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Report No. 111771-VN

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE SOCIALIST REPUBLIC OF VIETNAM

FOR THE PERIOD FY18–FY22

May 4, 2017

**Vietnam Country Management Unit
East Asia and Pacific region**

**The International Finance Corporation
East Asia and Pacific Department**

The Multilateral Investment Guarantee Agency

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The last Country Partnership Strategy was discussed by the Board on December 15, 2011

FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

Currency Unit = Vietnamese Dong (VND)

22,690 VND = \$1

(Exchange Rate Effective April 15, 2017 in SAP, the World Bank)

ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Assistance	GFF	Global Financing
AANZ	ASEAN–Australia–New Zealand free trade area	GG	Green Growth
ABP	Australian Bank Partnership Program	GHG	Greenhouse Gas
ADB	Asian Development Bank	GIZ	Die Deutsche Gesellschaft für Internationale Zusammenarbeit
AFD	Agence Française de Développement	GoV	Government of Vietnam
AIIB	Asian Infrastructure Investment Bank	GDP	Gross domestic product
ASA	Advisory Services and Analytics	GEF	Global Environment Facility
ASEAN	Association of Southeast Asian Nations	GFDDR	Global Facility for Disaster Reduction and Recovery
BRT	Bus Rapid Transfer	GFS	Government Finance Statistics
CAT-DDO	Catastrophe Drawdown Option	GHG	Greenhouse gas
CC	Climate Change	GIZ	Die Deutsche Gesellschaft für Internationale Zusammenarbeit
CIEM	Central Institute for Economic Management, Ministry of Planning and Investment	GNI	Gross national income
CIFF	City Infrastructure Financing Facility	GW	Gigawatt
CLR	Completion and Learning Review	HCFC	Hydrochlorofluorocarbons
CO ₂	Carbon dioxide	HCMC	Ho Chi Minh City
CP	Communist Party	HPeT	Health Professional Education and Training for Health Systems Reform
CPF	Country Partnership Framework	IBRD	International Bank for Reconstruction and Development
CPS	Country Partnership Strategy	ICR	Implementation Completion Report
CWT	Counter-wildlife trafficking	ICP	Indicative Cooperation Program (Belgium)
DFAT	Australia Department of Foreign Affairs and Trade	IDA	International Development Association
DFID	Department for International Development (UK)	IDF	Institutional Development Fund
DPF	Development Policy Financing	IEG	Independent Evaluation Group
DPO	Development Policy Operation	IFC	International Finance Corporation
DRM	Disaster risk management	IMF	International Monetary Fund
ES	Environmental sanitation	INTOSAI	International Organization of Supreme Audit Institutions
ESMF	Earth System Modeling Framework	IPF	Investment project financing
EU	European Union	IPSAS	International Public Sector Accounting Standards
EUR	Euro	IWRM	Integrated Water Resources Management
EVFTA	EU-Vietnam Free Trade Agreement	JICA	Japan International Cooperation Agency
EVN	Vietnam Electricity	KEXIM	Korea Export-Import Bank
FCPF	Forest Carbon Partnership Facility	KfW	Kreditanstalt für Wiederaufbau
FDI	Foreign Direct Investment	KOICA	Korea International Cooperation Agency
FY	Fiscal Year	LCL	Less concessional loan
GAP	Gender Action Plan		
GCF	Green Climate Fund		
GDP	Gross Domestic Product		

MARD	Ministry of Agriculture and Rural Development	PISA	Program for International Student Assessment
MDG	Millennium Development Goal	PLR	Performance and Learning Review
MIC	Middle-income country	PM	Prime Minister
MICS	Multiple Indicator Cluster Survey (UNICEF)	PMU	Project Management Unit
MIGA	Multilateral Investment Guarantee Agency	PPP	Public private partnership
MKD	Mekong Delta	PM2.5	Particulate matter 2.5
MOC	Ministry of Construction	PPIAF	Public-Private Infrastructure Advisory Facility
MOET	Ministry of Education and Training	RECEP	Regional Comprehensive Economic Partnership
MOF	Ministry of Finance	RMNCAH	Reproductive, Maternal, Newborn, Child, and Adolescent Health
MOFA	Ministry of Foreign Affairs	RSWS	Rural Sanitation and Water Supply
MOH	Ministry of Health	SBV	State Bank of Vietnam
MOIT	Ministry of Industry and Trade	SCD	Systematic Country Diagnostic
MOLISA	Ministry of Labor, Invalids, and Social Affairs	SDG	Sustainable Development Goal
MOST	Ministry of Science and Technology	SDR	Special Drawing Rights
MOT	Ministry of Transport	SECO	State Secretariat for Economic Affairs
MPI	Ministry of Planning and Investment	SEDP	Socio-Economic Development Plan
MSMEs	Micro and Small-Medium Enterprises	SEDS	Socio-Economic Development Strategy
M&E	Monitoring and evaluation	SME	Small-Medium Enterprise
MTIP	Medium-term Investment Plan	SOE	State-owned enterprise
NA	National Assembly	TA	Technical assistance
NDC	Nationally Determined Contributions	TPP	Trans-Pacific Partnership
NPL	Non-Performing Loans	UN	United Nations
ODA	Official Development Assistance	USAID	United States Agency for International Development
OECD	Organization for Economic Co-operation and Development	VBF	Vietnam Business Forum
OOG	Office of Government	VHLSS	Vietnam Household Living Standards Survey
PA	Prior action	VN	Vietnam
PER	Public Expenditure Review	VND	Vietnamese dong
PFM	Public financial management	VN2035	<i>Vietnam 2035</i>
PforR	Program-for-Results	WBG	World Bank Group
PHRD	Japan Policy and Human Resources Development Fund	WTO	World Trade Organization
PIM	Public investment management		

	World Bank	IFC	MIGA
Vice President:	Victoria Kwakwa	Dimitris Tsitsiragos	Keiko Honda
Director:	Ousmane Dione	Vivek Pathak	Merli Baroudi
Sr. Manager:		Kyle Kelhofer	
Task Team Leaders:	Cia Sjetnan, Dung Viet Do	Daniel Street, Tehmina Nawab	Timothy Histed, Paul Barbour

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1. INTRODUCTION

1. **Thirty years after the launch of the economic reforms known as *Doi Moi*, Vietnam is considered a development success story—marked by remarkable poverty reduction and economic growth.** Vietnam reached middle-income status in 2009, achieved most Millennium Development Goals (MDGs)—many of them ahead of time—and has adopted the Sustainable Development Goals (SDGs). The economy has developed from being largely closed and centrally planned to dynamic and market-oriented, integrated and connected to the global economy. Furthermore, growth has been inclusive, translating into tangible gains for the Vietnamese people, economically and in broader welfare terms, with significant increases and improvements in access and quality of services.

2. **Notwithstanding notable achievements, development challenges persist.** Poverty gains are fragile, with remaining poverty concentrated in rural areas and among ethnic minorities. Vietnam is highly vulnerable to climate change and natural disasters, and natural assets are exploited unsustainably. Weak institutions, often with overlapping mandates and responsibilities, and inadequate processes for coordination, impede state effectiveness. There are rising fiscal pressure and vulnerabilities in the banking sector, the domestic private sector is developing below potential, and labor productivity growth is diminishing. Needed investments in infrastructure exceed resources available, and the ability to mobilize private sector resources for such investments remains weak. Vietnam’s demographic and economic evolutions are also putting new demands on service delivery and social protection systems.

3. **The last World Bank Group (WBG) country strategy for Vietnam, the FY12–16 Country Partnership Strategy (CPS), was presented to the WBG Board of Directors on December 15, 2011.** Through the 2015 Vietnam Performance and Learning Review (PLR), the CPS was extended by six months, to the end of the 2016 calendar year.

4. **The Vietnam Country Partnership Framework (CPF) covers the period FY18–22.** It has been prepared based on analysis and conclusions in *Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy (Vietnam 2035)*¹ and in the 2016 Vietnam Systematic Country Diagnostic (SCD), and informed by the CPS Completion and Learning Review (CLR) and the 2016 Client Survey. The CPF is fully aligned with the Government of Vietnam’s (GoV) 2010–20 Socio-Economic Development Strategy (SEDS) and the recent 2016–20 Socio-Economic Development Plan (SEDP). The CPF responds to priorities for support expressed by the government and builds on the WBG’s comparative advantage.

5. **The CPF is prepared at a critical juncture in Vietnam’s development and at a time of transition.** FY18 represents a new period in GoV–WBG relations as Vietnam graduates from the International Development Association (IDA) at end-FY17. Moreover, success raises expectations—Vietnam has high ambitions for further development and growth, aspiring to modernity, industrialization, and a better quality of life. Meeting these will require the country’s new government to balance economic prosperity with environmental sustainability, promote equity and social inclusion, and strengthen state capacity and accountability—all within a constantly evolving global and domestic context.²

¹ *Vietnam 2035* is a joint Government of Vietnam (Ministry of Planning and Investment)–WBG initiative, finalized in 2016.

² *Vietnam 2035*.

2. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 Social and Political Context

6. **Vietnam is experiencing rapid demographic and social change.** From about 60 million in 1986, Vietnam’s population reached 94 million in 2016 and is expected to expand to 120 million before tailing off around 2050. Currently, 70 percent of the population is under 35 years of age, with a life expectancy of close to 73 years, though the population is rapidly aging, with the share of people 65 years and older projected to more than double by 2035 (from 7 to 15 percent). Some 85 percent of the population is from the Kinh ethnic majority group; 53 ethnic minority groups make up the remaining 15 percent. There is an emerging middle class, currently accounting for around 10 percent of the population and expected to reach 26 percent by 2026. Vietnam is urbanizing, with estimates that the urban population will reach 50 percent by 2025. Administratively, the country has 63 provinces, each governed by a People’s Council and a People’s Committee.

7. **The country goes through a political transition every five years.** The 12th National Congress of the Communist Party, held in January 2016, defined the political and development orientations for Vietnam for 2016–20 and selected a new leadership for the party, state, and government. A general election took place in May 2016 and the new National Assembly reconfirmed the new state president, prime minister, and cabinet members in July 2016.

8. **Vietnam has, over the last 30 years, made substantial advances in providing basic services and access to infrastructure.** Today it is far healthier and more educated than 20 years ago. Coverage and learning outcomes are high and equitably achieved in primary school—evidenced by high scores in the Program for International Student Assessment (PISA). From 1993 to 2012, the infant mortality rate decreased from 33 to 19 per 1,000 live births, while stunting decreased from 61 to 23 percent. Access to household infrastructure has improved sharply: in 2012, 99 percent of the population used electricity as their main source of lighting, up from 14 percent in 1993. In rural areas in 2012, 67 percent of the population had access to sanitation facilities—up from 36 percent in 1993. Rural access to clean water has also improved, from 17 percent in 1993 to 61 percent in 2012. Access to these services in urban areas is above 90 percent.

9. **Vietnam has closed gender gaps along a wide range of social and economic measures.**³ In 2015, female-headed households were less likely to be poor than male-headed households, and primary and junior secondary school net enrollment rates were about equal for boys and girls. There are more female than male students attending school at upper secondary and tertiary levels. Women’s economic empowerment has steadily improved over the past decade. Women’s labor force participation rate is within 10 percent of men’s—a smaller gap than in most other comparable countries. There has been an upward trend in the share of women in wage work, mainly driven by increased employment opportunities for women in foreign-owned, export-oriented factories. Nevertheless, some gender gaps persist, including: (i) a wide imbalance in the sex ratio at birth, with 113 male to every 100 female births, a consequence of selective abortion and strong preference for sons; (ii) women’s access to high level leadership positions in the public and private sectors; and (iii) a gender earnings gap, where women earned

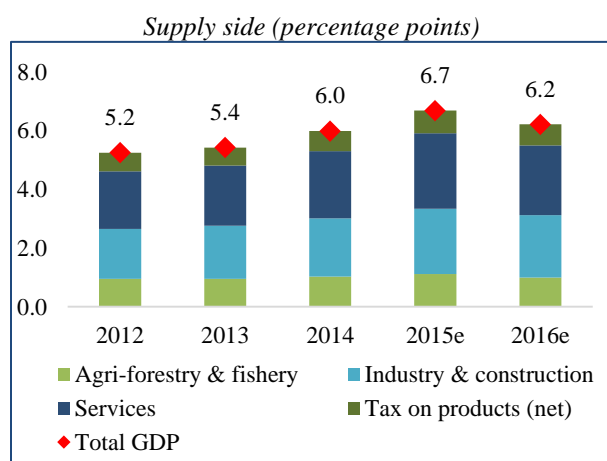
³ Gender analysis in this CPF is based on data and analytical work from various sources, including the UN Women report “Towards Gender Equality in Viet Nam: Making Inclusive Growth Work for Women,” the Vietnam Systematic Country Diagnostic, and the Vietnam General Statistics Office’s “Data on Men and Women in Vietnam 2010-2015.”

20 percent less than comparable men in 2012. Women also make up a large share of unpaid family workers, particularly in agriculture. Continued growth in job opportunities in urban areas, combined with a loosening of residency restrictions will likely lead to more women joining the formal labor force. This will increase demand for child care and for health and education services for women such as skills development, retraining, certification, and specialized health care. An aging population will also lead to a growing demand for elderly care services—most often a female occupation.

10. **As one of the most open economies in the World, Vietnam is seeking regional and global opportunities for further international integration.** Vietnam is a member of the World Trade Organization (WTO), the Association of the Southeast Asian Nations (ASEAN) and the ASEAN Economic Community and has signed sixteen bilateral and multilateral trade agreements. Vietnam has sought participation in new free-trade agreements (FTAs), including the Vietnam-EU FTA, the Regional Comprehensive Economic Partnership (RECEP), and the Trans-Pacific Partnership (TPP). While bringing opportunities and establishing Vietnam’s commitment to further economic and trade integration, these new generation agreements also pose challenges as success will require further economic, market, and business reforms. Geopolitical trends, including the rise of China, also bring opportunities to Vietnam.

2.2 Recent Economic Developments

Figure 1: Contribution to GDP growth, 2012–16



Source: General Statistics Office of Vietnam.

11. **Despite a challenging global environment, Vietnam’s economy showed resilience in recent years.** After expanding 6.7 percent in 2015, preliminary data show a 2016 GDP growth of 6.2 percent (Figure 1 and Table 1), driven by export oriented manufacturing and robust domestic demand. While headline inflation accelerated to 4.7 percent in 2016, this was driven by increases in administered prices—core inflation remained subdued. Due to sustained exports, which expanded by 9 percent, and to moderating import growth, Vietnam’s external position remained in balance,

underpinned by strong export growth, robust remittance inflows, and a capital account surplus owing to consistent foreign direct investment (FDI) inflows. These developments eased foreign exchange pressures and helped the State Bank of Vietnam (SBV) build up international reserves, from 2.1 months of import cover at the end of 2015 to 2.8 months a year later. However, international reserves are still below a prudent level for an economy as open as Vietnam’s.

12. **Some macroeconomic vulnerabilities persist.** Despite steps to enhance banking sector stability, lingering asset quality problems in the sector have not been fully addressed. Moreover, credit growth remained elevated at 19 percent (year-on-year) in 2016. This rapid expansion of credit—more than twice the growth rate of nominal GDP—is cause for concern, particularly as Vietnam’s credit-to-GDP ratio (about 120 percent in December 2016) is high and credit expansion is delivering declining incremental output gains. Moreover, sizable and persistent fiscal deficits have emerged in recent years, with the fiscal deficit averaging 5.6 percent of GDP

in 2011–15 against 2.2 percent in 2006–10. Vietnam’s total outstanding public debt (central government, publicly guaranteed, and local government) is therefore estimated at 62 percent of GDP in 2016,⁴ about 15 percentage points higher than in 2010 and quickly approaching the legally mandated ceiling of 65 percent of GDP. Finally, there are signs that the current growth model is facing emerging structural constraints. Growth has become increasingly reliant on factor accumulation (rising investment and a growing labor force), with a declining contribution from productivity growth. Productivity growth is impaired by a large state-owned sector, incomplete market institutions, and a cumbersome investment climate that is hampering private sector development.

13. On balance, Vietnam’s medium-term economic outlook remains positive, but is subject to downside risks. GDP growth remains underpinned by robust domestic demand, in turn reflecting strong private consumption and investment growth. With an expected pickup in global activity, Vietnam’s growth prospects may improve to 6.4 percent over 2017–19 (Table 1). Inflation is forecast to stay moderate over the medium term. The current account surplus is expected to decline as imports recover, while the fiscal account is expected to adjust gradually, in line with government commitments to reduce the deficit. This medium-term outlook is subject to several downside risks. Domestically, slow implementation of structural and fiscal reforms may worsen medium term growth prospects as the current economic model, based on factor accumulation and loose macroeconomic policies, will ultimately show constraints (see next section). On the external front, Vietnam’s economy remains susceptible to a further slowdown in the global economy and a potential rise in protectionist policies through trade and investment channels.

Table 1: Vietnam - key economic indicators, 2014–22

	2014	2015	2016	2017f	2018f	2019f	2020f	2021f	2022f
Real economy									
Real GDP (% change)	6.0	6.7	6.2	6.3	6.4	6.4	6.5	6.5	6.5
Unemployment rate (% of total labor force)	2.1	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Prices									
Consumer price index (% change, annual average)	4.1	0.6	2.7	4.0	4.0	4.0	4.0	4.0	4.0
GDP deflator (% change)	3.7	-0.2	1.1	4.2	3.9	3.8	4.0	4.0	4.0
Fiscal									
Total revenue and grants (% GDP)	22.2	23.3	22.9	22.9	23.1	23.3	23.4	23.4	23.4
Total expenditure (% GDP)	28.5	29.5	29.5	29.1	29.0	28.6	28.3	28.3	28.3
Fiscal balance (% GDP)	-6.3	-6.2	-6.5	-6.2	-5.9	-5.3	-4.9	-4.9	-4.8
Public debt (GFS definition, % GDP)	55.1	58.3	62.1	63.6	64.0	65.3	66.6	66.9	67.0
External									
Exports of goods (% change)	13.8	7.9	9.0	9.0	9.5	9.9	10.1	10.3	10.3
Imports of goods (% change)	12.0	12.0	5.2	9.6	10.2	10.5	10.8	11.1	11.4
Current account balance (% GDP)	5.1	0.5	3.0	1.2	0.8	0.5	0.5	0.4	0.3
Reserves (in months of imports)	2.8	2.1	2.8	3.1	3.2	3.2	3.2	3.2	3.1
Memo:									
GDP (nominal, trillion dong)	3,938	4,193	4,503	4,987	5,517	6,095	6,747	7,472	8,279

Source: Government authorities and World Bank staff estimates.

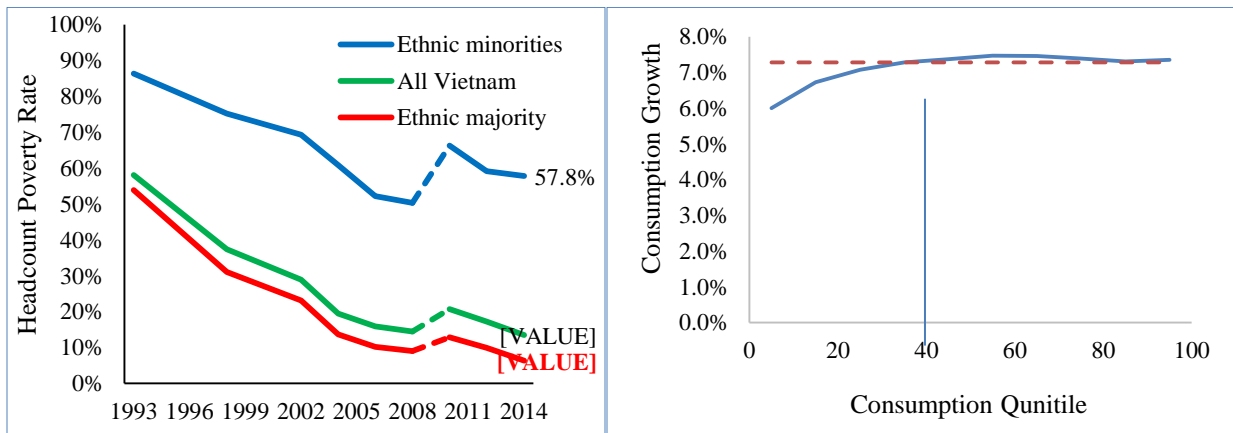
14. Vietnam is closely engaged with the International Monetary Fund (IMF) on bilateral surveillance through Article IV consultations. In addition, Vietnam has recently received IMF Technical Assistance on Tax Administration, Modernizing the Monetary Policy Framework and statistics improvement TA (FDI, external sector, national accounts).

⁴ Based on the definition of public debt in *Government Finance Statistics* of the International Monetary Fund (IMF).

2.3 Poverty Profile

15. **Vietnam has achieved tremendous poverty reduction.** The proportion of the population living below the national poverty line (using the General Statistics Office of Vietnam and World Bank poverty line) reached 13.5 percent in 2014—down from close to 60 percent in 1993 (Figure 2). Based on these figures, more than 40 million people escaped poverty over the last thirty years. A similarly strong trend is observed for people living on less than \$1.90/day (in 2011 purchasing power parity terms), where the rate fell from above 50 percent in 1993 to 2.8 percent in 2014. Poverty reduction has been coupled with significant improvements in shared prosperity, with the average consumption level of Vietnamese in the bottom 40 percent growing by 6.8 percent annually from 1993 to 2014. With an estimated 2014 Gini coefficient of 34.8—against 32.6 in 1993—Vietnam has not experienced significant increases in income inequality, unlike China and the Philippines, for instance, where the Gini exceeds 42. There is no difference in poverty rates between male- and female-headed households (except those headed by ethnic minority women), and female-headed households are less likely to be poor than male-headed households.

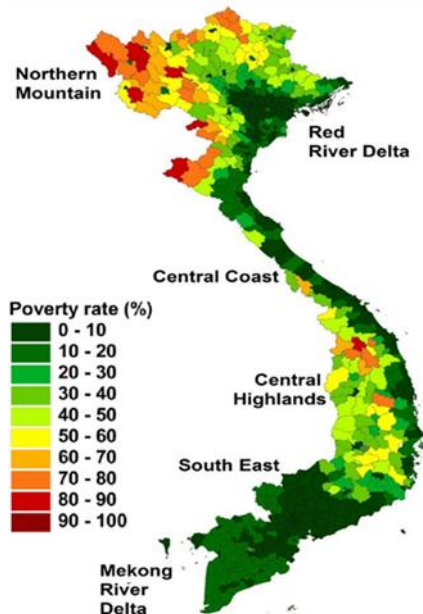
Figure 2: Poverty rates and consumption



Note: Poverty figures are based on the national poverty line of the General Statistics Office of Vietnam and the World Bank. Dashed lines in the left panel indicate the interval of major revisions to the survey and measurement methodology.

Source: World Bank staff analysis of household survey data.

Figure 3: Poverty rate distribution by district, 2014



Source: SCD team analysis, based on Lanjouw, Marra, and Nguyen (2013).

16. **Vietnam's success in reducing poverty has come largely from rapid economic growth that created more and better jobs.** Government investments have significantly improved service delivery, education, and public infrastructure, which facilitated growth and enabled broad participation in the economy. The transformation from an agrarian economy to labor-intensive manufacturing and services industries has been key, where these sectors created 15 million jobs over the past 20 years. Improved education has been an important pathway to obtaining better jobs. A college degree, for example, sharply increases the likelihood of having a wage job, by 52 percent compared with only lower secondary education. Migration to cities presented

rural households with nonfarm opportunities. These factors have contributed to households diversifying their income sources from agriculture. Those earning a higher share of income from non-agriculture enterprises and non-agriculture wages are more likely to be non-poor.

17. Rural and mountainous areas remain the poorest, with poverty increasingly concentrated among ethnic minority communities. The majority of the poor—9 out of 10—live in rural areas, and also 82 percent of the near poor and 84 percent of those below the 40th income percentile (“bottom 40”) are in rural areas (Figure 3). Poverty is concentrated among ethnic minorities, with the smaller ethnic minority groups and those living in the northern and central mountains particularly affected. Making up only 15 percent of the population, ethnic minorities account for 60 percent of the poor. Poverty reduction among these groups stalled from 2012 to 2014, and projections indicate that by 2020, around 84 percent of the poor will be from ethnic minority populations (Figure 2).

18. Poverty gains in Vietnam are fragile, with a significant portion of the population vulnerable to falling back into poverty. Among 2010’s near poor, 17 percent had fallen back into poverty by 2014. Sources of vulnerability include crop failure, induced by weather or climate shocks, insects or other pests; human disasters, including severe illness, death; and material crisis. In addition, many poor and near-poor households rely on informal sources of income, i.e. family farming, small household enterprises, and casual employment in the wage sector.⁵ Earnings in these sectors are typically variable and tend to be lower than in the formal sector. Small shocks can therefore relatively easily send households back into poverty.

2.4 Drivers of Poverty and Development Challenges

19. Achieving ambitions for further development and growth—and responding to persistent and emerging development challenges—will require structural change. Vietnam aspires to become a modern, dynamic middle-income economy. To this end, and to respond to changing global and domestic conditions, Vietnam has embarked on four key structural change processes: (i) institutional transformation from plan to market; (ii) structural transformation from an agrarian to a manufacturing and services base; (iii) population and spatial transformation from rural to urban; and (iv) shifting from a largely closed to an export-driven and globally integrated economy.⁶ Reaching the goals and aspirations set will require successful implementation of these structural transformations. It will also require seizing opportunities and managing risks that exist or appear—all within a rapidly changing global and domestic context. Opportunities include an emergent domestic middle class and a healthier and more educated population, proximity to a rapidly rising China, and increasing integration into global and regional markets. Major risks are a rapidly aging population, a less hospitable global economy, climate change, and a need to keep up with technological and business innovations.⁷

20. The 2016 Systematic Country Diagnostic (SCD) identifies four main constraints to Vietnam’s development—constraints that are also identified in *Vietnam 2035*, and provide the subheadings for the following four sections. The way and extent to which these constraints are addressed will be critical to Vietnam’s future development path and success.

⁵ “Well begun but not yet done – Progress and emerging challenges for poverty reduction in Vietnam”, Valerie Kozel, editor, World Bank, 2014.

⁶ *Vietnam 2035*.

⁷ *Vietnam 2035*.

A. Vietnam's current model of inclusive growth and job creation has limitations

21. **The past growth and development model—based on factor accumulation and underpinned by a rapidly expanding labor force and high investment rates—may no longer deliver the results it previously did.** With a slowdown in labor force growth, the current rate of labor productivity growth is unlikely to deliver the growth rates Vietnam aspires to. A boost in labor productivity will be needed and can come from reforming the state-owned enterprise (SOE) sector, strengthening the domestic private sector, especially in high-productivity services and manufacturing sectors, and transforming agriculture, where productivity is low. Further growth can come from maximizing benefits from urbanization and increasing efficiency of infrastructure investment. Addressing persisting governance issues will also be critical.

22. **While Vietnam has maintained broad macroeconomic stability over recent years, some vulnerabilities, including fiscal imbalances and unresolved asset quality problems in the banking sector, persist.** Further macroeconomic stability may be achieved through sustained fiscal consolidation and adoption of a monetary policy framework that uses inflation as a nominal anchor and increases exchange rate flexibility. Such reforms could be enhanced by strengthening the institutional foundations for monetary, fiscal, and public financial management. Gains in stabilizing and rendering the banking sector more efficient, while addressing nonperforming loans (NPLs), consolidation, and capitalization, will also be key to sustaining growth and macroeconomic stability, while a deepening of Vietnam's capital market and further development of nonbank financial institutions would increase access to investment finance and long-term capital—all of which is needed for critical infrastructure investment.

23. **Vietnam is an attractive FDI destination, but most domestic firms are small and only serve the domestic market.** Production is dominated by family farms in agriculture and small workshops and household enterprises in manufacturing and services. Most medium and large domestic firms are SOEs or closely connected to the state. While Vietnam's *Doing Business* ranking has improved (from 98 in 2012 to 82 in 2017), the business environment and regulatory framework require further strengthening—to ensure equality between actors, improve access to finance and markets, protect property rights, and enforce competition policies. Ensuring equal access to productive sectors (notably land and capital) is also critical, as limitations discourage private firms from investing and expanding (Figure 4).

24. **The SOE regulatory framework has been strengthened, but reform of the SOE sector remains a priority, and consistent implementation of the new framework critical.** Such reform includes further progress in equitization, divestment from noncore assets, enhanced governance and transparency, and elimination of any remaining preferential treatment of SOEs.

Figure 4: Ease of Doing Business, Vietnam vs. other ASEAN-4 countries, 2017



Source: *Doing Business 2017*.

25. **Over the past 30 years, Vietnam has undergone an extensive urban transformation, but there are signals that the current urbanization model constrains economic transformation.** Urbanization of land has primarily taken place in Hanoi and Ho Chi Minh City (HCMC), with limited industrial specialization in secondary cities. Urbanization and the enabling of agglomeration economies will be essential to meet Vietnam’s growth aspirations. However, to more fully reap the benefits of urbanization, a reshaping of policies and investments is needed—to amplify economic density in and around large metropolitan areas and a network of secondary cities; reduce distance to markets; and equalize access to services between migrants and urban residents. Better functioning land markets, more coordinated urban planning, and improved connective infrastructure will also be required.

26. **The need for further productive infrastructure remains, particularly in energy, transport, water, sanitation, and telecommunications.** Sustained and further investment in infrastructure will be important for growth and job creation. The SEDP also stresses this need, and estimates demand for infrastructure investment capital of about \$139 billion, equivalent to 10–12 percent of GDP in 2016–20. Increased fiscal pressure and the national public debt ceiling limit resources available from the state for infrastructure investment (including the amount the government can borrow for publicly financed infrastructure). Investor structures and challenges, coupled with project governance issues, have in the past limited the use of public–private partnerships (PPPs) in Vietnam. There are also limitations to the legal ability and practical opportunities for the private sector to build, finance, and operate infrastructure through build-own-operate-transfer (BOOT) or build-own-operate (BOO) models.

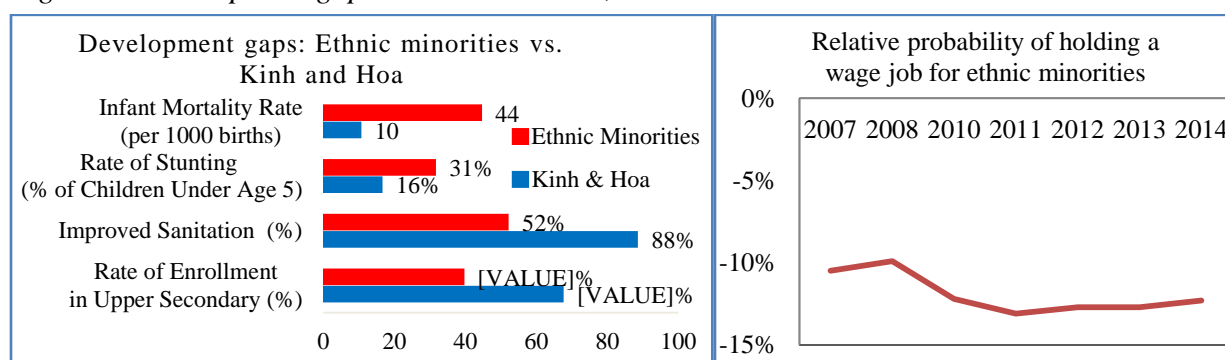
27. **Agriculture employs close to half the labor force, but the sector needs to be modernized.** Its contribution to growth and poverty reduction has recently weakened. The pace of agriculture growth has also slowed, from 4.5 percent a year in 1994–2000 to 2.6 percent in 2008–13. Labor productivity is declining and land productivity is low compared with that in neighboring countries. Further, the impacts of over-intensive input- and natural resource-use are observed and felt. Most land is allocated to rice production and most jobs are still in primary agriculture. Agribusiness and the food industry are slow in supplying better paid jobs. Although the role of agriculture, livestock, and fisheries is declining, they will remain important to boosting shared prosperity and reducing poverty for years to come. Higher agriculture growth will require focusing on new drivers of growth, including agricultural innovation; inclusive value

chain development, quality, and value addition; higher land market efficiency; greater sustainability of farm production and climate change resilience; and more efficient water use.

B. Vietnam faces an unfinished agenda and new challenges for inclusion and service delivery

28. **While service provision and access have greatly improved, equitable access for marginalized groups remains a challenge.** Some population groups, notably ethnic minorities, have benefited less from recent advances in access to education, health services, and economic opportunities, including employment. Low-income and rural communities generally also have lower access to services and weaker human development outcomes than the national average. In 2014, 31 percent of ethnic minority children under the age of five were stunted, compared with 16 percent among the majority Kinh. Ethnic minorities are 12 percent less likely than members of the Kinh and Hoa ethnic groups to hold wage jobs, and access to improved sanitation and rates of enrollment in upper secondary school are also lower among ethnic minorities (Figure 5).

Figure 5: Development gaps and access levels, ethnic minorities vs. Kinh and Hoa



Source: World Bank staff analysis of VHLSS 2014 and MICS 2014 data.

Source: Demombynes and Testaverde (2016) based on analysis of Labor Force Survey data.

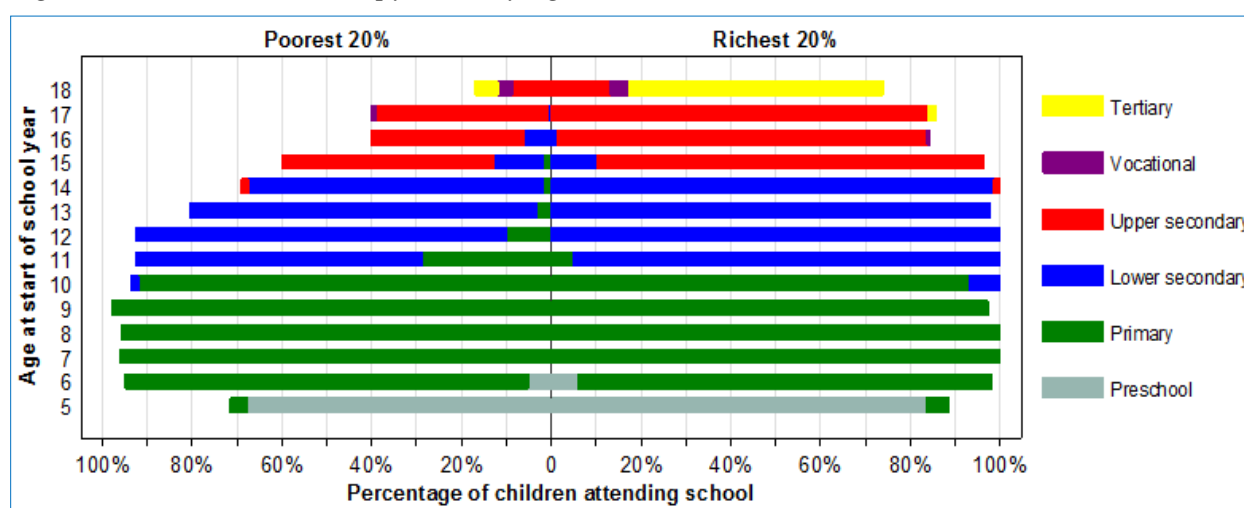
29. **Significant economic and social gender gaps exist between women from ethnic minority and majority groups.** Ethnic minority women have lower literacy rates and working knowledge of the Vietnamese language, higher maternal mortality ratios, and lower access to social and basic services, and are poorer than women from ethnic majority groups.⁸ Their opportunities for economic empowerment are also more limited: they often do not control productive assets and suffer from weak market skills and capacities for secure livelihoods. Many women from minority groups also do not benefit from or take advantage of existing legal protection.

30. **Vietnam does not capitalize on its high-performing basic education foundation as students progress through the system.** Vietnam is internationally recognized for its achievements in access to and quality of its basic education, but only one in two children born in the country graduates from high school. Completion rates for upper secondary are also low, at 57 percent. Poor, rural, and ethnic minority students have the worst average outcomes and the highest dropout rates. It will be critical for Vietnam to continue to make targeted efforts to bring ethnic minority populations and other vulnerable groups, as well as populations from lower-income quintiles, up to the national access and service levels and to move toward universal upper secondary completion.

⁸ World Bank, Vietnam Country Gender Assessment 2011.

31. **New skills are needed to contribute to a changing economy.** As the economy develops and integrates further into the global economy, industry and manufacturing, as well as agriculture and services, are expected to become increasingly sophisticated. Further development of the domestic private sector will also require innovation. The skills-sets sought by Vietnamese employers will change, requiring the labor market and higher education institutions to adapt, especially as workers with advanced education are in short supply. Tertiary education institutions (colleges, universities, and institutes of technical and vocational education and training) suffer from issues linked to quality and relevance, with a disconnect between skills needed for employment and the skills they provide. The existing regulatory framework is not conducive to developing responsive tertiary education institutions, limiting the number of providers and types of provision. Access to tertiary education is also exclusionary, with financial aid failing to target students from lower-income groups (Figure 6). Wider access to higher education and greater responsiveness in the system and its institutions to market needs will promote innovation and ensure learning’s relevance to the labor market. The strengthening of labor market institutions will be equally important.

Figure 6: School enrollment pyramid by age and level



Source: World Bank staff analysis of VHLSS 2014 and MICS 2014 data.

32. **Health reforms are needed to ensure financial sustainability of the system and universal health coverage.** Access to basic health services is good by regional standards and fairly equitable across income levels, though ethnic minority groups lag behind the national average. While health insurance coverage has increased to around 81 percent of the population, one-third of those living in the bottom 40 percent are still not covered. A major policy challenge facing the health system is to achieve universal health coverage—universal access to quality services at an affordable cost to the user. This will require strengthening the grassroots health system (district and commune level), moving from a bias toward higher-level hospitals and high-technology interventions, and reforming the health financing system. The health system will also need to meet the expectations of a growing middle class and to respond to the needs of an aging population.

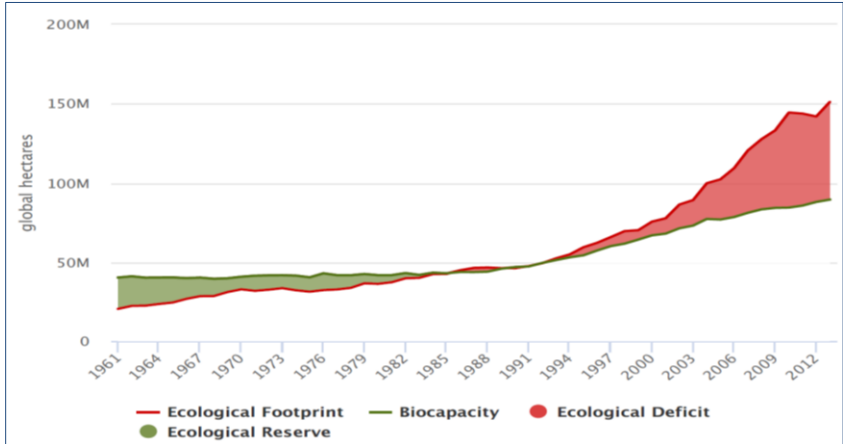
33. **As Vietnam moves further into middle-income country (MIC) status and the middle class continues to grow and age, new challenges linked to education and health service delivery and social protection systems will emerge.** First, population growth is slowing. Over

the coming decades, the population will age, leading to new and more urgent demands for services and benefits: long-term care services, health care for non-communicable diseases, higher coverage of pensions, and opportunities for good and easily accessible tertiary education. Second, a growing middle class will have higher expectations of the quality and coverage of public goods. A tighter fiscal environment, coupled with demographic trends, will create new pressures (and opportunities) to promote more sustainable systems for pensions, health care, and social insurance. If not reformed further, the pension system is projected to run a cash-flow deficit by the 2020s. Moreover, pension coverage remains low, at only 22 percent of the labor force. It will be difficult to meet the government’s coverage expansion goals while ensuring sustainability and adequacy of benefits. In addition, while reforms have been initiated, social insurance administration remains fragmented spatially and across business functions, and is only partially automated, imposing a high compliance burden on employers and citizens. Similarly, the social assistance system is in need of deep reform, both to consolidate the policy framework for welfare benefits and to continue to strengthen and streamline service delivery.

C. Rapid growth has had a significant environmental footprint

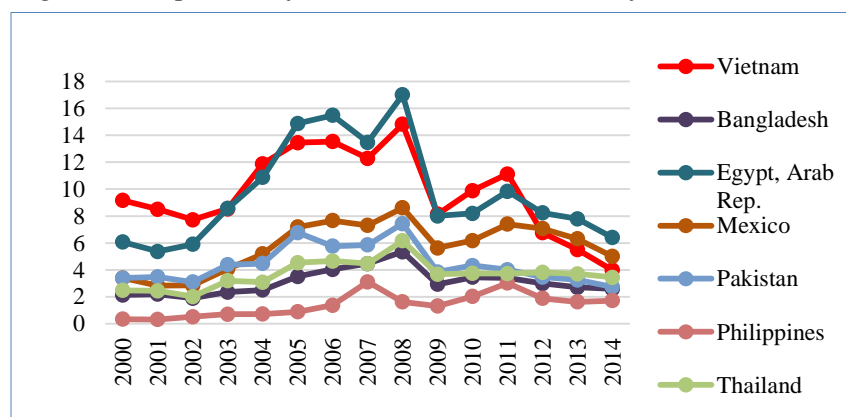
34. **Vietnam’s economic growth has been accompanied by intense exploitation of natural resources:** utilization of land has intensified, water resources are stretched, forests have been unsustainably logged, and capture fisheries and mineral resources are being depleted (Figure 7). Expansion of agriculture has resulted in conversion of forests and erosion problems, and intensive use of fertilizer, pesticide, water for crops, and antibiotics in aquaculture harm the environment. The country performs poorly against its peers on natural resource depletion as a percentage of gross national income (GNI). In the late 2000s, when growth was peaking, nearly 15 percent of GNI was lost to natural resource depletion (Figure 8).

Figure 7: Vietnam - ecological footprint vs biocapacity



Source: Global Footprint Network, 2017 National Footprint Accounts.

Figure 8: Depletion of natural resources, in % of GNI

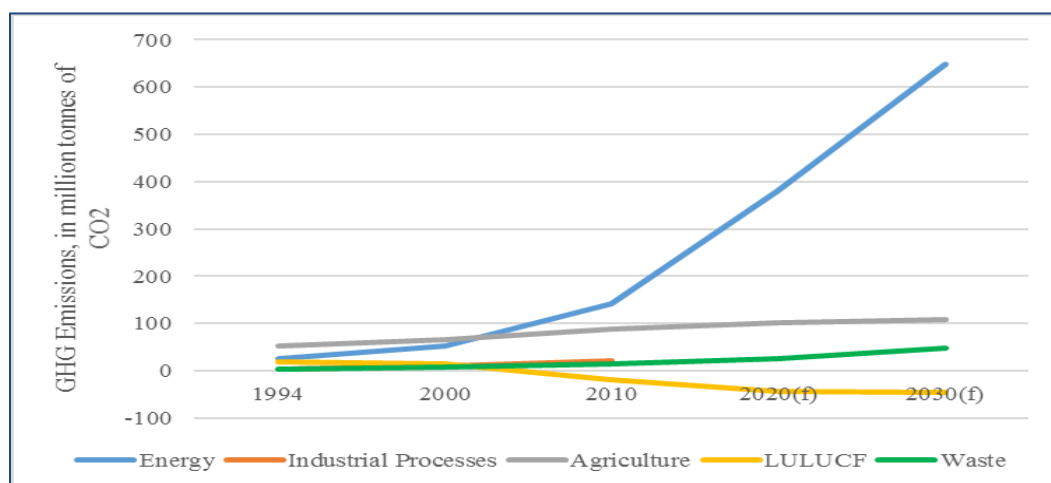


Source: Vietnam Systematic Country Diagnostic.

35. **Vietnam is one of the world’s most vulnerable countries to climate change impact, including sea level rise, longer and more severe droughts and floods, and tropical cyclones; the poorest are the most exposed.** By 2050, a 1–3 percent loss in real GDP is predicted from climate change impacts. Natural disasters have caused average annual economic losses estimated at 1–1.5 percent of GDP in the last two decades, and more than 70 percent of the population is already exposed to significant natural hazard risk. Ongoing climate disaster events and climate change effects can also set back development gains, particularly as safety net programs have not yet been adapted to support the poor and vulnerable in response to natural hazard shocks.

36. **Vietnam is experiencing increased pollution and greenhouse gas (GHG) emissions.** Urban air pollution is a key concern, with more than 83 percent of the population, mostly urban, exposed to high levels of PM_{2.5} (particulate matter 2.5), largely attributed to transport sources. Urban wastewater is the largest contributor to water pollution, and in rural areas, rising fertilizer and pesticide use affect water quality. While Vietnam is not a large GHG emitter, under a business-as-usual (BAU) scenario, GHG emissions are expected to triple in 2010–30 (Figure 9). Agriculture has historically been the largest GHG emitter, but energy is now the primary source of emissions, with carbon intensity increasing by 48 percent in 2000–10. Contributions to GHG emissions from transport sources across all modes are expected to double from 40 million tons in 2016 to about 80 million tons in 2030.

