# Viet Nam: Project Preparation and Startup Support Facility

<table>
<thead>
<tr>
<th>Description</th>
<th>Project Preparation and Startup Support Facility will enable the Government of Viet Nam (Government) to better startup, prepare and implement projects to improve effectiveness of Asian Development Bank (ADB) financed projects in Viet Nam.</th>
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</thead>
<tbody>
<tr>
<td>Project Name</td>
<td>Project Preparation and Startup Support Facility</td>
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<tr>
<td>Project Number</td>
<td>45098-001</td>
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<tr>
<td>Country</td>
<td>Viet Nam</td>
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<tr>
<td>Project Status</td>
<td>Active</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
</tr>
<tr>
<td>Source of Funding / Amount</td>
<td>Loan 2982-VIE: Project Preparation and Startup Support Facility concessional ordinary capital resources lending / Asian Development Fund US$ 37.88 million</td>
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| Strategic Agendas | Inclusive economic growth |
| Drivers of Change | Governance and capacity development |
| Sector / Subsector | Public sector management - Economic affairs management |
| Gender Equity and Mainstreaming | No gender elements |
Project Rationale and Linkage to Country/Regional Strategy

Trends in Viet Nam’s Official Development Assistance (ODA) portfolio. Viet Nam’s rapid economic growth has been impressive during the past decades. Although growth is not directly attributed to ODA, it has nevertheless played an important role in catalysing investments. This is reflected in the Government’s Socioeconomic Development Plan (SEDP) 2011-2015, which sets key economic sectors and the importance of ODA along with projected increases in the number, size and complexity of investments. In monetary terms, from 2006-2010, signed ODA for Viet Nam was $20.26 billion, whereas estimated ODA for 2011-2015 is $32.0 billion. Increased investments have not been complemented by aid effectiveness. Currently, the stock of undisbursed ODA is over $6 billion and is expected to increase to over $39.0 billion by the end of 2015. As aid is channeled through ODA-funded programs and projects, its effectiveness is measured in terms of how well programs and projects are implemented, required time for completion, and impacts on beneficiaries. Viet Nam’s track record has been mixed. Project evaluation reports of donors show that in general, projects have been completed satisfactorily, yet the same reports indicate poor project performance during implementation which, among others, is caused by delayed project preparation and startup. Based on Viet Nam Country Portfolio Review by ADB, it takes around 12 to 18 months on average from fact-finding to loan effectiveness; an additional 2 years for project startup and first contract award; and approximately 2 years of loan extensions. These, in turn, cause unnecessary implementation difficulties, increased transactional costs, and delayed development benefits, which subsequently reduce aid effectiveness and investment efficiency.

Comparison across development partners show that the portfolio performance indicators of Viet Nam fare poorer than those of other Asian countries.

The Government, together with the development partners, has realized the importance of addressing implementation bottlenecks, including actions to improve effective utilization of ODA-funded projects. For example, the ODA Inter-Ministerial Task Force, established in 2004, conducts annual reviews of ODA utilization complemented by the implementation of the country project preparation technical assistance (PPSSF). The PPSSF supports World Bank-funded projects by preparing feasibility studies, detailed designs and bidding documents, and mobilizing the funds after only one off approval by the EA, no funding restriction, and provide capacity building to the EA for the implementation of the PPSSF and to the IAs for project preparation and advance action, including recruitment of consultants, preparation of detailed engineering design and bidding documents. As a result, PPSSF will improve project performance, enhance the quality of investments, speed up disbursements, and ensure the realization of economic benefits.

A project design advance (PDA) from the Project Design Facility (PDF), available to a borrowing country supports project formulation encompassing detailed engineering design, feasibility studies and due diligence, safeguard and pre-implementation work including advance procurement actions of up to $5 million. However, the Government has no mechanism to fast track the processing of a PDA, which would then have to be processed as a loan. As such, the PPSSF intends to go beyond the PDA, with mobilization of the funding after only a one off approval by the EA, no funding restriction, and provide capacity building to the EA for the implementation of the PPD and to the IAs for project preparation and advance action, including recruitment of consultants, preparation of detailed engineering design and bidding documents. By financing detailed engineering designs, bidding and other key project documents, PPSSF will accelerate and complete the project preparation in a way that a typical project preparation technical assistance (PPTA) grant would not be able to accommodate. In addition, the PPSSF could also be used as an alternative to a PPTA to finance the entire project preparation from feasibility study to bidding documents. The PPSSF is included in ADB’s Country Partnership Strategy (CPS) 2012-2015. Lessons learned in the PPTA Pilot Technical Assistance Facility (PPTAF). The PPTAF supports World Bank-funded projects by preparing feasibility studies, detailed designs and bidding documents, and providing necessary resources to speed up project preparation. Several issues were encountered during its early stages of implementation, mostly delays caused by the complicated application process and lack of capacity in implementing agencies to prepare and process applications.

