



Completion Report

Project Number: 48279-001
Technical Assistance Number: 8902
May 2019

Viet Nam: Capacity Building for Project Management Unit Professionalization

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TA Number, Country, and Name:		Amount Approved: \$1,500,000	
TA 8902-VIE : Capacity Building for Project Management Unit Professionalization		Revised Amount: Not Applicable	
Executing Agency: Ministry of Planning and Investment, Viet Nam	Source of Funding: Japan Fund for Poverty Reduction	Amount Undisbursed: \$499,352.81	Amount Utilized: \$1,000,647.19
TA Approval Date: 22 May 2015	TA Signing Date: 25 August 2015	Fielding of First Consultants: 21 September 2015	TA Completion Date Original: 31 May 2017 Actual: 31 May 2018 Account Closing Date Original: 31 May 2017 Actual: 22 August 2018

Description. When the TA was formulated, Official Development Assistance (ODA) project management units (PMUs) were impaired by under-skilled staff with insufficient project management experience and high rates of staff attrition. The lack of well-qualified, competent mid-level managers and specialists to manage procurement, social and environmental safeguards, financial management, and monitoring and evaluation undermined effective project administration. Moreover, PMU capacity built during project implementation typically dissipated when a project ended due to the temporary institutional arrangements upon which PMUs were formed. Viet Nam's Ministry of Planning and Investment (MPI) and ADB recognized that capacity constraints were particularly troublesome in provincial PMUs. Unlike executing agency-based central PMUs, provincial PMUs lacked training opportunities and mechanisms to capture and share knowledge gained from ongoing and completed projects. Provincial PMUs weak capacity hindered public investment planning, slowed disbursement, and often delayed intended development results. In this context, the TA intended to strengthen skills, knowledge, and institutional arrangements needed to professionalize provincial PMUs.

Expected Impact, Outcome, and Outputs. The expected impact was improved effectiveness in preparing and implementing ODA-financed projects in Viet Nam. The outcome was improved professionalization of provincial level PMUs in the target sectors and provinces. There were four expected outputs: (i) project design and readiness of ODA-funded projects in the target provinces enhanced; (ii) provincial level PMU institutional arrangements and procedures in core project management functions (i.e. procurement, contract management, financial management, safeguards, stakeholder engagement, and gender) improved; (iii) provincial level PMU staff skills on core project management functions developed and sustained; and (iv) knowledge on provincial level PMU professionalization assessments and experience shared. Quantitative performance targets and indicators were set in a logical, adequately-formulated design and monitoring framework (DMF). The impact target was total ODA disbursements to Viet Nam increase from \$13.8 billion during 2006–2010 to \$18 billion during 2015–2020, with a disbursement ratio maintained at 20%–25%. The outcome targets, both to be achieved by 2018, were (i) at least 10 provincial level PMUs in the target sectors and provinces have improved systems and procedures on core project management functions; and (ii) at least 80% of targeted provincial level PMU staff trained and coached are able to meet core project management performance standards. Output 1 targeted improved quality and timely preparation of procurement, safeguards, and other core ODA project preparation documents of the assisted PMUs in target provinces. Output 2 was to develop and agree manuals, guidelines, institutional arrangements, and procedures on core project management functions with target provinces and sectors. Output 3 performance targets included (i) at least 10 provincial level PMUs trained and coached in preparing and implementing projects and subprojects; (ii) training modules for specific topics developed; (iii) training pool formed and training completed; (iv) at least 300 province-level PMU staff trained on core management functions; and (v) arrangements for certification of PMU staff in the pilot provinces established. Output 4 had two outputs: (i) at least 240 key stakeholder representatives (from ministries and provinces) become aware of PMU professionalization assessments through workshops and experience gained during the TA; and (ii) key documents and learning tools developed by the TA are disclosed on the web. All output targets were to be achieved during 2016–2017.