Figure 9: Greenhouse gas emissions by sector, 1994–2030



Note: LULUCF: land use, land-use change and forestry

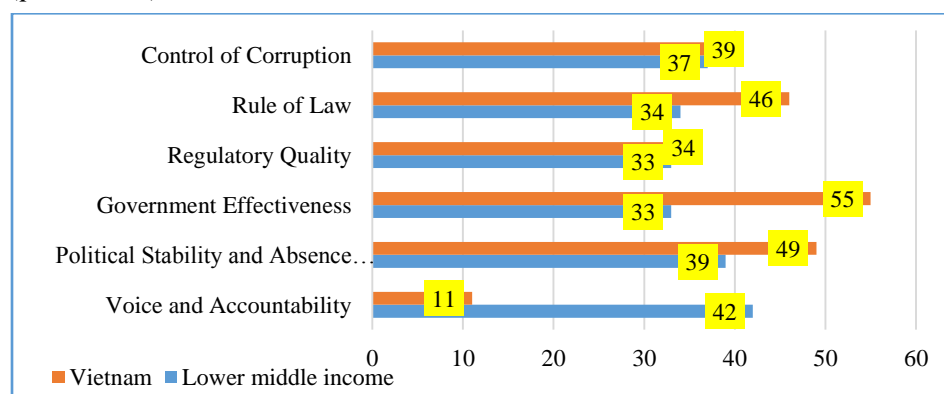
Source: Initial biennial updated report of Vietnam to the United Nations framework convention on climate change, 2014.

37. **Low carbon and renewable energy sources are pursued to address increasing demand for energy.** Electricity demand in Vietnam is expected to grow by about 10 percent annually to 2030, from 39 GW to 120 GW. New generation capacity will come from a variety of sources, and the government has developed a plan to increase renewable energy generation, including wind and solar. However, under a BAU scenario, 66 GW of new generation capacity may come from coal by 2030. Additionally, energy intensity in Vietnam is among the highest in the world, and efforts are envisaged to improve energy efficiency, including through enforcing current regulations.

D. Governance constraints may impact future growth and social outcomes

38. **Vietnam performs relatively well on most worldwide governance indicators.** In 2010–15, it showed improvements in indicators on Government Effectiveness (from the 46th to 55th percentile); Rule of Law (35th to 46th); and Control of Corruption (31st to 39th). It does, though, score poorly on Voice and Accountability (Figure 10).

Figure 10: Worldwide Governance Indicators, 2015, Vietnam vs. lower MIC average (percentile)



Source: Worldwide Governance Indicators, 2015.

39. **In spite of progress, governance challenges remain and are compounded by weak transparency and accountability mechanisms.** The interplay between policies and effective governance will be of increasing importance for growth, service delivery, and Vietnam’s ability to sustainably manage assets and resources. Key governance challenges include:

- a) *The role of the state and state–market relations.* Vietnam has come a long way in establishing markets, but state authorities are still important in allocating resources, and SOEs have a large role in the economy, engaging in a range of commercial activities. The delineation between commercial and regulatory functions is blurred. There is also concern over the delineation of public and private interests of public officials.
- b) *Government effectiveness.* Core government institutions show fragmentation, with weak coordination and overlapping mandates for policy formulation and implementation, resulting in inconsistent policies, delayed implementation, and diminished government effectiveness and resource efficiency. Lack of meritocracy in the public administration is also an issue.
- c) *Transparency and voice in decision-making, resource allocation, regulatory reform, management of public assets, and service delivery.* Despite progress in establishing legal requirements for making information available to the public, difficulties remain and the transaction cost in obtaining sector and provincial data is high. As a result, there is inconsistent use of data for planning and decision-making. There are also gaps in legal requirements for transparency, while oversight bodies lack independence. Advocacy groups have limited space.

40. **A number of recent studies and surveys illustrate the pervasiveness, scale, and cost of corruption.**⁹ According to the Provincial Competitiveness Index, the majority of firms (51–70 percent) paid a bribe to access government services between 1996 and 2014. In a 2015 World Bank Enterprise Survey, 91 percent of firms reported they were expected to make informal payments to public officials to “get things done,” which was a far higher number than the regional average. Firms also report that connections to the state are important to succeed in business, affecting access to land and other resources. This commercialization of relationships between state and markets also impedes investment and development of the private sector.

⁹ This includes a 2016 study on Conflict of Interest.

41. **In summary: Vietnam’s high economic growth rates—needed to achieve its development ambitions—will likely only be sustained if built on increased productivity growth.** This will require strengthening the competitiveness of the private sector, particularly the domestic sector; reaping further benefits from urbanization; ensuring adequate and efficient investment in productive infrastructure; and modernizing agriculture. The growth model will also have to be environmentally sustainable and address climate threats. To ensure equity and social inclusion, poverty among marginalized groups, particularly ethnic minorities, will have to be reduced. Further, increasing access, also among lower income and marginalized groups, to higher education, including tertiary, and adapting services for an increasingly urban as well as aging middle class population will be key. Macroeconomic stability and strong, modern, and transparent governance institutions will underpin all further development and growth.

3. WBG PARTNERSHIP STRATEGY

3.1 Government Program and Medium-Term Strategy

42. **Strategic plans lay out an ambitious development agenda to 2020.** Vietnam’s development priorities are laid out in the 2010–20 SEDS and subsequent 2016–20 SEDP. Motivated by past successes, the SEDP sets ambitious objectives for Vietnam’s future development. These include reforms and growth targets linked to the economy: macroeconomic stability, a new environmentally sustainable growth model based on improved productivity and competitiveness, and investments in infrastructure development. The SEDP also emphasizes the development of human capital and resources and the boosting of scientific and technological capacity. It underscores the need for stronger resilience to climate change impacts, better climate change adaptation, improved disaster risk management, tougher environmental protection measures, and enhanced management of natural assets. The SEDP renews the government’s commitment to fighting against corruption and advancing the effectiveness of the public sector. Under the new lending scenario, post IDA graduation, where Vietnam will have access to financing from the International Bank for Reconstruction and Development (IBRD) and IDA transition resources (both on non-concessional terms), the government has expressed particular demand for lending for income-generating infrastructure development.

43. **The prime minister’s priorities for his new government reflect SEDP priorities,** with an emphasis on macroeconomic stability, green growth, private sector development, reform of the financial sector, SOE reform, public investment, resilience to natural disasters and climate change, an effective and efficient public sector, and anti-corruption measures.

44. **Vietnam 2035 lays out a vision and framework for long-term development.** This joint government-WBG report describes development constraints and identifies six transformations that will help Vietnam reach its 2035 aspiration of being a “modern and industrialized nation moving toward becoming a prosperous, creative, equitable, and democratic society” (foreword to *Vietnam 2035*). The six transformations are: (i) enable economic participation with a competitive private sector in the lead; (ii) improve the country’s technological and innovative capacity; (iii) reshape urban policies and investments for more dynamic cities and urban centers; (iv) chart an environmentally sustainable development path with increasing adaptation and resilience to changing climate patterns; (v) promote equality and inclusion among marginalized groups for the support of a harmonious middle-class society; and (vi) build a modern rule of law state and democratic society.

3.2 Proposed WBG Country Partnership Framework

45. **The CPF outlines a WBG FY18–22 program in support of national development priorities.** The CPF is aligned with the government’s development strategies, notably the SEDS and the 2016–20 SEDP, and draws on findings and addresses development constraints identified in *Vietnam 2035* and the Vietnam SCD (see Annex 7 for reflections of SCD priorities in the Vietnam CPF). It builds on a strong partnership with the government, as well as with national and subnational actors, and incorporates lessons from past and ongoing engagements (section A below). The CPF introduces strategic shifts to the WBG’s engagement in Vietnam over the FY18–22 period, shifts that aim to focus engagements on transformative development priorities that are key for the country to achieve identified development goals (section B below). These strategic shifts are reflected in the CPF focus areas and objectives (as presented in section C).

A. Lessons from CPS Completion and Learning Review (CLR) and stakeholder consultations

46. **Conclusions from the CLR.** The CLR rates the development outcome as *moderately satisfactory*, while the WBG performance is rated as *good*. The FY12–16 Vietnam CPS aimed to consolidate the lending program and introduce more selectivity in areas of WBG engagement. The CLR concludes that, while the WBG did not engage more selectively, the WBG responded in an appropriate and effective manner to government demands for support. Experience from the past CPS period shows that programmatic and integrated engagement enhances impact. Linking analytical work, policy dialogue, and lending has strong potential for success and has been particularly supportive of structural challenges and reforms, including in macroeconomic management and energy. The CLR concludes that cross-sector, holistic approaches may be adopted and implemented more frequently. Initial indications show that a cross-sector, spatial approach adopted to address challenges in the Mekong Delta has given positive results. Such complex solutions should be considered, though adequate resources for implementation will have to be assured.

47. **The CLR highlights the WBG’s strong position in Vietnam**, as a trusted partner to the government and for playing a key role in mobilizing and coordinating with other partners—to ensure consistency and complementarity in engagements and leverage impact, and to engage with government on strategic policy issues and reforms that may have transformative impact. As Vietnam graduates from IDA, the CLR sees value in the WBG continuing to engage with government to promote continued strong investments in the human development sectors and in increasing efficiency and effectiveness of infrastructure investments.

48. **Country Survey results are positive.** Respondents to the 2016 Country Survey identify governance and corruption as the top two development priorities in Vietnam. Respondents would like to see the WBG engage in Vietnam in agriculture, governance, private sector development, transport, education, and climate change. The WBG continues to enjoy an excellent reputation as client/partner oriented, according to the 2016 Country Survey findings, and the WBG is viewed as highly relevant and generally very effective. A majority of respondents reported that the WBG’s greatest value in Vietnam is its financial resources.

49. **Several stakeholder consultations were held during the CPF preparation period**, with national and subnational government representatives, the National Assembly, and representatives from development partners, the private sector, academia, and civil society (see Annex 10). Consultations confirmed the WBG’s outline for support over the CPF period and alignment with Vietnam’s development needs and the government’s development priorities. Stakeholders requested WBG support to strengthen and promote regional linkages, integration, and collaboration, and to improve governance, planning, and management capacity at the regional and municipal levels.

B. Overview of the WBG Vietnam partnership framework

50. **Over the coming CPF period, the WBG will accompany Vietnam consolidate its development achievements and transition to a more sustainable growth model.** Upon IDA graduation at the end of FY17, Vietnam will have access to reduced World Bank financing from IDA’s transitional support and IBRD (both on non-concessional terms). Due to the national debt ceiling, Vietnam’s borrowing capacity will also be lowered. These factors underscore the need for greater selectivity in WBG engagement areas over the CPF period (Figure 11), and for

ensuring all engagements are demand driven. The CPF uses three criteria to determine CPF priority areas among those identified in the SCD:

(i) impact on WBG Twin Goals of reducing extreme poverty and boosting shared prosperity (Figure 12);

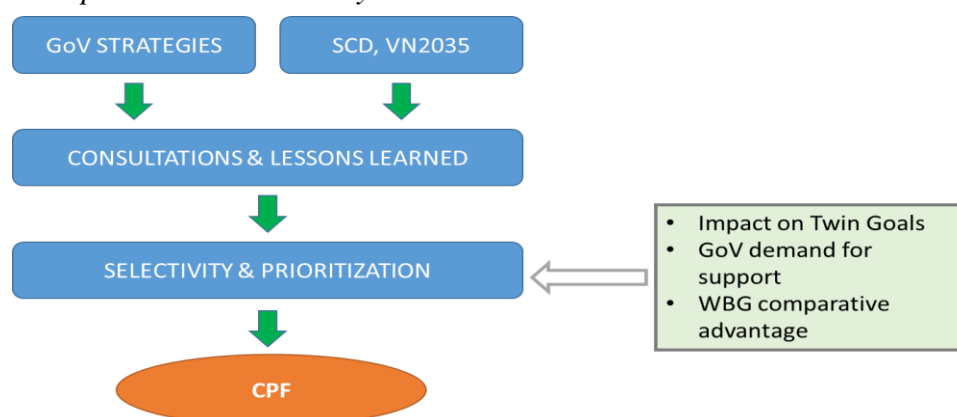
(ii) WBG comparative advantage, drawing on lessons from past and ongoing engagements (see above section on conclusions from the CLR) and considering activities supported by other development partners (see Annex 11); and

(iii) government priorities for WBG support, given the government's borrowing constraints and need to leverage resources, including from the private sector.

In terms of WBG comparative advantage, the WBG is seen to have maximum impact when (i) it operates jointly (World Bank–IFC–MIGA); (ii) it offers holistic and comprehensive support, consisting of lending and non-lending engagements that address institutional, regulatory, and technical issues; and (iii) its engagements bring multisector and innovative responses, incorporating and building on global best practice and knowledge. Additionally, the WBG is strongly positioned to help leverage resources through national platforms and programs, supporting efforts to increase efficiency and impact of the government's own investments and spending, and aiming to leverage resources from the public and private (through the Cascade approach – see below) spheres. Over the CPF period, the WBG will focus its effort where it is seen to bring most value added: in areas where government demand is strong; government commitment to reforms is deep; and the issues are believed to have transformative impact on the country's development. The WBG will work closely with national and subnational actors to define the specific areas of support that bring most value.

51. The WBG will apply the “Cascade approach” for infrastructure investment in Vietnam. Where feasible and fully respecting client demand, the Cascade approach applies a private first principle, with commercial financing to maximize the impact of public resources (see Annex 12). Where markets already exist, the Cascade calls for reinforcement of markets by supporting the delivery of projects using commercial finance and private sector solutions, where it can be cost-effectively mobilized. In cases where markets are not conducive to private investment, or where the enabling environment needs to be strengthened, the Cascade calls on the WBG to focus on reforms that address these market failures and constraints to private sector investment at the country and sector level. Where risks remain high, the priority will be to apply guarantees and risk sharing instruments, to bring a larger share of the investment program into the commercially investible space.

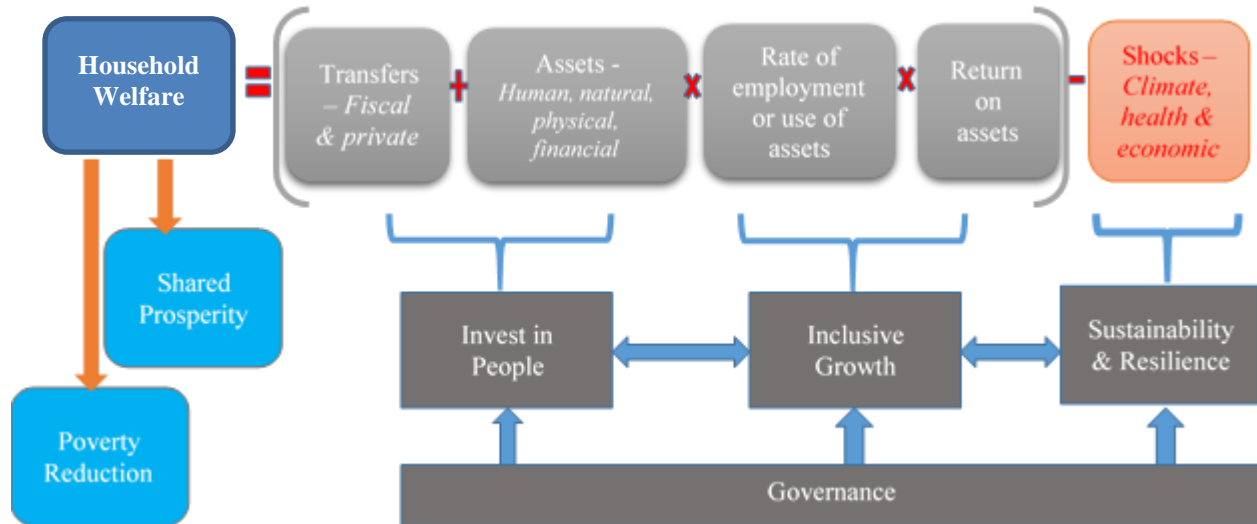
Figure 11: CPF process and selectivity criteria



52. **Impacts on the WBG Twin Goals will come through complementary activities that increase household income, and labor and non-labor transfers.** The WBG will, over the CPF period, support activities that (i) promote inclusive growth in order to generate more and better economic opportunities for households to put their assets to maximum productive use (for example, creating more, better paying jobs) and enhance their productivity to boost return on labor and other assets; (ii) invest in people to increase household endowments (for example, human capital, health status, resilience, and access to financial capital, land, and natural resources) and/or equalize their access; while at the same time (iii) protecting households from shocks, including climatic, health, and economic, and ensuring sustainable use of resources. Improved governance supports all these activities by leveling the playing field for the private sector to create better opportunities, improving service delivery, or offering incentives to sustainable use of natural resources.

53. **There is strong empirical evidence that in the past, inter-governmental transfers in Vietnam were effective in promoting equity and social inclusion.** Support for continued growth in agglomeration centers or leading regions can be pro-poor when combined with equitable fiscal and social policies. Investing in people will boost growth, investments in tertiary education, for example, will provide the country with the necessary skills to support its next phase of growth. At the same time, support to the enhancement of fiscal governance, social assistance, and social insurance policy and administrative reforms will help make growth more inclusive—spreading the benefits to the poor and near poor. Combined, such engagements will help boost household welfare and contribute to poverty reduction and shared prosperity (Figure 12).

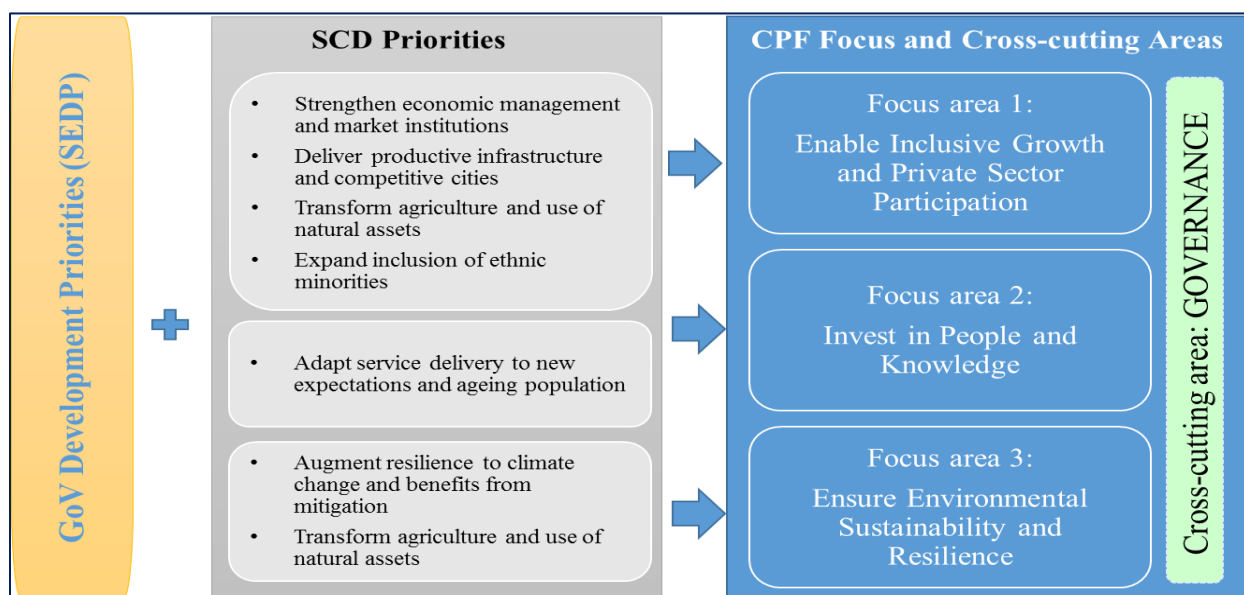
Figure 12: Impact on WBG Twin Goals



54. On this basis, the proposed WBG program in Vietnam over the CPF period will have three focus areas: (i) enable inclusive growth and private sector participation; (ii) invest in people and knowledge; and (iii) ensure environmental sustainability and resilience, with governance as a cross-cutting engagement area (Figure 13 and results matrix in Annex 1).

55. The CPF builds on strong and impactful ongoing engagements. The WBG portfolio in Vietnam increased considerably in volume and scope over the previous CPS period, and there is today a large existing portfolio of lending and non-lending engagements (Annex 8 shows key lending operations that will continue to FY19 and beyond). WBG engagements in Vietnam over the coming CPF period will build on successful, ongoing engagements, including in the areas of macroeconomic management, governance, urban infrastructure and management, and environmental management. Engagements will also build on and reinforce adjustments made through the 2015 Performance and Learning Review (PLR), notably enhanced focus on climate change/resilience and agricultural transformation.

Figure 13: CPF framework



56. **Strategic shifts in WBG engagement will be introduced and implemented over the CPF period—responding to critical development challenges and government priority areas.** These shifts represent areas that will, throughout the CPF period, become the focus of the WBG’s engagement in Vietnam. They respond to current and emerging realities, transitions, challenges, and opportunities linked to the country’s development as well as to the government’s priorities for WBG support. They reflect the WBG’s comparative advantage and represent areas where WBG support may have a transformative, strategic, or demonstrative effect, addressing critical reform areas and/or institutional challenges. In general, the WBG will, during the CPF period, move away from single-issue, project-focused engagements, toward support for the development of national platforms and integrated systems. Engagements that may have a demonstrative impact through applying innovative solutions and approaches will also be favored, and there will be an emphasis on improving efficiency, quality, and sustainability of investments and services. Identified strategic shifts in WBG engagement over the CPF period are:

- Comprehensive engagement to strengthen *private sector development and participation* across sectors
- Support to achieve *financial sustainability of public services and transfers*
- Support to *ethnic minority poverty reduction* through livelihood and income generation activities
- Multisector engagements to *strengthen linkages between education and the labor market*
- Support to promote and stimulate *low carbon energy generation*

The strategic shifts will be implemented gradually over the CPF period. As such, The CPF encompasses a relatively broad set of areas for support from the onset, as set out in the CPF results framework (see Annex 1). During CPF implementation, when current activities come to a natural close and engagements focusing on the five strategic shifts start taking effect, the WBG’s program in Vietnam will become more concentrated.

C. Focus Areas, objectives supported by program of lending, and Non-lending activities

57. **The proposed WBG framework for engagement in Vietnam for FY18–22 is organized around three focus areas and 11 objectives** (Table 2). There are strong links between the focus areas as well as the objectives. The CPF results framework reflects, to a large extent, existing and ongoing commitments and engagements (legacy), with the strategic shifts reflected to the extent possible (given that it will take time before the effect is measurable). It is intended that the CPF results framework be revisited at the PLR stage.

Table 2: CPF focus areas and objectives

Focus Area 1: Enable Inclusive Growth and Private Sector Participation	Focus Area 2: Invest in People and Knowledge	Focus Area 3: Ensure Environmental Sustainability and Resilience
1. Strengthen economic governance and market institutions 2. Promote private sector and agri-business development 3. Enhance trade competitiveness, multi-modal transport connectivity, and logistics services 4. Improve planning, management, and delivery of infrastructure and land in cities 5. Broaden economic participation of ethnic minorities, women, and vulnerable groups	6. Improve access to quality public and private health services and reduce malnutrition 7. Improve integration and efficiency of social assistance, pension, and health insurance systems 8. Strengthen the relevance and quality of tertiary education and labor market institutions	9. Promote low carbon energy generation, including renewables and energy efficiency, and reduce GHG emissions 10. Increase climate resilience and strengthen disaster risk management 11. Strengthen natural resource management and improve water security
CROSS-CUTTING AREA: GOVERNANCE		

58. **The Vietnam CPF contributes to 15 of 17 Sustainable Development Goals (SDGs).** Some CPF objectives contribute to multiple SDG objectives (see Annex 9).

Cross-Cutting Area: Governance

59. **The SCD highlights the critical importance of strengthening institutional foundations and governance across SCD priorities.** To build on this—and to leverage opportunities for impact—the WBG will integrate support for institutional and governance reform across engagements in all three CPF focus areas. This support will aim to: (i) enhance management of public resources for improved services; (ii) strengthen public sector performance; (iii) strengthen corporate governance of private and state companies; and (iv) address systemic corruption through support of anti-corruption laws and systems.

60. **Operationally, governance will be addressed at the national, subnational and sector, and portfolio/project levels through targeted and tailor-made approaches and engagements.**

- At the national level, engagements will focus on the next generation of public resource management systems and information. The World Bank’s integrated program of analytical and lending support will include a multiyear public financial management (PFM) reform Advisory Services and Analytics (ASA), and follow-up work to earlier public investment

management (PIM) and Public Expenditure Review (PER) work, a fiscal development policy operation (DPO), and an Investment Project Financing (IPF) on domestic resource mobilization. In addition, the World Bank will engage with the government on advancing the state modernization agenda.

- At the subnational and sector level, the WBG will provide integrated and multisector support to deepen governance, including in land, transport, urban, and health. It will support city-level DPOs, extend national work to the subnational level, starting with PFM support to Da Nang, coupled with analytical work linked to land markets. The WBG will strengthen planning, management, and coordination across provinces to address governance constraints common to them.
- At portfolio/project level, the WBG will aim to strengthen the institutional setup, ensuring efficient and strong support to safeguard financial management and increase impact. Support will be provided to strengthen procurement systems and statistical capacity.

61. **The Vietnam portfolio faces governance issues, including fraud and corruption.** The WBG is working with the government to strengthen mitigation and control measures to prevent this and to ensure government follow-up, once evidence is found. Systemic fraud and corruption issues that have been observed include kickbacks, conflicts of interest, fraudulent document submissions, and use of unauthorized subcontractors. To address these issues, a Strategic Plan for Fraud and Corruption in the Vietnam Portfolio has been prepared and is under implementation. In particular, the plan draws attention to the need to operationalize a 2016 Conflict of Interest study and implement some of its recommendations. Further outreach throughout the public sector will include an “Integrity Pack” distributed to all Implementing Agencies and Project Management Units (PMUs) and mainstreaming integrity best practices in project preparation. Finally, the need to address the private sector in a more coherent and systematic manner has been identified both within the World Bank lending portfolio and by IFC operations. IFC will support activities to address fraud and corruption in the private sector, including prevention, through its corporate governance work.

Focus Area 1: Enable Inclusive Growth and Private Sector Participation

62. **The WBG will support government efforts to address macroeconomic vulnerabilities, enhance productivity growth and strengthen competitiveness, especially of the private sector.** It will address infrastructure bottlenecks, improve investment efficiency, management and utilization of assets, and broaden economic participation of ethnic minorities, women, and vulnerable groups, all within a context of rising fiscal constraints. Support will address key transformations that Vietnam is facing, including strengthening market-based facets of the economy, urbanization, and further integration into the global economy. Strategic shifts covered under this focus area include engagement to strengthen private sector development and participation, and support to achieve financial sustainability of public services.

63. **In particular, the WBG will aim to enhance the complementary roles of public and private sectors in infrastructure.** WBG support will aim to harness private sector participation, including but not limited to public–private partnerships (PPPs), taking into account Vietnam’s economy and market conditions. This is particularly important given limited public resources to invest in basic service coverage for the poor; economic infrastructure that will lead to growth, jobs, and shared prosperity; and climate change objectives. The CPF will apply, when appropriate, the Cascade approach to identify and support opportunities for commercial

financing and seek operational and investment efficiencies through private sector participation. In doing so, it will remain important to ensure value for money, social and environmental safeguards, affordability and accessibility, and other values addressed under more traditional public financing approaches to infrastructure development.

64. **To meet the country’s development aspirations, the SEDP envisages total investment needs for 2016–20 at 32–34 percent of GDP, with a significant share in productive infrastructure** (see paragraph 25). In the medium term, substantially greater volumes of commercial finance will be required to meet such investment needs, to leverage public resources; expand basic service coverage for the poor; build out the infrastructure of commerce that will lead to growth, jobs, and shared prosperity; and achieve climate change objectives. However, Vietnam faces market and regulatory constraints that limit private sector participation and development, including (i) weak capacity to undertake certain public–private or pure private investments; (ii) restrictions on foreign currency convertibility and foreign exchange risk management; (iii) performance and dominant role of SOEs; (iv) limitations on local financing liquidity and risk appetite; (v) extended project timelines, partially a result of limited use of standardized contracts and inefficient tendering processes; and (vi) lack of transparency.

65. **In applying the Cascade approach, the WBG will support Vietnam in addressing the conditions for investment at the national, subnational, sector, and project levels, to encourage increased commercial financing.** At the national and subnational levels, this will include strengthening the fiscal space available to finance public investments; the institutional capacity to plan, prioritize, procure, and manage investments; and the ability of domestic banking and capital markets to mobilize investment funds. Further, the WBG will support Vietnam in strengthening the business environment, including the implementation of a sound and coherent regulatory framework; measures that ensure a level playing field and reduced barriers to market entry and cross-border trade; financial and governance structures of key SOEs and utilities; and SME linkages. The WBG will also work to design certain public investments to mobilize commercial finance. Investments in toll roads (expressways), ports and airports, railways and inland waterway services, urban public transport, power generation, and water utilities are examples of public investments that may complement or catalyze private investments. When appropriate, the World Bank, IFC, and MIGA will work jointly, integrating financing and non-financing solutions, with a view to applying principles of the Cascade. The Cascade approach may be applied to all CPF Focus areas.

Objective 1: Strengthen economic governance and market institutions

66. In spite of rising government attention to macroeconomic stability, Vietnam faces sizable fiscal imbalances and remaining vulnerabilities in the financial system, posing threats to future stability and growth. Rapidly rising public debt, volatile fiscal revenues, and inefficiencies in public expenditure create significant fiscal challenges, compounded by large refinancing needs and declining access to official development assistance (ODA). Vulnerabilities in the domestic banking sector pose further risks to continued macroeconomic stability and impair efficient financial intermediation and allocation of capital in the economy. Moreover, bond and equity markets in Vietnam are at a nascent stage, and access to and quality of financial services remain low. Building on a strong partnership with Vietnamese authorities and a diversified portfolio of ongoing and emerging engagements, the WBG will support fiscal and financial system sustainability through policy, analytical, and advisory services, coupled with DPOs at national and subnational levels (Ho Chi Minh City, Da Nang) and investment lending. Support will focus

on six main areas: (i) domestic revenue mobilization; (ii) efficiency of spending; (iii) management of fiscal liabilities and assets, (iv) financial stability; (v) financial inclusion; and (vi) capital market and nonbank financial institution development. IFC's engagement in Vietnam will continue to reinforce the development of a diversified, stable, and inclusive financial system, notably through helping commercial banks expand their product portfolios and lending to rural small and medium enterprises (SMEs). IFC investments in local banks will help accelerate innovative growth and foster a new wave of entrepreneurship, with access to finance essential to start new businesses, make existing firms more productive, and create jobs. IFC will also seek to transform Vietnam's financial sector by enhancing the use of international risk-management practices, supporting the development of Vietnam's capital markets, and mobilizing long-term financing for investments with high socioeconomic benefits. Strengthened financial viability of private sector actors and SOEs would create opportunities for further WBG support in Vietnam, including by MIGA. The engagements under this CPF objective will reinforce engagements under other CPF objectives by increasing availability of fiscal and financial resources for investment in infrastructure, facilitating reforms of key SOEs, including utilities, and mobilizing capital to facilitate broader private sector development.

Objective 2: Promote private sector and agri-business development

67. A stronger private sector is needed to effectively play its role in the national economy as a provider of quality jobs, a contributor to economic growth and national revenue, and an investor in infrastructure development, and to enhance Vietnam's competitiveness. This objective is also one of the strategic shifts in WBG engagement over the CPF period, supporting the establishment of a more conducive environment for the private sector to develop and contribute to development and growth and to strengthen private sector participation in the economy. Building on past World Bank, IFC, and MIGA engagements in Vietnam in support of private sector development, the WBG will engage in a comprehensive program of technical assistance (TA), analytical and advisory services, guarantees, and lending aimed to (i) strengthen the competitiveness of the private sector; (ii) enhance domestic sector integration with global value chains; and (iii) improve the investment climate. This will include support to the government to strengthen and implement a regulatory framework in favor of private sector development and a leveling of the playing field between private enterprises and SOEs, and

Box 1: Support to SOE reform.

The World Bank has supported gradual reforms of the management of SOEs in Vietnam through analytical, advisory, and policy dialogue, reinforced by consecutive budget support operations. The World Bank has also supported reforms aimed at enhancing corporate governance, financial transparency and disclosure, and equitization and divestiture.

The World Bank has supported the reform and restructuring of Vietnam Electricity (EVN), including the unbundling of the corporation into separate generation, transmission, and distribution companies. To strengthen the financial sustainability of EVN, a comprehensive financial assessment was conducted, including the development of a financial recovery plan, which is under implementation. A divestiture and privatization strategy for EVN generation assets has been completed, and the World Bank is advising on piloting EVN as the first SOE in Vietnam to fully adopt International Financial Reporting Standards. In parallel, the World Bank is providing support to EVN to obtain a credit rating, prepare for an international bond issuance, and develop a corporate financial strategy for 2020 with a vision to 2030.

Similar support is provided to the Vietnam Expressway Corporation, which develops and manages the country's expressway network (toll roads). World Bank TA aims to improve corporate governance and transparency, and enhance the corporation's ability to access financing from the market.

domestic and foreign investors (Box 1). Building on its existing portfolio, IFC will aim to maximize efficiency and competitiveness in sectors that will help Vietnam transition to a higher development stage.

68. Agriculture is a key sector for Vietnam’s continued work to reduce poverty and ensure shared prosperity, and special attention will be paid to the agriculture and food sector, including support to the provision of public goods and improvements in the regulatory environment. Over the CPF period, the WBG will engage with the public and private sectors—farmers and agribusinesses—to support agricultural transformation, focusing on sustainable and climate-smart agricultural production; diversification and value addition; inclusive and competitive food value chains; food safety; and job creation within the food system. An increased effort will be made by the WBG to further strengthen the role of the private sector. The World Bank will support implementation of the Agricultural Restructuring Plan to improve the enabling policy environment for private sector investments. IFC will seek to invest in agricultural projects that improve the competitiveness and efficiency of agriculture value chains, strengthen food safety with clients and their supply chains, and enhance agriculture finance among Vietnam banks, complementing and leveraging World Bank investments in these areas. Building on work in the rice and coffee sectors, IFC will continue providing advisory services in these sectors. Already strong cooperation and collaboration between the World Bank and IFC in the sector will be enhanced.

Objective 3: Enhance trade competitiveness, multimodal transport connectivity, and logistics services

69. With Vietnam’s increasing global and regional integration, demand for efficient and reliable logistics services is increasing. At the same time, efficient border management and clearance procedures and elimination of nontariff barriers, including implementation of commitments under the World Trade Organization Trade Facilitation Agreement, will be important. Despite significant expansion of the transport network in Vietnam, the reach of high-capacity and high-performance networks is still limited, and logistics costs are persistently high due to inefficient logistics services and infrastructure deficiencies and bottlenecks. WBG engagement will, over the CPF period, transition from providing basic infrastructure toward investing in multimodal connectivity, quality of infrastructure, efficiency of delivery, and service improvement. The WBG will also aim to mobilize private sector investment, to consolidate reforms and strengthen institutions, regulatory frameworks, and the overall enabling environment. More specifically, WBG engagement will aim to (i) deepen global and regional integration and promote trade in services; (ii) promote trade facilitation and reduce nontariff measures to lower costs of trade; (iii) promote balanced investment, including private investment, across multimodal infrastructure; (iv) develop reliable and high-quality infrastructure; (v) mobilize financing for infrastructure, including from the private sector; (vi) promote efficiency of spending; and (vii) enhance transport sector governance. Opportunities will be sought to strengthen operational and financial capabilities of existing transport corporations (for example, rail, highways, and inland waterways) and to integrate climate change and environmental aspects into the planning and development of the sector. IFC will continue to support efficient infrastructure in the sector, particularly through ports and logistics, and enhance Vietnam’s competitiveness through projects that help accelerate greater efficiency and connectivity. The WBG will provide support through an integrated platform of policy dialogue, lending, guarantees, analytical and advisory work, and TA.

Objective 4: Improve planning, management, and delivery of infrastructure and land in cities

70. As Vietnam urbanizes, it will be increasingly important to seek the full benefits of urbanization—to increase productivity growth, competitiveness, and inclusiveness. In support of the urbanization process, the WBG will, through a series of lending projects and analytical and advisory work, support the government to strengthen urban planning, management, and governance, and boost capacity to deliver high-priority infrastructure and strengthen the system of cities. World Bank engagement will shift from a retail level to a framework approach that will include: (i) work to transform metropolitan centers into engines of growth; (ii) promote equitable growth, service delivery, and accessibility within urban areas; (iii) strengthen capacity for mobilizing and managing financing, governance, and public and private investment for urban infrastructure; and (iv) apply innovative tools for land management, including scaling up a land-pooling pilot and testing geospatial technologies. Particular attention will be placed on broader land governance issues as well as on improvements to governance generally in urban management and planning. Efforts will be made to strengthen links between national and provincial levels in urban planning and management and to support the private sector in becoming a more viable actor in developing and delivering urban services and infrastructure. Support will consist of multisector lending and non-lending to cities and subnational authorities, with the objective of cross-fertilizing learning and best practices across engagements in various geographic zones. To support the delivery of efficient infrastructure, IFC will work with the government on structuring public–private partnerships and SOE privatization transactions.

Objective 5: Broaden economic participation of ethnic minorities, women, and vulnerable groups

71. Members of ethnic minority groups have benefited less from recent advances in access to employment and economic opportunities, education, health, and social protection services than the majority Kinh. Women and other vulnerable groups are also disadvantaged in economic opportunities. Building on past experience, the WBG will contribute to the government’s ongoing efforts to address remaining and chronic poverty and inequalities among ethnic minorities, women, and vulnerable groups. Representing one of the CPF strategic shifts, the World Bank will engage multisectorally, with a particular focus on livelihood- and-income generating activities benefiting ethnic minorities. Support through lending operations will include the government’s National Targeted Programs (NTP) on rural development and sustainable poverty reduction, coupled with analytical and advisory services that aim to broaden economic opportunities among ethnic minority and vulnerable groups. The World Bank will support the government to develop and implement programs and policies that better target ethnic differences, for example, through enhanced outreach of social assistance programs. Further, the World Bank will analyze its support to ethnic minority populations through existing programs, including the Northern Mountain Poverty Reduction Program and the Central Highlands Poverty Reduction Program, with a view to enhancing impact and results. It will also engage to strengthen participation of ethnic minorities in local development planning (SEDP) and investment decision-making processes.

72. To address persisting challenges to gender equality as well as those emerging from Vietnam’s economic, social, and demographic development such as aging, urbanization, and a rising middle class with new demands for services and lifestyles, the World Bank will help produce and make available comprehensive data and evidence-based analysis focused on women’s economic empowerment and access to economic opportunities. Support will be

provided through the second phase of the Australia-Bank Partnership, where gender is a focus area. Additionally, a number of World Bank lending and IFC investments will target women, including their access to finance, land titling, etc. The World Bank will seek to strengthen the policymaking capacity of leading Vietnamese institutions around gender issues through analytical work and TA that will improve gender statistics and data. IFC, through its investment client bank, Vietnam Prosperity Commercial Bank, will work to expand economic opportunities for women; a quarter of IFC's investments in this commercial bank will be allocated to lending for small and medium enterprises owned by women. IFC will also work with the private sector through a new initiative to demonstrate the business case for improved practices and policies related to recruitment, retention, and promotion of women in the workforce. Finally, WBG task teams will receive support to incorporate innovative activities in operations that address gender equality issues and build on successful past engagements targeting and promoting women.

Focus Area 2: Invest in People and Knowledge

73. **The WBG will address human development issues linked to Vietnam's economic, social, and demographic development**, including (i) further integration into the global economy and formalization of the domestic economy; (ii) a migrating and aging population and a wealthier, healthier, and better educated citizenry; and (iii) a growing middle class with changing needs and higher expectations of the state. Specific challenges that have contributed to persistently low social outcomes for ethnic minorities will be addressed, including governance issues inherent to the existing service delivery model. As Vietnam moves to IBRD-only status, the World Bank will, in its policy dialogue with the government, emphasize the importance of continued strong investment in social sectors to generate medium- to long-term returns and growth.

74. **To better respond to increasing and changing demands for public services, the government has proposed far-reaching reforms to the current service delivery model, to render the system financially sustainable.** This will include giving more autonomy and revenue-raising powers to service providers and allowing more private sector participation, where appropriate. As one of the CPF strategic shifts, the WBG will support the government in elaborating a new service delivery model, working multisectorally on reforms relating to health and education. World Bank support will aim to ensure non-differentiated service quality and access while moving toward a sustainable financing model. Engagements will seek to strengthen accountability, efficiency, and government capacity to exercise effective oversight of service providers within this new proposed model, with a focus on poverty, equity, and governance aspects linked to the reforms. In addition, the World Bank will continue to support efficiency-enhancing reforms of public delivery systems for social insurance and social assistance. With IFC, the World Bank will also work to enhance opportunities for private sector participation in service delivery.

Objective 6: Improve access to quality public and private health services and reduce malnutrition

75. Access to basic health services in Vietnam is good and relatively equitable across income groups. The current health financing and service delivery arrangements, however, encourage cost escalation and inefficiencies. There are, however, risks that the system will not deliver the health outcomes required in the future. Building on past and current activities, World Bank engagement in the health sector will focus on two issues. First, it aims to improve the efficiency and

sustainability of health financing and service delivery arrangements. This will include containing key cost drivers (such as pharmaceuticals), reforming provider payment arrangements, reducing the overreliance on hospital-centered delivery, supporting health insurance reform, enhancing financial protection from out-of-pocket health spending, and creating an enabling environment for private sector participation. Second, it intends to improve the quality of health care service delivery, especially at the primary care level. This will include strengthening the grassroots (district and commune) health system in terms of availability/access, quality, integration, and transparency and voice. Where opportunities arise, IFC will support the delivery of more efficient and effective health services. WBG engagement will be in the form of a comprehensive and integrated platform of lending, analytical and advisory services, and policy work. In support of efforts to address the complex causes of malnutrition and stunting—where rates are particularly high among ethnic minority children—the World Bank will engage multisectorally, with a focus on issues linked to food security, dietary diversity, water and sanitation, and behavior. Initial engagement in this area will include the preparation of a multisector nutrition action plan and a close examination of existing engagements to identify ways to further target support that may reduce malnutrition.

Objective 7: Improve integration and efficiency of social assistance, pension, and health insurance systems

76. Vietnam’s social protection system is in transition from reliance on informal sources of support toward a greater and more coherent role for the state. Building on an expanding portfolio of engagements, World Bank support to social protection will follow a two-track approach that combines lending operations that strengthen social assistance, pension, social insurance, and health insurance delivery systems with sustained policy and advisory engagement for the development and implementation of key reforms. Lending programs aim to increase the reliability, efficiency, and transparency of business processes, information systems, and other elements of program administration that are critical for a more sustainable and effective social protection system. Operations also support synergies between social assistance and disaster risk management (DRM), and explore mechanisms to enhance social assistance outreach for ethnic minorities. Achieving more integrated social protection delivery systems nationally will require sustained coordination between national and subnational levels and strong leadership by central agencies. Strengthening delivery systems will also require enhanced cooperation across agencies in areas such as data sharing and common citizen identification. The World Bank aims to support the Vietnamese authorities better navigate these horizontal and vertical coordination challenges to produce more integrated delivery systems. It also aims to help build public awareness of the need for deepening social protection policy reforms to enhance their sustainability and social impact. On the policy front, the World Bank will continue to engage in reforms to promote the sustainability of the pension system while gradually expanding coverage, as well as a phased consolidation of social assistance programs.

Objective 8: Strengthen the relevance and quality of tertiary education and labor market institutions

77. Building on a strong, ongoing portfolio in basic education, the WBG will shift its focus to tertiary education (academic and technical streams) to support the development of a stronger and more competitive labor force with skills that match the needs of employers. A high-quality, relevant, and responsive tertiary education system for teaching, training, and research will be critical to addressing the effect of increasing globalization, deepening structural transformation,

rising wages, and automation on the nature of jobs in Vietnam. Current World Bank operations and analytical work support the government transforming the basic education system. Providing more complex and flexible skills is essential to ensure that the proper foundation is in place for successful tertiary education and training. Going forward, the WBG will promote the development of a more competitive labor force by strengthening the links between providers of tertiary education and industry and enhancing the relevance, quality, and responsiveness of tertiary education institutions. The WBG will also support the government to develop and adopt policies that facilitate the establishment and regulation of private providers of tertiary education. As part of this work, IFC will seek to engage with local private universities that wish to expand or upgrade campuses and will explore opportunities at the level of education institutions to improve access and quality. Strong IFC relations with industry will also help forge links with skills providers. In support of skills development systems, the WBG will work to strengthen public employment services and labor market information systems, and pursue reforms of labor regulations that will better balance labor market flexibility with adequate worker protection. WBG engagement in this area of support, which represents a CPF strategic shift, will be through integrated multisectoral analytical, policy, and operational work.

