



# Validation Report

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Reference Number: PCV: VIE 2009-59  
Project Number: VIE 38392-03  
Loan Number: 2262(SF)  
December 2009

## Viet Nam: Support for the Implementation of the Poverty Reduction Program III

Independent Evaluation Department

**Asian Development Bank**

## ABBREVIATIONS

ADB	–	Asian Development Bank
CPRGS	–	Comprehensive Poverty Reduction and Growth Strategy
CSP	–	country strategy and program
DMF	–	design and monitoring framework
IED	–	Independent Evaluation Department
EA	–	executing agency
ODA	–	official development assistance
PCR	–	program completion report
PPTA	–	project preparatory technical assistance
PRSC	–	Poverty Reduction Support Credit
RRP	–	report and recommendation of the President
SED	–	Socio-Economic Development Plan
SIPRP	–	Support for the Implementation of the Poverty Reduction Program
VDR	–	Vietnam Development Report

## NOTE

In this report, "\$" refers to US dollars.

### Key Words

adb, asian development bank, comprehensive poverty reduction and growth strategy, environmental sustainability, governance, independent evaluation department, market economy, poverty reduction program, poverty reduction support credit, program completion report, social inclusion, validation, viet nam

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The guidelines formally adopted by the Independent Evaluation Department (IED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. Director, IED1 recused himself from the review and approval of this report due to his previous involvement in the country operation of Viet Nam. To the knowledge of the management of IED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

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## PROGRAM COMPLETION REPORT VALIDATION FORM

<b>A. Basic Program Data</b>		<b>PCR Validation Date:</b>	December 2009	
<b>Project and Loan/Grant Number:</b>	VIE 38392-03 and Loan 2262-VIE(SF)		<b>Approved</b>	<b>Actual</b>
<b>Program Name:</b>	Support for the Implementation of the Poverty Reduction Program (SIPRP) III	<b>Total Program Costs (\$M):</b>	601.0	613.1 <sup>a</sup>
<b>Country:</b>	Viet Nam	<b>Loan/Grant (\$M):</b> (SDR million equivalent)	15.0 10.062	15.3 10.062
<b>Sector(s):</b>	Multisector	<b>Total Cofinancing (\$M):</b>	586.0	597.8 <sup>a</sup>
<b>ADB Financing (\$M):</b>	<b>ADF:</b> 15.0	<b>Borrower (\$M):</b>	376.0	357.1 <sup>a</sup>
<b>Cofinanciers:</b>	<b>Loan:</b> World Bank, ADB, JBIC, KfW  <b>Grant:</b> AECI (Spain); AusAID; CIDA; DANIDA; European Commission; Ireland; Netherlands; DFID; Switzerland	<b>Others (\$M):</b>	210.0	240.7 <sup>a</sup>
<b>Approval Date:</b>	5 October 2006	<b>Effectiveness Date:</b>	6 March 2007	28 February 2007
<b>Signing Date:</b>	7 December 2006	<b>Closing Date:</b>	31 December 2007	22 May 2007
<b>Program Officer:</b>	<b>Name:</b> K. Lao-Araya	<b>Location (HQ or RM):</b> VRM	<b>From</b> 2006	<b>To</b> 2007
<b>Validator:</b>	Pedrito B. dela Cruz, Consultant	<b>Director:</b>	Hemamala Hettige, IED2	
<b>Quality Control Reviewer/Peer Reviewer:</b>	Kus Hardjanti, Principal Evaluation Specialist, IED1			

ADB = Asian Development Bank, ADF = Asian Development Fund, AECI = Agencia Espanola de Cooperacion Internacional, AusAID = Australian Agency for International Development, CIDA = Canadian International Development Agency, DANIDA = Danish International Development Agency, DFID = Department for International Development of the United Kingdom, HQ = headquarters, IED = Independent Evaluation Department, JBIC = Japan Bank for International Cooperation, KfW = Kreditanstalt für Wiederaufbau, M = million, PCR = program completion report, RM = resident mission. SDR = special drawing rights, SF = special funds, SIPRP = Support for the Implementation of the Poverty Reduction Program, VIE = Viet Nam, VRM = Viet Nam Resident Mission.

