (Environmental Assessment) since it involved the preparation of safeguard instruments. During project implementation safeguard specialists provided trainings on social safeguards to relevant members of sub-projects to allow for frequent monitoring. The project developed a safeguard management framework to support the screening of all proposed sub-projects for potential socio-environmental impacts. The ICR (p. 26) stated that social and environmental safeguards compliance was rated Satisfactory.

b. Fiduciary Compliance

Financial Management and Procurement:

The ICR (p. 26) stated that the Bank loan proceeds were being used for the intended purposes and that the project followed the Bank's procurement procedures. Throughout implementation financial management were consistently rated Moderately Satisfactory due to contract management related issues such as (i) contracts expired without timely extension; (ii) slow payment processes at both PCU and sub-projects; and (iii) insufficient and inefficient internal control and monitoring mechanisms from PCU to sub-projects. According to

the ICR, conducted reviews assessed fiduciary staff, systematic accounting, internal control systems, maintenance of supporting documents in the project, and implementation of auditor recommendations for annual audits as adequate. However, the Bank's Integrity Vice Presidency (INT) substantiated fraud and obstruction by one of the consultancies selected to support one of the project's sub-projects resulting in the company's debarment. Furthermore, the external auditor's opinion was once qualified in FY2015 due to a pending payment for one sub-project. However, the following year, once the PCU resolved the payment issue, the opinion was unqualified again.
According to the ICR (p. 28) procurement bottlenecks were addressed by changing procurement and consultant guidelines which allowed for more flexibility in their use. The borrower had the option to use either the May 2010 or the January 2011 version of the Bank's procurement guidelines. The Bank continuously conducted trainings to strengthen procurement capacity. The main procurement related implementation issues were delays in the selection of consultants and lengthy contract implementation processes resulting in a Moderately Satisfactory rating throughout project implementation.

c. Unintended impacts (Positive or Negative)

NA

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	Due to significant shortcomings in Quality at Entry.
Quality of M&E	Modest	Modest	---
Quality of ICR		Substantial	---

12. Lessons

The ICR (p. 29-30) lists several lessons, adapted by IEG:

- **A technical assistance/capacity development project requires detailed preparation and time to deliver results and measureable outcomes.** Even though a short preparation time can show strong commitment by both, the government and the Bank, it might result in design shortcomings. This project was prepared and appraised within 10 months. However, there were several design shortcomings such as a complicated institutional set-up, weak implementation capacity at the Ministry of Planning and Investment (MPI) and decentralized agencies, and in the project's Results Framework. Allowing more time for project preparation might have helped to identify challenges linked to these areas.

- **Formulating and identifying outcome-oriented indicators to measure progress in developing capacity at different institutional levels is challenging.** In this project, the Results Framework did not adequately measure the progress towards the achievement of the PDO. It was challenging to define easily monitorable outcome indicators to assess progress in strengthening capacity at various levels.

- **Strong supervision is critical for implementing technical assistance/capacity development projects.** Field-based task teams may facilitate implementation of TA projects, allowing for frequent communication and engagement. MTRs should be used effectively and external views may be beneficial in identifying opportunities and options for change and adjustments that may strengthen implementation and impact.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is outcome-oriented and internally consistent. It provides an insightful overview of project preparation and implementation experience. The ICR is sufficiently candid in pointing out design shortcomings resulting in implementation challenges. Lessons are useful and based on the project's implementation. The ICR could have benefited from providing additional information in such areas as Financial Management, Procurement, and Risk to Development Outcome.

a. Quality of ICR Rating
Substantial