Focus Area 3: Ensure Environmental Sustainability and Resilience

78. **The WBG will support the adoption of sustainable models for natural resource use and management;** strengthen climate change resilience and mitigation efforts, and disaster risk and water resource management; and support a more sustainable energy generation path. These areas are all critical for Vietnam’s further growth and development. Engagements will promote green growth and curb future negative impacts from further economic development, including air and water pollution, land degradation, and natural resource depletion. Engagements will promote investment in the development, management, and sustainable use of natural assets, including water security. WBG support will seek to strengthen Vietnam’s response to potential natural and climatic hazards and disasters. Building on and continuing strong ongoing engagements in the energy sector, the WBG will focus new engagements on promoting and stimulating low carbon energy generation, including renewables. Across all engagement areas, there will be a focus on strengthening institutions and processes in support of better governance.

Objective 9: Promote low carbon energy generation, including renewables and energy efficiency, and reduce GHG emissions

79. Recognizing the global and local benefits of lowered carbon emissions and pollution abatement, Vietnam has put in place strategies and policies to advance green growth. Its Nationally Determined Contributions (NDCs) include specific targets for GHG reductions. The energy sector is the primary GHG emitter in Vietnam. Against the backdrop of industrialization, increasing urbanization, and rising living standards, demand for electricity is estimated to increase by 10 percent a year. To meet this growing demand and to curb further increases in GHG emissions from the energy sector, the government is committed to investing in renewable energy sources and promoting energy efficiency. Building on strong engagements across the energy sector, the WBG will support the government over the CPF period through an integrated and comprehensive work program that comprises lending, investment, analytical and advisory work, TA, and guarantees. The WBG will apply the Cascade approach in the energy sector in Vietnam, aiming to strengthen private sector participation while stimulating low-carbon energy generation—both strategic shifts in the CPF. More specifically, the WBG energy sector program seeks to help the country transition in its energy mix: (i) increase energy efficiency (demand and

supply sides), including targeting enterprises to upgrade inefficient production systems and introduce new and clean technologies; (ii) scale up non-hydropower renewable energy, with particular focus on solar and wind, and gas-to-power; (iii) promote the financial viability of EVN and the power sector; (iv) introduce competition in gas and electricity markets; and (v) improve sector governance. The WBG, through IFC, will work with selected banks to build their sustainable energy portfolios and tailor their financing products. During the CPF period, the WBG will explore opportunities for enhanced regional power trade, especially with Laos PDR, where export opportunities are sought to develop domestic hydropower resources.

80. Building on robust support for pollution management, the WBG will continue to use policy support, financing, and analytical work to help the government adopt effective, multisector measures to reduce the impact of pollution on households, improve air quality management and planning, and address industrial pollution. WBG support will seek to expand the co-benefits of lowered GHG emissions in key sectors—transport, agriculture, and industry, especially in industry’s hydrochlorofluorocarbon (HCFC) phase-out. Support is also requested for the implementation of Vietnam’s Plan to Implement the Paris Agreement, which lays out priority actions for NDC implementation. IFC will continue to promote its Green Buildings program, which aims to reduce GHG emissions and improve efficiencies associated with new building construction. The program helps address barriers to developing and implementing green buildings by supporting the application of the Building Energy Efficiency Code, capacity building, and awareness raising for relevant stakeholders, and by promoting voluntary green buildings certification of IFC.

Objective 10: Increase climate resilience and strengthen disaster risk management

81. Vietnam is at high risk of natural hazards and disasters, in addition to being one of the most vulnerable countries globally to climate change. More than 50 percent of the workforce and incomes in Vietnam depend on climate-sensitive natural resources, and Vietnam is expected to incur, on average, \$1.4 billion a year in direct damage to modeled private and public assets due to floods, typhoons, and droughts. With growing climate threats, the World Bank will support the government in integrating climate change issues into key policies, planning, and legislation. Building on ongoing work, it will provide financing, operational support, and analytical work to implement a transformative multisector program in the Mekong Delta—a multisector and spatial engagement model that can be replicated (e.g. Central Highlands; Northern Mountains regions). Interventions will support regional planning and decision-making and climate-resilient livelihoods and infrastructure. The World Bank will provide specific and spatially targeted support for climate-smart practices in key rice- and coffee-growing districts and for fisheries co-management efforts in coastal communities. Upstream, the WBG will provide strategic support for policy reforms relating to climate resilience (e.g. water and forests).

82. The WBG’s engagement in disaster risk management (DRM) seeks to strengthen resilience to the impacts of natural hazards, climate change, and pandemics, with particular emphasis on building capacity of government and communities and focusing on ex-ante risk reduction. The WBG will engage through an integrated DRM framework across ASA, lending, and TA, in six thematic areas aimed to: (i) strengthen institutional DRM policy and planning capacity; (ii) strengthen core DRM technical capacity and investments; (iii) support development of hydro-meteorological services and an early warning system; (iv) mainstream DRM in key sectors; (v) increase household level resilience to disasters; (vi) support stronger DRM financial protection and post-disaster resilience; and (vii) ensure pandemic preparedness.

Objective 11: Strengthen natural resource management and improve water security

83. Vietnam performs poorly against its peers on natural resource depletion as a percentage of GNI. Its land productivity also varies greatly, and land transactions are often not transparent. During the CPF period, the WBG will provide financing and conduct analytical work to assist Vietnam to leapfrog some of the environmental and natural resource degradation challenges often faced by fast-growing economies. The World Bank will bring cutting-edge information technology and systems to assist Vietnam to better monitor land and natural resources and improve their governance, to ensure their more efficient and sustainable use. The World Bank will also provide tools and support to build capacity of relevant stakeholders to improve management of environmental and social risks. World Bank support will promote productive and sustainable use of land, forests, fisheries, and ecosystem services, while tapping related carbon benefits and financing, while paying due consideration to livelihood impacts. The WBG will also support the government developing and implementing an integrated approach to water resources management, to improve water security and productivity, and ensure sustainability of the sector. This will include strong engagement in agriculture (irrigation and climate-smart agriculture), as well as in energy (hydropower) and urban water supply and sanitation. The World Bank will engage to strengthen institutional governance in the water sector, to clarify roles and responsibilities, and promote integrated management of water resources. The WBG will also seek to strengthen private sector participation in the sector—both as a provider of water services and as an investor. WBG support will be provided through an integrated program of lending, analytical and advisory work, TA, and policy work. IFC will take an opportunistic approach in the water and sanitation sector, engaging if appropriate. Where appropriate, the WBG will seek to adopt a spatial approach to its engagement.

3.3 Implementing the FY18–22 Country Partnership Framework

A. Approaches for engagement and implementation

84. **IDA graduation and the move to non-concessional financing only will lead to operational changes.** Over the CPF period, the WBG will build on its strong partnership with the government and development partners in Vietnam to design and deliver a robust and impactful program of engagements. It will seek to enhance collaboration and joint engagements between the World Bank, IFC, and MIGA, reinforcing already strong existing work and pursuing new joint engagements. The WBG will also seek to provide integrated and holistic engagements through a combination of lending, investment, analytical work, TA, and policy dialogue. As Vietnam moves to IBRD-only status, the provision of knowledge and analytical work will become increasingly important. During the CPF period, the WBG will therefore focus on providing innovative and strong technical solutions, analytics, and knowledge. New, multisector, and innovative knowledge and best-practice solutions will be integrated and embedded in lending operations, and the links between analytical work, policy dialogue, and lending will be reinforced. Selectivity will be applied in identifying new analytical work and emphasis will be placed on dissemination and use of analysis and conclusions—by the WBG as well as by national counterparts. Where appropriate, the WBG will apply the Cascade approach principles of engagement. It will aim to optimize the current portfolio and engagements, undertaking a review of the existing portfolio to examine where approaches and principles introduced in the CPF may be applied.

85. **IDA graduation provides opportunities for strengthened WBG engagement.** It will require Vietnam to strengthen its capacity to access the domestic and international capital markets, understand how to optimize the terms of non-concessional finance for projects, and manage the risk of its public debt portfolio with diminishing concessional financing. Over the past years, Vietnam has benefited from graduation readiness support, including to define implications of graduation and technical support on the IDA acceleration clause. The WBG will continue to provide support under the CPF in areas linked to graduation and access to finance.

86. **The WBG will engage substantially at the subnational level.** At the start of the CPF period, a framework for vetting demand and determining where to engage at the subnational level will be developed in close partnership with central and sub-national counterparts. The framework will ensure that decisions about where and how to engage are made in a strategic and consistent manner, while allowing for flexibility. The design of this framework will start with the WBG undertaking an internal analysis of demand and needs at the subnational level, of the WBG comparative advantage, and of existing engagements at the subnational level. The new on-lending procedures and fiscal capacity at subnational levels will be taken into account when defining the decision-making model.

87. **Multisector and spatial approaches will be tested and applied.** The WBG will, when appropriate, make use of multisector and spatial approaches for lending and non-lending activities. The spatial footprint of the current portfolio is largely concentrated in the Mekong Delta, Northern Vietnam, the South Central coastline, and Central Vietnam. Engagements in these areas typically also have a strong common sector focus. Initial results from spatial, integrated support in the Mekong Delta is positive, and these experiences and lessons will be built on for spatial engagements elsewhere. Multi-sectoral engagement, where cohesive and integrated development solutions are designed and implemented, is seen to effectively and efficiently address multi-dimensional development issues. A number of critical development challenges lend themselves to applying a multisector and/or spatial approach, including (i) urban development (with a focus on developing an urban framework); (ii) climate change (with a focus on the Mekong Delta and water/urban and agriculture nexus); (iii) ethnic minority poverty reduction through livelihood support (with a focus on the Northern Mountains and Central Highlands); and (iv) reduction of malnutrition (with a focus on the Northern Mountains and Central Highlands and health, education, infrastructure, water and sanitation, DRM, and climate change). In addition, the World Bank will seek opportunities to operationalize multisectoral and spatial approaches in project implementation through the agile pilots initiative. This may include: (i) the establishment of multisector teams that have joint implementation responsibility for groupings of projects within one geographic area; and (ii) simplification and streamlining of project preparation and implementation processing.

Box 2: Examples of World Bank operations targeting gender equality

Program for Improved Land Governance. The gender analysis informing this operation found that women's rights to land ownership are less secure than men's (less than 50 percent of land-use rights certificates have been issued to women, either as a sole user or co-user, compared with some 80 percent for men). It also showed that land-use rights held exclusively by women or jointly by couples result in beneficial effects such as increased household expenditures and women's self-employment, and lower household vulnerability to poverty. In support of economic empowerment of women, the project therefore includes activities to facilitate access to land services and participation in land administration and land use management for marginalized women. A multipurpose land information system database will facilitate gender land-use rights analysis.

Gender and support to the energy sector. The World Bank has longstanding collaboration with the EVN, and as part of other support to improving the governance of the energy sector, EVN has asked the Bank for support in identifying mechanisms for reaching targets in the company Gender Action Plan. Aligned with the Systematic Country Diagnostic's focus on increasing the number of women in leadership positions, the Social and Energy teams of the World Bank are collaborating under the Regional Gender and Energy Facility and are introducing to EVN tested mechanisms for updating human resources systems favoring female employees and for launching a mentoring program for mid-level female employees.

88. **The WBG will, during the CPF period, use analytical support, policy dialogue, lending, and strategic partnerships to address selected gender equity challenges and to ensure compliance with IDA gender requirements.** Some ongoing operations in Vietnam already have gender-focused activities embedded in their design. As in the past, the target is for all new WBG operations to be informed by an analysis of gaps between males and females and for this analysis to influence project objectives and activities. With the support of the second phase of the Australia-Bank partnership (ABP2), the WBG will also ensure that gender equity is addressed in analytical and advisory work. A new Gender Tag will be applied to keep track of operations that aim to close key gender gaps, specifically those projects that have a clear results link between the gender analysis, activities, and monitoring and evaluation arrangements. The Gender Tag will provide data on portfolio trends and on alignment with plans to close gender gaps identified by Global Practices. The CPF has sex-disaggregated and gender-linked indicators in its results framework (see Box 2).

89. **During the CPF period, the quality of gender mainstreaming in the portfolio will be rendered more uniform.** A gender country action plan will be prepared. Implementation of the plan will be supported through resources from the ABP2 as a results-focused, multiyear program. Implementation will involve three sets of activities: (i) generation of gender data and analytics on emerging gender inequality issues (for example, the care economy); (ii) support to selected stakeholders to engage in informed dialogue on policies and enforcement targeting selected gender inequality areas; and (iii) support to selected WBG operations and clients for strengthening the design of gender-targeted activities and results measures and for facilitating collaboration across global practices to enhance women's economic empowerment.

90. **Vietnam as a provider of best practice development solutions.** Based on Vietnam's good track record in economic growth and poverty reduction, opportunities will be sought to harness and disseminate its experiences internationally, contributing to global knowledge creation and sharing around successful development models and inclusiveness of growth. During the CPF period, the WBG will also aim to facilitate more and deeper exchanges with peer countries on development in an MIC context and on the transition to IBRD, with a focus on investments in social sectors.

B. Financial envelope and instruments

91. **A new government approach for public investment management changes the ODA programming process.** To improve fiscal management and spending efficiency, the National Assembly and the government have enacted a new public investment law (2014) and budget law (2015), and related decrees and circulars, including Decree 16/2016/ND-CP related to ODA and donors' concessional loans. Through the adoption of these laws, ODA resources and programs are integrated into the overall budget and public investment program, including the medium-term (five-year) investment and debt plans. These new arrangements, including the requirement to partly on-lend concessional financing to the project owner (in reality, provincial authorities or corporations), will change the borrowing dynamic between ministries, provincial authorities, and corporations. An overall financing envelope of \$90 billion is approved for the 2016–20 medium-term investment plan (MTIP), of which ODA/LCL is about \$13.5 billion. The detailed project investment plans are under development, and so projects and amounts under the MTIP for which the government is seeking WBG support have yet to be determined. The WBG will work closely with the government, the National assembly, and other partners to identify projects for ODA support within the new financial, budgetary and public investment planning frameworks.

92. **The proposed CPF lays out a framework and principles of engagement for the coming five years, specifying activities and instruments for the initial three years** (Table 3). Vietnam's forthcoming status as IBRD only borrower and a new national on-lending process, combined with current fiscal constraints will influence Vietnam's demand for World Bank resources. Further, programming for the outer years of the CPF period is challenging in that IBRD lending volumes available to Vietnam depend on global economic and financial developments, which affect IBRD's financial capacity, together with demand for lending by other borrowers. It is therefore proposed that the WBG program in Vietnam be refined over time and that a Performance and Learning Review be prepared two years into CPF implementation. This will allow the government and the WBG to evaluate results, apply selectivity in the definition of future engagements, and refine further programming. It is envisaged that World Bank lending during the CPF period will increasingly support the government's investment program, as laid out in the MTIP. The World Bank will continue to work with the government on the medium-term investment programming—in line and integrated with the government's medium-term planning budget—to better understand investment needs and identify and agree on the most effective use of IBRD and WBG resources. This would also strengthen alignment between the government's medium-term programming and the WBG planning processes.

93. **Relative to the last CPS period, there will likely be a reduction in the financial resources (IBRD and IDA transitional support) available to Vietnam during the CPF period.** Since 2010, as a “blend country”, Vietnam has had access to resources from IBRD and IDA. Upon graduating from IDA, Vietnam will have access to transitional IDA18 support (on terms similar to IBRD) in the amount of SDR1.593 billion during IDA18 (FY18–20)¹⁰ and IBRD resources. The actual volume of IBRD resources available will, as explained above, depend on IBRD financial capacity and demand from other IBRD borrowers, in addition to demand for financing from Vietnam. The indicative IBRD lending pipeline for FY18-20 totals \$1.88 billion.

¹⁰ A decision regarding the IDA accelerated repayment clause has been deferred until the IDA18 mid-term review (MTR). If a decision is taken at the MTR to reintroduce the acceleration clause, FY20 would be the earliest point when acceleration could take effect given the need for affected countries, including Vietnam, to incorporate the impact in the budget planning.

94. **The World Bank will use all available lending instruments**, including Development Policy Financing (central, sector, and subnational), Programs-for-Results, and investment project financing. It will also explore opportunities for different financial products such as Catastrophe Deferred Drawdown Options (CAT-DDOs) and guarantees. The World Bank will continue to design and implement a series of multiyear, programmatic ASA, coupled with standalone activities; and it will explore opportunities for Reimbursable Advisory Services (RAS). Integration of lending and non-lending activities will be key, including for trust-funded activities. Analytical work and policy dialogue will be used to gradually engage in new areas or around emerging key challenges—including the identified strategic shifts. Such engagements could potentially lead to financial support.

95. **DPOs will be used to support policy and institutional actions that help de-risk country and sector policy frameworks.** The ultimate goal will be to boost private investment and improve its allocation across the economy. De-risking from DPOs occurs via two main channels: (i) they promote a stable macroeconomic framework, for example by supporting reforms to restore fiscal sustainability; and (ii) they support reforms that improve the policy and regulatory framework to encourage private investment.

96. **The World Bank’s ASA program will be defined based on CPF priorities and consist of a combination of policy dialogue, TA, analysis, broad programmatic engagements, and just-in-time assistance.** The World Bank will seek to provide integrated lending and non-lending support, and prioritize multisector work (see Table 4). Notable ASA over the first part of the CPF period include a multiyear PFM program; TA to strengthen procurement capacity; a railway analysis; a programmatic ASA on land; a Jobs Diagnostic and follow-up work on skills development; private sector competitiveness TA; a Vietnam Development Report on Connectivity and Competitiveness; a Vietnam Development Report on Gender Equality; a tertiary education master-plan; a multisector nutrition action plan; programmatic ASA on social protection; ASA on health finance; policy, TA, and analytical work to scale up renewable energy; and ASA on disaster risk financing instruments. Trust-funded activities will also be subject to CPF engagement approaches and principles.

97. **There will be strong attention to environmental and social governance in WBG engagements in Vietnam.** The roll-out of the new Environment and Social Framework during the CPF period will help the WBG address safeguards in Vietnam. The WBG will also benefit from a strong and expanding pool of qualified consultants, generally enhanced safeguards capacity in the country, and the use of standardized tools (such as an Earth System Modeling Framework—ESMF—Toolkit) will also strengthen safeguard implementation. It will continue to strengthen safeguards capacity, where the Vietnam Learning Center for Social and Environmental Sustainability will remain an important institutional player.

98. **The results framework will serve as the principal tool for monitoring progress against outcomes during the CPF period** (Annex 1). The World Bank will continue to conduct portfolio reviews with government counterparts to unlock implementation bottlenecks, accelerate disbursements, and address systemic challenges. The World Bank will also build on past M&E programs to deliver M&E training workshops and conduct M&E Framework Assessments. The objectives of these programs will be to improve portfolio quality, strengthen institutional capacity, and improve data collection and reporting. The emphasis on measurement and managing for results will enhance evidence-based decision making and allow the World Bank and government to be adaptive to course corrections and improvements as needed.

Table 3: Indicative World Bank lending program, FY18–20 (\$ million)^a

	CPF Focus Area	IDA ^b	IBRD	Other
FY18				
Dynamic Cities Urban Development Project (IPF)	1	330		
HCMC Subnational DPO1	1	100		
PHRD Revenue Mobilization (IPF)	1			4.2
Health Service Delivery Reform Project (IPF)	2		80	15
GPOBA Quality Deaf Education in Vietnam Project	2			3
HCMC Flood Risk Management Project (IPF)	3		400	
GEF Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project	3			6
Vietnam HCFC Phase-out Project Stage II	3			14.6
Power Sector DPO4	3	170		
GCF Risk-sharing Facility for Industrial Enterprises	3			80
Climate Change and Green Growth DPO2	3	90		
FCPF North Central Coast Region Emission Reduction Program	3			90
GEF Strengthening Partnerships to Protect Endangered Wildlife	3			3
Subtotal		690	480	215.8
FY19/20				
Fiscal Governance DPO2	1	300		
HCMC Subnational DPO2	1	100		
Revenue Administration for Integration and Development (IPF)	1	100		
Agriculture Restructuring Project (DPO/IPF)	1	100		
Southern Region Waterways and Transport Logistics Corridor Project (IPF)	1		250	
Vietnam National University Project (IPF)	2	100		
EVN Solar Power Project (IPF)	3		200	
Distribution Efficiency II (IPF)	3		350	
Power Sector Reform DPO5	3	170		
Mekong Delta Water Security Project (IPF)	3		400	
CAT-DDO	3		200	
Subtotal		870	1,400	-

a. The indicative list is based on government-expressed demand for support and is not exhaustive. All IDA18 transitional support will be programmed.

b. IDA transitional support on non-concessional (IBRD-like) terms.

Note: Exchange rate: 1SDR = \$1.36 (March-April 2017 average).

Table 4: Indicative ASA program

	CPF Focus Area
Existing activities that will continue into FY18 and beyond	
Vietnam PFM AAA Program (PA)	1
Ethnic Minority Poverty Reduction (PA, ABP2-supported)	1
Efficient and Sustainable Transport (PA, ABP2-supported)	1
Macroeconomic monitoring	1
Trade & Competitiveness (PA, ABP2-supported)	1
Railway TA phase 2 (PPIAF)	1
Mekong Delta Urban Resilience TA (GFDRR)	1
CIFF TA (PPIAF)	1
Public Procurement Reform Support	1
Programmatic Financial Sector ASA	1

Poverty & Equity ASA		1
Jobs Diagnostic		2
Services Financing ASA		2
Social Protection PA		2
Programmatic Health Coverage ASA		2
Mekong Delta (PA, ABP2-supported)		3
Climate Change – NDC Implementation		3
Climate Change and Green Growth Market Readiness TA		3
Climate Change and Green Growth Policy Support TA		3
Solid Waste ASA		3
Air Quality ASA		3
Resettlement TA (IDF)		3
Land Pooling TA		3
Supporting Integrated DRM in Vietnam PA		3
Climate Resilience PA		3
Clean and Sustainable Energy PA		3
Water Sector Reform Program PA		3
Land and Social Development PA		3
<i>FY18 – new in fiscal year</i>		
Vietnam Development Report 2019 – Economic geography, Connectivity and Competitiveness		1
Urban transport programmatic ASA		1
VN2035 Implementation Support		1
Tax Reform ASA		1
Urban Programmatic ASA		1
Skills and workforce development ASA		2
Higher education ASA		2
Multisectoral Nutrition Action Plan		2
Sustainable Financing of Services ASA		2
Land ASA		3
Water Security Governance ASA		3

99. **IFC’s program in Vietnam throughout the CPF period will leverage its investment and advisory services, as well as mobilization of private finance, while bringing to bear the full weight or resources of the WBG.** In support of Vietnam’s sustainable development and to help boost its economic competitiveness, IFC will continue to attract international investors to key sectors of finance, infrastructure, manufacturing, and renewable energy. IFC’s unique financing and advisory products will combine global expertise with local knowledge, and this will simultaneously leverage investment returns and social benefits where impact is delivered through IFC’s clients. IFC will continue to support the development of Vietnam’s capital markets and mobilize long-term financing for investments that have strong socioeconomic benefits.

100. **During the CPF period, MIGA will aim to complement World Bank lending by mobilizing private investment.** MIGA can deploy its traditional political risk insurance products in Vietnam, as well as its credit enhancement products to support commercial borrowing by the government and potentially also by SOEs. Wherever possible, MIGA will seek to support projects alongside IBRD or IFC, or in sectors where the WBG is already engaged.

C. Financial management, procurement, and government systems

101. **Support to operations includes work aimed to strengthen governance and country fiduciary systems.** Existing country systems are and will remain used to the extent possible in supporting WBG operations in Vietnam. For example, the State Audit of Vietnam will, as much as possible, be used to carry out audits or third-party verification, while the Inspectorate of the Ministry of Planning and Investment (MPI) will be used to carry out procurement post reviews. In this way, the World Bank leverages country fiduciary systems—supporting project work, while avoiding duplication of inspections. Increased reliance on existing government systems, such as the eProcurement or treasury system, will ensure greater synergy between WBG operations and government systems. For improved governance, the World Bank will build on and continue implement activities undertaken as part of a FY17 Strategic Action Plan to Address Fraud and Corruption Risks and take forward key findings and conclusions from a 2016 Conflict of Interest study.

102. **Vietnam’s PFM environment is considered satisfactory on project-related financial management requirements.** This is confirmed by a World Bank-led Fiscal Transparency Review and a 2015 Public Expenditure Review. The main recommendations of these reports focus on (i) preparation of government financial statements in accord with International Public Sector Accounting Standards (IPSASs) at central level and countrywide level; (ii) audits of public sector financial statements in accord with International Organization of Supreme Audit Institutions (INTOSAI) standards; (iii) enhancement of the budget system including the introduction of a medium-term budget framework and integration of budget information into financial reporting information systems; and (iv) strengthening of the debt and contingent liability management system.

103. **The government has maintained strong ownership of the PFM reform agenda and continues to lead a coordinated reform program in consultation with development partners.** Issuing accounting standards for the public sector in accord with IPSASs and piloting the preparation of central government financial statements are among the top priorities for the MOF’s work with development partners in the coming years. The government is also working with development partners in strengthening the country budget system with the launch of the MTIP. The State Audit of Vietnam, with support from the World Bank, has issued a number of auditing standards and guidance based on INTOSAI principles, and will complete the remaining standards in the next two years.

104. **The main focus of the procurement team will be to fulfill the fiduciary function and give support to operations.** However, with the roll-out and implementation of the procurement framework in July 2016, the team will, over the CPF period, put greater emphasis on capacity building and systems strengthening. As the number of procurement prior reviews decreases, the team will concentrate on more strategic work during project preparation and ensure that the right control measures to address identified risks are implemented.

105. **The procurement team will continue to support broad procurement reform work, which is central to the policy dialogue carried out by the broader World Bank Governance Team.** Beyond strengthening the public procurement system and supporting the government’s efforts to operationalize the procurement law in Vietnam, the team will, based on the success of engagements under the previous CPS period, undertake work in the following main areas: e-Government procurement systems; support to statistical and analytical capacity building in procurement; and development of complaint systems (or broader grievance systems).

D. Partnerships and donor coordination

106. **ODA is impactful but volume is declining.** In 2014, ODA accounted for 2.4 percent of Vietnam’s GNI, down from 5.7 percent in 1994. Vietnam has used ODA effectively for its development priorities. Since it obtained lower-middle-income country status, several development partners have withdrawn or scaled down their ODA, and some have gradually transformed their relations with Vietnam to focus more on trade and commercial activities, including FDI.

107. **Development partner forums will serve to ensure complementarity and coordination.** Over the CPF period, the WBG will continue to work with the government—primarily MPI—and development partners, to seek opportunities for leveraging support across engagements. Development partner coordination forums, including the “Six Banks,”¹¹ will continue to serve as key platforms to address systemic ODA implementation issues and to ensure cohesion in programming and implementation. The Vietnam Development Forum will continue as a high-level policy dialogue platform that brings together the government and partners to engage on critical development priorities. The Vietnam Business Forum (VBF) will continue to serve as an important platform for the government, the business community, and development partners to exchange ideas on private sector development and regulatory reform issues. The World Bank is an active partner in several development partner Working Groups, including Urban Infrastructure, Public Financial Management, Transport, Energy, Health Partnership, Food Safety, Ethnic Minority, and Climate Change and Mekong Delta.

108. **Over the CPF period, additional efforts will be made to build on and strengthen collaboration and partnerships with bi- and multilateral agencies,** including Australia, Canada, Japan, France, Germany, Republic of Korea, Switzerland, the Asian Development Bank (ADB), the EU, the United Nations (UN), and the Asian Infrastructure Investment Bank (AIIB). This will be done through regular consultations and exchange of information on strategy, programming, and implementation (Annex 11).

109. **The WBG continues to have a fruitful and open relationship with civil society.** The World Bank will continue regular engagement with civil society organizations through dialogue, knowledge dissemination, and consultations on strategy, policies, analysis, and project implementation.

¹¹ The ‘Six Banks’ include the Agence Française de Développement, Asian Development Bank, Japan International Cooperation Agency, Korea Export-Import Bank, Kreditanstalt für Wiederaufbau, and the World Bank.

4. MANAGING RISKS

110. **The overall risk to achieving the development objectives identified for the WBG during the coming CPF period is substantial** (Table 5). There are four main risk areas linked to the implementation and achievement of anticipated results as outlined in the Vietnam CPF: (i) macroeconomic instability; (ii) fiscal constraints and increased cost of World Bank financing; (iii) governance and implementation capacity; and (iv) environmental and social risks. Although some of these risks are not new, they have the potential to compromise achievement of the overall CPF objectives. The risks will be monitored throughout CPF implementation, and mitigation measures and activities will be designed and put in place. The CPF Performance and Learning Reviews will be used to adjust the assistance framework.

111. **Macroeconomic instability.** Domestically, delayed implementation of structural reforms may worsen medium-term growth prospects as the current model—based on factor accumulation and loose macroeconomic policies—will ultimately run into constraints. This may, in turn, intensify demand for a further loosening of monetary and fiscal policies, with the risk of stoking inflationary pressures, intensifying vulnerabilities, and reversing the recent gains in macroeconomic stability. On the external side, Vietnam’s economy remains susceptible to a further slowdown in the global economy through trade and investment channels. Fragile financial market conditions and rising interest rates are also of some concern as Vietnam is planning to increasingly tap international capital markets to meet its fiscal financing needs over the medium term. Finally, rising protectionist sentiment in advanced economies may also affect future prospects, given the economy’s strong trade exposure. If identified macroeconomic risks materialize, this would prevent/delay the government from implementing some priorities supported by the CPF, including structural reforms. In addition, absent an adequate macro framework, proposed DPF could be delayed. To mitigate these potential risks, which may put Vietnam’s economic reform program off track and limit future borrowing for development investment, the WBG will continue to provide strong and comprehensive support to the government, aimed to strengthen economic management and processes, including debt management. To strengthen the macroeconomic framework and its underpinnings, the WBG will support the government transition toward a more market-driven economic model, which will include a focus on stronger private sector participation, agricultural transformation, and further urbanization.

112. **Fiscal constraints and increased cost of World Bank financing.** While positive in itself—manifesting the country’s development successes—IDA graduation will lead to operational changes and may constitute a change in Vietnam–WBG relations. Borrowing conditions, including terms and volume, will shift as a result of graduation. At the same time, Vietnam faces fiscal constraints, and debt levels are quickly approaching the nationally determined debt ceiling, posing uncertainty with regards to the demand for IBRD financing over the CPF period. This may also impact medium term pipeline planning. As part of the transition from blend to IBRD only status, and to mitigate the possible negative effects from an increase in the cost of World Bank financing, the WBG will focus on providing Vietnam with strong and innovative knowledge and advisory support in key areas pertaining to current and emerging development needs, including the social sectors. It will seek innovative solutions for support in areas that may be considered not income generating (a condition for Vietnam to take on non-concessional lending). This will include leveraging trust funds and other sources of funding. IDA graduation also means additional WBG services and products will become available to Vietnam,

and the WBG will engage with authorities to ensure that these new options are well understood—building on strong past engagement by the Treasury in Vietnam. The WBG will also engage in a strong dialogue with the government on investment priorities, to highlight the importance of continued spending on social sectors. It will strive to mobilize additional resources for non-lending activities during the economic transition, while systematically supporting the government through the change process to strengthen ownership in strategic priorities and approaches. The World Bank will also continue to provide strong support to the government on fiscal issues, including debt, resource, and expenditure management. WBG engagements in infrastructure sectors will emphasize and support efforts to improve the efficiency of investments.

113. Governance challenges, including weak implementation capacity. Governance continues to pose to a risk to continued economic growth and development and to the authorities' ability to pursue the reforms supported by the CPF. There are also weaknesses in government capacity to implement key reforms that may further growth and development. The introduction of the MTIP and resulting changes in ODA planning and management also pose a risk to the WBG's operational efficiency and ability to effectively plan and implement its support over the CPF period. Continued fraud and corruption risk undermining the development impact of WBG engagements. To mitigate these risks, governance will serve as a cross-cutting theme for all WBG engagement in Vietnam, aiming, among other things, to improve government coordination, planning and implementation capacity, and effectiveness, including capacity to plan and implement the MTIP. The World Bank will engage further to improve PFM and procurement capacity, and work will be undertaken to strengthen oversight institutions, accountability, and transparency in decision-making. Further, the WBG will engage strongly with key government stakeholders, including MPI, MOF, and the Office of Government (OOG), to ensure that future engagements are fully demand driven; have a strong dialogue with the government on portfolio planning and implementation; and continue strong collaboration with the government and other development partners on issues linked to overall ODA planning and management. Project-level governance systems will also be strengthened, supported by audits at project and portfolio levels, and by independent procurement panels and broader citizen engagement.

114. Environmental and social risks are substantial and could adversely affect achievement of Vietnam CPF objectives. As the program may experience increased focus on investments in infrastructure development, social and environmental safeguards risks may increase, with a possible slowdown in preparation and implementation of operations. The WBG will ensure adequate resources are available to apply and implement safeguards procedures—assuring compliance—and to build national capacity to better manage environmental and social aspects linked to investments for development. Vietnam is highly vulnerable the effects of climate change and natural disasters, with rising temperatures, rising sea levels, and more frequent and severe floods and droughts, affecting human lives as well as the economy and investments. The WBG aims to help mitigate these risks, in part, through increased focus on resilience, climate change adaptation, and DRM.

Table 5: Risks to CPF objectives in Vietnam

Risk Categories	Rating (H, S, M, L)
Political and governance	S
Macroeconomic	S
Sector strategies and policies	M
Technical design of project or program	M
Institutional capacity for implementation and sustainability	S
Fiduciary	S
Environment and social	S
Stakeholders	S
Other	-
Overall	S

5. ANNEXES

ANNEX 1: VIETNAM COUNTRY PARTNERSHIP FRAMEWORK RESULTS MATRIX

Focus Area 1: Enable inclusive growth and private sector participation

The WBG will support government efforts to address macroeconomic vulnerabilities, enhance productivity growth and strengthen competitiveness, especially of the private sector. It will address infrastructure bottlenecks, improve investment efficiency, management and utilization of assets, and broaden economic participation of ethnic minorities, women, and vulnerable groups, all within a context of rising fiscal constraints. Support will address key transformations that Vietnam is facing, including strengthening market-based facets of the economy, urbanization, and further integration into the global economy. Strategic shifts covered under this focus area include engagement to strengthen private sector development and participation, and support to achieve financial sustainability of public services.

In particular, the WBG will aim to enhance the complementary roles of public and private sectors in infrastructure. WBG support will aim to harness private sector participation, including but not limited to PPPs, taking into account Vietnam's economy and market conditions. This is particularly important given limited public resources to invest in basic service coverage for the poor; economic infrastructure that will lead to growth, jobs, and shared prosperity; and climate change objectives. The CPF will apply, when appropriate, the Cascade approach to identify and support opportunities for commercial financing and seek operational and investment efficiencies through private sector participation. In doing so, it will remain important to ensure value for money, social and environmental safeguards, affordability and accessibility, and other values addressed under more traditional public financing approaches to infrastructure development.

CPF Objective 1: Strengthen economic governance and market institutions

Intervention Logic

In spite of rising government attention to macroeconomic stability, Vietnam faces sizable fiscal imbalances and remaining vulnerabilities in the financial system, posing threats to future stability and growth. Rapidly rising public debt, volatile fiscal revenues, and inefficiencies in public expenditure create significant fiscal challenges, compounded by large refinancing needs and declining access to official development assistance (ODA). Vulnerabilities in the domestic banking sector pose further risks to continued macroeconomic stability and impair efficient financial intermediation and allocation of capital in the economy. Moreover, bond and equity markets in Vietnam are at a nascent stage, and access to and quality of financial services remain low. Building on a strong partnership with Vietnamese authorities and a diversified portfolio of ongoing and emerging engagements, the WBG will support fiscal and financial system sustainability through policy, analytical, and advisory services, coupled with DPOs at national and subnational levels (Ho Chi Minh City, Da Nang) and investment lending. Support will focus on six main areas: (i) domestic revenue mobilization; (ii) efficiency of spending; (iii) management of fiscal liabilities and assets, (iv) financial stability; (v) financial inclusion; and (vi) capital market and nonbank financial institution development. IFC's engagement in Vietnam will continue to reinforce development of a diversified, stable, and inclusive financial system, notably through helping commercial banks expand their product portfolios and lending to rural small and medium enterprises (SMEs). IFC investments in local banks will help accelerate innovative growth and foster a new wave of entrepreneurship, with access to finance essential to start new businesses, make existing firms more productive, and create jobs. IFC will also seek to transform Vietnam's financial sector by enhancing the use of international risk-management practices, supporting the development of Vietnam's capital markets, and mobilizing long-term financing for investments with high socioeconomic benefits. Strengthened financial viability of private sector actors and

<p>SOEs would create opportunities for further WBG support in Vietnam, including by MIGA. The engagements under this CPF objective will reinforce engagements under other CPF objectives by increasing availability of fiscal and financial resources for investment in infrastructure, facilitating reforms of key SOEs, including utilities, and mobilizing capital to facilitate broader private sector development.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Large tax payer office established and operational in carrying out all functions, including registration, filing, audit and taxpayer services in the administration of large taxpayers by 2019 Modern debt management law enacted by 2018</p> <p>Medium-term perspective in expenditure budgeting (PEFA PI-12 in 2012 and PI-16 in 2019)</p> <ul style="list-style-type: none"> - Baseline: C (2012) - Target: B (2019) <p>Number of Banks applying Basel II Principles Baseline: 0 (2015) Target: At least 50% (2020)</p> <p>Financial inclusion expanded¹²</p> <ul style="list-style-type: none"> - Baseline: 31% (2014) - Target: 70% (2020) <p>Number of MSMEs that have received loans secured with movable property (IFC) (#)</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 483,047 (2020) 	<p>Large tax payer framework regulation adopted by 2018</p> <p>Government decree for medium term budgeting adopted by 2018</p> <p>National Financial Inclusion strategy completed and implemented by 2019</p> <p>Revised bond market strategy (2016-2020) implemented by 2020</p> <p>Number of individuals and businesses covered by credit reporting service provider (CSRP):</p> <ul style="list-style-type: none"> - Baseline: 24,500,000 (2014) - Target: 37,000,000 (2019) 	<p><u>On-going engagement:</u></p> <p><u>LEN</u> First Fiscal Governance DPO (P160928) Financial Sector Modernization and Information Management System Project (P088759)</p> <p><u>ASA</u> Vietnam Government Debt and Risk Management (P150800) Strengthening the Public Financial Management System in Vietnam (P162439) Vietnam Public Financial Management ASA (P157889) Strengthening the PIM system in Vietnam Taking stock report bi-annual Vietnam 2035 Follow up (P152408) Macro-economic Monitoring (P157763) Public Procurement Reform Support Financial Inclusion and Access to Finance (P162223) Vietnam Capital Markets and NBF Development (P162226) Vietnam Financial Sector Soundness and Inclusion (P145781)</p> <p><u>IFC</u> Vietnam Credit Bureau – Phase 2 (593928) Vietnam Debt Resolution (600059) Vietnam Secured Transactions Phase 3 (599412) Vietnam Environmental and Social Risk management for Banking Sector (574667)</p>

¹² Indicator used to measure Financial Inclusion is the World Bank FINDEX.

		<p>VB Risk Management (600818) Direct financing in Local Banks (512958), (617178), (663167) Vietnam Retail Payments (601106)</p> <p><u>New engagement:</u> <u>LEN</u> HCMC Sub-national DPO series Second Fiscal Governance DPO Resources Mobilization PforR Financial Inclusion</p> <p><u>ASA</u> Taking stock report bi-annual Vietnam 2035 Follow up Public Expenditure Review Tax Reform ASA Second phase of Vietnam Financial Sector Soundness and Inclusion (programmatic approach)</p> <p><u>IFC</u> Direct financing in Local Banks (39020), (39525) Scaling up Movables Finance Market</p>
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CPF Objective 2: Promote private sector and agri-business development

Intervention Logic
A stronger private sector is needed to effectively play its role in the national economy as a provider of quality jobs, a contributor to economic growth and national revenue, and an investor in infrastructure development, and to enhance Vietnam’s competitiveness. This objective is also one of the strategic shifts in WBG engagement over the CPF period, supporting the establishment of a more conducive environment for the private sector to develop and contribute to development and growth and to strengthen private sector participation in the economy. Building on past World Bank, IFC, and MIGA engagements in Vietnam in support of private sector development, the WBG will engage in a comprehensive program of technical assistance (TA), analytical and advisory services, guarantees, and lending aimed to (i) strengthen the competitiveness of the private sector; (ii) enhance domestic sector integration with global value chains; and (iii) improve the investment climate. This will include support to the government to strengthen and implement a regulatory framework in favor of private sector development and a leveling of the playing field between private enterprises and SOEs, and domestic and foreign investors (Box 1). Building on its existing portfolio, IFC will aim to maximize efficiency and competitiveness in sectors that will help Vietnam transition to a higher development stage.

Agriculture is a key sector for Vietnam’s continued work to reduce poverty and ensure shared prosperity, and special attention will be paid to the

agriculture and food sector, including support to the provision of public goods and improvements in the regulatory environment. Over the CPF period, the WBG will engage with the public and private sectors—farmers and agribusinesses—to support agricultural transformation, focusing on sustainable and climate-smart agricultural production; diversification and value addition; inclusive and competitive food value chains; food safety; and job creation within the food system. An increased effort will be made by the WBG to further strengthen the role of the private sector. The World Bank will support implementation of the Agricultural Restructuring Plan to improve the enabling policy environment for private sector investments. IFC will seek to invest in agricultural projects that improve the competitiveness and efficiency of agriculture value chains, strengthen food safety with clients and their supply chains, and enhance agriculture finance among Vietnam banks, complementing and leveraging World Bank investments in these areas. Building on work in the rice and coffee sectors, IFC will continue providing advisory services in these sectors. Already strong cooperation and collaboration between the World Bank and IFC in the sector will be enhanced.

Engagements under this objective will contribute to reduction in GHG emissions (objective 9), increased climate resilience (objective 10), and strengthened natural resource management and improved water security (objective 11).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Number SME entities accessing trade financing (#) Baseline: 0 (2017) Target: 5,000 (2022)</p> <p>Purchase from domestic suppliers (US\$) Baseline: 23.5 million (2014) Target: 107.5 million (2018)</p> <p>Farming area supported by the Sustainable Agriculture Transformation Project under sustainable rice and coffee farming practices - Baseline: 0 (2015) - Target: 150,000 ha for rice (2020) - Target: 50,000 ha for coffee (2020)</p> <p>Value of investment generated through provincial investment promotion in agriculture (\$) - Baseline: 0 (2014) - Target: 10,000,000 (2020)</p> <p>Private sector direct investment generated/facilitated in agribusiness - Baseline: \$0 (2014) - Target: \$10,000,000 (2020)</p>	<p>Reduction in shrimp disease losses in the production areas applying Good Aquaculture Practices (%) Practices - Baseline: 0% (2012) - Target: 20% (2018)</p>	<p><u>On-going engagement:</u></p> <p><u>LEN</u> Vietnam Livestock Competitiveness & Food Safety Project (P090723) Sustainable Agriculture Transformation Project (P145055) Coastal Resources for Sustainable Development Project (P124702) Vietnam Inclusive Innovation Project (P121643)</p> <p><u>ASA</u> Support to NTP on New Rural Development (P158058) Enhancing Enterprise Competitiveness & SME Linkage (P161702) Vietnam Climate Innovation Centre (P129222) Vietnam Development Report 2016: Transforming Vietnamese Agriculture – Gaining More from Less (P158056) Food Safety Risk Management (P158057) Vietnam Irrigation Sector Strategy (P155713) Vietnam ASA on Land (P161868)</p> <p><u>IFC</u> Vietnam Agri-Finance and Good Agricultural</p>

<p>Number of farmers reached through adoption of GAP and efficient supply chain linkages (#)</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 15,000 (2018) 		<p>Practices (600060) Vietnam Food Safety (601644) Direct investment in Agribusiness Client (37130) Vietnam Simplified Business Tax Implementation (596607) Industrial Resource Efficiency– Technical guidelines for Eco Industrial Zones (599615) VN CG Phase 2 (5998792) Direct investments in Services Clients (733565) and (641207)</p> <p><u>New engagement:</u> <u>LEN</u> Food Safety Project Agriculture DPO MARD M&E Capacity Building (PHRD Grant) Fisheries and Coastal Management SME Linkage Operation</p> <p><u>ASA</u> Support to ARP policy areas related to DPO Support to Food Safety Risk Management Land governance ASA</p> <p><u>IFC</u> Direct investment in Agribusiness Clients (38011), (37130)</p>
<p>CPF Objective 3: Enhance trade competitiveness, multi-modal transport connectivity, and logistics services</p>		
<p>Intervention Logic With Vietnam’s increasing global and regional integration, demand for efficient and reliable logistics services is increasing. At the same time, efficient border management and clearance procedures and elimination of nontariff barriers, including implementation of commitments under the World Trade Organization Trade Facilitation Agreement, will be important. Despite significant expansion of the transport network in Vietnam, the reach of high-capacity and high-performance networks is still limited, and logistics costs are persistently high due to inefficient logistics services and infrastructure deficiencies and bottlenecks. WBG engagement will, over the CPF period, transition from providing basic infrastructure toward investing in multimodal connectivity, quality of infrastructure, efficiency of delivery, and service improvement. The WBG will also aim to mobilize private sector investment, to consolidate reforms and strengthen institutions, regulatory frameworks, and the overall enabling environment. More specifically, WBG engagement will aim to (i) deepen global and regional integration and promote trade in services; (ii) promote trade facilitation and reduce nontariff</p>		

measures to lower costs of trade; (iii) promote balanced investment, including private investment, across multimodal infrastructure; (iv) develop reliable and high-quality infrastructure; (v) mobilize financing for infrastructure, including from the private sector; (vi) promote efficiency of spending; and (vii) enhance transport sector governance. Opportunities will be sought to strengthen operational and financial capabilities of existing transport corporations (for example, rail, highways, and inland waterways) and to integrate climate change and environmental aspects into the planning and development of the sector. IFC will continue to support efficient infrastructure in the sector, particularly through ports and logistics, and enhance Vietnam's competitiveness through projects that help accelerate greater efficiency and connectivity. The WBG will provide support through an integrated platform of policy dialogue, lending, guarantees, analytical and advisory work, and TA.