<sup>a</sup> ADB estimate.

### **B. Program Description** (summarized from report and recommendation of the President [RRP])

#### (i) **Rationale**

The program loan supports the implementation of the Poverty Reduction Program III outlined under the development partner-funded Fifth Poverty Reduction Support Credit (PRSC 5), as part of the Government's overall Comprehensive Poverty Reduction and Growth Strategy (CPRGS). The CPRGS provides a medium-term framework (2002–2006) for poverty reduction policies, programs, and actions in Viet Nam with specific targets for development outcomes by 2006. This annual PRSC is the last credit under this 5-year PRSC cycle. In general, targets for the development outcomes were well achieved; several development outcomes have already outperformed their targets.

The official development assistance (ODA) community in Viet Nam considers the PRSC to be an important instrument for supporting CPRGS implementation. As a multisector instrument covering a range of issues related to poverty reduction, the PRSC framework provides the Asian Development Bank (ADB) with an

opportunity to (i) advance and widen national policy dialogue in a well-coordinated and comprehensive manner, (ii) provide lending and nonlending assistance in coordination with other ODA partners, and (iii) ensure that key policy issues affecting ADB operations in Viet Nam are addressed in the policy dialogue between the Government and the ODA community to help achieve the common goal of poverty reduction and growth. In addition to ADB, the World Bank and other major ODA partners contributed both financial and intellectual resources to the PRSC 5.

The loan adheres to ADB's recent endeavors to adopt program-based and sector approaches in its lending operations. The approach is consistent with ADB's reform agenda, long-term strategic framework, and medium-term strategies I and II,<sup>b</sup> and will directly help fulfill ADB's obligations to the Rome Declaration on harmonizing procedures of multilateral development banks (2003) and the Paris Declaration on Aid Effectiveness (2005).

#### (ii) Impact

The expected impact of the loan is to reduce poverty and sustain high economic growth in Viet Nam. The loan will help fund the PRSC 5 and thereby (i) reduce structural weaknesses and improve the business environment, (ii) promote socially inclusive and environmentally sustainable development, and (iii) modernize governance.

#### (iii) Objectives or Expected Outcomes

Through policy and institutional reforms, the loan aims to benefit the Vietnamese people and businesses by (i) facilitating Viet Nam's transition to a market economy, which will increase efficiency, accelerate economic growth, and create jobs; (ii) promoting social inclusion and environmental sustainability; and (iii) modernizing governance and public administration, which is hoped to result in increased transparency and accountability of public finances, and improved legal transparency and accessibility.

#### (iv) Components and/or Outputs

The policy matrix, upon which the release of the program loan hinges, comprises measures that can be categorized into three reform pillars:

**Pillar I: Transition to market economy.** Promote growth and create employment by increasing internal and external competition, improving efficiency and resource allocation in the economy, strengthening the regulatory framework for private sector development, and enhancing transparency and accountability in state-owned enterprise operations and the finance sector.

**Pillar II: Social inclusion and environmental sustainability.** Advance human development by upgrading the quality of education (especially in poor zones); promote inclusive education for children with disabilities; improve access of the poor to health services; help secure asset ownership through the implementation of the new Land Law; address inequalities in health and education outcomes across regions and population groups; and encourage important policy measures leading to more sustainable management of natural resources.

**Pillar III: Modern governance.** Increase transparency and accountability of public finances, and improve legal transparency and accessibility by promoting greater accountability in public finance and public administration as part of a broader effort to build modern governance; improve the coordination between 5-year plans and budget formulation; and support the Government's comprehensive and ambitious agenda of the Legal System Development Strategy.

<sup>b</sup> ADB. 2001. *Medium-Term Strategy (2001–2005)*. Manila.

———. 2006. *Medium-Term Strategy II (2006–2008)*. Manila.