The TA is assessed *relevant*. It was designed in response to a request from the government's National ODA Steering Committee to help improve the effectiveness and management of ODA by professionalizing PMUs, especially in provinces with weak capacity. The TA was consistent with Prime Minister's Decision 1257/QD-TTg, which provided the government action plan to improve the performance of ODA-financed projects during 2014–2015. It also aligned with ADB Country Partnership Strategy (2016–2020) priorities to improve portfolio performance by building counterpart project management capacity, enhancing project readiness, and streamlining implementation procedures. As a part of concerted development partner efforts being coordinated through the Six Banks Group (6-Banks)¹ ADB and MPI focused TA resources in provinces that had fewer ODA investment projects or where ODA financed projects were underperforming or delayed. MPI's selection as the executing agency was appropriate

¹ ADB, Agence Française de Développement, Japan International Cooperation Agency, Korea Eximbank, KfW, and the World Bank Group.

because it was the government agency tasked with ODA project preparation oversight, procurement oversight, and chairing annual portfolio performance reviews with 6-Banks members. The capacity development TA modality was appropriate, enabling the TA to design and implement capacity building programs based on training needs assessments and other meaningful stakeholder consultations. Stakeholder consultations continued during TA implementation, helping to fine-tune training and knowledge sharing activities. The DMF was logical, with a plausible results chain and outcome that could be directly attributed to TA outputs and activities. However, the impact risks and assumptions did not recognize regulatory actions to lower public and publicly-guaranteed debt could constrain ODA disbursement, as was the case beginning in 2016.

Delivery of Inputs and Conduct of Activities. A total of \$1.5 million was allocated to the TA on a grant basis from the Japan Fund for Poverty Reduction (JFPR). The Government of Viet Nam contributed about \$100,000 equivalent in-kind financing for (i) counterpart staff, (ii) office facilities and materials, and (iii) contingencies. As designed, the TA envisaged 15.5 person-months individual international consultant inputs and 228.5 person-months national consultant inputs. Actual consultant utilization totaled 5.4 person-months of intermittent international consultant inputs and 244.1 person-months of national consultant inputs. Consultants supported quality diagnostic studies, training, workshops and knowledge sharing activities consistent with the TA design. The performance of all consultants is assessed *satisfactory*. International consultant inputs were less than expected because ADB Viet Nam Resident Mission (VRM) staff provided substantial time and expertise to help develop training and coach PMU staff.

The TA was implemented broadly as designed. It was, however, extended by one year from 31 May 2017 to 31 May 2018 to enable completion of the envisaged capacity building and institutional strengthening, without affecting the TA scope or implementation arrangements. MPIs request to extend the TA was justified given provincial PMUs faced difficulties adapting to significant changes in the Government's ODA management framework introduced during 2015–2017 and the National Assembly's heightened emphasis on effective ODA management. The TA generated synergies with other development partner procurement and financial management capacity building initiatives, especially those supported by the World Bank Group. ADB and MPI jointly assessed how new ODA regulations affected PMUs and provided specialist advice to help design innovative peer-to-peer adult learning sessions and participatory training that encouraged PMU staff to collaboratively solve problems. Three post-training surveys indicate that more than 96% of those who participated are using knowledge gained in their daily work. The emphasis on peer learning and use of case studies were appreciated by the PMUs and MPI.

At closing \$499,352 was undisbursed mainly because the TA utilized fewer international consultant inputs than envisaged and some contract management training activities were organized using ADB staff and internal resources. Although the number of national consultant person-months increased slightly to accommodate the geographically dispersed PMUs need for on-the-job procurement, gender, and safeguards training, costs for this category were lower than expected. The performance of ADB and MPI are assessed *satisfactory*.

Evaluation of Outputs and Achievement of Outcome. Output 1 was substantially achieved. The quality of PMU procurement, safeguards, and other core project preparatory documents was improved, as demonstrated by timely approval of three ADB-financed investment projects (2016–2017) covering 10 of the 13 the provinces that received TA assistance. Trained provincial PMU staff formulated quality master bidding documents, safeguards documents, and gender action plans. Initiatives to improve project readiness were less effective. At TA completion the prevailing Procurement Law and Decree 16/132 continue to constrain advance procurement and other actions needed to accelerate project startup.

Output 2 was achieved. The TA produced quality Vietnamese-language training materials, manuals, and guidance notes on project management, contract management, procurement, financial management, safeguards compliance, gender mainstreaming, and stakeholder participation. The TA's institutional strengthening support led to 13 provincial PMUs being transformed into permanent public investment project management entities. At TA completion training resources and guidance notes were being used by the 13 permanent provincial PMUs to steadily improve targeted core project management functions. The TA also organized a PMU Directors Forum to exchange knowledge and ideas to strengthen PMU institutional arrangements.