Engagements under this objective will contribute to strengthened economic governance (objective 1), promote energy efficiency and reduce GHG emissions (objective 9), and increased climate resilience and strengthened disaster risk management (objective 10).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Average travel time for freight vehicles</p> <ul style="list-style-type: none"> - Baseline: 233 (2011) - Target: 20% reduction (2018) <p>Average travel time along waterway</p> <ul style="list-style-type: none"> - Baseline: 47 hours (2011) - Target: 10% reduction (2018) <p>Rank in Logistics Performance Index (LPI) improved</p> <ul style="list-style-type: none"> - Baseline: LPI score 2.98 (2016) (compared to 3.26 of ASEAN-6 average, and 3.42 of ASEAN-4) - Target: Base-case scenario, reaching ASEAN-6 average and High-case scenario: reaching ASEAN-4 average (2020) <p>Time to export reduced: border compliance:</p> <ul style="list-style-type: none"> - Baseline: 58 hours (compared to 54 hours of ASEAN-6 average, and 38 hours of ASEAN-4) (2016) - Target: <ul style="list-style-type: none"> o Base case scenario: reaching ASEAN-6 average (2020) o High case scenario: reaching ASEAN-4 average (2020) <p>Time to export: documentary compliance:</p> <ul style="list-style-type: none"> - Baseline: 50 hours (compared to 53 hours of 	<p>National Logistics Action Plan approved and progress in implementation by 2020</p> <p>Annual and mid-term (3 years) plans for priority and implementation of national road network maintenance and long-term (10 years) maintenance strategy generated by Road Asset Management System by 2020</p> <p>Number SMEs accessing trade financing (IFC) (#)</p> <ul style="list-style-type: none"> - Baseline: 0 (2017) - Target: 5,000 (2022) 	<p><u>On-going engagement:</u></p> <p><u>LEN</u></p> <p>Vietnam Expressway Development Da Nang-QNgai (P106235)</p> <p>VN-Project Preparation TA Facility (P118610)</p> <p>Vietnam Road Asset Management Project (P123961)</p> <p>Local Road Asset Management Program (P155086)</p> <p>Vietnam Trade Facilitation Project (P156831)</p> <p>NDTDP AF (P158976)</p> <p>Central Highland and Coastal Central Provinces Connectivity Project (P159238)</p> <p><u>ASA</u></p> <p>Vietnam Railways Sector Strengthening Project (P161178)</p> <p>Efficient & Sustainable Transport (ABP2) (P162707)</p> <p>Road Safety TA</p> <p>Vietnam Trade Facilitation (P156831)</p> <p>Vietnam Trans-Pacific Partnership (P159578)</p> <p>ABP2 Trade and Competitiveness Programmatic Approach (P159578)</p> <p><u>IFC</u></p> <p>Supply Chain Financing</p>

<p>ASEAN-6 average, and 24 hours of ASEAN-4)</p> <ul style="list-style-type: none"> - Target: o Base case scenario: reaching ASEAN-6 average (2020) o High case scenario: reaching ASEAN-4 average (2020) 		<p>Vietnam Private Sector Competitiveness (601147)</p> <p>Industrial Resource Efficiency– Technical guidelines for Eco Industrial Zones (599615)</p> <p>VN CG Phase 2 (5998792)</p> <p>Direct investments in Services Clients (733565) and (641207)</p> <p><u>MIGA</u></p> <p>MIGA guarantee for BT20 National Highway Project</p> <p>New engagement:</p> <p><u>LEN</u></p> <p>Expressway development project</p> <p>Southern Region Waterways and Transport Logistics Corridor Project</p> <p>Railway Project</p> <p>Regional Connectivity and ASEAN Highway Logistics and TF Operation</p> <p>Transport Sector DPO</p> <p>Logistics and Competitiveness DPO</p> <p><u>ASA</u></p> <p>VDR 2019 on Connectivity and Competitiveness</p> <p>PPIAF</p> <p><u>MIGA</u></p> <p>Possible MIGA guarantees for private or public key transport infrastructure projects</p>
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CPF Objective 4: Improve planning, management, and delivery of infrastructure and land in cities

Intervention Logic

As Vietnam urbanizes, it will be increasingly important to seek the full benefits of urbanization—to increase productivity growth, competitiveness, and inclusiveness. In support of the urbanization process, the WBG will, through a series of lending projects and analytical and advisory work, support the government to strengthen urban planning, management, and governance, and boost capacity to deliver high-priority infrastructure and strengthen the system of cities. World Bank engagement will shift from a retail level to a framework approach that will include: (i) work to transform metropolitan centers into engines of growth; (ii) promote equitable growth, service delivery, and accessibility within urban areas; (iii) strengthen capacity for mobilizing and managing financing, governance, and public and private investment for urban infrastructure; and (iv) apply innovative tools for land management, including scaling up a land-pooling pilot and testing geospatial technologies. Particular attention will be placed on broader land governance issues as well as on improvements to governance generally in urban management and planning. Efforts will be made to strengthen links between national and provincial levels in urban planning and management and to support the private sector in becoming a more viable actor in developing and delivering urban services and infrastructure. Support will consist of multisector lending and non-lending to cities and subnational authorities, with the objective of cross-fertilizing learning and best practices across engagements in various geographic zones. To support the delivery of efficient infrastructure, IFC will work with the government on structuring public–private partnerships and SOE privatization transactions.

Engagements under this objective will contribute to strengthened economic governance (objective 1); and promote private sector development (objective 2).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Number of people benefiting from efficient high quality public transport system (daily number) in Ho Chi Minh City, Hai Phong and Da Nang</p> <ul style="list-style-type: none"> - Baseline: 0 (2017) - Target: 26,000 (2020) <p>Number of people in Can Tho City and urban area benefiting from urban upgrading programs (disaggregated by gender)</p> <ul style="list-style-type: none"> - Baseline: 0 (female: 0) - Target: 420,000 (female 216,000) (2021) <p>Enhanced Annual City Plans approved and disclosed to the public for Dien Bien Phu, Bac Kan, Cao Bang, Thai Nguyen, Hoa Binh, Tuyen Quang and Yen Bai</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 7 (2021) 	<p>Transit Oriented Development and Pedestrian Oriented Development planning adopted by 2020</p> <p>Adoption of regulatory framework for provincial government borrowing by 2019</p> <p>Asset Management Plan adopted and local urban infrastructure sub-projects in full service after completion for Dien Bien Phu, Bac Kan, Cao Bang, Thai Nguyen, Hoa Binh, Tuyen Quang and Yen Bai (Yes/No)</p> <ul style="list-style-type: none"> - Baseline: No (2014) - Target: Yes (2021) 	<p>On-going engagement: <u>LEN</u> Mekong Delta Region Urban Upgrading Project (P113904) Medium Cities Development Project (P116398) Vietnam Da Nang Sustainable City Development (P123384) National Urban Development Program – NM (P143596) Can Tho Urban Development and Resilience Project (P152851) Hanoi Urban Transport Project (P083581) Haiphong Urban Transport Project (P111548) HCMC Green Transport Development (P126507) HCMC Green Transport AF (2015-2020) VN-Urban Water Supply and Wastewater (P119077) Second Ho Chi Minh City ES Project (P127978)</p>

		<p>Coastal Cities Sustainable Environment Project (P156143) Additional Financing for Da Nang SCDP (P159049) Scaling up Urban Upgrading Project (P159397) AF for Medium Cities Development Project (P159426) Dynamic Cities Integrated Development Project (P160162) Ho Chi Minh City Development Policy Operation 1 (P160480) Regional Pilot: EAP-VN Land Readjustment (P159171) Cities Resilience in the Mekong Delta Project (P161609) Vinh Phuc Flood Risk and Water Management Project (P152460)</p> <p><u>ASA</u> City Infrastructure Financing Facility TA (PIAF) (P163089)</p> <p><u>New engagement:</u> <u>LEN</u> City Infrastructure Financing Facility (CIFF) Dynamic Cities II (Hai Dung, Quang Nam, Hung Yen) Can Tho Public Transport Development Project (BRT) Hanoi Urban Transport Development Project II Danang Integrated Urban Renewal Project Haiphong Competitive and Sustainable Development Project Central Highland Municipalities Development Project HCMC Flood Risk Management MKD Water Security Project (MOC, provinces)</p> <p><u>ASA</u> Programmatic ASA on urban</p>
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		Vietnam - Improving Sanitation Services Sustainability in Vietnam's Coastal Cities (PPIAF) Resettlement TA (IDF) Land Pooling TA Land ASA Greening SEZs Water Utility Reform, Regulation, and Private Sector Participation
CPF Objective 5: Broaden economic participation of ethnic minorities, women, and vulnerable groups		
<p>Intervention Logic</p> <p>Members of ethnic minority groups have benefited less from recent advances in access to employment and economic opportunities, education, health, and social protection services than the majority Kinh. Women and other vulnerable groups are also disadvantaged in economic opportunities. Building on past experience, the WBG will contribute to the government's ongoing efforts to address remaining and chronic poverty and inequalities among ethnic minorities, women, and vulnerable groups. Representing one of the CPF strategic shifts, the World Bank will engage multisectorally, with a particular focus on livelihood- and-income generating activities benefiting ethnic minorities. Support through lending operations will include the government's National Targeted Programs (NTP) on rural development and sustainable poverty reduction, coupled with analytical and advisory services that aim to broaden economic opportunities among ethnic minority and vulnerable groups. The World Bank will support the government to develop and implement programs and policies that better target ethnic differences, for example, through enhanced outreach of social assistance programs. Further, the World Bank will analyze its support to ethnic minority populations through existing programs, including the Northern Mountain Poverty Reduction Program and the Central Highlands Poverty Reduction Program, with a view to enhancing impact and results. It will also engage to strengthen participation of ethnic minorities in local development planning (SEDP) and investment decision-making processes.</p> <p>To address persisting challenges to gender equality as well as those emerging from Vietnam's economic, social, and demographic development such as aging, urbanization, and a rising middle class with new demands for services and lifestyles, the World Bank will help produce and make available comprehensive data and evidence-based analysis focused on women's economic empowerment and access to economic opportunities. Support will be provided through the second phase of the Australia-Bank Partnership, where gender is a focus area. Additionally, a number of World Bank lending and IFC investments will target women, including their access to finance, land titling, etc. The World Bank will seek to strengthen the policymaking capacity of leading Vietnamese institutions around gender issues through analytical work and TA that will improve gender statistics and data. IFC, through its investment client bank, Vietnam Prosperity Commercial Bank, will work to expand economic opportunities for women; a quarter of IFC's investments in this commercial bank will be allocated to lending for small and medium enterprises owned by women. IFC will also work with the private sector through a new initiative to demonstrate the business case for improved practices and policies related to recruitment, retention, and promotion of women in the workforce. Finally, WBG task teams will receive support to incorporate innovative activities in operations that address gender equality issues and build on successful past engagements targeting and promoting women.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program

<p>Share of ethnic minority households with additional (diversified) income sources, through the promotion of value chains and diversification in target communes</p> <ul style="list-style-type: none"> - Baseline 40% (2017) - Target: 60% (2020) <p>Percentage of Land Use Rights Certificates with the name of women, single or co-land users, against the total Land Rights Certificates recorded (as part of the land database)</p> <ul style="list-style-type: none"> - Baseline: 0% (2016) - Target: 40% (2021) <p>Number of women borrowers through Micro Finance Institutions transformation and commercialization (IFC) (#)</p> <ul style="list-style-type: none"> - Baseline: 84,066 (2013) - Target: 178,784 (2019) <p>Value of micro loans disbursed to women farmers under Agri-Finance and Good Agricultural Practices – Women Farmers Project (IFC) (\$)</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 3,600,000 (2018) 	<p>Share of ethnic minorities and women in communes in targeted provinces satisfied with access and quality of community assets or services for increasing agricultural productivity:</p> <ul style="list-style-type: none"> - Baseline: 40%(2017) - Target: 60% (2020) <p>Women and ethnic minorities regularly participate in local planning and decision making process</p> <ul style="list-style-type: none"> - Baseline: NA (2010) - Target: 60% (2018) <p>Mechanisms for regular updating and integration of gender statistics into mainstream national statistics systems in place (2019)</p> <p>Increase in loan volume to women SMEs under Project 60060 (\$)</p> <ul style="list-style-type: none"> - Baseline: 71,000,000 (2016) - Target: 176,000,000 (2020) 	<p><u>On-going engagement:</u></p> <p><u>LEN</u></p> <p>Second Northern Mountains Poverty Reduction Project and Additional Financing (P113493)</p> <p>Central Highlands Poverty Reduction Project (P128072)</p> <p>National Targeted Programs Support (P159737)</p> <p>Local Road Asset Management Program (P155086)</p> <p>Results-Based Rural Water Supply and Sanitation Under the National Target Program (P127435)</p> <p>Results based scaling up for RSWS Program (P152693)</p> <p>Central Highlands Poverty Reduction Project (P128072)</p> <p>Northern Mountains Integrated Child Nutrition Project (JSDF) (P152023)</p> <p>Social Assistance System Strengthening (P123960)</p> <p>Program for Improved Land Governance (P154387)</p> <p><u>ASA</u></p> <p>Programmatic Poverty & Gender ASA (P161323)</p> <p>ABP2 Ethnic Minorities Theme: investing in VN Ethnic Minorities ASA (P162725)</p> <p>ABP2 Gender ASA</p> <p>Vietnam Land and Social Development Programmatic ASA (P153499)</p> <p>Poverty and Equity ASA</p> <p>Food Safety Risk Management (P158057)</p> <p>Capacity Building for Rural Sanitation Service Delivery in Northern Mountainous and Central Highlands (P155162)</p> <p>Making Resettlement Gender Informed (P162370)</p> <p>Care Economy Report</p> <p>Vietnam Development Report on Gender</p>
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		<p>Equality EVN Gender Action Plan Efficient & Sustainable Transport (ABP2) (P162707) Mekong Delta Climate Resilience (ABP2) (P162702) ABP2 Trade and Competitiveness Programmatic Approach (P159578)</p> <p><u>IFC</u> Get2Equal (601282) Vietnam Microfinance Sector Capacity Building Project (599245) Vietnam Agri-Finance and Good Agricultural Practices – Women Farmers (600060)</p> <p>New engagement: <u>ASA</u> Voice and representation for ethnic minorities and other vulnerable groups in Vietnam Multi-sectoral nutrition action plan Nutritional assessment of ethnic minority area</p> <p><u>IFC</u> Direct financing in a local bank (38038) VP Bank Advisory Services (39525)</p>
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Focus Area 2: Invest in people and knowledge

The WBG will address human development issues linked to Vietnam’s economic, social, and demographic development, including (i) further integration into the global economy and formalization of the domestic economy; (ii) a migrating and aging population and a wealthier, healthier, and better educated citizenry; and (iii) a growing middle class with changing needs and higher expectations of the state. Specific challenges that have contributed to persistently low social outcomes for ethnic minorities will be addressed, including governance issues inherent to the existing service delivery model. As Vietnam moves to IBRD-only status, the World Bank will, in its policy dialogue with the government, emphasize the importance of continued strong investment in social sectors to generate medium- to long-term returns and growth.

To better respond to increasing and changing demands for public services, the government has proposed far-reaching reforms to the current service delivery model, to render the system financially sustainable. This will include giving more autonomy and revenue-raising powers to service providers and allowing more private sector participation, where appropriate. As one of the CPF strategic shifts, the WBG will support the government in elaborating a new service delivery model, working multisectorally on reforms relating to health and education. World Bank support will aim to ensure non-differentiated service quality and access while moving toward a sustainable financing model. Engagements will seek to strengthen accountability, efficiency, and government capacity to exercise effective oversight of service providers within this new proposed model, with a focus on poverty, equity, and governance aspects linked to the reforms. In addition, the World Bank will continue to support efficiency-enhancing reforms of public delivery systems for social insurance and social assistance. With IFC, the World Bank will also work to enhance opportunities for private sector participation in service delivery.

CPF Objective 6: Improve access to quality public and private health services and reduce malnutrition

Intervention Logic

Access to basic health services in Vietnam is good and relatively equitable across income groups. The current health financing and service delivery arrangements, however, encourage cost escalation and inefficiencies. There are, however, risks that the system will not deliver the health outcomes required in the future. Building on past and current activities, World Bank engagement in the health sector will focus on two issues. First, it aims to improve the efficiency and sustainability of health financing and service delivery arrangements. This will include containing key cost drivers (such as pharmaceuticals), reforming provider payment arrangements, reducing the overreliance on hospital-centered delivery, supporting health insurance reform, enhancing financial protection from out-of-pocket health spending, and creating an enabling environment for private sector participation. Second, it intends to improve the quality of health care service delivery, especially at the primary care level. This will include strengthening the grassroots (district and commune) health system in terms of availability/access, quality, integration, and transparency and voice. Where opportunities arise, IFC will support the delivery of more efficient and effective health services. WBG engagement will be in the form of a comprehensive and integrated platform of lending, analytical and advisory services, and policy work. In support of efforts to address the complex causes of malnutrition and stunting—where rates are particularly high among ethnic minority children—the World Bank will engage multisectorally, with a focus on issues linked to food security, dietary diversity, water and sanitation, and behavior. Initial engagement in this area will include the preparation of a multisector nutrition action plan and a close examination of existing engagements to identify ways to further target support that may reduce malnutrition

Engagements under this objective will contribute to improved economic governance (objective 1); improved integration and efficiency of social assistance, pension, and health insurance systems (objective 7); and increased climate resilience and strengthened disaster risk management (objective

10).		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Utilization rate of inpatient services by the insured poor and near poor in the local hospitals</p> <ul style="list-style-type: none"> - Baseline: 6.3 (2015) - Target: 7.5 (2019) (equivalent to a 15 percent increase) <p>Utilization rate of outpatient services by the insured poor and near poor in the local hospitals</p> <ul style="list-style-type: none"> - Baseline: 19.9 (2015) - Target: 23 (2019) (equivalent to a 15 percent increase) <p>Number of new technical services transferred from central to provincial hospitals and district hospitals</p> <ul style="list-style-type: none"> - Baseline: 0 (2012) - Target: 2,200 (2019) <p>Percent change of infants 0 - 5 months of age who are fed exclusively with breast milk (Percentage, Custom)</p> <ul style="list-style-type: none"> - Baseline: 30% (2014) - Target: 36% (2020) <p>Percent change of children 6 - 23 months of age who received foods from 4 or more food groups (Percentage, Custom)</p> <ul style="list-style-type: none"> - Baseline: 40% (2014) - Target: 52% (2020) 	<p>Percent of CHS staff per province that have improved their clinical skills in the management of selected conditions by at least 25% after training.</p> <ul style="list-style-type: none"> - Baseline: NA - Target: 18% (2020) <p>Number of young volunteer physicians who work in disadvantaged districts during the year following completion of specialist (CK1) training</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 300 (2020) 	<p>On-going engagement:</p> <p><u>LEN</u> Hospital Waste Management Support Project (P119090) North East and Red River Delta Regions Health System Support Project (P122629) Health Professionals Education and Training for Health System Reforms (HPET) (P131825) National Targeted Programs Support (P159737) Fiscal DPO (P160928) Results Based Scaling Up Rural Sanitation and Water Supply Program (P152693) Results-Based Rural Water Supply and Sanitation Under the National Target Program (P127435) Central Highlands Poverty Reduction Project (P128072) Northern Mountains Integrated Child Nutrition Project (JSDF) (P152023) Social Assistance System Strengthening (P123960)</p> <p><u>ASA</u> Food Safety Risk Management (P158057) Capacity Building for Rural Sanitation Service Delivery in Northern Mountainous and Central Highlands (P155162)</p> <p>New engagement:</p> <p><u>LEN</u> Health Service Delivery Reform Project</p> <p><u>ASA</u> Programmatic ASA for Health Financing of Services Multi-sectoral nutrition action plan</p>

		Nutritional assessment of ethnic minority area
CPF Objective 7: Improve integration and efficiency of social assistance, pension, and health insurance systems		
<p>Intervention Logic</p> <p>Vietnam’s social protection system is in transition from reliance on informal sources of support toward a greater and more coherent role for the state. Building on an expanding portfolio of engagements, World Bank support to social protection will follow a two-track approach that combines lending operations that strengthen social assistance, pension, social insurance, and health insurance delivery systems with sustained policy and advisory engagement for the development and implementation of key reforms. Lending programs aim to increase the reliability, efficiency, and transparency of business processes, information systems, and other elements of program administration that are critical for a more sustainable and effective social protection system. Operations also support synergies between social assistance and disaster risk management (DRM), and explore mechanisms to enhance social assistance outreach for ethnic minorities. Achieving more integrated social protection delivery systems nationally will require sustained coordination between national and subnational levels and strong leadership by central agencies. Strengthening delivery systems will also require enhanced cooperation across agencies in areas such as data sharing and common citizen identification. The World Bank aims to support the Vietnamese authorities better navigate these horizontal and vertical coordination challenges to produce more integrated delivery systems. It also aims to help build public awareness of the need for deepening social protection policy reforms to enhance their sustainability and social impact. On the policy front, the World Bank will continue to engage in reforms to promote the sustainability of the pension system while gradually expanding coverage, as well as a phased consolidation of social assistance programs.</p> <p>Engagements under this objective will contribute to improved economic governance (objective 1); and broadened economic participation of ethnic minorities, women, and vulnerable groups (objective 5).</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Integration of provinces into MOLISA national database/MIS.</p> <ul style="list-style-type: none"> - Baseline: 4 provinces (2016) - Target: 60 provinces (2020) <p>Share of adult population issued with Integrated Social Security Card</p> <ul style="list-style-type: none"> - Baseline: 0% (2016) - Target: 40% (2020) 	<p>Share of adult population issued with unique SP identification number</p> <ul style="list-style-type: none"> - Baseline: 0% (2015) - Target: 75% (2019) <p>Share of benefit payments for the Administrative Opportunity Program (consolidated social assistance program) made on time in Ha Giang, Quang Nam, Tra Vinh and Lam Dong</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 80 (2019) 	<p><u>On-going engagement:</u></p> <p><u>LEN</u> Social Assistance System Strengthening Project (P123960) Vietnam Social Security Modernization Project (P158981)</p> <p><u>ASA</u> Vietnam Jobs Diagnostic (P161844) Integrated Social Protection Systems Programmatic ASA supported by Rapid Social Response Facility TF ABP2 Ethnic Minorities Theme: Investing in VN EMs ASA (P162725)</p>

		<p>DRM and Social Assistance TF from Swiss Government (Can Tho) Health Insurance Data Analytics (regional) (P162694)</p> <p><u>New engagement:</u> <u>LEN</u> Follow-up to SASSP Project with roll-out to further provinces</p> <p><u>ASA</u> Financing of Services</p>
<p>CPF Objective 8: Strengthen the relevance and quality of tertiary education and labor market institutions</p>		
<p>Intervention Logic</p> <p>Building on a strong, ongoing portfolio in basic education, the WBG will shift its focus to tertiary education (academic and technical streams) to support the development of a stronger and more competitive labor force with skills that match the needs of employers. A high-quality, relevant, and responsive tertiary education system for teaching, training, and research will be critical to addressing the effect of increasing globalization, deepening structural transformation, rising wages, and automation on the nature of jobs in Vietnam. Current World Bank operations and analytical work support the government transforming the basic education system. Providing more complex and flexible skills is essential to ensure that the proper foundation is in place for successful tertiary education and training. Going forward, the WBG will promote the development of a more competitive labor force by strengthening the links between providers of tertiary education and industry and enhancing the relevance, quality, and responsiveness of tertiary education institutions. The WBG will also support the government to develop and adopt policies that facilitate the establishment and regulation of private providers of tertiary education. As part of this work, IFC will seek to engage with local private universities that wish to expand or upgrade campuses and will explore opportunities at the level of education institutions to improve access and quality. Strong IFC relations with industry will also help forge links with skills providers. In support of skills development systems, the WBG will work to strengthen public employment services and labor market information systems, and pursue reforms of labor regulations that will better balance labor market flexibility with adequate worker protection. WBG engagement in this area of support, which represents a CPF strategic shift, will be through integrated multisectoral analytical, policy, and operational work.</p> <p>Engagements under this objective will contribute to private sector and agri-business development (objective 2).</p>		
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>

<p>Increase in the number of international scientific publications made by beneficiary organizations (disaggregated by gender*)</p> <ul style="list-style-type: none"> - Baseline: 0 (2013) - Target: 263 (2022) <p>Increase in innovative activity by beneficiary organization (disaggregated by gender*)</p> <ul style="list-style-type: none"> - Baseline: 0 (2013) - Target: 10 (2019) <p>* Targets for gender will be set at a later stage.</p>	<p>Number of international accredited programs at VNUA, HUST and IUH</p> <ul style="list-style-type: none"> - Baseline: 0 (2017) - Target: 34 (2022) 	<p>On-going engagement:</p> <p><u>LEN</u></p> <p>Support for Autonomous Higher Education Project (P156849)</p> <p>Vietnam Inclusive Innovation (P121643)</p> <p>Health Professionals Education and Training for Health System Reforms Project (HPET) (P131825)</p> <p>Fostering Innovation through Research Science and Technology (P117394)</p> <p>New Model University Project (P110693)</p> <p>Telecom & technical education (IFC)</p> <p>Vietnam Inclusive Innovation Project (P121643)</p> <p><u>ASA</u></p> <p>Vietnam Jobs Diagnostic (P161844)</p> <p>Higher education policy framework</p> <p>New engagement:</p> <p><u>LEN</u></p> <p>University Autonomy Project</p> <p>Skills and Jobs Project</p> <p><u>ASA</u></p> <p>Higher education financing</p> <p>Skills Development ASA</p>
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Focus Area 3: Enhance environmental sustainability and resilience

The WBG will support the adoption of sustainable models for natural resource use and management; strengthen climate change resilience and mitigation efforts, and disaster risk and water resource management; and support a more sustainable energy generation path. These areas are all critical for Vietnam's further growth and development. Engagements will promote green growth and curb future negative impacts from further economic development, including air and water pollution, land degradation, and natural resource depletion. Engagements will promote investment in the development, management, and sustainable use of natural assets, including water security. WBG support will seek to strengthen Vietnam's response to potential natural and climatic hazards and disasters. Building on and continuing strong ongoing engagements in the energy sector, the WBG will focus new engagements on promoting and stimulating low carbon energy generation, including renewables. Across all engagement areas, there will be a focus on strengthening institutions and processes in support of better governance.

CPF Objective 9: Promote low carbon energy generation, including renewables and energy efficiency, and reduce GHG emissions

Intervention Logic

Recognizing the global and local benefits of lowered carbon emissions and pollution abatement, Vietnam has put in place strategies and policies to advance green growth. Its Nationally Determined Contributions (NDCs) include specific targets for GHG reductions. The energy sector is the primary GHG emitter in Vietnam. Against the backdrop of industrialization, increasing urbanization, and rising living standards, demand for electricity is estimated to increase by 10 percent a year. To meet this growing demand and to curb further increases in GHG emissions from the energy sector, the government is committed to investing in renewable energy sources and promoting energy efficiency. Building on strong engagements across the energy sector, the WBG will support the government over the CPF period through an integrated and comprehensive work program that comprises lending, investment, analytical and advisory work, TA, and guarantees. The WBG will apply the Cascade approach in the energy sector in Vietnam, aiming to strengthen private sector participation while stimulating low-carbon energy generation—both strategic shifts in the CPF. More specifically, the WBG energy sector program seeks to help the country transition in its energy mix: (i) increase energy efficiency (demand and supply sides), including targeting enterprises to upgrade inefficient production systems and introduce new and clean technologies; (ii) scale up non-hydropower renewable energy, with particular focus on solar and wind, and gas-to-power; (iii) promote the financial viability of EVN and the power sector; (iv) introduce competition in gas and electricity markets; and (v) improve sector governance. The WBG, though IFC, will work with selected banks to build their sustainable energy portfolios and tailor their financing products.

Building on robust support for pollution management, the WBG will continue to use policy support, financing, and analytical work to help the government adopt effective, multisector measures to reduce the impact of pollution on households, improve air quality management and planning, and address industrial pollution. WBG support will seek to expand the co-benefits of lowered GHG emissions in key sectors—transport, agriculture, and industry, especially in industry HCFC phase-out. Support is also requested for the implementation of Vietnam's Plan to Implement the Paris Agreement, which lays out priority actions for NDC implementation. IFC will continue to promote its Green Buildings program, which aims to reduce GHG emissions and improve efficiencies associated with new building construction. The program helps address barriers to developing and implementing green buildings by supporting the application of the Building Energy Efficiency Code, capacity building, and awareness raising for relevant stakeholders, and by promoting voluntary green buildings certification of IFC.

Engagements under this objective will promote private sector and agri-business development (objective 2); and contribute to increased climate resilience and strengthened disaster risk management (objective 10).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Additional installed generation capacity from renewable energy</p> <ul style="list-style-type: none"> - Baseline: 0 (2009) - Target: 490 Mega Watt (2018) <p>Energy Saving Indicator (Mega Watt hours)</p> <ul style="list-style-type: none"> - Baseline: 0 - Target: 12,050,000 (2022) <p>Reduction in energy consumption (MWh/year) by factories/suppliers implementing energy efficiency under the IFC projects</p> <ul style="list-style-type: none"> - Baseline: 27,837 (2016) - Target: 181,800 (2022) <p>Volume(mass) of BOD pollution load removed by the treatment plant (Ton/year)</p> <ul style="list-style-type: none"> - Baseline: 0 - Target: 4,141 (2021) <p>Reduction on GHG emissions from rice farming (tons)</p> <ul style="list-style-type: none"> - Baseline: 0 (2015) - Target: 1,000,000 (2020) <p>Reduction in GHG emissions (MT/year) due to Green Building Promotion</p> <ul style="list-style-type: none"> - Baseline: 120,000 (2016) - Target: 308,000 (2020) 	<p>System average interruption duration index, calculated as distribution cost (minutes)</p> <ul style="list-style-type: none"> - Baseline: 17,715 (2011) - Target: 14,090 (2018) <p>Average O&M expenses per energy transmitted (US\$/MWh)</p> <ul style="list-style-type: none"> - Baseline: 0.869 (2014) - Target: 0.83 (2019) <p>Number of factories/suppliers that have implemented recommended energy efficiency by the IFC projects (#)</p> <ul style="list-style-type: none"> - Baseline: 23 (2017) - Target: 65 (2022) <p>Number of IZs in compliance with effluent discharge standards</p> <ul style="list-style-type: none"> - Baseline: 0 (2012) - Target: 8 (2020) 	<p><u>On-going engagement:</u></p> <p><u>LEN</u></p> <p>Trung Son Hydropower Project (P084773) Clean Production & Energy Efficiency Project (GEF) (P116846) Vietnam Renewable Energy Development Project (P103238) Distribution Efficiency Project (P125996) Transmission Efficiency Project (TEP) (P131558) Vietnam Energy Efficiency for Industrial Enterprises (P151086) Industrial Pollution Management Project (P113151) HCFC Phase-out Project (Stage I) (P115762) Vietnam Livestock Competitiveness & Food Safety Project (P090723) Sustainable Agriculture Transformation Project (P145055) Hospital Waste Management Support Project (P119090) Sanitation Vinh Phuc Flood Risk and Water Management Project (P152460) Second Ho Chi Minh City Environmental Sanitation Project (P127978) Vietnam Coastal Cities Sustainable Environment Project (P156143) Urban Water Supply and Wastewater (P119077)</p> <p><u>ASA</u></p> <p>Solar Power Scale-Up TA (P162510) Energy Subsidy Reform (P157852) Hydropower Sustainability Support (P160098) Vietnam Clean and Sustainable Energy (P147685) Renewable Energy Resource Mapping: Vietnam (P145513) EVN Gender Action Plan EVN Tariff Communication Strategy</p>

		<p>Gas Sector Strategy Pumped Storage Development Strategy Solid Waste ASA Air Pollution ASA Efficient & Sustainable Transport (ABP2) (P162707) – “Addressing Climate Change in Transport” Flagship under NDC Partnership Facility Agricultural Pollution (Regional) HFC Inventory in Vietnam (P155351)</p> <p><u>MIGA</u> MIGA guarantee for Hoi Xuan Hydropower Project</p> <p><u>IFC</u> Industrial Resource Efficiency – Energy (599615) Green Building Promotion in Vietnam (599100)</p> <p><u>New engagement:</u></p> <p><u>LEN</u> Distribution Efficiency Project II (DEP II) Solar Development Project Power Sector Reform Development Policy Series (DPO4) (P157722) Power Sector Development Policy Series II (“Power DPO 5 and 6”) GCF Green Climate Fund Energy Efficiency Risk Sharing Facility HCFC Phase-out Phase II (MT) CCGG DPO Integrated Waste Management</p> <p><u>ASA</u> ESMAP grant for energy efficiency in water utilities EVN Financial Strategy EVN Credit Rating Solar Auction</p> <p><u>MIGA</u></p>
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		<p>Possible MIGA guarantees for public or private renewable power projects</p> <p><u>IFC</u> Green Growth in Industry – Energy Efficiency Green Growth in Industry – GHG</p>
<p>CPF Objective 10: Increase climate resilience and strengthen disaster risk management</p>		
<p>Intervention Logic Vietnam is at high risk of natural hazards and disasters, in addition to being one of the most vulnerable countries globally to climate change. More than 50 percent of the workforce and incomes in Vietnam depend on climate-sensitive natural resources, and Vietnam is expected to incur, on average, \$1.4 billion a year in direct damage to modeled private and public assets due to floods, typhoons, and droughts. With growing climate threats, the World Bank will support the government in integrating climate change issues into key policies, planning, and legislation. Building on ongoing work, it will provide financing, operational support, and analytical work to implement a transformative multisector program in the Mekong Delta—a program that has the potential of serving as a model of multisector, spatial engagement elsewhere. Interventions will support regional planning and decision-making and climate-resilient livelihoods and infrastructure. The World Bank will provide specific and spatially targeted support for climate-smart practices in key rice- and coffee-growing districts and for fisheries co-management efforts in coastal communities. Upstream, the WBG will provide strategic support for policy reforms relating to climate resilience (e.g. water and forests).</p> <p>The WBG’s engagement in disaster risk management (DRM) seeks to strengthen resilience to the impacts of natural hazards, climate change, and pandemics, with particular emphasis on building capacity of government and communities and focusing on ex-ante risk reduction. The WBG will engage through an integrated DRM framework across ASA, lending, and TA, in six thematic areas aimed to: (i) strengthen institutional DRM policy and planning capacity; (ii) strengthen core DRM technical capacity and investments; (iii) support development of hydro-meteorological services and an early warning system; (iv) mainstream DRM in key sectors; (v) increase household level resilience to disasters; (vi) support stronger DRM financial protection and post-disaster resilience; and (vii) ensure pandemic preparedness.</p> <p>Engagements under this objective will contribute to private sector and agri-business development (objective 2).</p>		
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>
<p>Area with climate resilient land and water management practices (hectare)</p> <ul style="list-style-type: none"> - Baseline: 0 - Target: 200,000 (2021) <p>Area of sustainable rice farming with reduced water use and postharvest losses from Sustainable Agriculture Transformation Project</p> <ul style="list-style-type: none"> - Baseline: 0 (2015) - Target: 75,000 ha (2020) 	<p>Number of communes covered by improved hydromet services and early system</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 100 (2019) 	<p><u>On-going engagement:</u> <u>LEN</u> Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project (P153544) Climate Change and Green Growth in Vietnam DPO 1 (P155824) Mekong Delta Integrated Climate Resilience Project (GEF) (P159976) Forest Sector Modernization & Coastal Resilience Project (P157127)</p>

<p>People benefited from flood risk control</p> <ul style="list-style-type: none"> - Baseline: 0 (2016) - Target: 255,130 (2022) <p>Hectares of land protected by enhanced flood protection measures</p> <ul style="list-style-type: none"> - Baseline: 0 - Target: 550,000 (2019) 		<p>Support for CC/GG Resource Mobilization (P149247)</p> <p>DIME IE: CRSD Vietnam (P146038)</p> <p>Vietnam - Climate Resilience (P148188)</p> <p>Sustainable Agriculture Transformation Project (P145055)</p> <p>Mekong Delta Water Management for Rural Development Project (P113949)</p> <p>Mekong IWRM Project - Phase II (P124942)</p> <p>Rural Water Supply & Sanitation Project (P4R) (P127435)</p> <p>Irrigated Agriculture Improvement Project (P130014)</p> <p>Dam Rehabilitation and Safety Improvement Project (P152309)</p> <p>Results-based Scaling Up RSWS Program (P152693)</p> <p>Vinh Phuc Flood Risk and Water Management Project (P152460)</p> <p>Program for Improved Land Governance (P154387)</p> <p>Managing Natural Hazards Project (P118783)</p> <p>Vinh Phuc Flood Risk Project (P152460)</p> <p>Can Tho Urban Resilience and Development Project (P152851)</p> <p>Dam Rehabilitation and Safety Improvement Project (P152309)</p> <p>Mekong Integrated Water Resources Management - Phase 2 (P124942)</p> <p>Social Assistance System Strengthening Project (P123960)</p> <p>HCMC Flood Risk Management Project (P149696)</p> <p>Scaling Up Urban Upgrading Project (P159397)</p> <p>Dynamic Cities Integrated Development project (P160162)</p> <p>Coastal Cities Sustainable Environment Project - Phase 2 (P156143)</p> <p>Second Ho Chi Minh City Environmental Sanitation Project (P127978)</p>
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		<p><u>ASA</u> Policy Development Support for Climate Change and Green Growth (P159301) Climate change and green growth SP-RCC Policy Development Support TA (P149247) Mekong Delta Climate Resilience (ABP2) (P162702) Efficient & Sustainable Transport (ABP2) (P162707) – “Addressing Climate Change in Transport” Flagship under NDC Partnership Facility Ninh Thuan Province TA on drought/water resources management (to 30 June 2017) Climate Resilient Transport Infrastructure ASA Mekong Delta Urban Resilience TA (GFDRR) Vietnam Forest Carbon Partnership Emission Reduction Program (P162605) Vietnam Irrigation Sector Strategy (P155713) Vietnam Water Sector Reform Program (P153100) Vietnam ASA on Land (P161868) Strengthening National DRM Investments (P154423) Vietnam Sovereign DRFI (P145097) Supporting Integrated DRM in Vietnam (P153566) Mainstreaming Disaster Resilience in Vietnam (P161556) Ninh Thuan Province TA on drought/water resources management</p> <p><u>IFC</u> Industrial Resource Efficiency – Water (599615)</p> <p><u>New engagement:</u> <u>LEN</u> Climate Change and Green Growth DPO "2" Climate Change and Green Growth DPO "3" Drought and Water Resource Management for Central Provinces CAT DDO Mekong Regional Water Security Project</p>
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		<p> HCMC Flood Risk Management Result-Based Rural Water Supply and Sanitation Program for Mekong Delta Fisheries and Coastal Management Emergency Recovery Loan (ERL) in the Central Region Coastal risk reduction </p> <p> <u>ASA</u> Ninh Thuan Province TA on drought/water resources management Climate Change-NDC Implementation Climate Change Green Growth Market Readiness TA Flagship ASA on water security and governance Development of Circular on Management of Rural Water Scheme Land governance ASA Resilience of Critical Infrastructure –GFDRR/Japan Supporting multi-sectoral mainstreaming Implementation of DRM investment platform – GFDRR </p> <p> <u>IFC</u> Green Growth in Industry – Water </p>
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CPF Objective 11: Strengthen natural resource management and improve water security

Intervention Logic

Vietnam performs poorly against its peers on natural resource depletion as a percentage of GNI. Its land productivity also varies greatly, and land transactions are often not transparent. During the CPF period, the WBG will provide financing and conduct analytical work to assist Vietnam to leapfrog some of the environmental and natural resource degradation challenges often faced by fast-growing economies. The World Bank will bring cutting-edge information technology and systems to assist Vietnam to better monitor land and natural resources and improve their governance, to ensure their more efficient and sustainable use. The World Bank will also provide tools and support to build capacity of relevant stakeholders to improve management of environmental and social risks. World Bank support will promote productive and sustainable use of land, forests, fisheries, and ecosystem services, while tapping related carbon benefits and financing, while paying due consideration to livelihood impacts. The WBG will also support the government developing and implementing an integrated approach to water resources management, to improve water security and productivity, and ensure sustainability of the sector. This will include strong engagement in agriculture (irrigation and climate-smart agriculture), as well as in energy (hydropower) and urban water supply. The World Bank will engage to strengthen institutional governance in the water sector, to clarify roles and responsibilities, and promote integrated management of water resources. The WBG will also seek to strengthen private sector participation in the sector—both as a provider of water services and as an investor. WBG support will be

provided through an integrated program of lending, analytical and advisory work, TA, and policy work. IFC will take an opportunistic approach in the water and sanitation sector, engaging if appropriate. Where appropriate, the WBG will seek to adopt a spatial approach to its engagement.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Area of sustainable rice farming with reduced water use and postharvest losses from Sustainable Agriculture Transformation Project</p> <ul style="list-style-type: none"> - Baseline: 0 (2015) - Target: 75,000 ha (2020) <p>Reduction in water consumption (m3/year) by factories/suppliers that implement water efficiency projects</p> <ul style="list-style-type: none"> - Baseline: 723,590 (2017) - Target: 2,500,000 (2022) <p>Irrigated area protected from the risk of dam failure as a result of structural and non-structural interventions (1,000 hectares)</p> <ul style="list-style-type: none"> - Baseline: 0 (2015) - Target: 177 (2022) 	<p>Area of coastal forest re-/afforested and protected according to technical norms for improved management</p> <ul style="list-style-type: none"> - Baseline: 0 - Target: 50,000 (2022) <p>Number of provinces receiving improved hydrometeorology forecasting and early warning information in the Central Highlands</p> <ul style="list-style-type: none"> - Baseline: 0 (2014) - Target: 5 (2019) <p>Water Quality Information shared with Mekong River Commission in line with the Mekong River Commission's procedures and the associated technical guidelines</p> <ul style="list-style-type: none"> - Baseline: 0 - Target: data shared with MRC and required report prepared (2019) 	<p>On-going engagement:</p> <p><u>LEN</u></p> <p>Coastal Resources for Sustainable Development Project (P118979)</p> <p>Forest Sector Modernization & Coastal Resilience Project (P157127)</p> <p>Mekong Delta Water Management for Rural Development Project (P113949)</p> <p>Mekong IWRM Project - Phase II (P124942)</p> <p>Rural Water Supply & Sanitation Project (P4R) (P127435)</p> <p>Irrigated Agriculture Improvement Project (P130014)</p> <p>Dam Rehabilitation and Safety Improvement Project (P152309)</p> <p>Results-based Scaling Up RSWS Program (P152693)</p> <p>Protection of Endangered Wildlife (PEW) (P161204)</p> <p><u>ASA</u></p> <p>Vietnam Irrigation Sector Strategy (P155713)</p> <p>Vietnam Water Sector Reform Program (P153100)</p> <p>New engagement:</p> <p><u>LEN</u></p> <p>Mekong Regional Water Security Project</p> <p>HCMC Flood Risk Management</p> <p><u>ASA</u></p> <p>Flagship ASA on water security and governance</p>

ANNEX 2: COUNTRY PARTNERSHIP STRATEGY COMPLETION AND LEARNING REPORT

CPS Board Discussion: November 7, 2011
CPS Performance and Learning Review: May 11, 2015
Period Covered by CLR: FY12- CY16

1. Introduction

This Completion and Learning Review (CLR) assesses the implementation experience of the World Bank Group (WBG) Country Partnership Strategy (CPS) for the Socialist Republic of Vietnam for the FY12 – CY16 period. The self-evaluation provides an assessment of (i) achievement of CPS development objectives; (ii) WBG performance during the CPS period; and (iii) alignment with WBG Corporate Twin Goals. It also lays out lessons learned from the CPS period. The evaluation is based on the CPS and its results framework as revised in the 2015 Performance and Learning Review (PLR). The analysis is built on information contained in Project Appraisal Documents (PADs), Implementation Status Reports (ISRs), Implementation Completion Reports (ICRs), Independent Evaluation Group reviews of ICRs, Programmatic Country Portfolio Performance Review (PCPPR 2014) and other reports by the Portfolio Team, and Activity Completion Summaries (ACSS). Moreover, CLR findings are based on qualitative data obtained from interviews and input from task teams and country team members.