## **C. Evaluation of Design and Implementation** (Program completion report [PCR] assessment and validation)

### **(i) Relevance of Design and Formulation**

The program completion report (PCR, December 2008) recognizes the program's congruence with ADB's country strategy and program (CSP) for Viet Nam,<sup>c</sup> its alignment with Viet Nam's development strategy (CPRGS 2002–2006), and its analytical underpinnings in the Vietnam Development Reports (VDRs) of 2004, 2005, and 2006, which were jointly prepared by participating development agencies, and the extensive consultations which accompanied its formulation. The PCR recognizes that the program has a very broad scope and a reinforcing value on ADB's other program loans and operations in the country, even as it observes that some actions, such as those pertaining to gender and legal development, are not particularly relevant to ADB's operations in Viet Nam (pp. 2–3, para 3–7, PCR).

The PCR points out that, while the financing provided by other donors was listed in the design and monitoring framework (DMF) as inputs to the program, the policy actions that these funds aimed to support were not included in the list of activities under the program. The PCR seems to have overlooked that this information can be found in the Development Partners' Coordination Matrix (Appendix 5, pp. 53–54, report and recommendation of the President [RRP]). The PCR's observation (p. 3, para 9) that the program's DMF was not fully coherent (i.e., the program inputs were "neither necessary nor sufficient to carry out the program activities specified in the DMF while the activities were partly necessary but not sufficient to produce the program's desired outputs") should have been explained further.

### **(ii) Program Conditions**

The corresponding PCR section only discusses outputs listed in the DMF (Appendix 1, p. 32, RRP) and does not cover the key conditions for the program loan as called for in the Independent Evaluation Department (IED) *Guidelines for the Validation of PCRs*. However, a discussion of the outcomes as they relate to the performance targets or indicators identified in the RRP is done in the section on Effectiveness in Achieving Outcomes (pp 7–8, para. 32–36), for which a matrix was also provided (pp. 25–30, Appendix 3).

### **(iii) Program Cost, Disbursements, Borrower Contribution, and Conformance to Schedule**

The discussion and various tables on program cost, disbursements, and borrower contribution and cofinancing (p. ii; p. 4, para 13–16, PCR) contain adequate information. The estimated and actual costs of the program, both to the state budget and the cofinanciers, were discussed.

The program schedule—the advanced date of loan effectiveness attributed to the early receipt of the Ministry of Justice's legal opinion on the Loan Agreement, and the early closing date resulting from smooth completion of all policy actions—was adequately discussed. (p. 4, para 16–17).

### **(iv) Implementation Arrangements, Conditions and Covenants, Related Technical Assistance, and Procurement and Consultant Performance**

The discussion of the implementation arrangement is adequate. However, it would have been helpful if it also showed how the PRSC Coordinating Unit interacted with the executing agency (EA) and the National Steering Committee. Neither the RRP nor the PCR contains a chart depicting the organizational arrangement for the program.

The brief discussion of the conditions and covenants in the main text, supplemented by a matrix on Status of Compliance with Loan Covenants (p. 22, Appendix 2, PCR), may be considered adequate as no further elaboration would have been necessary considering that all the policy conditions, including the tranche release conditions, were complied with prior to ADB's approval of the Support for the Implementation of the Poverty Reduction Program (SIPRP) III.

The PCR contains only a hazy description of the small-scale project preparatory technical assistance (PPTA) for the SIPRP II and III. Aside from citing the PPTA only in relation to ADB's social and environmental safeguards, it mentioned ambiguously that the performance of the consultants for the said PPTA was rated *excellent* or *satisfactory* [sic].

No consultants were recruited under the SIPRP III. As discussed in the SIPRP II PCR, consultants for the PPTA project were engaged in accordance with ADB's *Guidelines on the Use of Consultants*.

**(v) Performance of the Borrower and Executing Agency**

The PCR rates the performance of the borrower *satisfactory*, citing the following as bases: (a) the Government fully carried out the program policy actions; (b) the Government mobilized 24 government agencies which allocated sufficient staff resources to carry out the policy actions; and (c) the active role of the National Steering Committee in supervising the Program's implementation.

