TA COMPLETION REPORT

Division: VRM

TA No. and Name **TA 3289-VIE : Support for Decentralization and Participation in Planning**			TA Amount Approved **$1,000,000** Revised Amount **No revisions**	
Executing Agency: **Ministry of Planning and Investment**	Sources of Funding: TASF		TA Amount Undisbursed **268,811.48**	TA Amount Utilized **704,336.56** **(based on Final SOEC)**
Date			Closing Date	
Approval: 08/11/99	Signing 13/03/2000	Fielding of consultants 29/03/2000	Original 31/06/2001	Actual 31/12/2001

TA Description:
Viet Nam has pursued since 1989 the process of transition from a central command to a mixed economy with strong market orientation. The former State Planning Committee was reorganized in 1995, and became the Ministry of Planning and Investment (MPI). A previous TA (TA No.2489-VIE " Capacity Building at the Ministry of Planning and Investment) supported capacity building for staff at MPI and other central level agencies. As the process of transition continued, Viet Nam has emphasized decentralization of planning and implementation responsibilities in many areas, including education and health services, provincial infrastructure, local execution of national programs and approval of foreign investment projects. Capacity of the local authorities has been, however, limited. The assessment done under the TA 2489-VIE pointed out that (i) further capacity building was required for provincial-level staff due to their increasing responsibilities and limited opportunity to access training, and (ii) training needed to be accompanied by changes in approach and organization in the planning function.

The TA aimed to foster further market orientation of the planning process through support for interprovincial coordination and private sector participation in planning; and provide new impetus to the Government's planning renovation process.

TA Objectives and Scope:
Objectives: The TA supported the Government's efforts to make the planning process more responsive to the needs of a market-oriented economy. More specifically, it fostered decentralization and participation in planning by strengthening (i) the mechanisms for interprovincial coordination; (ii) the role of the private sector (including non-government organizations) in the planning process; and (iii) the capacity of provincial-level planning staff to interact with the private sector and to design and implement policies conducive to development.

Scope: The TA had two components

(i) Analysis, design, and pilot implementation in four Central Region provinces (Quang Nam, Da Nang, Thua Thien Hue, and Quang Tri) of approaches and mechanisms to improve inter-provincial coordination and private sector participation in planning;

(ii) Training of provincial-level staff (provincial departments of planning, sector agencies, and People's Committees (PCs) through four-week development management courses, followed by workshops for the participants' directors and joint presentations.

To implement the first component, international and local consultants conducted discussions with officials of four provinces (Quang Nam, Da Nang, Thua Thien Hue and Quang Tri) and officials of the Ministry of Planning and Investment on the needs in interprovincial coordination and private sector participation in planning, especially on constraints for those activities at the provincial level. In addition, a survey of participants of the Provincial Economic Sector – Development Management Courses (PES-DMC) was conducted for better understanding of Viet Nam's conditions. To familiarize the officials of the four pilot provinces with an example of how inter-provincial coordination and private sector participation in planning is done in other countries, a study tour was conducted on March 7 to 17, 2001 to the Philippines to attend a meeting of a Regional Development Council. Finally, a workshop was conducted to discuss the government draft Regulations on Coordination in Planning within Economic Growth Region, and to assess the possibility to expand the scope of the Regulations to other areas.
Eight batches of trainees were trained under the second component. The first four batches received training at the MPI Training Center in Ha Noi and the second four batches received training at the MPI Planning School in Da Nang. In total, the courses in Ha Noi and Da Nang trained 251 staff members. Among them about 60 percent were Head and Deputy Head of sections with average age of 40 and 16 years of experience. In addition, 212 directors were offered two-day directors planning workshops.

TA Inputs Evaluation

As per contract provision, the total input of international consultants amounted to 18 person-months and another 72 person-months from local consultants. A consultant Team was composed of a senior advisor/coordinator, two decentralization specialists and an interprovincial coordination specialist. A ten-day study tour was conducted to the Philippines for 12 participants. In addition, the TA refurbished a 100-square meter lecture room, 2 discussion rooms in Ha Noi and refurbished and furnished a 539-square meter training complex at the MPI Planning School in Da Nang and purchased computers and other training equipment (LCD projector, audiovisual equipment). The inputs were adequate to perform the necessary tasks. One of the international consultants was replaced by a more suitable candidate for the final workshop on planning coordination. The TA underspent about 27 percent of the budget, about half of which are unused contingencies. The savings partly came from the lower cost for training activities and partly from the only partial implementation of the pilot on inter-provincial coordination and private sector participation in planning as indicated below.