Over the CPS period, WBG engagement in Vietnam became deeper and the portfolio more comprehensive. The program of support provided by the IFC, MIGA, and the World Bank (WB) matured, relations with the Government of Vietnam (GoV) strengthened, and engagements had increasing development impact. Support extended into new and important areas, such as early childhood development, science and technology, food safety, climate change resilience, agriculture transformation and social protection—where a robust dialogue emerged. The WBG was increasingly present in helping shape major reforms, including on climate change, social assistance and insurance, energy, and water and sanitation. Poverty work shed light on emerging inequities in access to key services, particularly as they pertain to ethnic minorities and urban migrants. Analytical work became stronger and more impactful, the Vietnam 2035 Report representing a significant milestone (as a joint WBG – GoV report). There were major breakthroughs in governance, where, among other things, the World Bank worked closely with the GoV to prepare and publish a first anti-corruption diagnostic. On public financial management (PFM), the Bank supported the preparation of the first ever Public Financial and Expenditure Accountability (PEFA) Assessment, which paved the way for the adoption of a modern Public Financial Management (PFM) system, the Treasury and Budget Management Information System (TABMIS). Strong macroeconomic dialogue has contributed to a mindset change within the GoV on the importance of macroeconomic stability—not purely growth. There are areas where support has been less successful—the planned first Public Private Partnership (PPP) in the transport sector has been delayed and vulnerabilities remain in the financial services and banking sectors. Implementation challenges and processing delays have also, at times, negatively impacted progress. There have also been a high number of Department of Institutional Integrity (INT) investigations of WBG funded projects in Vietnam over the CPS period.

This review concludes that the WBG’s program in Vietnam has been impactful and meaningful, clearly solidified relations between Vietnam and the WBG. It has responded to the country’s development needs, supporting Vietnam as it has moved forward to achieve its development objectives—success as a MIC—and also graduate from IDA.

2. Summary of Key Findings and Ratings

Vietnam became a lower middle-income country (MIC) in 2009 and continued its reform program as laid out in the 2011-2020 Socio-Economic Development Strategy (SEDS), which emphasizes structural reforms, environmental sustainability, social equity, and macroeconomic stability. During the CPS period, Vietnam continued its trajectory of strong and inclusive economic growth, though a slow-down was seen in 2012/2013 in the aftermath of the global economic crisis.

The FY12-16 CPS is aligned with GoV strategies, notably the 2011-2020 SEDS and accompanying five year Socio Economic Development Plan (SEDP) (2011-2015). The CPS has three pillars: (i) strengthen Vietnam’s competitiveness in the regional and global economy; (ii) increase sustainability of the country’s development; and (iii) broaden access to economic and social opportunity, supported by three cross-cutting themes: (a) strengthen governance, (b) promote gender equality, and (c) improve resilience related to external economic and climatic shocks. As the first CPS after becoming a MIC, the CPS was crafted to support Vietnam as it faced new challenges of MIC status, while supporting the country’s unfinished poverty and human development agenda.

Overall rating of the CPS development outcome is *Moderately Satisfactory*. This rating is based on an aggregate assessment of achievements made under the three CPS pillars and outcomes and indicators set out in the amended CPS results framework (see Annex 1). The WBG program of engagement in Vietnam was largely implemented as planned, with some amendments made through the PLR. While the PLR confirmed the relevance of the original CPS structure, pillars, and strategic objectives, it introduced a number of changes to the CPS results framework. The three original CPS pillars were retained under the PLR, but the eight outcome areas were renamed “sub-pillars” and 29 outcomes were introduced—each with one or two associated indicators. Most indicators and some outcomes emanated directly from project indicators—to “provide a more direct link between CPS outcomes and the WBG program of activities”.¹³ All CPS targets achieved in 2015 were removed from the CPS results framework at PLR stage. The CLR therefore does not include these already achieved outcomes and targets.

Overall rating of WBG performance is *Good*. The CPS was closely aligned with GoV strategies and goals and provided robust support to the GoV’s development priorities in the new MIC context. The WBG made use of a mix of products, instruments and approaches and WB – IFC – MIGA integrated support was achieved in some areas. Mixed results are observed in achieving selectivity. There are many examples of analytical work being used strategically to advance policy dialogue and/or to provide a solid knowledge base for future lending. Although the World Bank did phase out of certain programs such as rural electrification and primary education and some consolidation took place, the CPS provided a relatively open framework for engagement which did not easily lend itself to achieving selectivity. Furthermore, GoV demand for support was strong and WBG supply (lending and other support) available, thereby making prioritization difficult.

¹³ Vietnam PLR, 2015.

The sub-pillars in the results framework are strong and appropriate, though some outcomes could be more strategic and more clearly defined. Some links between outcomes and indicators are also deemed weak, making it hard to assess progress towards outcome achievement. Risks updated in the PLR remained highly appropriate but did not impact WBG programs. To a large extent, the WBG integrated lessons learned from earlier engagement into the CPS.

While the drafting of the CPS predated the articulation of the WBG Twin Goals, the CPS was closely aligned with them. The 2015 PLR suggested enhanced attention to four priority themes to guide the ongoing CPS program: (i) maintaining strong and inclusive growth; (ii) giving attention to non-income dimensions of poverty; (iii) targeting left behind communities; and (iv) addressing vulnerability. Enhanced focus on these themes was meant to guide program selectivity across all WBG activities and ensure a closer alignment with the Twin Goals.

CPS implementation provided a number of key lessons for future engagement. These lessons highlight – inter alia – the importance of: (i) selectivity and ownership, in particular given that resources will become more limited after IDA graduation; (ii) programmatic and integrated engagements – linking analytical work, policy dialogue and lending – for enhancing the impact in supporting structural challenges and reform; (iii) considering a more frequent adoption of cross-sectoral, holistic approaches and spatial engagement with adequate resources for implementation; and (iv) a solid understanding of political economy drivers of government ownership and demand to help calibrate expectations.

3. Assessment of CPS Development Outcome

Based on the assessment of achievements under the three CPS pillars, the overall CPS Development Outcome is rated **Moderately Satisfactory** (see Appendix 1 and Table 1 below).

Table 1: Development Outcome Rating by CPS Pillar (number of indicators per CLR rating)

	Pillar 1: Competitiveness (12 outcomes)	Pillar 2: Sustainability (10 outcomes)	Pillar 3: Opportunity (7 outcomes)	Total across all pillars (%) (29 outcomes)
Achieved	5	2	4	11 (38%)
Mostly Achieved	4	6	2	12 (41%)
Partially Achieved	3	1	1	5 (17%)
Not Achieved/not verified	-	1	-	1 (3%)
Development Outcome Rating/Pillar	Moderately Satisfactory	Moderately Satisfactory	Moderately Satisfactory	
Overall Development Outcome Rating	Moderately Satisfactory			

Pillar 1. Competitiveness: Moderately Satisfactory

Pillar One – Competitiveness - is rated *moderately satisfactory*. Under this pillar, the WBG aimed to address macroeconomic vulnerability, quality of key infrastructure services, value addition in production, and the innovation and skills base of the Vietnamese labor force. Development outcomes under this pillar are largely met and significant results can be observed.

Sub-pillar 1.1, economic management and business environment, is rated *moderately satisfactory*. Out of the six outcomes identified under the sub-pillar, three were achieved and three mostly achieved. The macro-economic framework is deemed sound. In spite of rising debt levels, debt has been kept below the 61 percent target set by the CPS (national statutory debt

ceiling is 65 percent of GDP). Growth has been, and continues to be, strong. Public financial management has generally improved. The State Budget Law has been revised, taking into account Bank recommendations and international best practices. Transparency in the banking sector has improved, where the majority of banks show financial statements on their websites, though challenges remain in this area. Access to financial services has increased, with the number of SME and micro-finance clients steadily growing. WBG engagement in this area has particularly targeted the agriculture/rural sector. WBG supported reform of the tax regime and social insurance administration has led to a reduction in the cost of doing business. Transparency of SOEs has significantly increased, where all State Economic Groups currently make the statement of their financial performance publicly available.

Strong macroeconomic engagement, with a robust policy dialogue, policy support (EMCC DPL series), and analytical work contributed to a mindset change in the GoV, where macroeconomic stability has become the focus, rather economic growth. Strong and sustained macroeconomic stability outcomes can be observed in Vietnam over the last years, and the GoV aptly navigated the effects of the global financial crisis. In spite of this, growth is slowing down, and debt levels have been rising, with increasing fiscal constraints. Significant challenges also remain in terms of strengthening the domestic private sector, including SOE reform, and facilitating private sector development.

Sub-pillar 1.2, quality and efficiency of infrastructure services, is rated *moderately satisfactory*. Out of the three outcomes identified under this sub-pillar, two were achieved and one was mostly achieved. Improved efficiency in the water sector was mostly achieved and targets for improving efficiency in the road sector are considered achieved. The indicator regarding improved efficiency in electricity could not be verified. In spite of this, significant improvements were made in this area. A number of reforms were undertaken, including electricity sector tariff reforms. Transmission system losses have also been reduced. No indicator addressed the quality of infrastructure services, as set out in the description of the sub-pillar.

In the energy sector, the WBG produced major analytical pieces and developed and implemented a strong program of policy support alongside investment lending, including on issues such as tariff reform, fossil fuel subsidy phase-out, and equitisation and divestiture of Vietnam Electricity's (EVN) generation assets. Also important to note is the World Bank's first hydropower investment in Vietnam, the 240 MW Trung Son hydropower project, which is under successful implementation, and nascent support to attract private investments in renewable energy. In transport, the WBG's urban program expanded to Ho Chi Minh City, Hai Phong, and Danang, in addition to the legacy portfolio in Hanoi which supported the launch of the first BRT system in the country, with strong focus on developing urban arteries and public transport including BRT systems. Transport sector engagement also strengthened attention to asset management/preservation at the central and provincial level, and initiated support for policy and institutional reforms of the railway sector. The WBG made contributions to the development of Vietnam's inland waterways system along the major corridors in the Red River Delta and Mekong Delta areas.

While efficiencies in the water, energy, and road sectors have improved, challenges to sustainably improve efficiency—and quality—of services remain. Financial sustainability of infrastructure investments is also a challenge.

Sub-pillar 1.3, capacity for innovation and value addition, is rated *moderately unsatisfactory*. All three outcomes identified under this sub-pillar were rated partially achieved.

While progress can be observed with regards to the number of beneficiary organizations publishing in international scientific publications—and the indicator is achieved—significant challenges remain to ensure capacity for scientific innovation in universities. Furthermore, the systematic application of innovation and research into productive sectors is lagging and there has been no progress in implementing projects that were aimed at increasing the innovative capacity of firms.

Two of the indicators linked to increases in value addition in farming could not be verified, though progress can be observed in terms of alternate indicators and measures. Some increase in knowledge of innovative practices by farmers can be observed. WBG supported work on rice land policy has had great impact—there is now greater awareness and acceptance of the need for flexibility in the use of land—to reflect livelihood opportunities beyond rice and to focus on quality of rice produced. The Ministry of Agriculture and Rural Development (MARD) aims to reallocate 0.8 million hectares of rice land (out of 3.8 million hectares in total) to other crops and uses by 2020. The World Bank also provided critical support to MARD in preparation of its Agricultural Restructuring Plan.

Pillar 2. Sustainability: Moderately Satisfactory

Pillar 2 – Sustainability - is rated *moderately satisfactory*. The WBG’s work under this pillar aimed to assist the GoV and other stakeholders translate risks associated with the environment, natural resource degradation, and weather/climate into improved strategies, improved governance arrangements, and resilient investments. The three sub-pillars reflect the WBG’s increasing focus on sustainability in natural resource management and on highly vulnerable geographic areas, such as the Mekong Delta.

The global climate change agenda gained significant prominence and thus impacted the domestic climate agenda in Vietnam over the CPS period. Overall, the CPS proved effective in responding to these changes—through the use of lending, analytical work, and TA. The WBG engaged in a targeted, response, and effective manner to the rising visibility of the climate change and green growth agenda in the GoV’s strategies and planning. The Vietnam Climate Change Partnership Trust Fund (VNCLIP) supported the mainstreaming of climate change (CC) by building capacity around related policy agendas, carrying out analytical work, and promoting cross-sectoral coordination. Not without challenges, the program was judged innovative and successful in strengthening coordination of national CC actions as well as adding momentum to the GoV’s CC policy initiatives. Subsequent analytical work focused on identifying and investing in climate resilient and climate-smart solutions. The Climate Change DPO series (1-3) was a key instrument for policy engagement with the GoV and enabled strategic planning on future climate change mitigation and adaptation efforts. The Bank also supported an integrated approach around climate resilient management and development in the Mekong Delta through analytical work, TA, donor/GoV coordination (e.g. Mekong Delta Forum), and multi-sectoral investments.

Sub-pillar 2.1, natural resources management (“green”) is rated *moderately satisfactory*. Out of the four outcomes identified under this sub-pillar, three were mostly achieved, while one could not be verified. Land management has improved, and a new law has been adopted. Time needed for land transfer transactions has been significantly reduced (transfer of land improved from 44 to 12.2 days; mortgage registration improved from 11 to 1.3 days; demand issuance of Land Use Rights Certificate improved from 55 to 19.2 days). Under the VLAP implementation in nine provinces, 1.64 million Land Use Rights Certificates were issued to female land users or

to wife and husband as joint users since 2007. In spite of this, land issues persist, and will continue to represent a challenge for Vietnam as the country develops further.

The indicator related to improved management of water resources could not be verified, though progress has been made towards more integrated approaches to water resources management. In spite of water being a critical resource to Vietnam—key for significant hydro-power resources, as well as agriculture, the fishing industry, and a key determinant of livelihoods and well-being in many regions, including the Mekong Delta—a cohesive approach to managing the resource is lacking.

Sub-pillar 2.2, environmental protection and management (“Clean”) is rated *moderately satisfactory*. Out of the five outcomes identified under this sub-pillar, two were achieved and three mostly achieved. Significant achievements are observed regarding wastewater treatment in Vietnam as additional waste water treated per day reached 46,000 m³/day—largely surpassing the 14,200 m³/day target set. 3.9 million people gained access to improved sanitation in Vietnam between 2011 and 2015. Reductions in GHG Emissions in certain sectors were achieved and IFC financing for sustainable energy projects was considerable. 572 building complied with the green building code in 2016. There was also a 1.62-million-ton reduction in CO₂ emissions compared to a business as usual scenario. In spite of such achievements, Vietnam’s CO₂ and GHG emissions are increasing. Future demand for electricity, which is estimated to grow at about ten percent per annum, may also—unless clean alternatives are adopted—lead to further increases in emissions. Recent GoV steps, including COP21 commitments, are positive, though it remains to be seen how these commitments will be operationalized.

Sub-pillar 2.3, preparedness for natural hazards and climate change (“Resilience”) is rated *moderately satisfactory*. The one outcome under this sub-pillar is rated partially achieved. 27 communes have completed DRM and Socio-Economic Development plans—out of a target of one hundred. The decentralization issue was addressed in 2015 and CBDRM implementation is accelerating for the remaining 73 phase communes. Moreover, the Climate Change DPO series, lending and TA have contributed to integrated use of disaster risk management. In spite of progress, challenges remain in the systematic integration of DRM in planning at various levels, and recent floods have demonstrated once again the devastating effects—on people and their livelihoods.

Pillar 3. Opportunity: Moderately Satisfactory

Pillar 3 – Opportunity - is rated *moderately satisfactory*. Under this pillar, the WBG aimed to support GoV efforts to create equal opportunities for access to resources for development, basic services, and social welfare in rural and urban areas, continue sustainable poverty reducing policies, and improve the quality of social services.

Over the past decade, ethnic minority poverty has featured more prominently in policy discussions and government decrees in Vietnam. World Bank poverty work has provided critical insights into inequality and associated poverty trends, particularly as they pertain to ethnic minorities and other vulnerable groups, and has allowed for more targeted interventions and informed policies aimed to reduce poverty and inequality. The Bank worked closely with the General Statistics Office (GSO), strengthening its capacity to collect and analyze poverty data, and supported the design and implementation of modules within the Vietnam Household and Living Standard Survey Analytical work in health has made important contributions to the health insurance law and social insurance administration. Moreover, over the past four years, the Bank has engaged on social assistance starting with analytical work, policy dialogue and south-south

learning, including inputs to the design of the 2015 Poverty census which identifies poor households for all targeted government programs. Nevertheless, as extreme poverty in Vietnam has virtually been eliminated and general poverty rates have significantly decreased, most poverty can now be found among ethnic minorities. These groups have generally not benefited in the same way that the majority Kinh has from recent economic and social gains. Challenges remain in adequately targeting and reaching these minority and vulnerable groups, providing economic opportunities and assuring access to quality services.

Sub-pillar 3.1, opportunities for the poor and household resilience to shocks, is rated *moderately satisfactory*. Out of the four outcome areas under the sub-pillar, three are achieved and one is mostly achieved. Access to productive infrastructure—roads, irrigation, water, markets—in poor areas in Vietnam significantly improved. Women are increasingly benefiting from WBG interventions and take increasing part in decision making processes. Significant progress can be observed with regards to systems for targeting social protection. In spite of such progress, significant challenges remain.

Sub-pillar 3.2, improved basic infrastructure and public service delivery, is rated *moderately satisfactory*. Out of the three outcomes under this sub-pillar, one is achieved, one is mostly achieved and one is partially achieved. There has been a marked increase in access to pre-school education across most provinces in Vietnam. Close to 100 percent of five-year olds are enrolled in pre-school, and 45 out of the 63 provinces have met national targets related to universal pre-school access for five-year olds. Travel time to farm production areas has in some cases been reduced, but the indicator cannot be verified as no data has yet been collected. Evidence from the Northern Mountains Poverty Reduction Project, however, show that farmers' access to markets have improved in project areas. Access to health services by the near poor has increased and health insurance coverage has been extended, though the original indicator could not be verified.

Cross-cutting issues: Governance and Gender

The CPS identified governance as a cross-cutting issue to be mainstreamed across the three CPS pillars.

At country level, the Bank had high-level dialogue with various counterparts, including government agencies at national and subnational levels, the National Assembly (NA), and the State Audit (SAV), on institutional reforms (e.g. revisions of the State Budget Law and the Accounting Law). Work also progressed in harmonizing public procurement policies and procedures, procurement legislation, and capacity development with the government and in partnership with the Asian Development Bank. The Bank engaged intensively with the GoV on various issues related to transparency and anti-corruption. A key anti-corruption diagnostics review was undertaken in 2012—the first report on anti-corruption the GoV allowed to be publicly disseminated—and in 2016, the Bank and GoV jointly prepared a Conflict of Interest study. The Bank also supported the GoV with TA for the revision of the Anti-Corruption Law and its implementation decrees.

At sector level, governance mainstreaming was achieved through sector reviews and analytical work related to land management, transport, and energy—sectors considered prone to corruption. The land study served as a key building block for a new \$150M investment project on land governance. Moreover, analytical work related to public financial management reform included a 2012 PEFA Assessment, a 2013 Fiscal Transparency Review, a 2014 State Budget Law Review, a 2014 Fiscal Decentralization Review, and a 2015 Public Expenditure Review and Accounting

and Auditing Report on Observation of Standards Compliance (ROSC). Major Bank investment operations include the Public Financial Management Reform Project and the Tax Administration Modernization Project.

At project level, the Bank worked closely with GoV counterparts to strengthen the use of country systems for financial management and procurement. An assessment of the Vietnam National e-procurement System, concluded that the system largely meets the Bank's requirements for transparency, competitiveness, and fairness and is acceptable for use in World Bank-financed contracts. Since October, 2015, the Bank has recommended project implementation units (PIUs) use and publish notices via this system.

In spite of progress, key governance challenges remain as Vietnam moves forward to achieve its ambitious development objectives, including (i) the role of the state and state-market relations; (ii) government effectiveness, including coordination; (iii) transparency and voice in decision-making, resource allocation, regulatory reforms, management of public assets, and service delivery; and (iv) corporate governance.

The CPS outlined four key themes as areas of support on gender (also laid out in the Vietnam Country Gender Action Plan, CGAP; FY13-16):

- (i) Support GoV implement the Law and Strategy on Gender Equality (GE). The Bank provided support to strengthen the M&E system for implementation of the Law, working closely with UN Women. This included support to the Gender Equality Department in the Ministry of Labor, Invalids, and Social Affairs to build gender awareness and capacity within relevant ministries. The Bank supported capacity development for current and future leaders of the Vietnam Women's Union, to engage in state management, social oversight, and consultations regarding laws, policies, and programs affecting women and gender equality. It also included knowledge sharing on the implementation of Decree 56 and on GE mainstreaming in law and policy formulation for leaders of people's committees at provincial and district levels, some department leaders, sectors and branches at provincial level, and leaders of provincial Women Unions. The Ministry of Transport received support to develop its Gender Action Plan and to mainstream gender in transport policy and operations.
- (ii) Support the development of a National Gender Data System. Building on support provided in an earlier Vietnam Poverty Reduction Support Credit (PRSC) series, the Bank, in collaboration with Development Partners, supported GoV efforts to operationalize the Gender Indicator System, focusing on collecting gender-related information--integrating data collection questions into various national surveys including the Population and Housing Census, Vietnam Households Living Standards Survey, Annual Statistical Book, Population Change Survey, and National Assembly Report. Training was provided to the GSO and line ministry staff responsible for reporting on gender indicators. As such, the Bank contributed to raising awareness of gender statistics, strengthen line ministry capacity for collecting, producing, and using gender data, and strengthened gender data sharing mechanism between GSO and line ministries and other agencies.
- (iii) Integrate gender systematically into Bank operations. The latest annual review of progress against the CGAP results framework shows 75 percent of Bank projects approved in in FY16 (10 projects, IDA and IBRD) were gender informed, with 100

percent of projects including a gender analysis. 75 percent of FY16 projects included gender actions and 75 percent included gender indicators. All seven Bank projects approved in FY15 were gender informed, all projects included gender analysis, gender actions, and gender indicators. In FY14 (10 projects), 70 percent were gender informed according to the new corporate standard (FY17 corporate target: 66 percent). All 13 FY13 projects and 62.5 percent of FY12 projects (8 projects) addressed gender in at least one dimension (target: 100 percent). While most projects are gender informed, the quality of gender mainstreaming varies.

- (iv) Undertake research on gender issues. The Bank supported and undertook significant research on gender issues and collected significant lessons learned, evaluations and best practices.

Resilience, the third cross-cutting CPS theme, was captured in the results matrix through indicators and milestones related to macroeconomic stability, social protection, natural disaster risk management and response to climate change. As such, the assessment of achievements in this area is captured through the discussion of relevant objectives and indicators.

4. WBG Performance

The overall WBG performance for the CPS period is rated *good*. The CLR considers the design and implementation of the program to have been successful as well as appropriate in terms of achieving CPS objectives. The program is considered to have been carefully and appropriately designed to address the country context, in particular Vietnam's new MIC status. While drafted prior to the introduction of the WBG Corporate Goals on poverty and shared growth, the strategy was focused on these areas of support. Furthermore, the strategic and operational focus on poverty reduction and shared growth of the WBG in Vietnam was strengthened through the PLR. Implementation of the CPS program is considered to have been strong, with 24 out of 29 CPS objectives *achieved* or *mostly achieved*.

Design of CPS Program

Alignment with national context and GoV strategy and development priorities. The CPS is the first WBG strategy since Vietnam obtained MIC status. Partnering with Vietnam to succeed as a middle income country was thus the overarching principle of engagement for the WBG in Vietnam at the onset of the CPS period. The MIC context and Vietnam's rapid advance in becoming a MIC impacted the choice of CPS priorities. To support the transition as a MIC, the WBG adopted a dual approach: the WBG aimed to (i) provide support to Vietnam addressing challenges pertaining to an unfinished poverty agenda and an increasing inequality gap; and (ii) support Vietnam manage new challenges resulting from its MIC status and context. Challenges related to climate change, environmental sustainability, and increasing urbanization were also highlighted. The approach and focus adopted through the CPS are considered appropriate.

The CPS was closely aligned with the GoV's development vision set forth in the 2011-2020 SEDS and aligned in content and in implementation period with the 2011-2015 SEDP.

The three CPS pillars and accompanying cross-sector themes remained highly pertinent and relevant throughout the CPS period, allowing the WBG to engage in areas of strategic importance and with high development impact. CPS design and pillars of engagement gave flexibility to adjust engagements throughout the CPS period (e.g. shifting from a focus on primary to tertiary education, increasing focus on urban development, broadening the social

protection engagement to include social insurance) and modifications made through the PLR allowed for stronger alignment between the CPS and the new WBG Twin Goals.

The PLR introduced a number of transformational programs, which the WBG in consultation with the government had identified as key to addressing cross-sectoral development challenges for the last part of the CPS period. These programs were not intended to produce results until the following CPF and will therefore be assessed at the end of the next CPF period.

The PLR extended the CPS timeframe to the end of calendar year 2016 (CY16), to align WBG strategic engagement with Vietnam's development process (drafting of the 2016-2010 SEDP) and political timeline and process (January 2016 National Party Congress and subsequent change in top political leadership). This extension also allowed for the Systematic Country Diagnostic to be informed by work undertaken as part of the Vietnam 2035 report.¹⁴ This extension is seen as useful and appropriate. Furthermore, it means the forthcoming CPF will commence as Vietnam graduates from IDA.

The CPS could have had greater focus on laying out modalities for support for the IDA graduation and transition process—an area that was not particularly highlighted in the strategy. The PLR, however, did discuss the issue, including the implications for WB lending terms. Further reflections during CPS implementation as to how to best prepare GoV and WBG teams of changes linked to graduation, as well as possible adjustments to the ongoing portfolio, could possibly have been beneficial. During the CPS period, however, Vietnam benefitted of support from across the World Bank for graduation readiness, including: WB Treasury-led study tours in graduated countries and workshops; comprehensive support from the Debt Management Facility (DMF); preparation of a Debt Management Performance Assessment (DeMPA) and associated reform plans; and missions from the IDA team to discuss on the implications of graduation.

Selectivity. The CPS calls for selectivity and strong strategic focus of WBG engagements in Vietnam, stating the WBG would support “selected elements” of the transition to a successful MIC. The CPS lays out a number of selectivity criteria¹⁵, to be applied through systematic engagement with the GoV. While relevant, the application of these criteria may have been difficult to achieve: The GoV considers the WBG a principal partner in development and turned to the institution for support in most sectors during the CPS period. The CPS laid out an ambitious and large-scale framework for WBG engagement, where prioritization was hard to concretize. While the WBG shifted focus/emphasis in some sectors over the CPS period (e.g. primary education and rural electrification) and some consolidation did take place (e.g. energy), the WBG also moved into new areas of engagement, including early childhood development, science and technology, food safety, and trade. As such, the CLR concludes that the WBG had mixed results in achieving selectivity.

The CPS calls for mainstreaming of gender and governance. While gender and governance aspects were integrated into most—if not all—WBG engagements in Vietnam, the CPS could have been more specific as to concrete modalities for mainstreaming.

Instruments and modalities. WBG synergy and collaboration. The CPS anticipates the use of an integrated mix of instruments in WBG engagement in Vietnam, including investments,

¹⁴ Vietnam 2035 is a flagship development report prepared jointly by the GoV and the WBG. The report outlines Vietnam's main development challenges and possible solutions to succeed as a MIC.

¹⁵ CPS criteria for inclusion in the WBG program: (i) the Bank has a comparative advantage vis-à-vis other partners; (ii) high likelihood of sustainable impact through replication without ODA funding; (iii) track record of successful implementation at the provincial level; and (iv) opportunities to leverage systemic and/or institutional change.

lending, analytical work, and policy dialogue. The CPS also calls for alignment and links between analytical work and lending and for timing analytical work to inform policy dialogue. During the CPS period, all Bank lending instruments were used—including DPLs and PforRs. MIGA and the IFC also engaged through investments, guarantees, and advisory services. The link—and strategic relevance—of various analytical works and lending, however, could have been stronger.

The CPS envisages closely integrated, coordinated, and leveraged support from the IFC, MIGA, and the Bank. The approach is considered highly appropriate for Vietnam’s level of development and proved successful in sectors of application, including in energy, financial markets, and agribusiness.

Results framework. The CPS results framework was revised through the PLR. It has three pillars and 29 outcome indicators (up from 24 in the original CPS), each accompanied by a number of milestones. Results areas for the two cross-cutting themes and identified strategic priority area (resilience) are integrated into the outcomes under the three pillars. The CLR finds the pillars are appropriate and that most of the outcome areas (sub-pillars) suitable—aligned with the objectives of the pillars and with the GoV’s strategic priorities and goals. The results framework is, nevertheless, seen to have certain weaknesses:

- Some indicators are considered too limited to serve as a reasonable measure for the outcome area (e.g. “number of buildings complying with the proposed green building code” as a measure of environmental protection and management). This has made verification of some indicators difficult (e.g. indicators fully achieved, but outcome area not achieved).
- Certain outcomes are considered too directly linked to project indicators. While this facilitates monitoring, this is seen to narrow their scope and strategic relevance (e.g. “travel time to farm production areas in project areas is reduced by at least 50 percent for farmers”).
- A number of indicators are considered not sufficiently defined (e.g. a number of indicators refer to “in pilot areas”, “in selected cities”, or “in selected cities”). While linking CPS outcomes and indicators directly to project indicators would, in theory, facilitate monitoring, changes at project level (restructuring) do not necessarily translate into changes in the CPS results framework. As such, it has, in cases, been difficult to verify progress and achievement.
- Some indicators refer to projects which have recently been approved and where it is too early to expect quantifiable results.
- Some outcomes and indicators are considered too granular and not sufficiently strategic (e.g. “a pilot beneficiary database is created in project provinces using existing data on poor, near-poor, and beneficiary households”).
- The elimination from the results framework of achieved results indicators during the PLR exercise means the CLR does not capture all results and achievements over the CPS period.

Risks. The main risks identified in the PLR relate to the economy, fiduciary management, and pace of reforms. These are considered appropriate. The CPS may have considered GoV capacity and project preparation and implementation processes to be a potential risk to the CPS program. Risks linked to the slowdown in the global economy did not negatively affect the implementation of the CPS. Heightened macroeconomic instability was identified as a risk factor (not just to WBG engagement but to the country’s development). To mitigate this risk, the WBG supported the GoV through policy support and lending operations (EMCC series).

Integrating lessons learned from earlier strategy. A range of recommendations from the previous CPS period were successfully integrated into the design of the FY12-17 CPS:

- Respond to emerging vulnerabilities and challenges: reflected in sub-pillar 3.1. (opportunities for the poor and household resilience to shocks) and emphasised as a strategic priority theme;
- Need for further selectivity: introduced as a principle of engagement;
- Increased attention to program and project design: the CPS identifies a number of implementation challenges and proposes ways to mitigate these. An example of how implementation challenges have been addressed is the ABP Trust Fund, which has provided funding for project preparation and feasibility studies for improved project design;
- Demand-driven support with clear GoV ownership: the CPS provides a strong framework for WBG support, with adequate flexibility for engaging in and responding to changing GoV priorities and new requests for support.

Implementation of CPS program

Strengthened WBG support to Vietnam over the CPS period. The World Bank portfolio increased and became more complex over the CPS period. Commitments increased from \$7.7B in FY12 to \$9.3B in FY16. At the end of the CPS period, four GPs (Transport & ICT, Energy & Extractives, Social, Urban, Rural & Resilience, and Water) account for 67 percent of the lending portfolio.

Table 2: World Bank portfolio in Vietnam

Key Indicator	FY12	FY13	FY14	FY15	FY16
Number of projects	47	47	45	44	47
Net commitments (US\$M)	7,692	8,275	7,708	8,200	9,317
Number of projects at risk	8	10	8	9	3
Commitment at risk (US\$M)	997	1,371	841	1,423	261
Problem projects (DO/IP)	8	10	7	9	3
Realism index					
Proactivity ratio (%)	66.7	0.0	44.4	50.0	88.9
Disbursement in FY (US\$M)	1,386	1,337	1,321	1,309	1,213
Disbursement ratio FY (%)	16.0	19.5	18.3	20.7	18.5

The average size of lending operations also increased over the CPS period, from \$164M (FY12) to \$198M (FY16). Disbursement levels have remained at roughly the same level over the CPS period (about \$1.3B per year), while disbursement rates have varied between 16 percent (FY12) and 20.7 percent (FY15) (see Table 2 and Appendix 3).

On the lending side, the Bank made use of IPFs, PforRs, and DPLs, while on the analytical and technical assistance side, programmatic ASA, coupled with various stand-alone ASA tasks (programmatic sub-tasks, just-in-time, and discrete), created a strong and comprehensive portfolio of analytical work. ASA generated strong analytical underpinnings for further lending and investments and fed policy dialogue—also in delicate areas such as the banking sector and SOE reform. ASA has also been used by and informed IFC and MIGA work in Vietnam (e.g. energy).

IFC’s commitments during the CPS period decreased from \$1,024B in FY12 to \$518M in FY15. The number of long term finance investments also decreased over the period, from eight to five projects. The value of IFC’s advisory services portfolio, however, increased from \$18,2 M in FY12 to \$29,8 M in FY16. In terms of portfolio performance during the CPS period IFC saw an increase in the balance of NPLs from \$8,7 M in FY12 to \$66,98M in FY16.

During the CPS period Vietnam was a notable investment destination for MIGA, where Vietnam has become a MIGA focus country (MIGA FY15-17 Mid Term Strategy). MIGA is also prioritizing its interventions toward large infrastructure and energy sector projects. As of February 28, 2017, Vietnam ranked as the sixth largest host country of MIGA’s gross portfolio exposure, with \$697M (out of a total portfolio of \$15.8 billion).

Quality and operational efficiency and effectiveness. The WBG was increasingly responsive to GoV requests and needs for support over the CPS period, able to deliver fast and at high quality. The quality of the Bank lending portfolio improved over the CPS period, with the proactivity ratio reaching 88.9 percent in FY16 and the number of problem projects dropping from a peak of 10 projects in FY13 to a low of three projects in FY16.

Bank lending in Vietnam has generated strong development outcomes, as evidenced in reviews done by the Independent Evaluation Group (IEG). A total of 24 projects were reviewed from 2012 to 2016, with 87.5 percent of the projects rated moderately satisfactory or above in relation to development outcome and bank performance. ICR ratings are slightly higher at 92.6 percent (see Appendix 3 for further details).

Between FY13 and FY15 a portfolio action plan was developed and implemented—with the aim to improve portfolio health and address obstacles to project preparation and implementation. The plan included improved fiduciary and capacity support to project implementation units. This effort resulted in accelerated project preparation time, shorter time lags between project approval and effectiveness (reduced from eight to 5.5 months), higher disbursement rates (18.5 percent in FY16), and higher quality ratings (DO and IP) (see Table 2). The Plan ensured implementation problems were proactively addressed and included extensive engagement with GoV and project implementation units. Nevertheless, challenges persist including the timely allocation of counterpart funds for land acquisition and resettlement as well as new regulation extending the time for approving negotiations, signing and effectiveness of World Bank financing agreements. FY17 disbursement rates to date are relatively lower, primarily a result of GoV spending limits.

Instruments. Over the CPS period, the WBG increasingly made use of a mix of instruments and modalities—including lending and analytical work, IFC, MIGA, and Bank engagement—to ensure comprehensive engagement with deep impact. The CPS period saw increased use of policy operations, also with a sector focus (e.g. education, energy, and climate DPO series), and the first PforR operation. To ensure appropriate instrument use, WBG teams worked closely with GoV counterparts to inform and educate. On the analytical side, there was an increase in the use

First EAP PforR in Vietnam in Water & Sanitation

A Rural Water Supply and Sanitation PforR was approved in November 2012—the first PforR in EAP! The instrument has been well received—proven to be flexible and fast disbursing. Since 2012, four additional PforR operations have been approved in Vietnam. Lessons from the PforR Rural Water Supply and Sanitation Program include:

- PforRs provide flexibility and are fast disbursing.
- The institutional; capacity of the implementing agency and the strength of the underlying government program will highly affect results under a PforR.
- Strong implementation support is critical for success.
- Efforts should be made to find innovative and efficient ways to improve monitoring and verification systems for PforRs. This will reduce cost and ensure accuracy.
- The effectiveness of PforRs in strengthening institutions and achieving sustainable outcomes needs to be further assessed.
- Further knowledge sharing is needed to harvest and apply lessons from PforR implementation.

of programmatic approaches, peaking at 20 such tasks in FY16. ASA delivery in FY16 was high—at 55 activities.

In a number of sectors, analytical work was used to inform policy dialogue and new lending—providing a solid background for sector engagement (e.g. energy, social protection, macroeconomic management, land). Many analytical pieces have also had large-scale dissemination and served an audience beyond the WBG. Of particular note is the Vietnam 2035

Vietnam 2035 – A Flagship Analytical Piece

Initiated in 2014, the Vietnam 2035 Report is a joint GoV (OOG-MPI)-World Bank report funded by KOICA, Australia, DFID, and the WB. The Report was written by a Vietnam-World Bank team under the supervision and guidance of Deputy Prime Minister Vũ Đức Đam; the Minister of Planning and Investment, Bùi Quang Vinh; and senior World Bank staff including the Vice President for East Asia and Pacific and the Country Director for Vietnam. The Report is the result of unique collaboration between international and national experts. Moreover, the preparation process was broad-based and consultative, with active engagement by a number of Vietnamese government agencies, academic research institutions, and international experts. As such, the process ensured strong national ownership as well as relevance and use.

Vietnam 2035 identifies six transformation that will help Vietnam achieve its goals for 2035: (i) Enable economic modernisation where the private sector is in the lead; (ii) Build technological and innovative capacity; (iii) Manage urbanisation and other spatial transformation to achieve economic efficiency; (iv) Chart an environmentally sustainable development path and enhance climate resilience; (v) Promote equality and inclusion of marginalised groups, and develop policies to promote a harmonious middle-class society; and (vi) Build a modern, rule of law state with a democratic society and established market economy.

VN 2035 is meant to serve as a supplemental road-map for Vietnam’s economic, political, and social reform agenda. The Report will also serve as a key input to the WBG’s future partnership framework for Vietnam.

report, which provides a comprehensive view of Vietnam’s development challenges and proposed solutions for becoming a successful MIC by 2035. Other noticeable pieces include a 2012 poverty assessment, a 2012 anti-corruption diagnostic study, a Fiscal Decentralization Report (2015), a Transport Logistics study (2015), an urbanization review (2012), and an EVN financial recovery plan (2016). In spite of such influential and impactful work, the CLR concludes that more could have been done to ensure stronger dissemination and use of analytical work, within and outside the WBG. The ASA portfolio is also large, and some work may lack strategic relevance and impact.

WBG collaboration in Vietnam has intensified and produced strong development results.

Over the CPS period, particular attention has been paid to maximizing synergies between the Bank, the IFC, and MIGA. This is exemplified in a number of sectors, including in energy, agriculture, and the financial sector.

WBG collaboration in the financial sector: Following a 2013 Financial Sector Assessment Program (FSAP), the WBG identified critical areas to address consequences of years of rapid credit growth, poor asset quality, and weak risk management in the banking sector and excessive lending to state owned enterprises and the property sector. During the CPS period, there was close collaboration between the Bank and IFC on several fronts—associated with financial sector strengthening aimed to improve overall economic management. Support included strengthening debt resolution mechanisms and bankruptcy regimes and improving risk management capacity among banks and Capital Markets Development through joint WB ASA and IFC Advisory Services. Joint Bank-IFC engagement in the financial sector was designed to help Vietnam mitigate negative impacts of the country's economic crisis. The Bank and IFC also supported Vietnam develop capital markets with a focus on bond markets. The improvement in the

enabling environment and enhanced legal framework and better infrastructure and diversified products sought to deepen GoV and Corporate bond markets for public sector and private sector investment and reduce reliance on the banking sector as a source of funds.

WBG collaboration in energy: Over the CPS period, the World Bank, MIGA and IFC have closely coordinated their respective energy engagements, both on lending and advisory. Private sector participation in renewable energy and the financial viability of the energy sector were major areas of WBG collaboration. Several key analytical pieces were jointly developed and coordinated including the financial analysis of EVN and associated roadmap to make the company and sector financially viable and a divestiture strategy for EVN's generation assets. The Bank and IFC also closely cooperated on the demand side EE agenda where both institutions have been providing advisory services to banks and the Government. On the lending side the Bank closely cooperated on the MIGA financing of the 102 MW Hoi Xuan hydropower project. The Bank and IFC teams also closely coordinated on the development of the IBRD financed Energy Efficiency for Industrial Enterprises Project, a credit line that allows for both public and private sector investment, and an IFC investment in a small hydropower project.

WBG collaboration in agriculture: The Bank and IFC worked together on enhancing sustainability of agricultural value chains and agricultural finance. The Agricultural Competitiveness Project promoted the adoption of good agricultural practices by smallholders and helped integrate them into productive partnerships with agribusinesses supported by IFC. Under the Agricultural Finance Facility, which provided peer-to-peer learning for commercial banks in agricultural lending, an AgriFin Boot Camp was jointly organized by the World Bank, IFC, and the SBV. The training included middle and senior managers from six commercial banks, provided by peers from commercial banks from Chile, Mexico, India, and other countries with experience in agricultural lending. In October 2016, the World Bank and IFC agriculture teams met to explore collaboration and synergies in Vietnam's agricultural sector. This is part of the WBG's response to the Vietnam's Agricultural Restructuring Plan, an ambitious move to enhance the sector's competitiveness and better position it to respond to international market opportunities.

Procurement, financial management, and safeguards in the World Bank portfolio

Fiduciary systems strengthened but vulnerabilities and risks remain. The Vietnam portfolio continues to be affected by governance and corruption issues. Trend data indicates that the peak of complaints and INT cases related to the portfolio has occurred and that numbers are reducing. Nevertheless, there remains a relatively high incidence of complaints. Many complaints are, however, not substantiated and can be satisfactorily resolved without referral for further investigation. Over the CPS period, there were more than 60 complaints referred to INT, of which 20 were converted to cases. The remaining complaints were referred back to Operations. The investigations resulted in 16 sanctions. The World Bank received some 150 procurement complaints over the CPS period, concentrated in the Transport, Water and Urban sectors. The complaints were mainly allegations of fraud and corruption, irregularities either in bid/financial proposal evaluation, or in the issuance of bidding document and concerns about restrictive technical specifications. In order to improve the situation, the World Bank has implemented the following control measures:

- At the country level, a Strategic Action Plan to Address F&C Issues was developed and implemented for the last two years of the CPS period. This has helped to increase awareness for all stakeholders.

- Using some elements of the national systems under World Bank financed operations (i.e. publication of procurement notices under MPI PPA website, piloting use of e- government procurement system for simple procurements);
- Increased use of MPI Inspectors to do procurement post reviews;
- Implementing measures which directly increase transparency, these include inter alia: the implementation of the open contracting initiative, collection and publication of procurement statistics as well as performance measurement;

The fiduciary team has also, over the CPS period, done necessary due diligence with special focus on high risk, large and complex procurement packages. This has been helped by the government's own measures, such as complete and clearer rules and regulations on public procurement (i.e. new procurement law which has become effective in 2014) and new budget law--both of which have helped in bringing Vietnam's laws closer to established good international principles. Through technical assistance and analytical work, public financial management and procurement systems in Vietnam have become stronger, also positively impacting WBG operations.

