



# Draft Design and Monitoring Framework

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Project Number: 42191-02

## Viet Nam: Support for the Implementation of the Poverty Reduction Program V (Program Cluster) – Subprogram 2

A design and monitoring framework is an active document, progressively updated and revised as necessary, particularly following any changes in project design and implementation. In accordance with ADB's public communications policy (2005), it is disclosed before appraisal of the project or program. This draft framework may change during processing of the project or program, and the revised version will be disclosed as an appendix to the report and recommendation of the President.

**Asian Development Bank**

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Continued reduction in poverty in 2008–2010 and beyond</p>	<p>Poverty rate based on the methodology of MOLISA declines from 14.7% in 2007 to 7.0% by 2015</p>	<p>Information to be obtained from MOLISA</p>	<p><b>Assumption</b></p> <p>Viet Nam will build on the achievements of SEDP 2006–2010 to foster environmentally sustainable and socially inclusive growth, further strengthen social protection, and continue reducing poverty beyond 2010</p>
<p><b>Outcome</b></p> <p>Successful implementation of the Government's SEDP 2006–2010</p>	<p>Poverty rate (based on MOLISA's methodology) falls from 14.7% in 2007 to 10%–11% by 2010<sup>p</sup></p> <p>Viet Nam's Global Competitiveness Index score rises from 4.04 in 2007–2008 to 4.60 in 2010–2011</p>	<p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Website of the World Economic Forum</p>	<p><b>Assumption</b></p> <p>Investment projects included in SEDP 2006–2010 and necessary for attaining its targets and goals will be implemented on schedule</p> <p><b>Risk</b></p> <p>The slowdown in economic growth caused by the global economic crisis will be so prolonged that it will preclude the successful implementation of SEDP 2006–2010 and, in particular, the achievement of its target related to the poverty rate</p>
<p><b>Outputs</b></p> <p>1. Businesses developed</p>	<p>Number of private enterprises increases from [about 40,000 in 2005] to 0.5 million in 2010<sup>b</sup></p> <p>Number of state-owned commercial banks decreases from five in 2007 to one in 2010</p> <p>Share of nonperforming loans in the loan portfolio of commercial banks does</p>	<p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Information to be obtained from the State Bank of Viet Nam</p> <p>Information to be obtained from the State Bank of Viet Nam</p>	<p><b>Assumption</b></p> <p>After completing the policy actions covered by SIPRP V and the other actions included in the policy matrices for the World Bank's PRSCs 7–9, the Government will follow through with the policy reforms needed for the successful implementation of SEDP 2006–2010 on its own or with the support of development agencies under other projects</p>

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
2. Economic growth becomes more socially inclusive	not exceed 5% at the end of 2010 (compared with 1.5% at the end of 2007) <sup>c</sup>		
	Share of foreign direct investment in total investment increases from 16% in 2007 to 20% in 2010 <sup>d</sup>	Website of the General Statistics Office	
	Share of the domestic private sector in total investment increases from 38% in 2007 to 50% in 2010 <sup>d</sup>	Website of the General Statistics Office	
	Proportion of poor communes with schools/clinics/electricity increases from [86%/82%/67% in 2005] to 100% in 2010 <sup>b</sup>	Government's report to the National Assembly on the implementation of SEDP 2006–2010	
	Proportion of poor people who have health insurance, with the premium mostly paid by the Government, increases from [0% in 2005] to 90% in 2010	Data to be obtained from the Ministry of Health	
	Proportion of near-poor people who have health insurance, with 50% of the premium paid by the Government, increases from 0% in 2007 to 40% in 2010	Data to be obtained from the Ministry of Health	
	Maternal mortality rate (per 100,000 live births) falls from 75.1 in 2007 to 60.0 in 2010 <sup>b</sup>	Government's report to the National Assembly on the implementation of SEDP 2006–2010	
	Under-five mortality rate (per 1,000 live births) falls from 25.5 in 2007 to 25.0 in 2010 <sup>b</sup>	Government's report to the National Assembly on the implementation of SEDP 2006–2010	
Primary education enrollment rate rises from 96% in 2007 to 99% in 2010 <sup>b</sup>	Government's report to the National Assembly on the implementation of SEDP 2006–2010		



Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<b>Activities</b>		<b>Inputs</b>	
<b>Policy Actions under Subprogram 1</b>		<b>Inputs to subprogram 1 (PRSC 7)</b>	
1.1	Assess the scope and nature of lending and other transactions among affiliated parties within economic groups and general corporations.		Government: about \$100 million
1.2	Approve equitization plans, allowing the participation of strategic investors, for two SOCBs and complete the equitization of one of them.		Asian Development Bank: SDR16.4 million
1.3	Issue a road map to enhance bank supervision, including off-site supervision and risk management tools.		Agence Française de Développement: €10.0 million
1.4	Rationalize incentives related to the enterprise income tax and simplify tax procedures for household businesses		Agencia Española de Cooperación Internacional: €5.0 million
1.5	Raise the cap on shareholdings by a single foreign investor in unlisted companies.		Australian Agency for International Development: A\$14.1 million
1.6	Separate power transmission and generation assets and regroup transmission assets under a single National Power Transmission Corporation.		Canadian International Development Agency: Can\$10.0 million
2.1	Increase the health insurance premium paid on behalf of the poor and partially subsidize the near-poor.		Danish International Development Agency: Dkr61.0 million
3.1	Allocate institutional responsibilities for integrated river basin management.		European Commission: €15.0 million
4.1	Establish a list of indicators, data sources, and a reporting mechanism for the monitoring of SEDP 2006–2010.		Germany: €6.0 million
4.2	Issue regulations on the contents and timing of disclosure of SAV reports, including audits reports of individual entities.		Irish Aid: €7.5 million
4.3	Extend the OSS mechanism to all ministries and agencies and introduce interlinked an OSS mechanism to further simplify administrative procedures.		Japan Bank for International Cooperation: ¥3.5 billion
4.4	Implement the asset declaration requirement in regard to senior officials and their immediate families, with penalties for noncompliance		Netherlands Directorate General for International Cooperation: €6.0 million
			United Kingdom's Department for International Development: £20.0 million
			World Bank: \$150 million

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<b>Policy actions under Subprogram 2</b>			<b>Inputs to subprogram 2 (PRSCs 8)</b>
1.1	Strengthen the financial management of SOEs and their investments in other entities, defining the level of such investments.		Government: about \$175 million
1.2	Prepare a revised law on the central bank focusing its mandate on, and enhancing its autonomy in regard to, monetary policy and financial sector stability.		Asian Development Bank: [about \$25 million]
1.3	Make commercial scale infringements of patent, trademark rights and rights of design a crime.		Agencia Española de Cooperación Internacional: \$7.0 million
1.4	Adopt a pricing system for electricity from renewable energy and provide incentives for government procurement of energy-efficient equipment.		Australian Agency for International Development: TBD
2.1	Formulate an education development strategy for the period up to 2020 focusing on equity of learning outcomes and relevance of contents.		Belgium: TBD
3.1	Issue regulations to ensure financial sustainability of irrigation services and provide financial relief for poor farmers.		Canadian International Development Agency: \$4.0 million
3.2	Approve a national target program for adapting to the climate change and allocate institutional responsibilities for its implementation.		Danish International Development Agency: \$11.1 million
3.3	Enhance treatment of medical waste discharged by hospitals at both central and local levels.		United Kingdom's Department for International Development: \$31.8 million
4.1	Conduct a mid-term review of SEDP 2006-2010 and strengthen the result-based approach in the monitoring and evaluation framework for planning.		European Commission: \$18.2 million
4.2	Formulate a public debt management law consolidating the management of domestic and external debt.		Finland: TBD
4.3	Adopt principles of competition, merit-orientation and transparency in the recruitment, appointment, promotion and dismissal of civil servants.		Germany: \$8.4 million
4.4	Issue a comprehensive anti-corruption strategy, setting out preventive, demand-side, and sector-specific solutions and monitoring mechanisms.		Irish Aid: TBD
			Japan: TBD
			Netherlands Directorate General for International Cooperation: TBD
			New Zealand: TBD
			Swedish International Development Cooperation Agency: TBD
			Switzerland: \$3.7 million
			World Bank: \$350 million

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<b>Tentative Policy Actions under Subprogram 3</b>			<b>Inputs to subprograms 3 (PRSCs 9)</b>
1.1	Transfer state ownership rights in equitized SOEs to the State Capital Investment Corporation.		Government: To be determined
1.2	Complete the equitization of four SOCBs, with the participation of strategic investors.		ADB: \$25 million (tentative)
1.3	Certify the internal credit rating system of all banks and approve inspection manuals.		Other development agencies: To be determined
1.4	Establish a national business registry with a unique number for business, tax, statistics, and seal agencies.		
1.5	Adopt guidelines to govern the operations of the Viet Nam Competition Council.		
1.6	Adopt user charges designed to better manage demand for infrastructure services.		
2.1	Adopt standards for the certification of health care practitioners and the classification of private health facilities.		
2.2	Finalize and start implementing the road map for the education management information system.		
3.1	Issue guidelines for efficient use of water resources to accompany the irrigation service fee waiver policy.		
3.2	Establish national and regional pollution monitoring systems to enable results-based environmental planning.		
4.1	Establish a legal framework for strengthening urban planning and urban infrastructure management.		
4.2	Integrate sector policies and national target programs at the commune level, emphasizing participation at all stages.		
4.3	Adopt public sector financial reporting standards in line with international standards.		
4.4	Issue regulations and approve pilot schemes to strengthen competition, merit-orientation, and transparency in the recruitment, appointment, and promotion of civil servants.		
4.5	Prepare a revised press law to encourage accurate, objective and responsible reporting on corruption		

MOLISA = Ministry of Labor, Invalids and Social Affairs, OSS = one-stop shop, PRSC = poverty reduction support credit, SDR = Special Drawing Right, SEDP = socioeconomic development plan, SOCB = state-owned commercial bank, SOE = state-owned enterprise.