The PCR gave the same *satisfactory* rating to the EA (the State Bank of Viet Nam) for the following reasons: (a) its timely efforts for loan effectiveness and disbursement; (b) for ably facilitating policy dialogues between ADB and development partners; (c) for regularly providing information to ADB and other development agencies with updates on the status of policy actions; and (d) for contributing to capacity building in government agencies involved in program implementation.

The IED concurs with the *satisfactory* rating given to both the borrower and the EA, and the reasons that were cited for this rating.

**(vi) Performance of the Asian Development Bank**

The IED supports the PCR's fair assessment of ADB's performance, which was rated *satisfactory*, with the following reasons: (a) the quick processing time for the loan, with only 4.3 months from fact-finding to approval; (b) the quick loan disbursement; and (c) the active role of the Viet Nam Resident Mission in the consultations conducted during the formulation of the policy matrix, and in two consultative group meetings during program implementation.

<sup>c</sup> ADB. 2007. *Country Strategy and Program 2007–2010 for Viet Nam*. Manila.

**D. Evaluation of Performance (PCR assessment and validation)**

**(i) Relevance**

The PCR gives a *highly relevant* rating to the program, on the basis of its consistency with the country's development strategy and ADB's CSP, its alignment with the CPRGS, and the Government's Socioeconomic Development Plan (SEDP) 2006–2010. The PCR also cited the program's analytical basis in the VDRs for 2004, 2005, and 2006 and other relevant reports, as well as the consultations that were held to inform, among others, the formulation of the PRSC 5 policy matrix.

It must also be noted that while all the policy conditions, including the tranche release conditions, were complied with prior to ADB's approval of the SIPRP III in 5 October 2006, the policy matrix underwent at least three revisions from December 2005 to May 2006 (pp. 2–3, para 3, Memorandum of Understanding between the Government of Viet Nam and the ADB Fact-Finding Mission of 17–25 May 2006). The PCR notes that the program covered all actions included in the policy matrix of PRSC 5, and that many of these actions (i.e., those pertaining to the financial sector, infrastructure, health care, water resources, and public financial management) reinforced policy reforms supported by ADB's other program loans to Viet Nam. (PCR, page 2, para 7)

The IED agrees with the factors described above. However, the PCR should have done better by mentioning the value addition (or the lack of it) of ADB's support to this phase of the PRSC, in view of the rather small contribution amount compared with the contribution of other development partners. Also, there is a lack of strategic approach in selecting the most relevant core of policy reform that supports ADB's country strategy. Therefore, IED rates the program as *relevant*.

**(ii) Effectiveness in Achieving Outcome**

The PCR rates the SIPRP III *effective* as it fully and partially achieved 43 of 50 performance targets on time (pp 7–8, para 32–36; pp. 25–30, Appendix 3). The degree of achievement of development outcomes as of the end

of 2006 (with one for 2008) is assessed as follows: *achieved, partially achieved, or not achieved*. The use of these categories, alongside the quantification or description of the status for each target or indicator, clearly show which areas demonstrated stronger progress and which ones had weaker progress (pp. 25–30, Appendix 3). IED concurs with the rating.

The PCR asserts that some outcome performance targets (such as liberalizing the entry in information and communication technology, increasing forest cover, and focusing the functions of the State Bank of Viet Nam on prudential regulation and supervision in relation to commercial banks) have no policy action that would produce an output to help achieve the target. Upon closer review, this assertion is only true with respect to the performance target of increasing forest cover (p. 8, para 35). For the two other performance targets cited, the perceived lack of a policy action or basis is negated by the existence of policy actions related to the issuance of a comprehensive road map for banking sector reform, the completion of the Basel Core Principles for self-assessment of weaknesses in banking supervision, and the issuance of an investment law that applies equally to domestic and foreign investors. If the performance indicator related to the State Bank of Viet Nam's functions was not achieved, it is the formulation and execution of the aforesaid relevant policy actions that should be examined.