Significant efforts were made over the FY12-16 period to build social safeguards capacity within the Vietnam Bank team and with our client. A major development over the CPS period was the approval of the 2013 Land Law. Policy revisions in this law mean that Resettlement Policy Frameworks no longer have to be approved by the Prime Minister for every project. Furthermore, for donor projects, land evaluations are to be done by independent land evaluators, thereby making it easier to ensure land compensation reflect market price.

A further development over the CPS period is the establishment of the Vietnam Learning Center for Social and Environment Sustainability, located at the Asia Institute of Technology Center in Vietnam. An MOU was signed with five partners (AIT, WB, ADB, USAID, DFAT) to invest in the center. The Center has delivered several trainings on a range of social and environmental issues, including Involuntary Resettlement, Ethnic Minorities, Consultation and Participation and Environment and Social Impact Assessment. The trainings are targeting Bank and ADB Project Implementation Units, consultants who work for donors and PMUs, academics and researchers, including private sector consultants and firms who are contracted by PMUs. Building this pool of trained professionals has been an asset to the Bank as this has significantly strengthened the pool of staff and consultants in this area. Additional related activities include (i) building capacity on land acquisition for transmission projects; and (ii) making resettlement more gender informed.

The Bank has also worked on a land pooling pilot to test out this approach as an alternative to resettlement, especially in urban projects. In the area of Indigenous Peoples, the team has supported the Committee of Ethnic Minority Affairs on their proposal for a new Law on Ethnic Minorities and a more decentralized design for the P135 which provides infrastructure, livelihood and capacity building to ethnic minority communes.

At the organizational level, the safeguard team has grown and the pool of qualified consultants has expanded and been strengthened. Project allocation to staff is now done in accordance with set criteria to ensure that project risk and staff qualifications are taken into account. Junior staff and STCs are paired with more experienced staff to ensure there is adequate learning and mentoring while ensuring appropriate risk mitigation.

Increased attention to environmental governance continued through the application of regulations and standards within various projects. With a growing and increasingly complex

portfolio, safeguards capacity in Vietnam has been enhanced. Greater attention has been given to the use of standardized tools (such as an ESMF Toolkit), strengthening the Borrower's safeguards implementation, and improving overall capacity of our partners in government and among consultants. New environmental short-term consultants were recruited, who, along with new staff working on safeguards, undertook a Bank-led Environmental Safeguards Accreditation Course to improve knowledge and strengthen skills. Recognizing the increasing role for quality assurance in Vietnam's infrastructure heavy portfolio, an environmental safeguards country focal point role was separated out, and complemented by a new Regional Environmental Safeguards Coordinator based in Bangkok for oversight and technical input for problem projects. Safeguards continue to remain an entry point to promote a broader environmental and social development agenda.

Coordination with development partners

Vietnam's attainment of MIC status in 2009 has led to the gradual phase-out of bilateral donor support and access to concessional resources. As a result, the role of ODA in development financing has declined over the CPS period, with a decline in ODA disbursement as a share of GDP from 2.7 percent in 2012 to 2.4 percent in 2015. Furthermore, ODA as share of total revenues has declined from 10.5 percent to 9.7 percent over the same period.

Through collaboration between the Six Development Banks¹⁶ (referred to as 'Six Banks') and the ODA National Steering Committee, recommendations have been provided to the Prime Minister on policies related to resource mobilization and ODA management, issues pertaining to ODA programming and implementation, and to promote dialogue with donors. This collaborative forum, to which the World Bank contributes significantly, has played an important role throughout the CPS period.

During the CPS period, the World Bank worked closely with the GoV on the evolution from Consultative Group Meetings, which focused on resource mobilization, to what is now called the Vietnam Development Forum (VDF). The VDF aimed at deepening policy dialogue around key development issues. As co-chair for the forum, the Bank has continued to work with the Government and other development partners to further strengthen the design and pertinence of this policy platform.

The Vietnam Business Forum (VBF), co-chaired by the GoV, the World Bank, the IFC and a representatives of a VBF Consortium, continued to serve as an important platform for dialogue, providing a regular forum for communication between the business community and the GoV around private sector development and regulatory reform issues. The VBF has helped shape reforms that provide concrete results towards delivering a better business environment in Vietnam.

The World Bank has had strong collaboration with a number of partners during the CPS period, including the ADB, Australia, Korea, Switzerland, as well as a number of UN agencies. The Australian Government, through the Department of Foreign Affairs and Trade, remains an important partner for the World Bank in Vietnam. The \$45.5M Australia-Bank Strategic Partnership Trust Fund was designed to support and harmonize efforts in: transport sector including PPPs, energy efficiency, climate change, rural water supply and sanitation, urban

¹⁶ Asian Development Bank (ADB), Agence Française de Développement (AFD), Korea Export-Import Bank (KEXIM), KFW, Japan International Cooperation Agency (JICA), the World Bank.

infrastructure financing and development, and public finance and economic management reforms. The first phase was completed in 2016, with a second phase under preparation.

During the CPS period, the programmatic Economic Management and Competitiveness Credits (EMCC) series (DPO) served as a platform to harmonize policy dialogue between development partners and the GoV around key economic policy issues. Several development partners, including the ADB, Japan, Sweden, Australia, Canada, Switzerland, and the UK engaged in the design and preparation of the EMCC series and have provided financing.

The Vietnam 2035 Report represents another key partner collaboration, where Australia, Korea, and the UK provided financial support.

The WBG is collaborating with development partners also in other areas, demonstrating strong cooperation and integration around key development initiatives in a number of areas and sectors:

- The social assistance system strengthening project is a product of a partnership involving UNICEF, the UK Department for International Development (DFID) and the World Bank, though DFID wound up operations during the CPS period. In the social insurance area, there is coordination on policy reform between the International Labour Organization (ILO) and the Bank, as well as parallel funding for social insurance administration reform from Spanish Aid, the European Union (EU) and the Bank.
- The World Bank is collaborating with UNICEF in developing a rural sanitation, hygiene and water supply program focused on the lagging and ethnic minority dominated regions of the Northern Mountains and the Central Highlands.
- In Public Financial Management, the Swiss State Secretariat for Economic Affairs (SECO) and Canada played a leading role on the development partner side for the Multi-Donor Trust Fund (MDTF) with the Ministry of Finance during FY09-14. SECO remains actively engaged and interested in further collaboration through another trust fund, which is expected to provide substantial resources for key ASA deliverables during FY16-20.
- SECO is also the largest donor partner of IFC's Advisory Service program, funding advisory service initiatives including SME tax simplification, debt resolution, green building promotion and financial infrastructure development.
- The Canadian Government is providing CAD 12 million to co-finance the Economic Management and Competitiveness Credit MDTF and funding a multi-year agri-financing initiative with IFC.
- The Bank is collaborating with key development partners, including the Netherlands and Japan, on an integrated approach to building resilience in the Mekong Delta.

5. Alignment with WBG Corporate Goals

The CPS predates the establishment of the WBG Corporate Goals. In spite of this, the WBG CPS is closely aligned with the objectives of eliminating poverty and ensure shared growth.

Support under the CPS competitiveness pillar to deepen continued economic reforms, strengthen the business environment, and enhance productivity aimed to ensure continued strong economic growth—an underlying criterion for further poverty reduction and strong service delivery for all.

Support under CPS pillar three—opportunity—aimed to increase opportunities and ensure delivery of basic services for the poor and vulnerable, targeting in particular the lower income

groups of society. This work was accompanied by support under pillar one aimed to improve quality and efficiency of infrastructure services. Sustainability engagements under pillar two also targeted the poor and near-poor in particular, strengthening resilience and aiming to reduce negative climate-related impacts on the vulnerable.

6. Key Lessons Learned

The following key lessons can be drawn from work and engagement during the CPS period:

Selectivity. Achieving selectivity requires strong engagement with government—where priorities are clearly conveyed—and clear selectivity criteria identified. As resources will become more limited after IDA graduation, selectivity will be of increasing importance. Ownership of the process for achieving selectivity—internally and externally—is key. A strong process for ensuring such ownership should be developed through the preparation of the CPF. While selectivity criteria have to be clear and strong, there is a need for flexibility and space to engage if priorities or context change. Opportunities provided as part of the PLR process should be fully exploited to address changing needs and priorities.

Programmatic engagement. Comprehensive and programmatic engagement enhances impact of engagements. Closely linking analytical work, policy dialogue, and lending has strong potential for success. This way of engaging has been impactful when it comes to supporting structural challenges and reforms, including in macroeconomic management, the energy sector, and social protection.

Cross-sectorality. Cross-sectoral, holistic approaches should be adopted and implemented more frequently. Spatial engagements are also impactful. Initial indications show that a cross-sectoral, spatial approach adopted to address challenges in the Mekong Delta has given positive results. While complex to design and implement, such solutions should be considered.

Realism. Expectations must be carefully calibrated when it comes to structural/transformational reform areas. Consensus building takes time and is needed for successful implementation. Project implementation timelines must take this into account. Solid understanding, within the WBG, of political economy drivers and shifts required to generate ownership and demand for policy change within government circles is also key. Results should be realistically documented in the CPF results framework and indicators clearly support associated objectives.

WBG convening power. The WBG can more effectively use its convening power and ability to mobilize partners—to ensure consistency and complementarity in engagements and leverage impact. Strategic engagement with GoV and development partners also enhances preparation and implementation of lending operations.

IDA graduation. As Vietnam graduates from IDA, the WBG needs to engage with GoV to stress the importance of continued strong engagement in the human development sectors and also accompanying TA for investment in infrastructure. The rationale for investing in social sectors, including the expected return on investment, needs to be clearly communicated to the GoV by the WBG.

Strategic engagement with GoV (ODA Committee and MPI) and development partners to enhance preparation and implementation of investment operations. Robust and continuous engagement with government including the ODA Committee and MPI as well as close collaboration with development partners is required to address policy as well as project level bottlenecks and constraints affecting preparation and implementation of investment operations.

Results framework. Some of the indicators from the CPS were found to be difficult to monitor and report on. Outcome areas and indicators should be measurable and concrete but also strategic. CPF preparation may include reflections on how to monitor CPS results and outcomes.

Gender. Gender mainstreaming requires a robust M&E system that deploys diverse tools (such as quantitative and qualitative evaluations, outcome monitoring, monitoring of outputs and processes, case studies, and impact evaluations) to monitor and assess gender progress and achievements during implementation. Increased support to TTLs and government project staff to better mainstream gender in operations would be beneficial. Increased knowledge sharing within the Country Team around gender issues and approaches (e.g. Platform for gender resources) and collection of gender analysis and lessons learned from WBG and donor projects would also be useful.

Appendix 1: Summary of Vietnam 2012-2016 CPS Program – Self-Evaluation

CPS Outcomes and Outcome Indicators (Baseline & Targets)	Status and Evaluation Summary	WBG engagement contributing to outcome
Pillar 1: Competitiveness Rating: Moderately Satisfactory		
Sub-pillar 1.1: Economic Management and Business Environment SEDS Goal 1: Improve Market Institutions in Accordance with a Socialist Oriented Market Economy, Ensure Macroeconomic Stability, and Effectively Mobilize and Utilize Resources		
Sub-pillar rating: Moderately satisfactory	<p>Justification for status: Out of the six outcomes identified under this sub-pillar, three were achieved and three were mostly achieved.</p> <p>The macro-economic framework is deemed sound. In spite of rising debt levels, debt has been kept below the 61 percent target. Growth has been, and continues to be, strong.</p> <p>Public financial management has generally improved, though challenges remain. The State Budget Law has been revised, taking into account Bank recommendations and international best practice.</p> <p>Transparency in the banking sector has improved, where the majority of banks show financial statements on their website. Challenges remain.</p> <p>Access to financial services has increased, with the number of SME and micro-finance clients steadily growing. WBG engagement has particularly targeted the agriculture/rural sector.</p> <p>WBG supported reform of the tax regime and social security business processes has led to a reduction in the cost of doing business.</p> <p>Transparency of SOEs has significantly increased, where all State Economic Groups currently make the state of their financial performance publicly available.</p>	
Outcome 1. Maintain Sound macroeconomic framework: Maintain public debt below the government	<p><u>Indicator achievement:</u> Public debt below target of 65 percent of GDP. By the end of 2015 Public debt was estimated at 61.3 percent of GDP.</p> <p>Macroeconomic stability and sustainability have been broadly maintained, although rising public debt and low (and declining) forex reserves present some macroeconomic vulnerabilities.</p>	<p>WB Lending: EMCC 3, P143405 EMCC 1, P122793 closed EMCC 2, P146095 closed</p>

<p>target of 65 percent of GDP Target: 65% of GDP (2016) Achieved</p>	<p>Economic growth has been stable, not affected by global down-turn. Despite lower inflation, authorities have maintained policy interest rates unchanged since late 2014, contributing to low and stable rates of core inflation. The WB contributed to this process through strong policy dialogue, DPOs, IPFs and analytical work. The EMCC DPO supported new critical policy reforms and was supported by EMCC programmatic AAA which underpinned the policy dialogue with targeted analysis, advisory services and TA during policy design and implementation. Vietnam Development Reports and most recently the VN2035 Report are examples of analysis which have provided opportunities for deeper engagements with the GoV to tackle key macroeconomic reforms.</p>	<p>Public Financial Management Reform Project, P075399, Closed ASA: Programmatic Public Finance Reviews, (including Public Expenditure Review), Country and Sub-National Financial Management Assessments, Vietnam Development Reports, Vietnam Knowledge Platform, Taking Stock, Programmatic Financial Sector AAA, Programmatic Governance and Anti-Corruption TA, Capital Market Development, Programmatic Social Protection, WBI Training programs for MP's on legislative process and budget oversight, EMCC Programmatic AAA. Trust Funds: MDTF for Economic Management and Competitiveness Credit, Financial Sector Modernization and Info Management System, Tax Admin Modernization, Australia-Bank Partnership Trust Fund, VGEMS Trust Fund, RSR Trust Fund. Trust fund for EMCC</p>
<p>Outcome 2. Improved Public Financial management: Revised State Budget Law (2002) to align Vietnam PFM Practices more closely with international good practices. <i>Baseline: 15 top recommendations submitted to the government.</i> <i>Target: At least a third of the recommendations are adopted in the revised</i></p>	<p><u>Indicator achievement:</u> 8 out of 15 recommendations were adopted in the 2015 State Budget law. These include:</p> <ul style="list-style-type: none"> • Introduce a rolling Medium-Term Fiscal Framework, which can integrate the existing Medium-Term Investment Plan and annually update the resource envelope needed to implement the SEDP. • An overall budget balance that is estimated according to standards set out in the Government Finance Statistics Manual (2001) • Statements on possible fiscal risks and contingencies in place to address them; and on tax expenditures, which are currently reported outside of the State Budget documents. • Disclose executive's Budget Proposal; a standard requirement and the only opportunity for citizens to participate in budget preparation 	<p>WB Lending: Tax Administration Modernization (FY08) (P099376) Closed: 31/03/2015 Public Financial Management Reform Project, P075399 Closed: 10/31/2013 ASA: Vietnam EMCC Programmatic AAA (P143405), closed Trust funds: Multi-Donor Trust Fund to Support Public Financial Modernization in Vietnam, (MDTF II), P110525 Closed 12/31/2013, Australia-World Bank Partnership Trust Fund Tax Admin Modernization, IFC</p>

<p><i>State Budget Law (2016)</i></p> <p>Achieved</p>	<ul style="list-style-type: none"> • Disclose citizens' Budget to communicate State Budget policies in a manner that is accessible to the general public • Review provisions to ensure that fees and charges are reported in gross terms. • The revised SBL clarify that changes to appropriations need legislative approval, unless some of this authority is delegated to the executive, which should also be provided for in Law. • The revised SBL 'decompress' the budget calendar, either through earlier start to the budget process or a two-stage budgeting process. <p>There has been significant progress on public financial management (PFM). The first assessment of the Vietnamese financial system under the Financial Sector Advisory Program (FSAP) was conducted in 2014. A Multi-Donor Trust Fund to Support Public Financial Modernization in Vietnam supported and led to a number of important PFM reforms. The coverage, functionality and reliability of the Treasury and Budget Management Information System (TABMIS) has been rated as one of the best performing such systems implemented under similar World Bank operations.</p> <p>Government has moved forward with the consolidation of more than 700 bank accounts into a single treasury account arrangement and the adaptation of implementing regulations of the procurement law.</p>	<p>IFC Tax Simplification for MSMEs (2012-2016)</p>
<p>Outcome 3: Increased transparency in the banking Sector:</p> <p>Domestic commercial banks have current financial and balance sheet data on their webpage</p> <p>Baseline: 49% (2011)</p> <p>Target: 74% (2015)</p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> By mid-June 2016, more than 71 percent of the banks (i.e. 25/35 banks) had current financial statements on their webpages.</p> <p>The transparency of the banking system increased over the review period as commercial banks have aimed to comply with State Bank of Vietnam (SBV) regulation. Many commercial banks also try to serve investor needs for transparency and disclosure. All four fully state-owned banks failed to meet this requirement (3/4 banks were recently acquired by the SBV at \$0 due to irrecoverable losses).</p>	<p>WB lending:</p> <p>Financial Sector Modernization & Information Management System (FY09) (P088759)</p> <p>ASA: Vietnam EMCC Programmatic AAA (P143405)</p> <p>IFC E&S Risk Management for Banking Sector (2011-2014), 574667</p>

<p>Outcome 4: Increased access to financial services</p> <p>Number of individuals/firms receiving access to financial services:</p> <p>a) Micro-finance clients; b) SME clients;</p> <p>Baseline: 0 (2012) Target:</p> <p>a) 25,000; b) 250,000 (2016)</p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> Under the Rural Finance Project 3, 70,341 clients gained access to microfinance, exceeding the initial target of 24,250. SME loans were provided under World Bank and IFC engagements. Under Bank engagement, 65,333 SME clients gained access to financing, while 616,381 SME clients gained access under IFC activities as part of advisory services.</p> <p>WBG engagement resulted in a significant increase in longer term lending in the rural sector, leading to better access to credit by the poor and increased incomes. It also resulted in positive institutional development in the banking system. WB engagement through Financial Inclusion and Access to Financial Services Programmatic ASA helped bring together government and key national policy makers to undertake a comprehensive analysis of financial inclusion. The Programmatic ASA also funded a Policy Note on Non Cash Payment System (Sep 2014) which served as the basis for developing and designing a new operation / loan, as well as developing the Financial Inclusion Landscape Review (2015)</p> <p>The level of financial inclusion remains very low in Vietnam. Although important progress has been made in terms of promoting access to financial services the targets which have now been reached are still low compared to the need for financial services among the poor and SME clients. Building a national policy agenda around the issue takes time.</p>	<p>WB lending:</p> <p>Rural Finance 3, P100916, Closed 12/31/2013 IFC Microfinance (2012-2016) ASA: Financial Inclusion and Access to Financial Services Programmatic AAA (P130197)</p>
<p>Outcome 5: Reduced Cost of Doing Business</p> <p>Direct Compliance Cost Savings to firms through regulatory reforms</p> <p>Baseline: 0 (2010) Target: \$30 million annually (2016)</p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> IFC support through its advisory services led to direct compliance cost savings of \$103,901,876 in FY14.</p> <p>As part of World Bank engagement under EMCC, the GoV implemented reforms to ease the compliance burden on tax payers. With regard to paying taxes Vietnam thus improved its ranking from 178 to 167 (out of 189 economies) according to the Doing Business Data 2017 as Vietnam made paying taxes less costly for companies by reducing the corporate income tax rate - and made it easier by reducing the number of procedures and documents for filing VAT and social security contributions. IFC advisory services included capital market development, legal framework for establishment of credit bureau and collateral registry increase in effectiveness of</p>	<p>WB lending:</p> <p>EMCC 3, P143405 EMCC 1, P122793 closed EMCC 2, P146095 closed</p> <p>Trust Fund:</p> <p>Tax Admin Modernization ASA: Financial Inclusion and Access to Financial Services Programmatic AAA (P130197); Programmatic Social Protection AAA.</p>

	<p>insolvency resolution and strengthening minority investor protection. Vietnam improved its Protecting Minority Investors ranking from 118 to 87 according to DB 2017 Report, attributed largely to the IFC advisory service in corporate governance regulatory work. IFC investment services supported business environment by strategically investing in institutions that support financial market development.</p>	<p>IFC Tax Simplification for MSMEs (2012-2016). Project No. 596607 IFC Capital Market Phase II (2012-2016): 561026 IFC Credit Bureau Phase II: 599902 IFC Collateral Registry Phase II</p>
<p>Outcome 6 a: Increased Transparency of SOEs</p> <p>GoV has implemented Decree 61 with publication of key financial and operational performance for State Economic Groups (SEGs): Baseline: 0% of SEGs (2014) Target: 100% of SEGs (end 2016) Achieved</p>	<p><u>Indicator achievement:</u> All SEGs publish their information regarding financial performance on either government or proprietary website.</p> <p>Progress was made on strengthening disclosure requirements for SOEs and advancing divestment from non-core assets, but the separation of regulatory and ownership functions remains an unfinished agenda.</p> <p>In terms of implementation of Decree 61, government adopted audited reports on the public dissemination of key financial performance of all State Economic Groups (SEGs) (evidenced in a report on implementation provided by the Ministry of Finance to the Bank).</p> <p>Additional evidence of increased transparency of SOEs is the report on financial performance of all SOEs submitted annually by government to the National Assembly.</p>	<p>WB lending:</p> <p>EMCC 3, P143405 EMCC 1, P122793 closed EMCC 2, P146095 closed ASA: Vietnam EMCC Programmatic AAA (P143405)</p>
<p>Sub-pillar 1.2: Quality and Efficiency of Infrastructure Services</p> <p><i>SEDS Goal 5: Quickly Develop Infrastructures, Especially Transportation Infrastructures</i></p>		
<p>Sub-pillar rating: Moderately satisfactory</p>	<p>Justification for status: Out of the three outcomes identified under this sub-pillar, two were achieved, one was mostly achieved.</p> <p>Improved efficiency in the water sector is considered achieved and targets for improving efficiency in the road sector are considered achieved.</p> <p>The actual indicator regarding improved efficiency in electricity could not be verified. In spite of this, significant improvements were made in this area. A number of reforms were undertaken, including electricity sector tariff reforms. Transmission system losses have also been reduced.</p>	
<p>Outcome 6 b: Improved Efficiency in</p>	<p><u>Indicator achievement:</u> The indicator could not be verified. However, evidence from other WB engagements demonstrate considerable</p>	<p>WB Lending: Trung Son Hydropower Project (FY11)</p>

<p>electricity in selected areas</p> <p>Additional transfer capacity in WB project areas (percentage)</p> <p>Baseline: 0</p> <p>Target: 52% (2016)</p> <p>Mostly achieved</p>	<p>progress was made and results achieved towards improving efficiency in the power sector.</p> <p>Overall, significant achievements were made towards improved efficiency in the electricity sector in Vietnam over the CPS period. The World Bank supported key reforms through Power Sector Reform DPOs 1, 2 and 3, including the development and establishment of the Vietnam Competitive Generation Market (VCGM). All results indicators for the policy operation around four strategic policy areas: a) power sector restructuring b) electricity tariff reform; c) and improve demand side energy efficiency; and d) development of a competitive power market were achieved.</p> <p>The Renewable Energy Development Project made progress towards increasing energy production from renewable energy sources adding about 260 MW of new generation capacity and reduce GHG emissions of 1.8 million tons of CO2.</p> <p>Through the 2nd Rural Energy Project, access to good quality and affordable electricity services improved as the percentage of households with access to electricity increased from 60% to 98% in project areas.</p> <p>The VN System Efficiency Improvement, Equitization and Renewables Project improved system efficiency by meeting targeted transmission system losses and frequency of interruptions. Challenges remain related to the provision of electricity in rural areas and sustaining reforms and institution building.</p> <p>The Second Transmission and Distribution Project supported the development of an efficient electricity transmission and distribution system. Increased power connected through the grid allowed for a reduction in transmission bottlenecks. The project was less successful in terms of electricity market and system modernization, and commissioning of new market and transmission system information and control systems.</p> <p>The Renewable Energy Development Project made progress towards increasing energy production from renewable energy sources.</p> <p>IFC through its advisory services continued to support energy</p>	<p>(P084773) closing Dec 2017</p> <p>Distribution Efficiency (FY13) (P125996) closing Dec 2018</p> <p>Transmission Efficiency Project (FY14) (P131558) closing Dec 2019</p> <p>Renewable Energy Development Project (FY09) (P103238) closed June 2018,</p> <p>GEF- Clean Production and Energy Efficiency (FY11) (P116846), closed June 2017</p> <p>Closed</p> <p>2nd Rural Energy Project, (P074688), closed 2014</p> <p>Power Sector Reform DPO3 (FY14) P144675, revised closing date 31 July 2015</p> <p>Renewable Energy Development (FY09) (P103238) closed June 2016,</p> <p>Second Transmission and Distribution Project (TD2), P084871, Closed: 06/30/2014</p> <p>VN System Efficiency Improvement, Equitization and renewables, P066396, Closed 12/31/2012</p> <p>GEF- Clean Production and Energy Efficiency (FY11) (P116846), closed June 2016</p> <p>IFC Vietnam Cleaner Production Energy Efficiency, 561504</p> <p>Trust Funds: Co-financing to Renewable Energy P110476 - under P103238's</p> <p>MIGA: Hoi Xuan Hydropower Project (FY16) Phu My 3 BOT Power Company Ltd Project (FY03)</p>
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	<p>efficiency through cleaner production.</p> <p>MIGA support for Phu My 3 BOT Power Company Ltd Project was one of the largest foreign direct investments into Vietnam in 2013, and was expected to serve as a catalyst for additional private capital inflows and infrastructure development for the country. The guarantee is set to expire in FY18, and has successfully achieved its goal to enhance long term support for investments in Vietnam.</p>	
<p>Outcome 7. Improved Efficiency in the water sector in selected areas</p> <p>Reduced volume of water physically lost from water supply system in selected cities in HCMC</p> <p><i>Baseline: 27,300 m3/day (2011)</i></p> <p><i>Target: 125,000 m3/day (2015)</i></p> <p>Achieved</p>	<p><u>Indicator achievement:</u> The estimated reduction of volume of water lost from water supply system in HCMC is 163,000m3/day (2016).</p> <p>Past and ongoing lending operations and analytical work have contributed to progress and results towards improved efficiency in the water sector. There has been a reduction of 163,000 m3/day in water losses in water supply systems and a 37 percent increase in access to irrigation. An additional 2.2 million people have access to improved water sources in rural areas and 1.4 million more people have access to improved sanitation. Water and sanitation sector PforR provides early indication that the proportion of people having a hygienic latrine increased by 8.8 percent in PforR provinces vs. 8.1 percent in comparison provinces. However, despite corporatization and cost recovery goals water tariffs have barely increased in real terms thus constraining the GoV in raising revenue for needed investments in the water sector.</p>	<p>WB lending:</p> <p>Mekong Delta Urban Upgrading (FY12) (P113904) closing date 2017</p> <p>Medium Cities Development (FY12) (P116398) closing 2017</p> <p>Da Nang Sustainable City Dev (FY14) (P123384) closing 2019</p> <p>PforR VN-Rural Water Supply & Sanitation, P127435</p> <p>Closed:</p> <p>Urban Water Supply Development Project (FY05) (P073763), Closed 2013</p> <p>Urban Water Supply & Wastewater (FY11) (P119077) closing 2016)</p> <p>Local Development Investment (FY10) (P094055) closing date 30/06/2016</p> <p>Trust Funds: Co-financing to Urban Upgrading (NUUP) linked up to P113904 and VUF(P127175)</p>
<p>Outcome 8. Improved Efficiency in the Road Sector in selected areas</p> <p>Reduced transport times on targeted transport corridors:</p> <p><i>(i) Hanoi 2nd Ring Road</i></p>	<p><u>Indicator achievement:</u> The Hanoi Urban Transport project reduced the transport time on targeted transport corridors from 28 minutes to 20 minutes, exceeding the target of 22 minutes.</p> <p>Strong results are observed related to the upgrading of national road networks, investments in urban transport infrastructure and mass transit systems. Management of large-scale infra-structure projects and the development of institutional and regulatory frameworks for multi-</p>	<p>WB Lending:</p> <p>Closed:</p> <p>Road Network Improvement (FY04) (P059663), closed 03/31/12</p> <p>Third Rural Transport Project, P075407</p> <p>Closed:06/30/2014, Outcome: S</p>

<p><i>Baseline: 28 min (2011)</i> <i>Target: 22 min (2015)</i> <i>(ii) National Highway 91 (MDTP)</i> <i>Baseline: 15 min (2012)</i> <i>Target: 13.5</i> Achieved</p>	<p>modal transport also improved. Policies and tools for more effective road asset management were introduced.</p> <p>Furthermore, MIGA issued a guarantee for the rehabilitation and upgrading of the BT20 National Highway 20 Project. The National Highway 20 is a critical connector between Ho Chi Minh City and Dalat, and its upgrade and rehabilitation will directly reduce travel time and improve road safety. Construction of the highway was completed on time and within budget.</p> <p>The Mekong Delta Transport Project reduced the travel time for trucks on National Highway 91 from 15 mins to 10 minutes—against the target of 13.5 minutes.</p>	<p>Mekong Delta Transport (FY07) (P083588) Closed 06/30/2016</p> <p>Northern Delta Transport (FY08) (P095129), extended to June 2017, and additional financing to be approved in April 2017</p> <p>Hai Phong Urban Transport (FY11) (P111548) closing date Aug 2018 (extended)</p> <p>Hanoi Urban Transport (FY10) (P083581) Closed 31/12/2016</p> <p>ASA: TFLA, Programmatic Infrastructure Finance</p> <p>Trust Funds: TF Infrastructure Policy and Sector Support, co-financing RETFs to Rural Transport 3, Mekong Delta Transport, GEF – Hanoi Urban Transport</p> <p>MIGA: BT20 National Highway 20 Guarantee</p>
<p>Sub-pillar 1.3: Capacity for Innovation and Value Addition</p> <p>SEDS Goal 3: Comprehensively Develop Agriculture Towards Modernity, Efficiency and Sustainability</p> <p>SEDS Goal 4: Strongly Develop Service Industries, Especially Services That Offer High Value, Great Potentials and Enhanced Competitiveness</p> <p>SEDS Goal 9: Improve Quality of Human Resource, Reform Comprehensively, and Rapidly Develop in Education and Training</p>		
<p>Sub-pillar 1.3. Moderately unsatisfactory</p>	<p>Justification for rating: All three outcomes identified under this pillar are partially achieved.</p> <p>While progress can be observed with regards to the number of beneficiary organizations publishing in international scientific publications, significant challenges remain to ensure capacity for scientific innovation in universities.</p> <p>The majority of the indicators linked to increases in value added in farming could not be verified, though progress can be observed.</p> <p>Some increase in knowledge of innovative practices by farmers can be observed.</p>	
<p>Outcome 9: Increase in scientific innovation Increase in the number of international scientific publications made by beneficiary organizations</p>	<p><u>Indicator achievement:</u> Under the FIRST project, the number of publications on International Peer-Reviewed Journals increased to 20 against the target of 5. None of the authors of the articles were female.</p> <p>Some progress can be observed towards increasing scientific innovation as a result of the Bank’s multi-pronged approach of support for higher education reforms. However, scientific innovation is still an area that</p>	<p>WB lending: New Model University (FY10) (P110693), Closing Nov 2017 (ISR23292)</p> <p>Fostering Innovation through Research, Science and Technology (FIRST) (FY13)</p>

<p>(disaggregated by gender) (Annual percentage increase) Baseline: 0 Target: 5 Partially achieved</p>	<p>requires significant attention and work.</p> <p>A number of lending investments supported the GoV to improve the general education system to better equip students entering the higher education system through reforming teaching methodologies, curriculum development and increased hours of instruction and also targeting Ethnic Minority children. (GPE-VNEN project, Renovation of General Education Reform project and School Education Quality Assurance (SEQAP). Both SEQAP and GPE VNEN have made good progress towards achieving objectives although there are concerns about sustaining results of the SEQAP investments.</p> <p>The Second Higher Education Project made a positive contribution toward enhancing the quality of teaching and research both at the policy level and among participating universities graduates and the relevance of research. The Project also provided policy input to the higher education policy series which made a substantial contribution to strengthening higher education governance and strengthening quality, and a modest contribution to strengthening financing.</p> <p>The DPO 3 was complemented by the New Model University Project which aimed to demonstrate the new policy framework on governance, financing and quality of Vietnam’s higher education system.</p> <p>Nevertheless, significant challenges have unfolded in the implementation of the new model university project. The New Model University was ambitious and important lessons can be taken from the project however, divergent views between GoV and the German partners in terms of research vs teaching goals, governance arrangements related to autonomy and long term financing have slowed down progress.</p> <p>Different views on grant approval processes have slowed down the project on Fostering Innovation through Research, Science and Technology which both aimed to support science, technology and innovation through a grant mechanism. Similarly, a decision has been made to cancel the project on Inclusive Innovation.</p> <p>IFC support for value addition and innovation, through investments in manufacturing of two-wheel vehicles, support to coffee production, and through recruiting local talent for executive positions have also had</p>	<p>(P117394), closing 2019</p> <p>Inclusive Innovation, (FY13) (P121643), closing Nov 2018</p> <p>Renovation of General Education Reform (FY15), P150058, closing 2020</p> <p>Closed:</p> <p>2nd Higher Education Project, P079665, End06/30/2012</p> <p>Higher Education DPO 3, P116354, Closed June 2014,</p> <p>School Education Quality Assurance (FY09) (P091747), closing 31 Dec 2016</p> <p>GPE-VNEN project (FY13) (P120867) - Global Partnership for Education, closing 2016</p> <p>ASA: Programmatic Skills and Education System, Science and Innovation AAA, Quality Education for All Policy Dialogue,</p> <p>Trust Funds: JSDF – Improving Quality Basic Education for Ethnic Minority Children in three disadvantaged provinces, Business Incubation and Green Technology</p> <p>MIGA: MASAN Group Consumer Products Expansion Guarantee (closed)</p> <p>IFC</p> <p>Piaggio Vietnam, #641474, Ngon Coffee, #715346), Paul Maitland, #533686</p>
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	<p>positive impact.</p> <p>MIGA support to the Ma San project contributed towards increased food security and safety, job creation, significant tax revenues, and improved E&S standards. Positive impacts are also expected to accrue to small and medium business enterprises along Ma San's value chain (i.e. suppliers and distribution network).</p>	
<p>Outcome 10: Sustainable increase in value added in farming in selected areas:</p> <p>Increased use of new practices and Area of rice farming under sustainable farming practices (hectares):</p> <p>(a) Rice Production Baseline: 0 (2014) Target: 10,000</p> <p>(b) Coffee Production Baseline: 0 (2014) Target: 5000</p> <p>(c) Farmers reached by IFC investments Baseline: 0 (2012) Target 7,464 (2015)</p> <p>Partially achieved</p>	<p><u>Indicator achievement:</u> Indicators (a) and (b) could not be verified (linked to Vietnam Sustainable Agriculture Transformation Project which only became effective in 2015).</p> <p>Pertaining to indicator (c), a total of 44,864 farmers have been reached by IFC investments, against a target of 7,464 farmers.</p> <p>Sustainable increases in value added in farming can be observed under the Vietnam Agriculture Competitiveness Project, which promoted agricultural technologies which led to a 17 percent increase in crop yields and a 22 percent increase in the value of sales for farmers who adopted new technologies. Two-thirds of the trained farmers reported satisfaction with the demonstrated technologies. In the Mekong Delta 11,326 households were reported to have adopted Good Agricultural Practices for rice cultivation of 10,286 ha.</p>	<p>WB lending:</p> <p>Ongoing lending:</p> <p>Sustainable Agriculture Transformation (FY15) (P145055), Closing 2020.</p> <p>Livestock Comp & Food Safety (FY10) (P090723), Closing Dec 2018</p> <p>Livestock Comp & Food Safety Additional Financing (P151946) closing Dec 2018</p> <p>Closed:</p> <p>VN-Agriculture Competitiveness Project, P108885, Closed: 06/30/2014, ICR/ IEG: MS/MS</p> <p>IFC Vietnam Agri-finance project</p> <p>ASA: Programmatic Agriculture Competitiveness Bank-OECD</p>
<p>Outcome 11: Increased knowledge of innovative practices by farmers</p> <p>Farmers trained through IFC Vietnam Agri-finance</p>	<p><u>Indicator achievement:</u> IFC implemented an agri-finance project that supported farmers and increased productivity. A total of 1,882 farmers were trained by 2016.</p>	<p>IFC</p> <p>Project 600060 (IFC advisory service project)</p> <p>Agriculture Value Chain and Rural SME project (IFC)</p>

project <i>Baseline: 0</i> <i>Target 6,100 (2016)</i> Partially achieved		
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<p>Pillar 2: SUSTAINABILITY</p> <p>Rating: Moderately satisfactory</p> <p><i>SEDP indicators: 42.5% forest coverage in 2015; 70% of industrialized and export processing zones with wastewater treatment plants, 85% solid waste collection rate; 85% medical waste collection rate; 80% severe environment polluters regulated</i></p>		
<p>Sub-pillar 2.1: Natural resources management (“Green”)</p> <p style="color: #A52A2A;">SEDS Goal 11: Protect and Improve Quality of the Environment, Proactively and Effectively Respond to Climate Change, as well as Prevent and Fend off Natural Disasters.</p>		
<p>Sub-pillar 2.1. rating</p> <p>Moderately satisfactory</p>	<p>Justification for rating: Out of four outcomes under this sub-pillar, three are rated mostly achieved. One indicator could not be verified.</p> <p>The indicator related to improved management of water resources could not be verified, though progress has been made towards more integrated approaches to water resources management.</p> <p>Land management has improved, and a new law has been adopted. Time needed for land related transactions has been significantly reduced.</p> <p>1.5 million Land Use Rights Certificates were registered in the name of female land users since 2007.</p>	
<p>Outcome 12: Improved management of water resources in selected areas:</p> <p>Increased water productivity in pilot areas</p> <p>Baseline: TBD at start of MDWM project</p> <p>Target: 10% improvement (2016)</p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> Data for indicator could not be verified, but progress can be observed through alternate indicators and measures.</p> <p>Progress can be observed with regards to water resource management, linked to irrigation and in relation to multi-sectoral water allocations. Mekong Delta Water Management Project supports pilots in five provinces to improve water productivity and strengthen provincial water resource management and investment plans and has progressed well with satisfactory development objectives and project implementation ratings in the current ISR.</p> <p>In relation to Vietnam Water Resources Assistance Project the project made good progress towards integrated water resources management in the Thu Bon River Basin. Furthermore, in relation to reducing dam safety risks a significant start was made to develop Vietnam’s institutional and material capabilities for improving dam safety, through the Dam Safety Unit.</p> <p>The Mekong Delta Water Management Project demonstrates the benefits of integrated and regional approaches to sustaining gains in agricultural productivity, providing access to water for rural households and contributing to climate change adaptation. The Coastal</p>	<p>WB lending:</p> <p>Ongoing:</p> <p>Mekong Delta Water Management (FY11) (P113949), closing March 2017</p> <p>Coastal Resources for Sustainable Development (FY12) P124702, closing March 2018</p> <p>Regional Mekong Water Resources (FY13)</p> <p>Vietnam Irrigated Agriculture Improvement Project, P130014, FY15, closing 2020</p> <p>Dam Safety (P152309) (FY15), closing June 30, 2022</p> <p>Vinh Phuc Flood Risk and Water Management (P152460) approved April 2016, closing December 2021.</p> <p>Closed</p> <p>Vietnam Water Resources Assistance,</p>

	Resources for Sustainable Development also made progress towards improving the sustainable management of coastal fisheries in project provinces.	P065898 , Closed: 12/31/2012 ASA: Programmatic Governance and Anti-Corruption TA
<p>Outcome 13: More efficient land management</p> <p>Time required for land related transactions - transfer</p> <p>Baseline: 44 days (2007)</p> <p>Target: 10 days (2015)</p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> The outcome is mostly achieved: time required for land transfer transaction has been reduced from 44 days in 2007 to 12.2 days in 2015 - slightly above the 10-day target; mortgages registration improved from 11 to 1.3 days; on demand issuance of Land Use Rights Certificates improved from 55 to 19.2 days.</p> <p>The Land Law was revised in 2013, with World Bank support. Key AAA was provided on land transparency and the Vietnam Land Administration Project had success in expanding access to land information services, supporting systematic surveying, mapping, registration and issuing of Land Use Rights Certificates, and the development of an improved land administration information system in participating provinces. The World Bank also supported a Land Governance Assessment Framework diagnostic review which was especially useful for the revision of the Land Law.</p> <p>The Forest Sector Development Project also contributed to more efficient land management related to sustainable management of plantation forests and conservation of biodiversity in special use forests.</p>	<p>WB lending:</p> <p>VN-Land Administration Project, (FY07), (P096418). Closed June 2015</p> <p>VN-Forest Sector Development Project, (P066051), closed</p> <p>Co-financing VN-Land Administration Project, (FY07) (P096418). Closed June 2015</p> <p>Trust funds:</p> <p>REDD Program, Vietnam Conservation Fund, Co-financing to Land Administration, Forestry TF, GEF Critical Ecosystem Partnership</p>
<p>Outcome 14: Number of Land Use Rights Certificates distributed being registered with name of women land users</p> <p>Baseline: 0 (2007)</p> <p>Target: 2 million (2016)</p> <p>Actual achievement: 1.64 million (2015)</p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> The number of Land Use Rights Certificates (LURCs) registered in the name of women land users (individually or jointly) was 1.64 million in mid-2015 - against a target of 2 million</p>	<p>WB lending:</p> <p>VN-Land Administration Project (FY07), (P096418), closed June 2015</p>
Outcome 15: Increase in	<u>Indicator achievement</u> The indicator could not be verified (the	Sustainable Agriculture Transformation

<p>use of sustainable farming practices in selected areas</p> <p>Area of rice farming under sustainable farming practices as measured by reductions in pesticide and fertilizer use (hectares)</p> <p>Baseline: 0 (2014)</p> <p>Target: 10,000 (2016)</p> <p>Not verified</p>	<p>Sustainable Transformation Project is in early phase of implementation). Alternate measures do not make sense as outcome relates to project-specific practices and geographic areas.</p>	<p>(FY15) (P145055), Closing 2020.</p>
<p>Sub-pillar 2.2: Environmental Protection and Management (“Clean”)</p> <p>SEDS Goal 11: Protect and Improve Quality of the Environment, Proactively and Effectively Respond to Climate Change, as well as Prevent and Fend off Natural Disasters.</p>		
<p>Sub-pillar 2.2. rating:</p> <p>Moderately satisfactory</p>	<p>Justification for rating: Out of five outcomes areas, two were achieved and three mostly achieved.</p> <p>Significant achievements are observed regarding wastewater treatment in Vietnam.</p> <p>3.9 million people gained access to improved sanitation in Vietnam between 2011 and 2015.</p> <p>Reductions in GHG Emissions in certain sectors were achieved and IFC financing for sustainable energy projects was considerable.</p> <p>572 building complied with the green building code in 2016.</p> <p>There were reductions in CO2 emissions - REDP achieved GHG reductions of 1.8 million tons of CO2.</p>	
<p>Outcome 16: Increased wastewater treated in selected areas:</p> <p>Additional wastewater treated (m3/day)</p> <p>Baseline: 0 (2011)</p> <p>Target: 14,200 (2015)</p> <p>Achieved</p>	<p><u>Indicator achievement:</u> The additional waste water treated per day reached 46,000 m3, surpassing the target of 14,200 m3/day.</p> <p>Improvements can be observed with regards to sanitation and solid waste collection and disposal, as well as in the reduction of untreated waste water discharges to the ocean. Regulation concerning health care waste was issued and the first secondary waste water treatment plant was established in Da Nang.</p> <p>Progress was also made towards improving compliance with industrial wastewater treatment regulations in four of the most industrialized provinces in Vietnam under the Industrial Pollution Management</p>	<p>WB lending:</p> <p>Ongoing</p> <p>Project Preparation Facility (FY10) (P118610), closing Oct 2017,</p> <p>Hospital Waste Management (FY11) (P119090), closing Aug 2017</p> <p>Da Nang Sustainable City Dev (FY14) (P123384), closing June 2019</p> <p>HCMC Env. & Sanitation 2 (FY14) (P127978),</p>