Output 3 was achieved. 13 permanent provincial PMUs were trained to prepare and implement ODA projects, three more than the target.² In total, 564 provincial PMU staff (39.2% women) participated in the various core project management trainings and seminars, 264 above the target. This pool of trained staff all received provincial government-endorsed certificates to verify course completion.

Output 4 was substantially achieved. Stakeholder workshops, peer-to-peer learning sessions, and the Project Directors Forum were attended by 330 provincial PMU staff and ODA oversight agency officials (42.7% women), 90

² Binh Phuoc, Dak Lak, Dak Nong, Gia Lai, Kon Tum, Bac Kan, Cao Bang, Ha Giang, Lang Son, Ha Tinh, Nghe An, Quang Binh and Quang Tri.

more than targeted. The TA produced an informative video featuring good project management practices, which was disseminated to central and provincial PMUs countrywide. Although learning tools produced by the TA were not available on the web at completion, all project documents prepared under output 1 are disclosed on the ADB website.

The TA's expected outcome was substantially achieved. At completion in May 2018, 13 permanent provincial PMUs handling the agriculture and natural resource, transport, urban, and water supply sectors had improved core project management systems and procedures in place. About 90% of incumbent provincial PMU staff were trained to professionally carry out their duties in line with core project management standards.

The TA is assessed *efficient*. It substantially delivered all expected outputs and the outcome utilizing less funds than envisaged. Unit costs were in line with recognized government costs norms and market conditions. The 1-year extension was justified given the need for on-the-job training and PMU staff coaching in geographically disbursed provinces. Changes to Viet Nam's ODA regulatory environment during TA implementation also justify the extension.

The TA is assessed *effective*. It substantially achieved more than 85% of its key performance indicators, which were realistic. Implementation problems were avoided by properly managing risks. Peer learning programs, which were envisaged to provide minor support for staff capacity building, gained momentum during implementation and proved to be a highly effective way to engage PMU staff. At TA closing PMU staff were using their newly acquired skills and knowledge to implement government and ODA-financed projects, including three newly approved projects financed by ADB. Other noteworthy achievements are significant improvements in end-to-end procurement times (typically 1-2-month time savings, with better quality bidding documents and evaluation reports) and 100% compliance with gender action plan monitoring and reporting requirements. Government of Japan support was properly acknowledged by clearly indicating TA activities and publications were financed by the JFPR, including use of the JFPR logo on training materials.

Overall Assessment. Overall, the TA is rated *successful*, based on its relevance, effectiveness, and efficiency assessments. However, the impact targets are unlikely to be achieved. Annual ODA disbursement declined from \$3.5 billion in 2015 to \$2.0 billion 2018, totaling \$12.5 billion for the three-year period. Disbursement ratios for the 6-Banks ranged from 5%–15% in 2018 after declining from 9%–25% in 2017. Given that the government intends to continue reducing the public debt to gross domestic product ratio and more selectively borrow ODA during 2019–2020, the TA's development impact is assessed *less than satisfactory*. Conversely, the TA outcome is assessed *likely sustainable* because all provincial PMUs have been transformed into permanent, professional project management entities responsible for managing ODA- and government-financed projects. The new permanent provincial PMUs are staffed with officials trained by the TA. Office facilities and operating costs are financed by provincial budgets. Manuals, guidelines and checklists developed by the TA are properly archived and will continue to be used for guiding the implementation of ODA- and government-financed projects. Among the positive results of the Project Directors Forum, PMU staff have established a social network to exchange ideas for solving day-to-day project management issues.

Major Lessons. TA design provided the flexibility needed to address emerging needs and navigate ODA regulatory changes. Its dual focus on institutional strengthening and staff capacity building worked well. Intensive involvement by ADB and MPI staff helped to ensure timely and effective TA implementation. The emphasis on knowledge sharing enhanced peer-to-peer learning and professional networking. TA design could have better considered the barriers to improving project readiness and included support for procurement reform.

Recommendations and Follow-Up Actions. With recent major changes to the ODA management framework in Viet Nam, ADB should continue to work with government and development partners to improve the efficiency and effectiveness of ODA management. Resources should also be provided to help professionalize provincial PMUs not covered by this TA, as Viet Nam has more than 100 ongoing ODA-financed projects worth \$16.9 billion. While this will be partially supported by ADB TA 8806: Improving Portfolio Performance and Aid Management, significantly more resources are needed for country-wide PMU professionalization and portfolio diagnostics to guide future capacity building.

TA = technical assistance.

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