### (iii) Efficiency in Achieving Outcome and Outputs

The PCR rates the program *highly efficient* because of the relatively low transaction costs to the Government, ADB, and other development partners on the one hand, and the larger cumulative economic benefits resulting from the program on the other. The IED affirms this assessment. Efficiency is also shown by the timely completion of the program. However, since the policy actions as well as development outcomes targeted for this program loan had been introduced in the previous program loans (SIPRPs I and II), real program efficiency should also be gauged in relation to the cumulative human and financial investments made in the three consecutive program loans (SIPRPs I, II, and III).

The PCR points out that the transaction cost for ADB could have been even lower had it “focused on actions in the policy matrix that reinforced the policy reforms supported by ADB's other program loans to Viet Nam or were otherwise important to ADB's Viet Nam operations” (p. 9, para 38). While this contention is logically correct, the PCR provides no example of such actions that ADB should have prioritized. The PCR also argues that some of the requirements relating to ADB's social and environmental safeguards (e.g., preparing a matrix of potential environmental impacts) could have been waived for SIPRP III as the World Bank's SIRR III set of social and environmental safeguards were already approved ahead of ADB (p. 9, para 39). This point is noteworthy even if it is the responsibility of ADB to ensure compliance with its own safeguards rather than with those of the World Bank (p. 9, para 39). This is an issue in donor coordination that should be taken up in the formulation of subsequent PRSCs or similar program loans.

### (iv) Preliminary Assessment of Sustainability

The PCR rates the SIPRP III *most likely to be sustainable* for two reasons. First, its development outcomes resonate with some of the goals and objectives of Viet Nam's SEDP (2006–2010), thus ensuring the continuing pursuit of such outcomes; and second, the policy reforms and development outcomes targeted by the program match those that are targeted in PRSCs 6–10, in particular, the reform programs supported by SIPRP IV and V (pp. 9–10, para 41–42). Although it could be argued that the second reason for projecting sustainability somehow implies that the program and its predecessors needed repeated infusion of resources for the reform programs to take root.

While IED agrees that the above factors increase the chances of sustainability, the PCR's finding in a separate section on the poor progress in public sector management (p. 11, para 46) could pose a negative effect on sustainability. At best, IED can only give a rating of *likely to be sustainable*.

### (v) Impact

The PCR rates the program as having *significant impact*, citing strong economic growth, rise in incomes, and the subsequent reduction in poverty which the program helped bring about. It also cited other impacts such as improved coverage and quality of education, the (equitable) financing of health services, the reduction in child

malnutrition rate, and increased access to clean water. While it points out that the program also contributed to institutional development and governance, it acknowledges that less progress was made in this area than in poverty reduction and social inclusion. The IED agrees with the assessment.

One unintended positive impact of the program is its contribution to institutional strengthening within ADB as a result of its active participation, along with other cofinanciers, in the formulation of the policy matrix and in policy-related dialogue with the Government.

## **E. Overall Assessment, Lessons, and Recommendations** (Validation of PCR assessment)

### **(i) Overall Assessment**

Overall, the PCR rates the program *successful*, and the IED concurs with this rating.

### **(ii) Lessons**

The IED agrees with the lessons identified from the formulation and implementation of the program:

- (a) a reform program formulated through the PRSC process is likely to enjoy strong government ownership and be successfully implemented;
- (b) the large number of development agencies participating in the PRSC process in Viet Nam enables ADB to promote, with relatively small amounts of financing, a broad range of policy reforms that are needed for achieving the objective of its CSP;
- (c) the staff time required for ADB to participate in the PRSC process can be reduced or rationalized by focusing on policy actions that are particularly relevant to ADB's operations in Viet Nam and by avoiding duplication of the World Bank's work on social and environmental safeguards;
- (d) a program to be implemented over a short period should not have outcome performance targets that require complex economic, legal, and institutional reforms; and
- (e) having a separate PRSC coordination unit (with full-time staff) at the State Bank of Viet Nam and PRSC focal points at other relevant government agencies is a more effective implementation arrangement for the PRSC process on the Government's side than utilizing a PRSC secretariat that comprises senior government officials but lacks full-time staff.

### **(iii) Recommendations**

The IED supports the recommendations presented in the PCR.