Impact

Improved aid effectiveness in Viet Nam

Project Outcome

Description of Outcome

Goverment capacity to fast track preparation and implementation of ADB financed projects in Viet Nam is strengthened

Progress Toward Outcome

Applications of (i) $12.4 million for Metro Line 5; (ii) $1.97m for Ha Tinh subproject under BIIG1; and (iii)$0.96m for Lang Son subproject under BIIG1 approved by ADB and MPI for consulting services

Consultant recruitment is underway.

Implementation Progress

Description of Project Outputs

1. Production of quality project documents and actions to fast track project startup
2. Capacity Development of Executing Agency and Implementing Agencies to prepare and appraise viable public investments

Status of Implementation Progress (Outputs, Activities, and Issues)

Sub-loan agreement for Ha Tinh application is under review by Ministry of Finance.

Sub-loan award is expected in Q3 of 2018.

Sub-loan agreement has been signed between HCMC and MPI. Submission 2 of this consulting service package is being finalized. Contract award is expected in Q3 of 2018.

Sub-loan agreement for Ha Tinh application is under review by Ministry of Finance.

Geographical Location

Nation-wide

Safeguard Categories

Environment

C

Involuntary Resettlement

C

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

There is no impact

Involuntary Resettlement

There is no impact
Indigenous Peoples

There is no impact.

Stakeholder Communication, Participation, and Consultation

During Project Design

Facility is used to finance project preparation and start-up activities.

During Project Implementation

As the multisector coordinating agency for ODA-funded projects and the executing agency for the facility, the MPI will be responsible for executing the facility. A PCU will be established under MPI to undertake day-to-day activities. Selected line ministries and provincial and city peoples’ committees eligible under Decree 131/2006 will be the implementing agencies for subprojects. ADB will work closely with the MPI and the implementing agencies to implement the facility. The ADB team, responsible for implementation of the facility (facility team), will support and supervise the MPI’s execution of the facility by (i) exercising no objection to all consultant recruitment and procurement managed by the MPI, (ii) ensuring that implementation complies with fiduciary requirements, and (iii) monitoring and evaluating the portfolio of subprojects.

Business Opportunities

Consulting Services

1. Consulting Services for Capacity Development:
   - ICS (international) - 40 person-months
   - Amount: $1,040,000
   - ICS (national) - 740 person months
   - Amount: $2,260,000
   - Consultation Qualification Selection or Least Cost Selection - 1 contract for audit services
   - Amount: $100,000

2. Consulting Services for Preparation of Subprojects
   - Firm and/or individual consultant selection - to be determined during implementation
   - Amount: to be determined during implementation

Procurement

Shopping

- 2 Contracts for information technology equipment and office furniture
  - Amount: $20,000

Responsible ADB Officer

Hoang Nhat Do

Responsible ADB Department

Southeast Asia Department

Responsible ADB Division

Viet Nam Resident Mission

Executing Agencies

Ministry of Planning and Investment

6 B Hoang Dieu street, Ba Dinh district, Hanoi, Viet Nam

Timetable

Concept Clearance

17 Feb 2012

Fact Finding

17 Apr 2012 to 17 Apr 2012

MRM

25 Jun 2012

Approval

13 Dec 2012

Last Review Mission

-

Last PDS Update

20 Sep 2018

Loan 2982-VIE

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<thead>
<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
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Financing Plan

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<th>ADB</th>
<th>Others</th>
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<td>Cumulative Contract Awards</td>
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<td>Cumulative Disbursements</td>
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Project Page

https://www.adb.org/projects/45098-001/main

Request for Information

http://www.adb.org/forms/request-information-form?subject=45098-001

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08 September 2019

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