<sup>a</sup> Several performance targets/indicators in the original design and monitoring framework of Support for the Implementation of the Poverty Reduction Program have been replaced with similar performance targets/indicators from SEDP 2006-2010 because data on the former are not available annually any longer or appear to be of poor quality (although they show that Viet Nam is on track to achieve the targets).

<sup>b</sup> The indicator and its target value are taken from SEDP 2006-2010.

<sup>c</sup> The indicator and its target value are taken from the Result-Based Monitoring and Evaluation Framework for the Implementation of SEDP 2006-2010 (attached to Decision No. 555 of the Ministry of Planning and Investment dated 30 May 2007).

<sup>d</sup> The indicator (but not its target value) is taken from SEDP 2006-2010. The target value of the indicator in SEDP 2006 – 2010 is the average for 2006 – 2010.

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<p><b>Outcome</b></p> <p>Successful implementation of the Government's SEDP 2006–2010</p>	<p>Poverty rate (based on MOLISA's methodology) falls from 14.7% in 2007 to 10%–11% by 2010<sup>p</sup></p> <p>Viet Nam's Global Competitiveness Index score rises from 4.04 in 2007–2008 to 4.60 in 2010–2011</p>	<p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Website of the World Economic Forum</p>	<p><b>Assumption</b></p> <p>Investment projects included in SEDP 2006–2010 and necessary for attaining its targets and goals will be implemented on schedule</p> <p><b>Risk</b></p> <p>The slowdown in economic growth caused by the global economic crisis will be so prolonged that it will preclude the successful implementation of SEDP 2006–2010 and, in particular, the achievement of its target related to the poverty rate</p>
<p><b>Outputs</b></p> <p>1. Businesses developed</p>	<p>Number of private enterprises increases from [about 40,000 in 2005] to 0.5 million in 2010<sup>b</sup></p> <p>Number of state-owned commercial banks decreases from five in 2007 to one in 2010</p> <p>Share of nonperforming loans in the loan portfolio of commercial banks does</p>	<p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Information to be obtained from the State Bank of Viet Nam</p> <p>Information to be obtained from the State Bank of Viet Nam</p>	<p><b>Assumption</b></p> <p>After completing the policy actions covered by SIPRP V and the other actions included in the policy matrices for the World Bank's PRSCs 7–9, the Government will follow through with the policy reforms needed for the successful implementation of SEDP 2006–2010 on its own or with the support of development agencies under other projects</p>

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3. Management of natural resources strengthened	<p>Number of provinces with universal completed lower secondary education increases from 39 (out of 64) in 2007 to 63 (out of 63) in 2010<sup>b</sup></p> <p>Proportion of trained workers increases from 35.4% in 2007 to 40% in 2010<sup>b</sup></p> <p>The proportion of urban population with access to clean water increases from 75% in 2007 to 95% in 2010<sup>c</sup></p> <p>The proportion of rural population with access to clean water increases from 70% in 2007 to 75% in 2010<sup>b</sup></p> <p>Proportion of urban wastes that are collected increases from 75% in 2007 to 90% in 2010<sup>c</sup></p> <p>Proportion of hospital wastes that are treated increases from 79% in 2007 to 100% in 2010<sup>c</sup></p>	<p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p> <p>Government's report to the National Assembly on the implementation of SEDP 2006–2010</p>	
4. Governance improved	<p>Non-weighted average of the governance indicators for government effectiveness, regulatory quality, rule of law, and control of corruption increases from -0.51 in 2007 to -0.48 in 2010.</p>	<p>Data on governance indicators to be obtained from the World Bank's website</p>	

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1.1	Assess the scope and nature of lending and other transactions among affiliated parties within economic groups and general corporations.		Government: about \$100 million
1.2	Approve equitization plans, allowing the participation of strategic investors, for two SOCBs and complete the equitization of one of them.		Asian Development Bank: SDR16.4 million
1.3	Issue a road map to enhance bank supervision, including off-site supervision and risk management tools.		Agence Française de Développement: €10.0 million
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2.1	Increase the health insurance premium paid on behalf of the poor and partially subsidize the near-poor.		Danish International Development Agency: Dkr61.0 million
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4.1	Establish a list of indicators, data sources, and a reporting mechanism for the monitoring of SEDP 2006–2010.		Germany: €6.0 million
4.2	Issue regulations on the contents and timing of disclosure of SAV reports, including audits reports of individual entities.		Irish Aid: €7.5 million
4.3	Extend the OSS mechanism to all ministries and agencies and introduce interlinked an OSS mechanism to further simplify administrative procedures.		Japan Bank for International Cooperation: ¥3.5 billion
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