#### **(a) Program-Related Recommendations**

**Future monitoring.** The Loan Agreement stipulates that the actions included in the program's policy framework (and completed before ADB's approval of the SIPRP III) would remain in effect for the duration of the program and thereafter as appropriate. Since the actions were needed for the successful implementation of the CPRGS 2002–2010 and are also essential for sustaining strong economic growth and the downward trend in poverty, it is important that they be continually pursued. It is therefore recommended that the Viet Nam Resident Mission periodically assess the status of the actions, in conjunction with its participation in the PRSC activities, at least as long as ADB remains involved in the PRSC process.

**Covenants.** There is no need to modify the covenants (e.g., those relating to the utilization of loan proceeds and the provision of counterpart funds) which are no longer relevant. The covenants that remain relevant (e.g., those that concern the effectiveness of actions included in the policy framework of the program) are still appropriate and should be maintained without modifications. The Government has thus far been in compliance with these covenants.

**Further action or follow-up.** When preparing a program completion report on the SIPRP IV and when monitoring and evaluating the implementation of various subprograms of SIPRP V in 2009–2011, the status of the programs' outcome performance targets that have not been achieved or have been only partially achieved should be assessed for better knowledge management.

**Additional assistance.** ADB continues to provide policy advice and general budget support to Viet Nam within the framework of the PRSC process. It approved the SIPRP IV (single tranche standard program loan of \$15.0 million) in October 2007 and the SIPRP V (a program cluster with three chronologically ordered subprograms), together with a loan (\$25.0 million) for subprogram 1 of this cluster, in December 2008, to help the Government carry out policy reforms for the implementation of the SEDP 2006–2010. The SIPRP IV will provide parallel financing with PRSCs 7–9. ADB also contributed to 13 of the 2007 and 2008 VDRs. Viet Nam Resident Mission staff is taking part in consultations among the Government and various development partners on actions to be included in the policy matrix for PRSC 8. As mentioned, the goals and objectives of the SEDP 2006–2010 and the priorities of the second phase of the PRSC process (which involves PRSCs 6–10) closely match the development outcomes that the program contributed to.

Considering the effectiveness and efficiency of the PRSC process in advancing a broad range of policy reforms, it is recommended that ADB remains involved in the process at least until 2010, when the implementation of the SEDP 2006–2010 is completed. Continued participation in the PRSC process will enable ADB to further promote, through a relatively small financing commitment, a wide spectrum of policy reforms needed for the successful implementation of the SEDP 2002–2010 and ADB's CSP 2007–2010 for Viet Nam. This will amplify the program's achievements.

While staying involved in the PRSC process, ADB should focus its involvement on those policy actions in the PRSC policy matrixes that are particularly relevant to its operations in Viet Nam. This will reduce the staff time needed for ADB's participation in the PRSC process and make program loans, extended by ADB to Viet Nam, within the PRSC framework, more congruent with ADB's other operations in this country. Furthermore, a program cluster consisting of several chronologically ordered subprograms (such as the SIPRP V) instead of a series of single tranche standard programs loans (such as SIPRPs I–IV) should be used to support the same government program. This will save ADB staff resources, strengthen ADB's partnership with the Government and other development agencies, and make the quantity of general ADB budget support to Viet Nam within the framework of the PRSC more predictable, thus facilitating the Government's medium-term budget planning and external debt management.

**Timing of the program performance evaluation report.** Considering that the implementation of the CPRGS 2002–2006 (which the SIPRP III was intended to support) and the first phase of the PRSC process (which the program was part of) were both completed in 2006, it is recommended that the program performance evaluation report be prepared within the next 1–2 years.

#### (b) General Recommendations

ADB policies and operational procedures concerning social and environmental safeguards should be harmonized to avoid duplicating the work of other development agencies on social and environmental safeguards in relation to a reform program formulated within the framework of a partnership program. Another development agency (such as the World Bank) with social and environmental safeguards similar to those of ADB may be involved in the process and complete its social and environmental safeguard work before ADB. If ADB still undertakes its own social and environmental safeguards work, it will largely duplicate the work already done by the partner development agency.