Consultants and EA performance was satisfactory for the training component, but the two sides were not able to adequately solve implementation problems on the other component.

TA Outputs Evaluation

(i) Inter-provincial coordination and participation of private sector in planning

The international consultants visited Viet Nam and wrote a report on the above-mentioned subject. However, the time consultants spent in Viet Nam did not adequately allow them to make an in-depth analysis on the actual situation in the concerned provinces of Viet Nam in terms of regional cooperation and private sector participation in planning. Therefore, their reports contained useful references to international experience; but they were not immediately applicable to Viet Nam's conditions. Further discussions with the Government showed that pilot implementation at provincial level was difficult, as certain legal frameworks need to be develop first. In addition, the delayed start of training in Da Nang did not allow practical implementation of this component through pilot efforts at provincial and public-private coordination. Therefore, the TA refocused its activities on assisting the government to review the Regulations of Coordination among provinces in economic zones. The contribution of the TA on Regulations of Coordination among provinces in economic growth zones was valuable and highly appreciated by the government. The study tour to the Philippines provided opportunities for participants to learn international experiences in inter-provincial coordination and private sector participation in planning. As the pilot implementation has not actual taken place, no follow-up and proposals were formulated and submitted to MPI.

(ii) Training

The PES-DMC was attended by 251 participants. Participants came from 50 provinces. After the four-week classroom component, participants were required to prepare a draft strategic development plan for the economic sector of their province. Based on the performance of participants in the courses and the evaluation given by participants on faculty and courses, the course design, the materials, and the set of faculty members delivering the courses met the requirements of the TA. Although the limited number of target participants in each province only created a nucleus of trained staff members at the provincial level, having trained planning staff in each department should still result in improvements in the quality of plans introduced by those trained under the courses of this TA.

The Provincial Economic Sector – Directors' Planning Workshop (PES-DPW) offered training for 212 directors. Attending this workshop helped them to understand what their staff learned from PES-DMC and is expected to encourage them to request their staff to apply new knowledge learnt from the Provincial Economic Sector-Development Management Courses (PES-DMC) in their daily activities.

TA Overall Assessment and Rating

The TA is rated as successful. The rating, however, is different for the two components. The component to pilot-test provincial coordination and private sector participation is rated partly successful, while the training component is rated as highly successful and cost-effective. While a number of attempts were made during implementation to readjust the work program, inadequate coordination within the EA and between the EA and the provinces. and delays in moving TA training operations to Da Nang resulted in lower support for implementation of the first component. As a result, after the initial reconnaissance, activities focused more on providing international experience for consideration by the EA and the Government through papers and a study tour, and on reviewing and making recommendations on the Regulations on Coordination in Planning. While these inputs were useful and appreciated, implementation of pilots at the provincial level (including forums for private sector participation, systematic consultations among provinces, and joint proposals on common issues) was suspended and this component can only be considered as partly successful. The training component on the other hand, was assigned to the Organization and Personnel Department of MPI, which is also responsible for training. Therefore, it received full support from the EA. The desired number of participants was trained. Participants rated favorably the training received. Given the short duration of the courses, all of the participants returned to their initial assignments and were able to apply the concepts learned. The component is therefore rated as highly successful.

Major Lessons Learned

Development of the private sector in a transition economy like Viet Nam is complicated and TA activities need to be implemented over a long time in a continuous manner and with frequent interaction to make a significant contribution in this area. Ensuring the cooperation of the EA is very important for the success of the project. The commitment from EA should not be only for the TA in general, but should be specific for each sub-component under the TA. The usual lesson that coordination is problematic among different agencies, and even among departments or centers of the same agency, was confirmed.

Follow-Up Action and Recommendations

No additional training activities of a similar nature are recommended, since by now familiarity with the functioning of a market economy is more widespread in Viet Nam. Future efforts at building capacity should be linked more to closely to the sectors and provinces of ADB intervention, particularly in the Central Region.

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