



Major Change in Scope and Amount

Project Number: 40019
Technical Assistance Number: 4855
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Viet Nam: Preparing the Health Care in the South Central Coast Region Project

I. INTRODUCTION

1. The Government of Viet Nam has earmarked the health sector for piloting a sector approach and improving aid coordination.¹ In line with the Paris Declaration on Aid Effectiveness, the Ministry of Health (MOH) is developing a comprehensive health sector approach with seven core programs. Several building blocks are being put in place for such an approach. One important block is a strong provincial planning and budgeting capacity.

2. Technical assistance (TA) was approved on 24 October 2006 for \$450,000 to prepare the Health Care in the South Central Coast Region Project (the Project). The Project, scheduled for Board Consideration on 7 November 2008 for \$72 million, will support a comprehensive provincial health systems development approach in Da Nang City and 7 provinces in the South Central Coast Region.² The original TA scope has been completed successfully.

3. The TA supported an initiative to pilot provincial health planning and budgeting in Da Nang City and seven provinces in Viet Nam's South Central Coast Region. The products (provincial health accounts, five-year plans and medium-term expenditure frameworks) were highly appreciated because these helped clarify sources and uses of provincial health funds, and identified funding gaps and imbalances. It was also recognized that these products will help move towards a results-based system using a bottom-up planning approach and performance monitoring, help provinces prioritize health sector investment and recurrent cost financing, and facilitate provincial aid coordination and mobilization of funds. MOH noted that a set of agreed formats and guidelines for provincial health planning and budgeting is needed—provincial health planning standards (PHPS)—and requested the Asian Development Bank

¹ MOH. 2006. Feasibility of the program approach in the health sector in Viet Nam, Hanoi unpublished).

² The Project presents a transition of ADB's assistance to the health sector in Viet Nam in accordance with ADB's Long Term Strategic Framework (LTSF). The Project will be followed by ADB support for a sector development program (SDP) for human resources in health in 2009, currently under preparation.

(ADB) to provide supplementary funding of \$500,000 to help develop the PHPS and pilot this in 4 provinces, for further scaling up to all provinces at a later stage.

II. ISSUES

4. Viet Nam has made good progress in improving the health status of its citizens. However, inequity has been increasing. In 2005, the rural infant mortality rate was twice as high as the urban rate, and worse among ethnic groups. Poor women have poor health outcomes. The country can only achieve its millennium development goals (MDGs) if it can improve care and financial access for the poor and ethnic minorities. At the same time, the increase in non-communicable diseases and gains in longevity result in a high demand for specialized services. Furthermore, the battle for the control of infectious diseases is far from over. The HIV/AIDS prevalence among adults continues to increase, and the incidence of tuberculosis has not declined. Pandemic influenza, dengue, and other emerging diseases remain a constant threat.

5. Provincial governments are responsible for policy and program implementation, ensuring effective, efficient and equitable use of various sources of funds in the public sector, and overseeing the private sector. Accordingly, the provinces have a major responsibility in addressing the challenges in the health sector. However, the array of policies, plans, programs and services they now oversee is complex and diverse. The provincial governments are ill prepared to face these competing priorities. Budget execution has improved rapidly, but provincial health planning and budgeting remains weak. Provincial plans generally lack a strategic and financial underpinning, and do not capture all sources of funds, including external assistance. The plans focus mainly on civil works and treasury requirements. Provincial governments strongly favor investment in tertiary care at the cost of primary care.

6. Preparing provincial health accounts and strategic plans and budgets has many advantages. The plans and frameworks provide a more systematic approach to provincial health system development by determining funding requirements and the resource envelope, identifying gaps, setting priorities for annual plans, mobilizing and harmonizing funding, developing a results-based approach, and coordinating and monitoring services. This approach provides a comprehensive provincial sector approach to developing and reforming provincial health services. It facilitates standardization and rationalization within and between provincial health systems.

7. As a result of the TA work, MOH identified the development of the PHPS as essential to developing the sector approach, and in making provincial health services more pro-poor, results-based, and sustainable. MOH subsequently proposed to examine the planning and budgeting process in the provinces and between different levels of government, develop standard formats and guidelines for PHPS, and build capacity of provincial teams. MOH wants to lead this activity and work in collaboration with partners with interest in this field, notably the European Commission in Viet Nam, and the World Health Organization.³

8. MOH also wants to better understand to what extent national policies are being incorporated in the provincial plans and budgets, and how these are tracked. Several policies and plans aim to strengthen primary health care, quality of care, health care for the poor, maternal and childcare, and special support for ethnic minorities. However, provincial plans and budgets often do not reflect these policies. MOH intends to do an initial policy analysis of

³ Memorandum of Understanding of the 2009-2011 Viet Nam Country Programming Mission, May 2008, para. 13 and MOU of the Project appraisal mission of April 2008, para. 74 and Appendix 3.

provincial plans and budgets, before undertaking more in-depth studies of policy impact.