### F. Monitoring and Evaluation Design, Implementation, and Utilization (PCR assessment and validation)

**Design:** Performance monitoring, as per the DMF, reflects heavy reliance on reports (e.g., CPRGS and PRSC progress reports) prepared on an annual basis, even for targets or indicators where accomplishments can be made in a shorter time frame. Therefore, timely corrective actions became impossible considering the short program time frame. Encouraging quarterly reporting by relevant agencies implementing the CPRGS and PRSC would be more helpful in tracking progress and making timely corrective actions.

**Implementation and Utilization:** The presence of a PRSC coordinating unit, which was supported by sufficient staff resources from various government agencies, contributed to better monitoring.

**G. Other** (e.g., Safeguards, including governance and anticorruption; fiduciary aspects; and government assessment of the program, as applicable) (PCR assessment and validation)

The PCR discusses safeguards only within the context of program design, that is, the duplication of efforts of the World Bank (p. 9, para 39; p. 11, para 49, item iii). As to governance and anticorruption concerns, these were highlighted in the PCR's discussion of institutional development impacts (p. 11, para 46). Outside of these, the PCR does not speak of any compelling safeguard, accountability, anticorruption, and fiduciary issues affecting program implementation. This validation has underscored governance and anticorruption as areas where strong follow-through efforts are needed (section D, item IV).

H. Ratings	PCR	IED Review	Reason for Disagreement/Comments
<b>Relevance:</b>	Highly relevant	Relevant	This is rated <i>relevant</i> due to the lack of strategic approach in selecting the most relevant core of policy reform that supports ADB's country strategy.
<b>Effectiveness in Achieving Outcome:</b>	Effective	Effective	
<b>Efficiency in Achieving Outcome and Outputs:</b>	Highly efficient	Highly efficient	
<b>Preliminary Assessment of Sustainability:</b>	Most likely to be sustainable	Likely to be sustainable	The <i>likely to be sustainable</i> rating is given instead of <i>most likely to be sustainable</i> because of the poor performance in public financial management that could have a negative effect on sustainability.
<b>Borrower and EA:</b>	Satisfactory	Satisfactory	
<b>Performance of ADB:</b>	Satisfactory	Satisfactory	
<b>Impact:</b>	Significant	Significant	
<b>Overall Assessment:</b>	Successful	Successful	
<b>Quality of PCR:</b>		Satisfactory	

ADB = Asian Development Bank, EA = executing agency, IED = Independent Evaluation Department, PCR = program completion report.

#### I. Comments on PCR Quality

The quality of the PCR may be considered *satisfactory*. While there are some sections that need substantiation (p. 3, para 9; p. 7, para 33; p. 9, para 38), the PCR reasonably covered the highlights of the program cycle, and the uniqueness of the program in terms of loan preparation, financing, and the challenges it faced.

#### J. Recommendation for IED Follow Up

Given the nature of the program (being a single tranche program loan that is actually part of a continuum with multiple phases), and the fact that new program loans follow the SIPRP III, the recommendation in the PCR to assess the status of the program outcome performance targets that have not been fully achieved (p. 12, para 52, PCR) is reiterated.

#### K. Data Sources for Validation

This PCR Validation referred to the following reports and documents:

- (i) the PCR, RRP, and Loan Agreement;
- (ii) minutes of Management Review Meeting and Board Meeting;
- (iii) back-to-office reports;
- (iv) other IED evaluation reports, including PCR reviews; and
- (v) the Financing Agreement between the Socialist Republic of Viet Nam and the International Development Association.

## **REGIONAL DEPARTMENT'S RESPONSE TO THE PROGRAM COMPLETION REPORT VALIDATION REPORT**

On 22 October 2009, Principal Evaluation Specialist, Independent Evaluation Department (IED), Division 1, received the following response from Viet Nam Resident Mission (VRM), Southeast Asia Department (SERD).

We have reviewed IED's earlier draft Program Completion Report (PCR) Validation Report, which we commented upon, and its final draft. We appreciate that the comments we made to IED on the earlier draft have been incorporated to the extent possible in the final draft. We have no further comment.