	Project.	<p>start July 2015- closing June 2021</p> <p>Industrial Pollution Management (FY13) (P113151), closing Sept 2018</p> <p>2nd Northern Mountains Poverty Reduction (FY14) (P113493), Closing June 2018.</p> <p>Urban Water Sup & Wastewater (FY11) (P119077), additional financing approved, 2019</p> <p>Closed:</p> <p>Coastal Cities Environmental Sanitation (FY07) (P082295)</p> <p>Local Development Investment (FY10) (P094055), Closed June 2016</p> <p>VN Urban Upgrading, P070197, Closed 12/31/2014</p> <p>Trust funds:</p> <p>GEF PCB Management Project (FY09) (P099460), GEF – Coastal Cities Environmental Sanitation, GEF – Coastal Cities Project</p>
<p>Outcome 17. Improved sanitation in selected areas</p> <p>People with access to improved sanitation (number)</p> <p>Baseline: 680,000 (2011)</p> <p>Target: 2,500,000 (2015)</p> <p>Achieved</p>	<p><u>Indicator achievement:</u> 3,9000,000 people gained access to improved sanitation—against a target of 2,500,000.</p> <p>A number of lending operations contributed to this outcome. Under the HCMC Environmental Sanitation Project, 1.2 million people gained access to improved sanitation. The Vietnam Urban Upgrading and the Coastal Cities Environmental Sanitation Project contributed to 1.9 million and 0.8 million people respectively gaining access to improved sanitation.</p> <p>The Vietnam Urban Upgrading also had impact in terms of its high demonstration value as it transformed the inner city of HCMC and other cities are interested in undertaking similar upgrading projects.</p> <p>The Urban Water Supply and Wastewater project is also making progress towards improving sanitation although not yet reaching its targets of 263,000.</p>	<p>WB lending:</p> <p>Ongoing:</p> <p>Medium Cities Development (FY12) (P116398) closing Dec 2017</p> <p>Mekong Delta Urban Upgrading (FY12) (P113904) Closing Dec 2017</p> <p>2nd HCMC Environmental Sanitation Project (P127978) (FY14)</p> <p>Urban Water Sup & Wastewater (FY11) (P119077), additional financing approved, (2019),</p> <p>Closed:</p> <p>VN Coastal Cities Environmental Sanitation,</p>

		<p>P082295, closed 11/30/2014</p> <p>VN GEF-IF- Coastal Cities Environmental Sanitation</p> <p>VN Urban Upgrading, P070197, Closed 12/31/2014</p>
<p>Outcome 18: Reduced GHG Emissions in selected areas</p> <p>Reduction in annual GHG emissions through facilitating financing for sustainable energy projects (IFC)</p> <p><i>Baseline: 0</i></p> <p><i>Target: 257,000 annually (2016)</i></p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> In 2015 the annual value of financing facilitated for sustainable energy projects by IFC amounted to \$211,763, 671. In 2016 the annual value of financing had dropped to \$17,400,000.</p> <p>The World Bank and IFC contributed in various ways towards reducing GHG emissions in selected areas in Vietnam. The HCFC Phase out Project avoided greenhouse gas emissions to date from completed enterprise conversion subprojects to phase-out use of HCFC in the foam sector equivalent to about 600,000 tons of CO2/year, and is expected to reach nearly 1 million tons/year (about 1,275 tons of HCFC use converted) when the project is completed.</p> <p>Other measures included the National CFC and Halon Phase out Project which successfully helped Vietnam eliminate ODS (Ozone Depleting Substances) consumption as mandated under the Montreal Protocol.</p> <p>Through advisory services, IFC helped reduce 262,482 metric tons of emissions between 2011 and 2015.</p>	<p>WB lending:</p> <p>National CFC and Halon Phase out (FY06) (P083593), Closed Dec 2014</p> <p>HCFC Phase out Project (FY13) (P115762), closing June 2017</p> <p>Climate Change DPO 3 (DPO3), Closed 2015</p> <p>IFC:</p> <p>IFC project No. 561504</p>
<p>Outcome 19: Increased use of green building design in selected areas</p> <p>Number of buildings complying with the proposed green building code</p> <p><i>Baseline: 0</i></p> <p><i>Target 641 (2016)</i></p> <p>Mostly achieved</p>	<p>IFC supported the increased use of green building designs through facilitating financing which resulted in 572 buildings complying with the proposed green building code in 2016</p>	<p>IFC Green Building Promotion in Vietnam Project, 599100</p>

<p>Outcome 20: Reduced CO² emissions in selected areas</p> <p>CO² emissions reductions compared to business as usual scenario associated with investments</p> <p><i>Baseline: 0</i></p> <p><i>Target: 1.5 million tons (WB) + 1 million tons (IFC) (2015)</i></p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> Through activities undertaken as part of the Hanoi Urban Transport Development Project, there was a 1.62-million-ton reduction in CO² emissions compared to business as usual scenario associated with investments.</p> <p>IFC advisory services led to a reduction of 262,482 metric tons of emissions between 2011 and 2015--against a target of 1 million tons.</p> <p>A number of investments and policy work supporting outcomes related to improved efficiency in electricity, water sector and road sector also impacted this outcome through supporting low-carbon cities, sustainable urban transport and infrastructure as well as investment operations in energy efficiency and renewable energy.</p> <p>Key analytical work such as Climate-Resilient Development in Vietnam: Strategic Directions for the World Bank' as well as key analytical work under the Vietnam Climate Change Partnership Trust Fund (eg. Low Carbon Development Study) contributed to identifying areas for climate related policy reforms included in the three Climate Change DPOs.</p> <p>In addition, a number of lending investments contributed to a reduction in CO² emissions through supporting the GoV to develop low-carbon cities, and by promoting sustainable urban transport and infrastructure practices</p> <p>In spite of delays Renewable Energy Development Project is making progress towards increasing the supply of electricity to the national grid from renewable energy sources on a commercially, environmentally and socially sustainable basis.</p>	<p>WB lending:</p> <p>Da Nang Sustainable City Dev (FY14) (P123384), closing June 2019</p> <p>Closed:</p> <p>Climate Change DPO 3 (DPO3), Closed 2015</p> <p>IFC E&S Risk Management for Banking Sector (2011-2014)</p> <p>Power Sector Reform DPO 3 (FY14)</p> <p>Hai Phong Urban Transport (FY11) (P111548), closing date August 2018, extended.</p> <p>Renewable Energy Development (FY09) (P103238), closing June 2018</p> <p>Distribution Efficiency (FY13) (P125996) closing Dec 2018</p> <p>Transmission Efficiency Project (FY14) (P131558) closing Dec 2019</p> <p>Ha Noi Urban Transport Development Project GEF component (P085393)</p> <p>AAA: GHG Assessment for Da Nang, Green Urban Transport, Programmatic Climate Change AAA</p> <p>IFC</p> <p>Advisory services</p> <p>Trust Funds: GEF Clean Prod & Energy Efficiency (FY12) (P116846), Vietnam Climate Change Partnership, Eco2Cities, Business Incubation and Green Technology, Integrated Planning for Urban and Transport in HCMC</p>
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<p>Sub-pillar 2.3: Preparedness for Natural Hazards and Climate Change (“Resilient”)</p> <p>SEDS Goal 11: Protect and Improve Quality of the Environment, Proactively and Effectively Respond to Climate Change, as well as Prevent and Fend off Natural Disasters.</p>		
<p>Sub-pillar 2.3. Rating:</p> <p>Moderately satisfactory</p>	<p>Justification: The one outcome under this sub-pillar is partially achieved.</p> <p>27 communes have completed DRM and Socio-Economic Development plans. The decentralization issue was addressed in 2015 and CBDRM implementation is accelerating for the remaining 73 phase communes. Moreover, the Climate Change DPO series, lending and TA have contributed to integrated use of disaster risk management.</p>	
<p>Outcome 21: Increased use of disaster risk management in selected areas</p> <p>Number of provinces and communes integrating disaster risk management into their Socio-Economic Development Plan and River Basin Management Plan</p> <p><i>Baseline:</i> 0 provinces, 0 communes (2014)</p> <p><i>Target:</i> 10 provinces 100 communes (2016)</p> <p>Partially achieved</p>	<p><u>Indicator achievement:</u> Under the Natural Disaster Risk Management Project, 27 communes have completed DRM and Socio-Economic-Development plans. The decentralization issue was addressed in 2015 and CBDRM implementation is accelerating for the remaining 73 phase communes. Full achievement of this outcome is expected by the end of 2018.</p> <p>River Basin scale DRM plan is a new concept to central government and provinces and therefore require extensive technical support to prepare. The bidding package to support the development of the River Basin scale DRM plan in 10 target provinces is currently under procurement. Full achievement of this outcome is only expected by March 2019.</p> <p>A Climate Change DPO series contributed to strengthened disaster risk management through support to the 2013 Law on Natural Disaster Prevention and Control. The Law provides guidance for content regarding disaster prevention and control plans for communes, districts, provinces, ministries/sectors, as well as for allocation of responsibilities for the integration of natural disaster prevention and control contents into sectoral development, socio-economic development plans and master plans.</p> <p>Funding from GFDRR (Global Facility for Disaster Risk Reduction and Recovery) leveraged substantial IDA investments and Government programs in DRM/CCA and supported mainstreaming disaster resilience into a number of Bank-supported projects in water, transport, urban, rural and environment sectors. The ‘Building Resilience in the Mekong Delta’ TA, financed by ABP and WPP funding, was critical in informing the design of an innovative climate resilience project, and contributing to</p>	<p>WB lending:</p> <p>Managing Natural Hazards Project (FY13) (P118783)</p> <p>Natural Disaster Risk Management Project: P073361, Closed 2013</p> <p>Climate Change DPOs, Closed 2015.</p> <p>ASA: Programmatic Climate Change ASA</p> <p>Trust funds: Eco2Cities, Disaster Risk Financing Strategy (GFDRR), Agricultural Risk Management Information System (GFDRR), Vietnam Climate Change Partnership, Cofinancing TFs to Natural Disaster Mitigation, GFDRR – Disaster Risk Management Capacity Building Program, AHI Control and Preparedness TFs, co-financing TFs to Natural Disaster Risk Management, Urban Resilience in Can Tho (AusAID)</p>

	<p>cross-sectoral dialogue across key ministries.</p> <p>The Natural Disaster Risk Management Project substantially assisted the GoV to establish a comprehensive natural disaster risk management framework as well as effectively reduced vulnerability to storms and flooding in the areas that benefited from the infrastructure and early warning investments.</p>	
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Pillar 3: OPPORTUNITY

Rating: Moderately Satisfactory

SEDP indicators: Average poor household rate reduced by 2-3% per annum; Human Development Index will stay at advanced medium level; 8 doctors per 10,000 people; 30 sick-beds per 10,000 people; 96% rural population provided with hygienic water; 98% urban population provided with hygienic water

Sub-pillar 3.1: Opportunities for the Poor and Household Resilience to Shocks ³

SEDS Goal 3: Develop Geographic Regions Harmoniously and Sustainably, and Build Urban and Rural Areas That Meet Our New Standards

<p>Sub-pillar 3.1. Rating: Moderately Satisfactory</p>	<p>Justification for rating: Out of the four outcome areas under the sub-pillar, three are achieved and one is mostly achieved. Access to productive infrastructure in poor areas in Vietnam improved. Women are increasingly benefiting from WBG interventions and take increasing part in decision making processes. Significant progress can be observed with regards to systems for targeting social protection.</p>	
<p>Outcome 22: Improved access to basic productive infrastructure in selected (poor) areas Households in targeted areas reporting improvements in accessibility to basic productive infrastructure (%) Baseline: n/a (2011) Update: (Dec2013) Access to roads 48% Access to irrigation 37% Access to water supply 45% Access to markets 11% Target: 60% (2015)</p>	<p><u>Indicator achievement:</u> Project beneficiaries reporting improvement in accessibility to basic infrastructure—road, water supply, and irrigation: 96, 81 and 75 percent respectively (targets: 60 percent). Poverty is generally concentrated among ethnic minorities who reside in rural, hard-to-reach areas that also suffer from weak productive infrastructure. The Bank contributed through analytical work including a 2012 Poverty assessment, policy engagement with the Committee on Ethnic Minority Affairs as well as investment operations targeting ethnic minorities. A number of World Bank engagements supported access to productive resources for the poor, also ethnic minorities Data from the Northern Mountains Poverty Reduction Project shows the development of roads and markets under the Project helped increase the number of traders visiting villages to buy and sell agriculture products, thus improving the farmers’ access to market. Data also shows a decrease in the time, labor and cost of transportation--attributable to the new or improved rural roads. Improved irrigation systems helped increase irrigated areas to around 25 percent, turning one-crop production land into two-crop land, thereby increasing overall rice outputs and reducing food insecurity in the project areas. The Rural Finance 3 project led to a significant increase in longer term lending to the rural sector, resulting in improved access to credit by the poor.</p>	<p>WB lending: Ongoing: Northern Mountains Poverty Reduction 2 (FY10) (P113493) closing 2018; Northern Mountains Poverty 2 Additional Financing Coastal Resources for Sustainable Development (FY12) closing March 2018, (P124702) Central Highlands Poverty Reduction (FY14) P128072, closing December 2019. Closed: VN Road Safety, P085080, Closed Rural Finance 3, P100916 IFC: IFC Microfinance (2012-2016) IFC Vietnam Better Work Phase II (2012-2013)</p>

<p>Achieved</p>	<p>IFC investment operations supported opportunities for the poor and strengthened household resilience to shocks and had an impact on job creation. Between 37 and 40 percent of new direct employment created was female employment.</p>	
<p>Outcome 23: Number of beneficiaries that are women</p> <p>Sustainable water and sanitation in project areas</p> <p><i>Baseline: 0 (2013)</i></p> <p><i>Target: 51% (2016)</i></p> <p>Access to improved urban infrastructure in low income areas in the Mekong</p> <p><i>Baseline: 0 (2012)</i></p> <p><i>Target: 51% (2016)</i></p> <p>Achieved</p>	<p><u>Indicator achievement:</u> The total number of beneficiaries in sustainable water and sanitation projects were 802,252 with the number of female beneficiaries reaching 51 percent (2015)</p> <p>51.6 percent of female beneficiaries had access to improved urban infrastructure in low income areas in Mekong in 2016.</p> <p>Over the CPS period, the WBG increased its focus on women as beneficiaries from support. Gender data was also gathered as part of analytical/survey work.</p>	<p>WB lending:</p> <p>Central Highlands Poverty Reduction (FY14) P128072, closing December 2019.</p> <p>Northern Mountains Poverty Reduction 2 (FY10) (P113493) closing 2018; Northern Mountains Poverty 2 Additional Financing</p> <p>Mekong Delta Urban Upgrading (FY12) (P113904), closing 2017</p> <p>VN Urban Upgrading, P070197, closed</p>
<p>Outcome 24: Regular participation of women and ethnic minorities in planning and decision making processes in project areas in the Northern Mountains</p> <p><i>Baseline: 0 (2010)</i></p> <p><i>Target: 60% (2016)</i></p> <p>Mostly achieved</p>	<p><u>Indicator achievement:</u> The indicator could not be verified (added in 2015). Alternate measures show progress.</p> <p>The original project indicator, used up to 2015, shows women and ethnic minorities participate regularly in planning and decision making processes in project areas. In August 2015 75 percent of women and ethnic minorities expressed satisfaction with their level of participation in planning and decision making processes. Although there are many improvements with this regard, significant challenges persist.</p> <p>The World Bank increased its focus on measuring its support for women and ethnic minorities in its lending operations including monitoring women's participation in planning and decision making processes in project areas.</p>	<p>WB lending:</p> <p>Northern Mountains Poverty Reduction 2 (FY14) (P113493), Closing June 2018</p>
<p>Outcome 25: Improved</p>	<p><u>Indicator achievement:</u> The indicator target of creating pilot beneficiary</p>	<p>WB lending:</p>

<p>systems for targeting social protection</p> <p><i>Social Protection</i></p> <p>A pilot beneficiary database is created in project provinces using existing data on poor, near-poor and beneficiary households</p> <p><i>Baseline: 0</i></p> <p><i>Target: 4 provinces (2016)</i></p> <p>Achieved</p>	<p>databases in four provinces is fully achieved, and GoV expects to roll-out a national database built on the pilot experience in the first half of 2017.</p> <p>The World Bank made considerable progress in its engagement with the GoV on improving systems for targeting social protection and adopting a system-wide approach. Strong policy dialogue, supported by solid analytical work contributed to the drafting of a Social Insurance Law. The World Bank engaged on the social assistance agenda, with a comprehensive package of support consisting of analytical work, policy dialogue, and south-south learning on reducing fragmentation and strengthening the social assistance delivery system. This led to the first lending operation in social protection in Vietnam (SASSP).</p> <p>The World Bank also supported GoV in improving the targeting method for the 2015 Poverty Census and data collection strategy.</p> <p>The SASSP has provided support for the establishment of a national data base for consolidated social assistance and piloting of the system in four pilot provinces, making social assistance delivery systems more effective and less fragmented.</p> <p>Strong policy dialogue, supported by solid analytical work, contributed to amendments to the Social Insurance Law passed in 2014 and improvements in business processes for social security administration.</p>	<p>Social Assistance System Strengthening Project (SASSP) (P123960) (FY14), closing 2019</p> <p>HIV/AIDS Prevention, P082604, Closed 12/31/2013</p> <p>World Bank TA support for social insurance law and social insurance administration.</p> <p>Trust fund: Gender Issues in Labor and Social Protection during Vietnam's transition to a MIC, Rapid Social Response Facility TF for SP.</p> <p>ASA: Programmatic Poverty Assessment, MOLISA M&E Support, Programmatic Social Protection (social assistance and social insurance).</p>
<p>Sub-pillar 3.2: Improved basic infrastructure and public service delivery</p> <p>SEDS Goal 8: Firmly Develop Healthcare and Improve the Quality of Medical Provision to the People</p> <p>SEDS Goal 9: Improve the Quality of Human Resources, Reform Comprehensively, and Rapidly Adapt in the Areas of Education and Training</p>		
<p>Sub-pillar 3.2. Rating:</p> <p>Moderately satisfactory</p>	<p>Justification for rating: Out of the three outcomes under this sub-pillar, one is achieved, one is mostly achieved and one is partially achieved.</p> <p>There has been a marked increase in access to pre-school education across most provinces in Vietnam.</p> <p>Travel time to farm production areas has, in some cases been reduced, but the indicator cannot be verified as no data has been collected relating to its achievement. As such, the objective is assessed as only partially achieved.</p> <p>Access to health services by the near poor has increased and health insurance coverage has been extended, but the original indicator could not be verified.</p>	
<p>Outcome 26: Travel time to farm production areas</p>	<p><u>Indicator achievement:</u> This indicator was introduced under Additional Financing for the 2nd Northern Mountains Poverty</p>	<p>WB lending:</p>

<p>in project areas is reduced for at least 50% of farmers</p> <p>Partially achieved</p>	<p>Reduction Project. The indicator could not be verified as no data for the indicator has yet been collected. Alternate measures show progress towards the stated outcome.</p> <p>The World Bank made progress towards improving basic infrastructure through various lending projects. Under the Northern Mountains Poverty Reduction Project, roads and markets supported under the Project improved farmers' access to market. The Mekong Delta Transport Project also improved access for businesses, farmers and the poor to main transport corridors. There are also reductions in time, labor, and cost of transportation attributable to the improved infrastructure. However, implementation of projects has been slow.</p> <p>The Third Rural Transport Project resulted in an increase of people living within 2 km of an all-weather road from 76 percent to 87 percent.</p>	<p>Ongoing</p> <p>Northern Mountains Poverty Reduction 2(FY14) closing June 2018,</p> <p>Northern Mountains Poverty 2 Additional Financing P148733 closing June 2018</p> <p>Mekong Delta Water Management (FY11) (P113949) closing March 2017</p> <p>Rural Sanitation and Water Supply (FY14) (P127435) closing July 2018</p> <p>Mekong Delta Urban Upgrading (FY12) (P113904), Closing Dec 2017</p> <p>Medium Cities Development (FY12) (P116398) closing date Dec 2017</p> <p>Da Nang Sustainable City Dev (FY14) (P123384) closing date June 2019</p> <p>Regional Mekong Water Resources (FY13</p> <p>Project Preparation Facility (FY10) (P118610) Closing Oct 2017</p> <p>Scaling Up Sanitation, (FY2015) P152693 closing July 2021.</p> <p>Closed</p> <p>Urban Water Sup & Wastewater (FY11) (P119077), Closed Dec 2016,</p> <p>Third Rural Transport Project, end:06/30/2014, P075407</p> <p>VN Water Supply Development, P073763, Closed 06/30/2013</p> <p>Coastal Cities Sanitation (FY07) (P082295)</p> <p>Da Nang Priority Investment (FY08) (P086508)</p> <p>Mekong Delta Transport (FY07) (P083588) and AF (FY13) (P126605) Closed in Jun 2016</p>
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<p>Outcome 27. Increased access to preschool education</p> <p>Number of provinces achieving universal preschool for 5 year-old children</p> <p><i>Baseline: 10</i></p> <p><i>Target: 29</i></p> <p>Achieved</p>	<p><u>Indicator achievement:</u> Under the School Readiness Promotion Project 45 provinces out of 63 provinces had met national criteria related to universal pre-school access for five-year olds—above the target of 29 provinces.</p> <p>The World Bank engagement in early childhood education contributed to increased access for five-year olds to pre-school education. World Bank support also focused on enhancing quality of pre-school education to promote school readiness in particular for the most vulnerable children including ethnic minority children.</p> <p>The preschool enrollment for five years old is currently 99.81%, out of which 85,6% is full-day with lunch provided at school, 75.52% ethnic minority children are studying full-day with lunch.</p> <p>The School Readiness Promotion Project provided support to Provinces to meet the national criteria for universal preschool education (different from enrollment rate) which included achieving multiple standards related to children, teachers and physical facilities.</p>	<p>WB lending:</p> <p>Ongoing</p> <p>School Readiness Promotion (FY12) (P117393) Closing 2017</p> <p>ASA:</p> <p>Quality Education for All Policy Dialogue, Programmatic Skills and Education System</p> <p>Trust Funds:</p> <p>JSDF – Improving Quality Basic Education for Ethnic Minority Children in three disadvantaged provinces</p>
<p>Outcome 28: Increased access to health services by the near poor</p> <p>Utilization of inpatient and outpatient services by the near poor at the level of district hospitals</p> <p><i>Baseline (2012):</i></p>	<p><u>Indicator achievement:</u> The indicator could not be verified. Alternate measures show progress towards the stated outcome.</p> <p>Alternative indicators from the same Northern Upland Health Support Project provide evidence that good results were achieved towards increasing access to health services by the poor. The average per capita inpatient visits in the district hospitals increased 3.9 times over the baseline and was 2.9 times greater than the end project target for 2014. Per capita outpatient visits increased 3.7 times over the baseline and were</p>	<p>WB lending:</p> <p>Ongoing</p> <p>Supporting Health Systems in the Regions (FY13) (P122629) closing Dec 2019</p> <p>Hospital Waste Management (FY11) (P119090) (Closing Aug 2017)</p> <p>Health Professional Education and Training (FY14) (P131825) closing Dec 2020</p>

<p><i>In patient 5.1/100</i> <i>Outpatient 11.6/100</i> <i>Update (2012):</i> <i>In patient 10.1/100</i> <i>(+98%)</i> <i>Outpatient 11.0/100 (-5%)</i> <i>Target: (Dec 2014)</i> <i>In patient 5.6/100</i> <i>(+10%)</i> <i>Outpatient 12.8/100</i> <i>(+10%)</i> Mostly achieved</p>	<p>28 percent greater than the 2014 end of project target. Moreover, the Central North Region Health Project surpassed targets of 10% increase in the utilization of outpatient and inpatient utilization rate by the poor at the district hospital.</p> <p>The World Bank supported health reforms to ensure more equitable access to health services through analytical work and lending.</p> <p>World Bank engagement led to improvements in health insurance coverage through analytical support for reforming the health insurance system and the drafting of the Health Insurance Law, 2014. Moreover, lending supported increased health insurance coverage for the poor as evidenced in the Central North Region Health Project where health coverage increased to 91.7 percent from a baseline of 10 percent.</p> <p>Lending also focused on increasing access to health services for the poor at district level and commune level--by improving availability and quality of health services as well as working on the demand side for health services. Results under both Northern Upland Health Support Project as well as Central North Region Health Project surpassed targets and created effective access to district hospitals services for the poor and ethnic minorities and significantly improved quality of services. In relation to the demand side good results were also obtained in relation to reducing financial constraints related to accessing services.</p>	<p>Closed HIV/AIDS Prevention, closed 12/31/2013, P082604 Northern Upland Health Support, (FY08) (P082672) Closed Central North Region Health (FY10) (P095275) Closed 31 Aug 2016 VN-Mekong Regional Health Support Project, P079663, Closed: 06/30/2012 ASA: Programmatic Health AAA, Programmatic Poverty Assessment Trust Funds AHI Control and Prevention TFs, HIV/AIDS Prevention TF, HIV AIDS Return on Investment, EC-financed Vietnam Health Care Support to the Poor of the Northern Uplands and Central Highlands, co-financing to Mekong Health Support, IDF – Improving Effectiveness and Sustainability of Social Health Insurance, KTF – Vietnam Health System Governance Strengthening, HRBF – Developing Results focused Health Care financing mechanisms in Vietnam</p>
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Appendix 2: Detailed Assessment of Program Development Outcome Rating

Pillar One: Competitiveness, rated *Moderately Satisfactory*

Pillar 1 – Competitiveness - set out to address: (a) Vietnam’s vulnerability to macroeconomic instability—with structural roots in SOE and financial sector distortions and weak public financial management; (b) low quality of key infrastructure services due to inefficiencies in power distribution and transmission and in water and transport sectors; (c) low value addition in Vietnamese production; and (d) weak innovation capacity and the related low skills base of the Vietnamese labor force. Accountability gaps exacerbated by decentralization and lack of transparency in public financial management were among the governance challenges to be addressed under this pillar. Overall achievement of outcomes under this pillar was moderately satisfactory. The Competitiveness pillar has three sub-pillars.

Under sub-pillar 1.1, economic management and business environment, outcomes are rated *moderately satisfactory* (three outcomes *achieved*, three outcomes *mostly achieved*): public debt was kept below the 65 percent target, the revised State Budget Law, issued in 2015, is aligned with international practice and includes a number of the Bank’s recommendations, the number of domestic commercial banks having current financial and balance sheet data on their webpage increased from 49 percent in 2011 to 71 percent in 2016, the number of individuals and firms gaining access to financial services increased dramatically, firms benefited from cost savings through regulatory reforms, and the government implemented decree 61 which obliges all State Economic Groups (SEGs) to publish financial and operational performance data, hence increasing transparency of the SOE sector (outcomes 1 – 6a).

Over the CPS period, Vietnam showed robust macroeconomic performance, including strong growth, and implementation of sound macroeconomic policies. The WBG supported Vietnam in sustaining macro-economic stability through a mix of engagements, including lending and advisory services and analytics (ASA). The WBG engaged in a robust policy dialogue, supported by DPOs, IPFs, and ASA in the areas of economic reform and public financial management (Vietnam Economic Management and Competitiveness Credit (EMCC) series, public financial management reform project). The Multi-Donor Trust Fund to Support Public Financial Modernization in Vietnam contributed to the adoption of 22 key public financial management reforms, and a treasury and budget management information system, TABMIS, implemented under the Public Financial Management Reform Project, scores high on coverage, functionality, and reliability. In 2014, an FSAP was successfully completed, providing a comprehensive assessment of the financial sector and outlining a clear reform agenda. Regarding the banking and financial services sector, the Bank and IFC engaged through lending and investments, leading to improvements in access to financial services for the poor and SME clients. There were also gains in Vietnam’s rankings in ‘Doing Business’, including in the area of paying taxes, where the World Bank, through the EMCC series, TA on social insurance administration and the IFC had supported regulatory reform. Though slower than anticipated, there were also improvements in the transparency of the banking sector. Weaknesses remain in this area, though, and may be a sign of limited buy-in and political economy constraints.

GoV commitment to these reforms was generally strong, although some slippages occurred during implementation, reflecting a combination of the complexity of the envisaged reform agenda, a challenging political economy context, and a fragmented institutional structure. As a result, progress in terms of achieving the intended outcomes was mixed. Overall, maintaining a sound macro-economic framework (outcome 1) was largely driven by the government and

SBV's determination to maintain stability. Public debt was maintained below the government's target of 65 percent. Banking sector reforms (CPS outcome 3) succeeded in putting in place provisions to enhance loan classification, but resolution of non-performing loans (NPLs) progressed slowly. Progress was made in terms of strengthening disclosure requirements for SOEs (outcome 6) as can be observed in the government's implementation of Decree 61 and the publication of key financial and operational performance for State Economic Groups (SEGs) and advancing divestment from non-core assets, but the separation of regulatory and ownership functions remains an unfinished agenda. On the other hand, the establishment of treasury single account was completed and several key laws were adopted, including the laws on CIT, VAT, Public procurement and public investment management.

The Bank continued to support the government to improve public financial management (outcome 2) and worked closely with the SBV and the MOF to support the Financial Sector Advisory Program (FSAP) which provided a comprehensive assessment of the financial sector and identified a clear reform agenda. The Bank drafted a Policy Note on Revision of the State Budget Law as part of the EMCC programmatic AAA, aimed to align Vietnamese public financial management practices more closely with international good practices. This work led to the adoption of a total of 8 out of 15 World Bank recommendations in the revised 2015 State Budget Law. The Bank also supported the government in consolidating and modernizing its system of managing treasury accounts through a Financial Sector Modernization and Information Management System operation and through TA. The sequencing of various types of engagements was important as the Bank's support for infrastructure systems (TABMIS) and support for pilots (MTBF – medium term budget planning) led to increased confidence in the government to adopt further policy reforms. The World Bank subsequently provided TA support for the formulation of legal reforms related to PFM and policy formulation related to cash management, internal audit, asset management, IT security, taxation, and procurement. The impact of the Financial Sector Modernization and Information System Project as well as the TA through the multi donor Trust Fund to Support Public Financial Modernization in Vietnam is acknowledged in the PPAR which estimates that “at least 22 important PFM reforms are directly attributable to the MDTF II. Similarly, in terms of coverage, functionality and reliability, TABMIS appears to be one of the best performing such systems implemented under similar World Bank operations.” Furthermore, “both operations benefitted from strong fundamentals, notably high strategic relevance” (draft PPAR June 2016).

Other analytical work which highlighted the World Bank's continuous engagement to strengthen macro-economic and public financial management reforms is the Biannual Taking Stock report which reviews the recent economic trends in Vietnam and presents the World Bank's position on the macro-economic and growth prospects as well as the support for the first publishing of the Public Expenditure Review in Vietnam. The Vietnam 2035 Report also presents an important platform for future engagement with the GoV on key economic reform agendas and is already seen as a key contributor to the current focus on the private sector as an engine for economic growth in Vietnam.

The Bank and the IFC also made significant progress towards increasing access to financial services for micro-finance and SME clients (outcome 4). The programmatic AAA on financial inclusion supported the government in identifying key constraints to access to financial services and improving financial inclusion in a comprehensive way. The Programmatic ASA funded a Policy Note on Non Cash Payment System (Sep 2014)—which served as the basis for a new lending operation—together with a Financial Inclusion Landscape Review (2015). One of the

key achievements of the Financial Inclusion and Access to Financial Services Programmatic AAA engagement was to provide a holistic perspective on financial inclusion to the client--in line with international recommendations. Moreover, the Bank's Rural Finance Project 3 (RF3) granted 70,341 loans, providing access to finance for many, in addition to 65,333 loans to SMEs. In terms of investment services, IFC supported development of the business environment by strategically investing in institutions that support financial market development. Three IFC clients in Vietnam had a combined outstanding SME portfolio of \$7,638,745,409 in FY11. The portfolio decreased in FY12, but increased in FY13 and FY14, reaching \$9,100,725,019.

Relating to the business environment (outcome 5), the government implemented reforms to ease the compliance burden on tax payers. IFC supported improvements in the business environment through Tax Simplification for SMEs, which led to FY14 costs savings of about \$104 million due to direct compliance--exceeding the target of \$30 million. World Bank TA on social insurance also streamlined collection and reporting of social security contributions. IFC provided advisory services which included capital market development, improvement of credit bureau and collateral registry, which together reached a value of financing facilitated of \$4,679,487,000 at its height in FY12, but later decreased to \$497,869,200. This total value of financing facilitated was above the expected value for nearly every year between FY12 and FY16.

The WBG made significant contributions under sub-pillar 1.2, quality and efficiency of infrastructure services, with outcomes rated *moderately satisfactory* (two outcomes *achieved* and one outcome *mostly achieved*). Under this heading, and building on earlier efforts to strengthen access to services, the WBG put increasing emphasis on the quality of infrastructure services.

In energy, the World Bank engaged in a holistic manner through strong policy dialogue, ASA, and lending (DPOs and IPFs), aiming to support the GoV provide affordable and high quality electricity services to users, improve electricity efficiency (Outcome 6b) and improve the financial viability of the power sector. The work consisted of engagements to increase electricity generation, strengthen and extend transmission and distribution systems, further renewable energy, and increase rural electrification. Support was also provided to energy sector institutions and actors—for these to become more efficient and proficient and on sector reform issues, such as tariffs, system efficiency improvements, and power sector restructuring. Bank support contributed to the establishment of a competitive power market, an initial rise in tariffs—a move towards financial sustainability of the sector—improving system efficiency, developing better performing electricity transmission and distribution grids, and extending electrification to rural areas. While the World Bank's strategic advantage typically relates to power sector restructuring, transmission and distribution, generation, financial viability, and renewables, the Bank also supported Vietnam Electricity (EVN) on a range of issues related to gender mainstreaming, communication, and IFRS compliance. This is a result of continuous dialogue and building of trust between the World Bank and EVN. The Energy DPOs (1, 2 and 3) focused on four strategic policy areas related to power sector restructuring, electricity tariff reform, improvement of demand side energy efficiency and development of a competitive power market. The Energy DPO was rated as moderately satisfactory. Although the PDO was complex, strong progress was made along all four policy areas which must be assessed in the context of the GoV's long term energy reform program.

Significant work was undertaken during the CPS period related to rural energy, system efficiency improvements, and renewables and improved transmission and distribution as well as on the

financial viability of the power sector and the introduction of competition in power generation. On the World Bank lending side, the Second Rural Energy Project substantially helped improve access to good quality and affordable electricity services in a sustainable and efficient manner. The objectives of the Vietnam System Efficiency Improvement, Equitization, and Renewables project were only partly achieved as challenges remain in terms of sustaining reforms and building institutions. The Second Transmission and Distribution Project helped Vietnam develop an efficient electricity transmission and distribution system by overcoming transmission bottlenecks whereas objectives towards modernization, commissioning of new market and transmission systems, information and control systems were not achieved.

During the CPS period, in 2015, MIGA issued a guarantee of \$239.7 million to support the construction of the Hoi Xuan Hydropower Project in Vietnam. The project will respond to Vietnam's growing electricity demand and provide the Hoi Xuan region with improved quality and efficiency in power services. The project contributes to reducing the country's carbon footprint by supporting renewable energy, energy efficiency, and cleaner technology options for urban infrastructure.

Significant progress was made in the water sector towards improving sector efficiency (Outcome 7), supported by lending, analytical work, and technical assistance. During the CPS period, water losses in water supply systems were reduced by 163,000 m³/day and there was a 37 percent increase in access to irrigation. An additional 2.2 million people gained access to improved water sources in rural areas and 1.4 million people gained access to improved sanitation. A number of past and ongoing lending operations contributed to progress and results in the sector, including the Mekong Delta Urban Upgrading Project, the Medium Cities Development Project, the Urban Water Supply Project, the Urban Water Supply and Wastewater Project, and the Rural Water Supply and Sanitation Project—the first Program for Results (PforR) in East Asia and Pacific (EAP). The Rural Water Supply and Sanitation Project was designed to support Phase 3 of the National Targeted Program (NTP3) for Rural Water Supply and Sanitation in Vietnam. The results-based approach sought to address the weaknesses identified in the NTP3 by shifting the incentive structure of the program from one based on inputs and activities to one based on outputs and outcomes. The PforR focuses on (i) expanding water supply services; (ii) expanding household and institutional sanitation; and (iii) strengthening institutions, including improved planning, monitoring and evaluation. A process evaluation under the PforR provides indications that the proportion of people gaining access to a hygienic latrine increased by 8.8 percent in PforR provinces, vs. 8.1 percent in comparison provinces. There are also indications that the project has contributed to increased capacity and that constructed water schemes increased the number of households with water connection. Cost per connection, however, is higher than intended due to low connection ratio.

WBG support for a more efficient road sector (Outcome 8) included financing for upgrading the national road network, investment in urban transport infrastructure and mass transit systems, technical assistance for management of large-scale infrastructure projects, the development of institutional and regulatory frameworks for multi-modal transport, and the development of policies and tools for more effective road asset management. There was also increased focus, though analytical work, on logistics and customs as part of a broader transport agenda.

Support for a more efficient road sector focused on improving the quality of key infrastructure and transport corridors, enhancing Vietnam's competitiveness by lowering transport costs and connecting markets. The Bank supported the GoV through various lending programs including

the Mekong Transport Infrastructure Development Project and the Hanoi Urban Transport Project. These projects led to a reduction in the transport times on targeted transport corridors. There were reductions in travel time on the Hanoi second Ring Road (from 28 to 20 minutes) and on the National Highway 91 (from 15 to 7 minutes). These advances will be key to lowering transport costs and connecting markets in the Mekong. Investments through an urban project in HCMC, Hai Phong, and Danang have also improved urban accessibility and strengthened capacity for urban transport, whereas the Da Nang Priority Infrastructure Investment Project resulted in improved efficiency, effectiveness and sustainability of urban services through a package of priority investments including strategic road access although delays, extra costs, and reduced scope of the project during implementation affected the project. The World Bank also made important contributions to the development of Vietnam's inland waterways system through Northern Delta Transport Development Project and Mekong Delta Transport project

Throughout the CPS period, the World Bank increasingly focused on policy work and technical assistance for institutional strengthening and systems building. Policy dialogue facilitated under the Third Rural Transport Project (RTP3) led to the successful establishment of a Road Maintenance Fund. The outcomes of RTP3 are now being consolidated under the Bank financed Vietnam Road Asset Management Project (VRAMP) which supports efforts to improve the efficiency and sustainability of road asset management and maintenance practices performed on national roads in Vietnam. Linkages with other sector work were strengthened, including in public financial management reform to ensure more sustainable financing of road maintenance. Engagement with the Ministry of Finance (MOF) resulted in the passing of legislation that requires all provinces to include the cost of road maintenance in their Medium Term Expenditure Plans (MTEPs). The WBG also engaged with the GoV to mobilize private resources for infrastructure development. This led to the establishment of a PPP unit in the Ministry of Transport and modalities for establishing a framework for and implementation of PPP projects in Vietnam. However, progress has been slow on reforming the regulatory and policy framework that will enable PPP development.

On the guarantee side, MIGA issued a \$500 million guarantee covering a loan from a syndicate of commercial banks to support the construction of the BT20 National Highway 20 Project. The National Highway 20 is a critical connector between Ho Chi Minh City and Dalat, and its upgrade and rehabilitation will reduce travel times and improve road safety. Enhanced economic growth and development can be expected in the Central Highlands as a result of enhanced accessibility. Construction of the highway was completed on time and within budget.

Outcomes under sub-pillar 1.3, capacity for innovation and value addition, are rated *moderately unsatisfactory* (three outcomes rated *partially achieved*)

Outcomes under pillar 1.3. relate to Vietnam's innovation agenda which concerns support for strengthening labor market skills by reforming the management of the education and training system to achieve increases in scientific innovation (outcome 9). Moreover, Vietnam's innovation agenda was also linked to World Bank and IFC supported upgrades and value addition in the agriculture sector to achieve sustainable increase in value added (outcome 10) and increased knowledge of innovation practices by farmers (outcome 11). While some progress can be observed in the area of innovation and value addition, the institutional capacity and systems still need significant strengthening.

One of the core characteristics of Vietnam's innovation agenda is the strengthening of the education system to enhance labor market skills. The World Bank adopted a multi-pronged

strategy (at the higher education and sub-sector levels) to support Vietnam's higher education reform efforts. It combined complementary IPFs and DPLs. The investment operations were designed to generate analytical inputs needed for the formulation of the overall reform strategy. In addition, they were aimed at building much-needed technical and institutional capacity at the central government and university levels. In turn, the policy lending series provided financial incentives to move toward more challenging and politically costly policy reforms. The World Bank's main engagement DPOs and project investments represented a shift away from infrastructure and inputs (and a focus on access to education) toward strengthening education systems through reforms and capacity development. A number of lending investments supported the GoV in improving the general education system to better equip students entering the higher education system, reforming teaching methodologies, curriculum development, and increasing hours of instruction.

The education sector DPO series, which aimed to strengthen governance, financing, and quality of higher education, provided an important policy and legal platform to support increased autonomy and accountability for higher education institutions. Although the reform program was comprehensive and long term, the DPOs made progress towards putting in place the fundamentals of a modern, high quality, and equitable higher education system that is responsive to Vietnam's growth and poverty reduction objectives. The DPOs were complemented by specific lending operations, such as the Second Higher Education Project, which substantially increased the quality of teaching in universities—thereby improving the employability of graduates and the quality of university research. The New Model University Project aimed to demonstrate the benefits of a new policy framework on governance, financing and quality of Vietnam's higher education system. Although significant headway has been made in reforming Vietnam's higher education system, challenges related to the political and financial implications of higher education reforms as well as the time needed to shift mind-sets have impacted pace of change. Similar challenges have negatively impacted progress of the projects on Inclusive Innovation, where divergent views on governance arrangements and teaching/research goals have slowed down implementation, as well as on Fostering Innovation through Research, Science and Technology (FIRST). Both projects aimed to support science, technology and innovation through a grant support mechanism. In spite of this, under the FIRST project, 20 core publications written by beneficiary organisations in Vietnam appeared in international peer-reviewed journals (against a target of 5) over the CPS period (Outcome 9).

On the agriculture side, the Bank and IFC supported increases in value addition in farming and knowledge of innovative farm practices (Outcomes 10 and 11) through analytics, investment lending, and advisory services. Support strengthened linkages between farmers and agribusinesses, thereby increasing efficiency of livestock production and improving food safety. The World Bank also promoted the introduction of new agricultural technologies and practices, leading to a 17 percent increase in crop yields and a 22 percent increase in the value of sales. IFC implemented an agri-finance project that helped institutions provide better access to financing for farmers and improve their sustainability and productivity, particularly for coffee and rice.

Increased knowledge of innovative agriculture practices can be seen from engagement under the Agriculture Value Chain and Rural SME Project, under which 50,000 farmers were trained in new farming practices. Similarly, the Vietnam Agriculture Competitiveness Project trained 93,445 farmers.

MIGA issued a guarantee of \$167.7 million covering a loan to support the expansion and improvement of the Ma San Group's consumer products business in Vietnam. The project contributed to increased food security and safety, job creation, generation of tax revenues, and

WBG Engagement in the Energy Sector

The WBG adopted a holistic approach to its engagement in the energy sector in Vietnam over the CPS period. Through various lending operations, a comprehensive package of ASA, and strong policy dialogue, the Bank has become a trusted partner to the GoV in the sector. This has led to engagements beyond what was originally planned. While the Bank's strategic advantage typically relates to power sector restructuring, transmission and distribution, generation, financial viability, and renewables, in Vietnam the Bank is also supporting Vietnam Electricity (EVN) on a range of issues related to gender mainstreaming, communication, and IFRS compliance. Strong policy dialogue has also guided the World Bank to move into new areas of investment engagements such as solar energy and power trading/inter-connectivity between Vietnam and Laos.

Lessons Learned

- Teams build relations and confidence with counterparts through constant, high quality, and comprehensive engagement.
- Broad objectives of engagement that guide direction of support—but allow for flexibility and opportunistic behaviour—can lead teams to doors that would otherwise not have been opened for them.
- Finding the balance between analytical work, policy engagement, and investments is key, and it is critical to use lessons and learning from ASA and lending in the policy dialogue.
- Comprehensive power sector reform such as is taking place in Vietnam—that is, moving from a vertically-integrated, public-sector dominated sector structure to a market-based approach with private participation—requires time for design, consultation, and implementation, as well as to take advantage of 'windows of opportunity' for changes which may have significant effects on households or the overall economy
- It is important to maintain a balance between technical and political progress, especially as adjustments to the reform process and timeline are made. There is a good rationale for proceeding with design and implementation of technical aspects of reform in advance of steps that may be particularly politically sensitive. However, a balanced approach is needed. If technical aspects advance too far ahead of the corresponding political steps, the reform may begin to appear 'hollow'.
- Realism in the level of ambition of the timing of sector reform at the time of preparation is essential

improved environmental and social standards. The project will also benefit SMEs.