III. THE TA EXTENSION

A. Impact and Outcome

9. The expected impact of the supplementary funding is improved provincial public health system performance in terms of equity, effectiveness, efficiency and sustainability. The expected outcome is improved health planning and budgeting in provincial health departments.

B. Methodology and Key Activities

10. Outputs for the supplementary funding include (i) evaluated provincial planning and budgeting practices including the incorporation of national health policies; (ii) improved PHPS; (iii) tested PHPS in four pilot provinces; and (iv) a training package for provincial health planning and budgeting.

11. Under the expanded TA, the team of consultants and counterparts will prepare a detailed implementation plan and establish a peer review group to provide technical oversight at all stages. Second, the team will review international and national experiences with PHPS to identify various design and implementation features of PHPS. Third, the team will review provincial planning and budgeting in at least 12 provinces, including the planning and budgeting process, the overall quality of provincial plans and budgets, the incorporation and tracking of national health policies, and the extent to which planning and budgeting is used to make financing decisions at various levels and improve sector performance. Fourth, the team will develop the PHPS and make this available on CDROM for pilot testing. Fifth, the PHPS will be piloted in 4 provinces, and the results will be used to finalize the first version of the PHPS. Two workshops will be organized for broader stakeholder consultation, before and after piloting. Sixth, a training package will be prepared for training other provinces in the country.

C. Cost and Financing

12. The proposed supplementary funding is \$550,000, including an ADB contribution of \$500,000 provided on a grant basis through ADB's TA funding program, and a Government counterpart contribution of \$50,000 in kind. The cost estimates are in Appendix 1.

D. Implementation Arrangements

13. The Department for Planning and Finance of MOH will continue to be responsible for TA implementation. MOH will appoint a deputy director of the Department of Planning and Finance as project director. The peer review group will include representatives of MOH, the Ministry of Finance, other ministries as appropriate, provincial governments, partners and experts.

14. The TA will support 4 national consultants for a total of 12 person-months each, and 1 international consultant for a total of 10 person-months. The national consultants include (i) team leader and health policy expert, (ii) health financing expert, (iii) health systems expert, and (iv) financial management expert. The international consultant will be a health economist. ADB will engage individual consultants in accordance with its *Guidelines on the Use of Consultants*. MOH will procure equipment under the TA in accordance with ADB's *Procurement*

Guidelines The (2007 , as amended from time to time). MOH will retain the equipment on completion of the TA.

15. The activities will be implemented over a 12-month period commencing 15 November 2008 and will be completed by 15 November 2009. An inception report will be submitted to MOH and ADB within 1 month of the start of the TA work. Within 6 months, the evaluation of ongoing planning and budgeting practices will be submitted. The draft format and guidelines, along with proposed pilot testing, will also be submitted at 6 months. The report of provincial pilots will be submitted at 9 months. The draft final report will be submitted at 11 months, and the final report at 12 months.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Original TA Cost	Supplementary Funding	Revised Cost
A. Asian Development Bank ^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	270	180	450
ii. National Consultants	40	140	180
b. International and Local Travel	30	30	60
c. Reports and Communications	5	5	15
2. Equipment and Furniture ^b	10	5	15
3. Workshops, Task Forces and Field Visits	20	30	50
4. Studies, Surveys and Reports	20	35	55
5. Miscellaneous Administration and Support Costs	10	20	30
6. Contingencies	45	50	95
Subtotal (A)	450	500	950
B. Government Financing			
1. Office Accommodation and Transport ^c	50	20	70
2. Remuneration and Per Diem of Counterpart Staff and Support Staff	50	20	70
3. Others such as Workshop Facilities	50	10	60
Subtotal (B)	150	50	200
Total	600	550	1,150

^a Financed by ADB's technical assistance funding program.

^b Includes computers, printers, and telecommunication equipment.

^c Ministry of Health will make additional transport available.

Source: Ministry of Health and Asian Development Bank estimates.

1 US\$=Dong 16,580.