Pillar Two: Sustainability, rated *Moderately Satisfactory*

Pillar 2 – Sustainability - set out to support the GoV in strengthening the protection of natural resources and the environment, to mainstream this in the development planning and to implement measures to address natural hazards and climate change. The pillar has three areas of engagement: (i) improved natural resource management; (ii) strengthened environmental protection and management; and (iii) enhanced preparedness for natural hazards and climate change. During the CPS period the WBG engaged in these areas through number of lending investments as well as policy engagement, coupled by technical assistance, analytical work, and policy dialogue. A Climate Change DPO contributed to improvements in Vietnam's enabling environment for climate resilient development and low carbon development. A number of

significant policies were adopted, all of these benefiting from strong analytical input provided through TA, and many of these reflecting actions to improve institutional capacity through improving sectoral coordination and cooperation, capacity development, multi-sectoral and evidence-based planning, clear roles and responsibilities, and mechanisms for monitoring, review and reporting. The World Bank's lending operations also made important contributions towards a greener, cleaner and more resilient natural environment.

The Sustainability pillar has three sub-pillars.

Outcomes under sub-pillar 2.1, natural resources management (“green”), are rated *moderately satisfactory* (three outcomes rated *mostly achieved*, one rated *not verified*).

In relation to the outcome of improved management of water resources (Outcome 12), the World Bank sought in its lending to combine agricultural productivity with institutional support for enhanced water resource management and sustainable water use. The outcome is rated mostly achieved, though the original indicator could not be verified. However, irrigation improvements can be observed, with increased agricultural yields, and the commencement of a multi-sectoral water allocation approach. The Mekong Delta Water Management Project has supported the implementation of six pilot schemes on water productivity in five provinces: Can Tho, An Giang, Hau Giang, Bac Lieu and Ca Mau. It is estimated that implementation will be complete and targets related to 10 percent increase in water productivity reached by project closing on March 31, 2017. Moreover, the preparation of provincial water resources management and investment plans for project provinces has been successful, with the expectation that seven plans will have been prepared and adopted by project close. The Mekong Delta Water Management Project demonstrates the benefits of integrated and regional approaches to sustaining gains in agricultural productivity, providing access to water for rural households and contributing to climate change adaptation. The Vietnam Water Resources Assistance Project also made progress towards integrated water resources management in the Thu Bon River Basin. Significant progress was also made toward developing Vietnam's institutional and material capacities for improving dam safety, and the Coastal Resources for Sustainable Development made progress towards improving the sustainable management of coastal fisheries in project provinces through training in inter-sectoral planning, the establishment of planning teams in all eight project provinces and the promotion of good practices for sustainable aquaculture. Progress has been particularly strong in promoting good practices for sustainable aquaculture, where compliance with water effluent standards, reduction of disease losses, and use of quality seed stock has improved more than anticipated for this stage of implementation.

Achievements were made for more efficient land management (Outcome 13), to which the Bank's Land Administration Project contributed. There was a significant decrease—from 44 to 12.5 days—in the time required for land related transactions and transfers in Vietnam over the CPS period. Furthermore, about 1.5 million land use rights certificates were issued to women over the same period—compared to zero in 2007. The figure falls short of the two million CPS target (Outcome 14). The project led to significant achievements related to expanding access to land information services as a result of the systematic surveying, mapping, registration and issuing of LURC activities as well as the development of an improved land administration information system in participating provinces. Though the operation faced challenges in terms of slow implementation, it did provide a solid foundation for broader dialogue on land issues between the GoV and the World Bank. The Forest Sector Development Project also contributed to more efficient land management related to sustainable management of plantation forests and

conservation of biodiversity in special use forests. Improved regulation and policy and stronger capacity for planning, management and monitoring of biodiversity conservation by Special Use Forest (SUF) Management Boards, coupled with the availability of competitive funding for conservation of biodiversity management and the introduction of co-management with local communities provided a multi-tiered approach to reduce threats, improve management and the conservation of biodiversity in SUFs. This was an especially important achievement for conservation of SUFs which cover four of WWF's 200 Globally Important Ecoregions and contain four Endemic Bird Areas and 63 Important Bird Areas according to Birdlife International.

Outcome 15 relates to increases in the use of sustainable farming practices in selected areas and is linked to the World Bank Sustainable Transformation Project. The project started implementation in 2015 and will close in 2020. Target indicators could not be verified.

Sub-pillar 2.2, environmental protection and management (“clean”), is rated *moderately satisfactory* (two outcomes rated *achieved*, and two *mostly achieved*, and one *partially achieved*). WBG engagement in this area included measures aimed at sector-based mitigation actions related to pollution prevention and reduction. It covered five outcomes, addressing issues related to wastewater treatment, access to sanitation, GHG emissions reduction, and increased use of green building designs. With support from a Climate Change DPO series, the GoV adopted a number of key policy and strategic planning instruments to guide future climate change mitigation and adaptation efforts, increased financing for climate-related investments, begun to improve energy efficiency in the industrial sector, and strengthened its capacity in both adaptation planning and promotion of lower carbon development and public awareness.

A number of World Bank lending operations, technical assistance, and analytical work contributed to advances in the area of environmental protection and management in Vietnam (Outcomes 16 and 17). A Hospital Waste Management Project contributed to slowing environmental degradation and reducing human health risks and supported the design of a nationwide health care waste management system. The Industrial Pollution Management Project made progress towards the enforcement of wastewater treatment regulations for industrial zones in Nam Dinh, Ha Nam, Dong Nai and Ba Ria Vung Tau, four of the most industrialized provinces in Vietnam. The project has supported the issuance of the revised joint circular by MONRE and MOH regulating health care waste management. This is an important benchmark, setting the foundation for improvement of the health care waste management nationwide.

Other key lending operations include the Da Nang Sustainable City Development Project, which supported the construction of the first secondary wastewater treatment plant in Da Nang and the Coastal Cities Environmental Sanitation Project and the associated GEF Coastal Cities Environmental Sanitation grant which contributed to improved systems for wastewater and solid waste management. Moreover, the Urban Water Supply and Wastewater Project provided access to environmental sanitation and improved water services in urban areas in ten provinces. The Vietnam Urban Upgrading Project was implemented in four cities in Vietnam (Ho Chi Minh City, Can Tho, Hai Phong and Nam Dinh), where increases in wastewater treated reached 46,000m³/day—against a CPS target of 14,200m³/day. 3.9 million people gained access to improved sanitation (against a target of 2.5 million) through these operations.

As for reductions in GHG and CO² emissions (Outcomes 18 and 20), a Climate Change DPO series supported the GoV through the adoption of key policies and by strengthening institutional capacity to promote climate resilient and lower carbon development. Analytical work on climate

change, including ‘Climate-Resilient Development in Vietnam: Strategic Directions for the World Bank’ as well as key analytical work under the Vietnam Climate Change Partnership Trust Fund (e.g. Low Carbon Development Study) contributed to identifying areas for climate related policy reforms included in the three DPOs. Through its lending services, the Bank also supported the GoV in work to develop low-carbon cities, by promoting sustainable urban transport and infrastructure practices which have resulted in a reduction in CO² emissions. The National CFC and Halon Phase out Project lead to a reduction in GHG emissions by enterprise conversion subprojects to phase out the use of HCFC in the foam sector, leading to a CO² reduction of 600,000 tons per year—expected to reach nearly one ton/year at project end. The National CFC and Halon Phase out Project also helped Vietnam eliminate Ozone Depleting Substance (ODS) consumption—as mandated under the Montreal Protocol. Furthermore, the phase-out of ODS achieved under the Project contributed significant additional direct co-benefits resulting from the reduction of global warming potential. The CO² equivalent impact of phase-out achieved was calculated to be 2.6 million tons. In spite of delays, the Renewable Energy Development Project is making progress towards increasing the supply of electricity to the national grid from renewable energy sources on a commercially, environmentally and socially sustainable basis.

Through advisory services, IFC supported the reduction of 262,482 metric tons of emissions between 2011 and 2015 and facilitated annual financing for sustainable energy projects of \$3.8 million in 2016. IFC also contributed to outcome 19 regarding the increased use of green building design, where the IFC Green Building Promotion project facilitated financing which resulted in 572 buildings in 2016 complying with the green building code (against a target of 641).

Sub-pillar 2.3, preparedness for natural hazards and climate change (“resilience”), is rated *moderately satisfactory*. This pillar had only one outcome (outcome 21) related to increased use of disaster risk management, which was rated *partially achieved*. The target, that is the number of provinces and communes integrating disaster risk management (DRM) into their Socio-Economic Development (SEDP) and River Basin Management Plans, was partially achieved: 27 communes integrated these plans—against the targeted 100 communes and 10 provinces.

A Climate Change DPO series, lending, and TA have contributed to more integrated disaster risk management at provincial and commune level and towards mainstreaming disaster risk management across sectors and agencies. For instance, funding from the Global Facility for Disaster Risk Reduction and Recovery leveraged substantial IDA investments and GoV programs in DRM/CC and supported mainstreaming disaster resilience into a number of Bank-supported projects in transport, urban, rural and environment sectors. At the policy level, the grant helped to draw lessons learned and introduce practical and systematic tools on mainstreaming disaster resilience, as well as provide recommendations for improving existing technical standards and norms.

The World Bank’s Climate Change DPO series supported the development of a legal and organizational framework for addressing climate change hazards and disaster risk, resulting in the adoption of a new law on Disaster Risk Management and Reduction. It also supported the development of provincial DRM plans. The GoV’s latest evaluation report confirms that since 2012, all 63 provinces have had DRM&R plans under implementation. Furthermore, the Managing Natural Hazards Project provides support to provinces and communes to integrate DRM into their SEDPs, while the Natural Disaster Risk Management Project supports the GoV

in the establishment of comprehensive DRM frameworks to reduce vulnerability to storms and flooding. A key lesson from these engagements is the importance of strong institutional reform and leadership within the coordination agency—to ensure success and sustainability.

Remaining key challenges in this area relate to the limited institutional capacity to implement proactive DRM at national and sub-national levels and the lack of coordination among government agencies at national and subnational level. The Mekong Delta Climate Change Adaptation Program, however, provides an example of how World Bank cross practice/cross sector collaboration can stimulate inter-ministerial and interdepartmental collaboration.

Pillar Three: Opportunity, rated Moderately Satisfactory

Pillar three – Opportunity – set out to support the GoV in efforts to create equal opportunities for access to resources for development, basic services, and social welfare in rural and urban areas, continue sustainable poverty reducing policies, and improve the quality of social services.

A key contribution to this pillar was through analytical work in the form of the 2012 Poverty assessment which provided key policy conclusions related to ethnic minorities. As a result of solid analytical work and evidence generated, GoV programs and policies have increasingly targeted ethnic minorities. The World Bank’s work with the Committee for Ethnic Minority Affairs (CEMA) on the drafting of the Ethnic Minority Law as well as its engagement with the Ethnic Minority donor group demonstrate the continued policy engagement of the World Bank in relation to addressing poverty among ethnic minorities. However, challenges remain as to how to mainstream learning from analytical work into government poverty programs and how to implement integrated approaches that cohesively bring education, nutrition, water and sanitation, and livelihood support to effectively tackle poverty among ethnic minorities and other vulnerable groups. This is particularly evident as recent data shows that remaining poverty in Vietnam primarily affects and pertains to ethnic minorities. TA and lending support to the 2015 poverty census which is used to identify poor and vulnerable households for targeted programs, and mainstreaming into social assistance systems under the SASSP Project are positive steps in operationalizing the poverty agenda.

The Opportunity pillar has two sub-pillars.

The outcomes under sub-pillar 3.1, increased opportunities for the poor and household resilience to shocks, are rated *moderately satisfactory* (three out of four outcomes *achieved*, one *mostly achieved*).

Bank analytical work, including a 2012 Poverty assessment, contributed to increased understanding of emerging inequities in access to key basic services and productive infrastructure. A number of World Bank lending operations supported access to productive resources for the poor, including ethnic minorities. The Second Northern Mountains Poverty Reduction Project has provided improved access to basic productive infrastructure (roads, irrigation, water) for beneficiaries in selected poor areas (Outcome 22)—surpassing the 60 percent target set by the project (and the CPS). Evaluations show that roads and markets supported under the Northern Mountains Poverty Reduction Project have increased the number of traders coming to villages to buy and sell agriculture products and other inputs, thereby improving farmers’ access to market. Over 88 percent of beneficiaries report decreased time, labor, and cost of transportation which is attributable to established or improved rural roads. Improved irrigation systems have helped increase irrigated areas to around 25 percent, turning the one-crop production land into two-crop land, thereby increasing overall rice outputs and

reducing food insecurity in project areas. There are also reported impacts of reduced distance and time in water fetching and better access to water for villagers. These improvements lead to positive effects on health, sanitation and well-being for project beneficiaries, especially women. In spite of these positive results, project implementation has been slow and the institutional management structure reportedly heavy. Furthermore, wider data shows that inequalities persist and poverty is generally not reduced among ethnic minorities in Vietnam.

Through the PLR, the WBG strengthened its focus on gender, introducing two gender-focused CPS indicators, measuring (i) the number of women benefiting from sustainable water and sanitation in project areas; and (ii) participation of women and ethnic minorities in planning and decision making processes in project areas in the Northern Mountains (Outcomes 23 and 24). Data shows that 51.6 percent of beneficiaries in water and sanitation projects as well as in the Mekong Delta Urban upgrading project are women. Moreover, indicators show that up to 75 percent of women participated regularly in planning and decision making processes in project areas in the Northern Mountains Poverty Project.

In relation to outcome 25, the World Bank made considerable progress in its engagement with the GoV on improving systems for targeting social protection and adopting a system-wide approach. Strong policy dialogue, supported by solid analytical work, led the GoV to integrate World Bank input into the amended Social Insurance Law in 2014, which made steps to improve the financial sustainability of the pension system, as well as adopting improvements in business processes for social security administration which should improve revenue performance and reduce compliance time for employers. Furthermore, over the CPS period, the World Bank engaged on the social assistance agenda, with a comprehensive package of support made up of analytical work, policy dialogue, and south-south learning. This led to the first lending operation in social protection in Vietnam, a \$60 million Social Assistance System Strengthening Project (IDA) which supports initial measures to consolidate and improve efficiency of social assistance policy and administration. Challenges remain, however, in terms of establishing a cohesive and integrated social protection system, and deepening social insurance reforms to ensure financial sustainability.

Sub-pillar 3.2 provided support to improve basic infrastructure and public service delivery and access. The sub-pillar has three outcomes and is rated *moderately satisfactory* (one is *achieved*, one is *mostly achieved* and one is *partially achieved*).

New challenges related to rapid urbanization in Vietnam led the WBG to strengthen its engagement in the urban development sector over the CPS period. Analytical products such as the 2012 Urbanization Review, Affordable Housing in Vietnam, Municipal Infrastructure Financing, and the Ho Chi Minh Integrated Strategy Note supported the development of the urban portfolio. Infrastructure lending in this area was often combined with support for fiscal management and provincial level urban planning.

On the rural side, the Bank supported reductions in travel time to farm production areas (Outcome 26), leading to improved travel conditions and facilitating movement of goods and people. The World Bank made progress towards improving basic infrastructure in rural areas through various lending operations. Under the Northern Mountains Poverty Reduction Project, roads and markets supported under the Project improved farmers' access to market. There were also reductions in time, labor, and cost of transportation attributable to the established rural roads contributing to outcome 26 (see above).

The Bank has a longstanding partnership with GoV in the education sector, through DPOs, lending, and analytical and advisory work. The Bank's engagement in the early childhood education sector (Outcome 27) helped 45 provinces ensure universal pre-school access for five-year olds (School Readiness Promotion Project), exceeding the target of 29 provinces. The School Readiness Promotion Project provided support to Provinces to meet the national criteria for universal pre-school access which included achieving multiple standards related to children, teachers and physical facilities. The preschool enrollment rate (different from the national criteria for universal pre-school access) for five years old is 99.81 percent, out of which 85.6 percent is full-day with lunch provided at school, 75.52 percent ethnic minority children are studying full-day with lunch.

In the health sector, the World Bank provided support to reforms that sought to improve the quality of services and address gaps in health outcomes (primarily between rural and urban). The World Bank's dialogue with the GoV increasingly focused on how to render the health system more efficient. The World Bank transitioned away from support to health infrastructure, basic medical training, and single issue/disease projects toward increased engagement in national level health policy and systems strengthening with a focus on health financing and improved health service delivery. The World Bank provided critical analytical support on reforms of the health insurance system and input into the drafting of the 2014 Health Insurance Law. The World Bank also promoted the establishment of a stronger grassroots level health system. Progress has been slow in this regard as the current system promotes a national and provincial level hospital centered health system. Nevertheless, there is increasing awareness among policy makers of the need to bring health services in closer proximity to where people live.

A number of lending operations successfully increased access to health for the poor and ethnic minorities in Vietnam through improved health insurance coverage and better utilization of district health services. Under the Central North Region Health project, health insurance coverage of the near poor increased to 79 percent—exceeding the 40 percent target—while under the Northern Upland Health Support Project, the average inpatient visits per capita in the district hospitals increased 3.9 times. Moreover, outpatient visits per capita increased 3.7 times over the baseline.

Appendix 3: Gender Mainstreaming During the CPS Period

Despite, most projects being gender informed from FY12-16, the quality of gender mainstreaming can vary. Some projects undertake a few concrete actions, including the minimum core sector indicators for gender (such as tracking the percentage of women beneficiaries and setting targets based on the project area population data). Other projects go much farther in mainstreaming gender. They integrate gender actions within each component and sub-component and develop M&E systems that integrate gender issues (not only tracking the number of women beneficiaries but disaggregating most indicators by gender and including evaluations). Some projects conduct additional analysis to further inform a strategy for mainstreaming gender and/or to scale up best practices, and some projects determine that they need to conduct a gender thematic study/evaluation.

Examples of gender mainstreaming in WBG operations and analytical work during the CPS period:

- The Red River Delta Rural Water Supply and Sanitation Project had gender embedded in its design, as the Women's Unions (WU) were managing the Sanitation Revolving Fund and providing Information, Education and Communication materials related to sanitation and hygiene; combining hygiene promotion with sanitation financing. WUs received targeted training on a wide range of topics related to financial management and topics related to water, sanitation, personal hygiene as well as community sanitation. The WUs successfully generated demand for sanitation financing and facilitated increased community contributions for water supply schemes. In addition, project activities greatly contributed to increasing women's participation and role in water and sanitation as well as income generation, they became active stakeholders not only beneficiaries. After the project, 48 percent of households' women were equally important in earning income as their husbands and nearly all decisions related to sanitation were made by women (92 percent). Women made decisions on appropriate sanitation technology for household sanitation and they played a greater role on site selection for selection of public sanitation blocks. In addition, women's usage of sanitation facilities increased.
- The Third Rural Transport Project had a significant impact on women and collected important lessons learned for future Bank projects through its Assessment of the Provincial Women's Union Women-Managed Routine Rural Road Maintenance Program. Three Provincial Vietnam Women's Unions implemented this program (2012-2014). As a result of this program, the use of motor vehicles on upgraded roads has increased dramatically compared to control roads. In addition, the upgrading of roads enabled more trips to health centers with motorized transport. For instance, women on upgraded roads made 82 percent of those trips by motorbike compared with 34 percent on the control roads. In trips to market, only 14 percent women and no men used motorized transport on control roads, compared with 39.8 percent of women and 55.7 percent of men on improved roads. The program also enhanced the capacity of Women's Union units at all levels. The gender based community driven small scale road maintenance also raised awareness, built a sense of local ownership, fostered local stewardship of local roads, and changed behavior to protect rather than damage roads.
- Four major innovations of the Provincial Women's Union Women-Managed Routine Rural Road Maintenance approach were identified as models for sustainable community based road maintenance in other settings. It includes: (i) awareness raising in road protection and

maintenance based on skills training combined with an ongoing awareness campaign that engaged large numbers of women and men in the actual work of road maintenance and built local ownership of the road resulting in behavior changes eliminating previous actions that had damaged roads; (ii) very effective coordination between the Women's Union, the People's Committees, and the officials responsible for road maintenance at all levels from provincial down to villages provides a new model of cooperation that can be applied in other areas; (iii) leadership by the women's union in organizing and managing the road maintenance done by local women and men with technical support from transport officials; and (iv) integration of the rural road maintenance into the New Rural Development program activities, including but not limited to the Five No's and Three Cleans campaign, thus connecting participants to additional programs to enhance their economic opportunities.

- The on-going knowledge management product Gender-Dimensions of Urbanization: Generating Lessons-Learned from China and Vietnam is an example of critical research on gender issue, as urbanization creates challenges and opportunities for women in particular. This study will highlight important gender-specific challenges in rural/urban transition and will contribute to a better understanding of how the process of rapid urbanization and changes in land use (from rural to urban) affects men and women differently in terms of: (i) sustainable livelihoods and employment; (ii) access to basic services and (iii) access to essential social networks. Through probing into the difficulties and the challenges encountered by women in several communities at different stages of urbanization, this task will put forward measures for the formulation and implementation of relevant social and economic gender-informed policies, so as to ensure women's equal access to the benefits of urbanization.
- Trung Son Hydropower Project Resettlement, Livelihood and Ethnic Minorities Development Program implemented various concrete gender actions such as tailor-made women actions (for examples: more attention is dedicated to divorced women for resettlement and communication materials (posters, CDs, leaflets, photos and music) are used to enhance men and women equal role and reduce gender bias), quotas (for example: women account for more than 30 percent of Community Livelihoods Improvement Plan's consultants and coordinator team members), activities supported by women institutions (for example: district women unions execute the gender program), etc.
- The on-going Northern Mountains Poverty Reduction 2 Project conducted a gender analysis, which identified key gender gaps (such as lower literacy rates among ethnic minority women, less access to production resources, extension services, health care, and education, limited participation in Women's Unions (WU) and Common Interest Groups, and a lack of representation in management of sub-projects implemented under the previous phase). The project addresses these issues by financing specific activities for women including: strengthening group structures, literacy and numeracy training, and support for livelihood improvement. It also promotes women's participation and voice in three ways: promoting separate women's subproject prioritization, requiring at least one (of two) village representatives on the commune development board to be a woman and requiring that the Deputy Chair of the board be the head of the commune WU; and setting aside specific financing for women's groups and activities under the commune development component. In addition, this project has a specific budget allocated for achieving gender equality estimated at \$ 8 million to provide support for women's social and economic development activities.

Additionally, the WBG's new Gender Strategy "*Gender Equality, Poverty Reduction and Inclusive Growth 2016-2023*", introduces new gender requirement. The Gender Strategy places strong emphasis on *outcomes* and *results*, taking a *country-driven* approach. The country context establishes the best way for identifying, setting and implementing gender targets. Furthermore, learning *what works* and sharing and *scaling up good practices* across countries and regions is emphasized. The Gender Strategy underlines the importance of *strategic partnerships* with different organizations, particularly *private sector* actors, in order to create equal opportunities for women and men in value chains, in workforce participation, and as consumers. The Strategy also calls for efforts towards the prevention of *gender-based violence* (GBV) in our work across all sectors.¹⁷

The Gender Strategy has four overall objectives that build upon the conceptual framework of the World Development Report 2012, which focused on three domains of gender equality: human endowments, economic opportunity, and voice and agency. The objectives and focus areas of the Gender Strategy are as follows:

Objective 1: Improving Human Endowments – Health, Education and Social protection:

Health: a) Maternal mortality, b) Women's access to health services, c) Women's health issues: Aging and the increase in non-communicable diseases, d) Men's health issues: Smoking, drug and alcohol abuse, and poor diets, e) The need for more frontline health workers.

Education: a) Closing the remaining gender gaps in education, b) The school-to-work transition, c) Teacher training and curriculum reform to improve educational outcomes for underperforming boys, d) Girls education and training in science, technology, engineering and mathematics, e) Early childhood care and education.

Social protection: a) Social protection and social safety nets (SSNs), linkages with opportunities for women (e.g. literacy, voice and agency, expansion of economic opportunities) b) Engaging men with SSN projects, c) Partnerships with NGOs and private sector.

Objective 2: Removing Constraints for More and Better Jobs: a) Lack of care services, b) Unsafe transport, c) Occupational sex segregation. In addition, focus on Entrepreneurship (promoting progressive legal and regulatory frameworks, developing fairer credit institutions, ensuring access to capital and financial services, increasing access to technology and markets)

Objective 3: Removing Barriers to Women's Ownership of and Control over Assets: a) Land, b) Housing, c) Technology (ICT). In addition, financial inclusion (access to identity, digital services, use of nontraditional data, data and monitoring by sex, financial awareness and trust)

Objective 4: Enhancing Women's Voice and Agency and Engaging Men and Boys: a) Child marriage, b) Gender-based violence, c) Engaging men and boys to change social norms about masculinity and femininity, d) Women's participation and decision making in service-delivery governance systems.

Source: New World Bank Group Gender Strategy – Reflections for the Agriculture Sector, 2016, Sanna-Liisa Taivalmaa.

¹⁷ New World Bank Group Gender Strategy – Reflections for the Agriculture Sector, 2016, Sanna-Liisa Taivalmaa.

Appendix 4: WBG Engagement in Vietnam over the CPS period

Statistics on volume and areas of WBG engagement in Vietnam over the CPS period – start and end – evolution.

Figure 14: Net commitments, disbursement and number of projects over the CPS period (in \$ million)

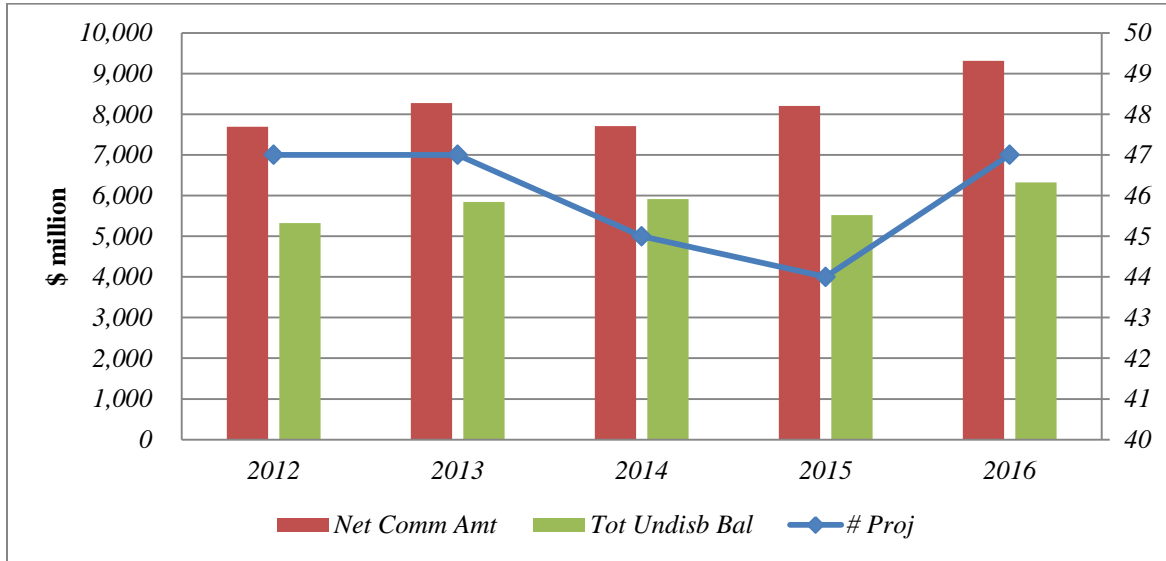


Figure 15: Net commitments by GP over the CPS period (in \$ million)

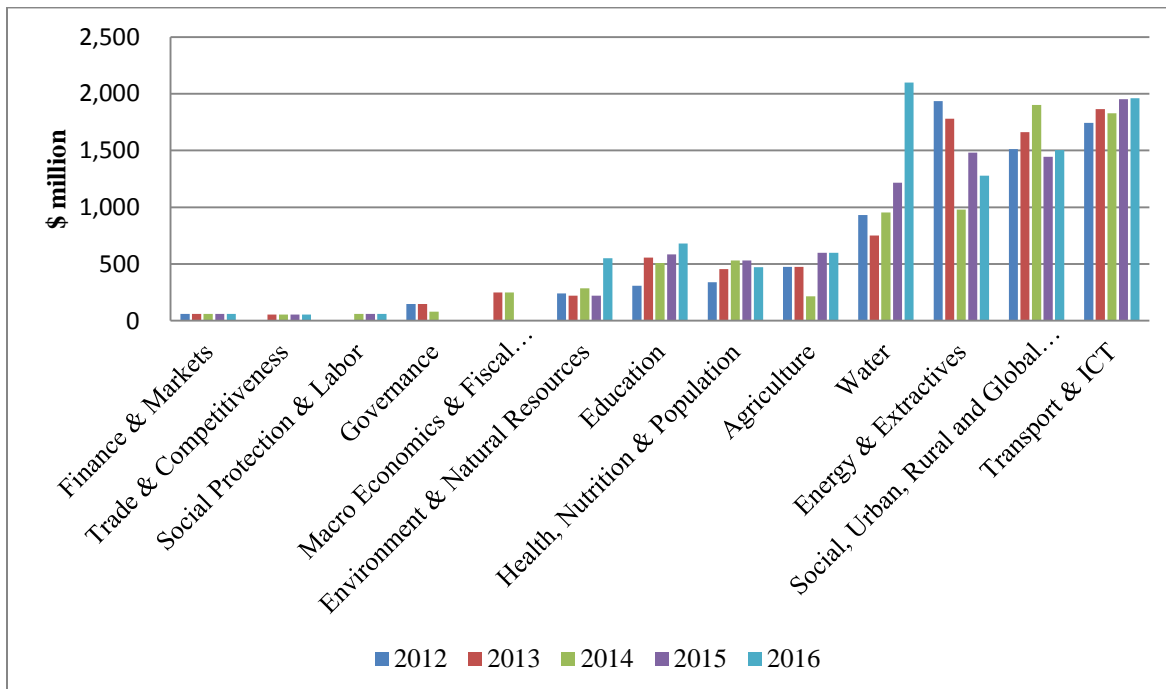


Figure 16: Total financing by GP during the CPS period (in \$ million)

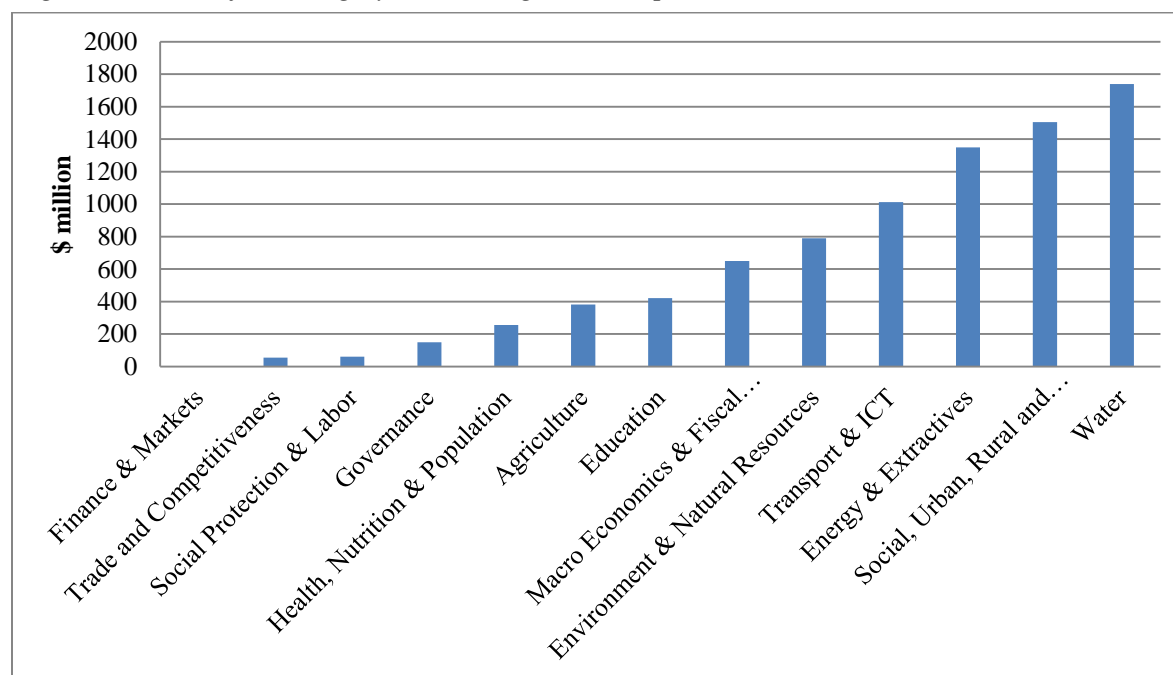


Table 3: Detailed financing per GP per FY (in \$million)

	FY12	FY13	FY14	FY15	FY16	Total
Governance	150	0	0	0	0	150
Finance & Markets	0	0	0	0	0	0
Trade and Competitiveness	0	55	0	0	0	55
Social Protection & Labor	0	0	60	0	0	60
Health, Nutrition & Population	0	150	106	0	0	256
Education	0	250	0	77	95	422
Agriculture	0	0	0	383	0	383
Macro Economics & Fiscal Management	0	250	250	0	150	650
Environment & Natural Resources	200	120	70	0	400	790
Transport & ICT	97	156	250	124	385	1,012
Energy & Extractives	200	449	200	500	0	1,349
Social, Urban, Rural and Resilience Global Practice	502	353	400	0	250	1,505
Water	0	200	205	450	884	1,739
Total	1,149	1,982	1,541	1,534	2,164	

Table 4: Performance ratings of World Bank lending in Vietnam

	ICR PDO	ICR Bank Performance	IEG PDO	IEG Bank Performance
HS	1		3	2
S	8	10	7	4
MS	16	15	11	15
MU	2	2	3	3
Total	27 (92.6%)	27 (92.6%)	24 (87.5%)	24 (87.5%)

ANNEX 3: SELECTED INDICATORS OF BANK PORTFOLIO AND PERFORMANCE MANAGEMENT

	June 2012	June 2013	June 2014	June 2015	June 2016	February 2017
Number of projects (IDA/IBRD)	54	59	57	50	53	50
Commitment amount (\$ million)	8,859.4	9,680.8	9,829.5	9,247.1	10,414.2	9,830.5
Commitment at risk (\$ million)	997.0	1,454.2	1,122.8	1,507.9	261.0	261.0
Commitment IP/DO problem (\$ million)	997.0	1,454.2	1,057.8	1,507.9	261.0	261.0
Total undisbursed balance (\$ million)	5,392.3	5,875.9	6,152.0	5,567.1	6,456.4	6,052.3
Total disbursed (\$ million)	3,527.7	3,753.6	3,724.5	3,189.2	3,506.3	3,245.2
Disbursement ratio (percent)	16.0	19.5	18.3	20.7	18.6	8.8
Disbursed in FY (\$ million)	1,385.5	1,337.4	1,321.0	1,309.4	1,213.0	499.9
Number of problem projects	8	11	9	11	3	3
Number of projects at risk	8	11	10	11	3	3
Average project age (years)	4.3	4.2	4.0	3.9	3.7	4.1

ANNEX 4: OPERATIONS PORTFOLIO (IBRD/IDA AND GRANTS)

Project Name	Project ID	Project Ratings		Approval FY	Net Comm. Amt. (\$M)				Undisb. Bal. (\$M)
		Development Objectives	Implementation progress		Total	IBRD	IDA	Grants	
VN-Trung Son Hydropower Project	P084773	S	S	2011	330.0	330.0	0.0	0.0	90.2
Fin Sector Modern and Info Mgmt System	P088759	MS	S	2009	60.0	0.0	60.0	0.0	12.8
VN-Livestock Competitiveness & Food Safety	P090723	S	MS	2010	109.9	0.0	109.9	0.0	32.0
VN-Northern Delta Transport Dev	P095129	S	S	2008	158.0	0.0	158.0	0.0	1.8
VN-Renewable Energy Development Project	P103238	MS	S	2009	202.0	0.0	202.0	0.0	56.4
VN-EXPRESSWAY DEVELOPMENT DaNang-QNgai	P106235	MS	MS	2011	613.5	470.5	143.0	0.0	428.7
VN New Model University	P110693	MS	MS	2010	180.4	0.0	180.4	0.0	145.6
VN-Haiphong Urban Transport Project	P111548	MS	MS	2011	175.0	0.0	175.0	0.0	61.9
VN- Industrial Pollution Management	P113151	MS	MS	2013	50.0	0.0	50.0	0.0	27.0
VN-2nd Northern Mountains Poverty Redctn	P113493	S	MS	2010	249.7	0.0	249.7	0.0	58.9
Mekong Delta Region Urban Upgrading Proj	P113904	MS	MS	2012	292.0	0.0	292.0	0.0	109.1
VN-Mekong Delta Water Mgmt for Rural Dev	P113949	S	S	2011	160.0	0.0	160.0	0.0	38.0
VN-HCFC Phase-out Project (Stage I)	P115762	S	S	2013	9.8	0.0	0.0	9.8	1.8
Medium Cities Development Project	P116398	S	S	2012	210.0	0.0	210.0	0.0	56.2
VN-GEF-Clean Production & Energy Efficie	P116846	MS	S	2012	2.4	0.0	0.0	2.4	0.0
VN-School Readiness Promotion Project	P117393	S	S	2013	100.0	0.0	100.0	0.0	2.4
VN-Science & Technology Innovation	P117394	MU	MU	2013	100.0	0.0	100.0	0.0	86.0
VN-Project Preparation TA Facility	P118610	MS	MS	2010	69.0	0.0	69.0	0.0	12.1
VN-Managing Natural Hazards Project	P118783	MS	MS	2013	150.0	0.0	150.0	0.0	69.6
VN-Coastal Resources for Sustainable Dev	P118979	S	MS	2012	100.0	0.0	100.0	0.0	39.9
VN-Urban Water Supply and Wastewater	P119077	MS	S	2011	319.0	69.0	250.0	0.0	129.3
Hospital Waste Management Support	P119090	MS	MS	2011	150.0	0.0	150.0	0.0	56.1
Vietnam Inclusive Innovation	P121643	U	U	2013	55.0	0.0	55.0	0.0	48.4
VN-NORRED	P122629	MS	MS	2013	150.0	0.0	150.0	0.0	78.4
VN-Danang Sustainable City Development	P123384	MS	MS	2013	202.5	0.0	202.5	0.0	116.0
VN-Social Assistance System Strengthenin	P123960	S	S	2014	60.0	0.0	60.0	0.0	32.2
Vietnam Road Asset Management Project	P123961	S	S	2014	250.0	0.0	250.0	0.0	136.5
Mekong IWRM Project- Phase II	P124942	MS	MS	2014	25.0	0.0	25.0	0.0	20.8
VN-Distribution Efficiency Project	P125996	S	S	2013	448.9	0.0	448.9	0.0	33.7
-HCMC Green Transport Development	P126507	S	MS	2015	124.0	0.0	124.0	0.0	119.1
VN-Rural Water Supply & Sanitation (P4R)	P127435	S	S	2013	200.0	0.0	200.0	0.0	68.5
Second Ho Chi Minh City ES Project	P127978	MS	MS	2015	450.0	250.0	200.0	0.0	418.3
VN-Central Highlands Poverty Reduction	P128072	MS	MS	2014	150.0	0.0	150.0	0.0	95.0
Irrigated Agriculture Improvement	P130014	S	MS	2014	180.0	0.0	180.0	0.0	98.7
Transmission Efficiency Project (TEP)	P131558	S	MS	2015	500.0	500.0	0.0	0.0	393.3
Health Prof. Edc and Trg (HPET)	P131825	MU	MU	2014	106.0	0.0	106.0	0.0	89.1
Nat'l Urban Devt Program - NM	P143596	MS	MS	2014	250.0	0.0	250.0	0.0	168.9
Sustainable Agriculture Transformation	P145055	MS	MS	2015	238.0	0.0	238.0	0.0	218.1
Renovation of General Education Project	P150058	S	S	2015	77.0	0.0	77.0	0.0	74.0
VN-Enhancing Teacher Education	P150060	S	S	2016	95.0	0.0	95.0	0.0	91.8
Vietnam Energy Efficiency Financing	P151086			2017	100.0	100.0	0.0	0.0	100.0
VN Dam Reha. and Safety Impro. Project	P152309	S	S	2016	415.0	0.0	415.0	0.0	403.0
Vinh Phuc Flood Risk	P152460	MS	MS	2016	150.0	150.0	0.0	0.0	150.0
Results-based Scaling Up RSWS Program	P152693	MS	MS	2016	200.0	0.0	200.0	0.0	199.2
Can Tho Urban Development and Resilience	P152851	S	MS	2016	250.0	125.0	125.0	0.0	246.4
Mekong Delta Integrated Climate Resilien	P153544	S	S	2016	310.0	0.0	310.0	0.0	297.3
Program for Improved Land Governance	P154387	MS	MS	2017	150.0	0.0	150.0	0.0	145.4
Local Road Asset Management Program	P155086	S	S	2016	385.0	0.0	385.0	0.0	378.6
Climate Change and Green Growth in VN	P155824			2016	90.0	0.0	90.0	0.0	86.5
EMCC3 DPO	P157405			2016	150.0	150.0	0.0	0.0	0.0

ANNEX 5: STATEMENT OF IFC'S HELD AND DISBURSED PORTFOLIO

MIS		International Finance Corporation										Report Run Date: 03/02/2017				
Statement of IFC's Committed and Outstanding Portfolio																
Amounts in US Dollar Millions																
Accounting Date as of : 01/31/2017																
Region(s): East Asia and the Pacific																
Country(s) : Vietnam																
Commitment Fiscal Year	Institution Short Name	LN Cmt'd - IFC	LN Repayment - IFC	ET Cmt'd - IFC	QL + QE Cmt'd - IFC	GT Cmt'd - IFC	RM Cmt'd - IFC	ALL Cmt'd - IFC	ALL Cmt'd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2009/ 2010/ 2013/ 2014/ 2017/ 2011/ 2015/ 2016/ 2012	An Binh Bank	0	0	14.33	0	17.42	0	31.75	0	0	14.33	0	6.04	0	20.37	0.00
2016	Anova	0	0	0	15.05	0	0	15.05	0	0	0	15.05	0	0	15.05	0.00
2009/ 2010/ 2008	Anjara	5.82	3.80	0.00	0	0	0	5.82	0	5.82	0.00	0	0	0	5.82	0.00
2011	CICT	35.52	3.23	0	0	0	0	35.52	0	35.52	0	0	0	0	35.52	0.00
2003/ 2016	Dragon Capital	50.00	0	0	0	0	0	50.00	0	50.00	0	0	0	0	50.00	0.00
2016	GEC	0	0	9.99	0	0	0	9.99	0	0	9.99	0	0	0	9.99	0.00
2014	Mekong Fund III	0	0	15.00	0	0	0	15.00	0	0	3.95	0	0	0	3.95	0.00
2014	Nam Long IC	0	0	4.42	0	0	0	4.42	0	0	4.42	0	0	0	4.42	0.00
2012	Nguyen Coffee	4.50	13.42	0	0	0	0	4.50	0	4.50	0	0	0	0	4.50	0.00
2013/ 2014/ 2017/ 2011/ 2015/ 2016/ 2012	OCB Vietnam	0	16.00	0	0	0.00	0	0.00	0	0	0	0	0	0	0	0.00
2015/ 2016	Pan Group	0	0	6.63	0	0	0	6.63	0	0	6.63	0	0	0	6.63	0.00
2011	Plaggio Vietnam	6.55	13.13	0	0	0	0	6.55	0	6.55	0	0	0	0	6.55	0.00
2010/ 2013	SN Power Sing	0	0	0	0.00	0	0	0.00	0	0	0	0.00	0	0	0.00	0.00
	SNP Netherlands	0	0	0	0.84	0	0	0.84	0	0	0	0.00	0	0	0.00	0.00
2009	SSIT	16.19	0.95	0	0	0	0	16.19	0	16.19	0	0	0	0	16.19	0.00
2014/ 2011	Thien Minh Group	0	0	12.73	0	0	0	12.73	0	0	12.73	0	0	0	12.73	0.00
2013/ 2017/ 2016/ 2012	Tien Phong Bank	0	0	0	18.10	23.62	0	41.72	0	0	0	18.10	23.62	0	41.72	0.00
2011	VECO	0	0	9.00	0	0	0.30	9.30	0	0	9.00	0	0	0	9.00	0.00
2007/ 2003/ 2002	VEIL Vietnam	0	0	15.45	0	0	0	15.45	0	0	15.45	0	0	0	15.45	0.00
2017	VP Bank Vietnam	50.00	0	0	0	25.00	0	75.00	40.00	50.00	0	0	25.00	0	75.00	40.00
2017	VUS Holdco	0	0	10.00	0	0	0	10.00	0	0	10.00	0	0	0	10.00	0.00
2008	Vietnam Inv I	0	0	4.59	0	0	0	4.59	0	0	4.32	0	0	0	4.32	0.00
2009/ 2013/ 2014/ 2017/ 2011/ 2015/ 2016/ 2012	Vietnam VIB	0	0	0	0	118.92	0	118.92	0	0	0	0	118.86	0	118.86	0.00
2012	Vietnam Inv II	0	0	15.00	0	0	0	15.00	0	0	12.82	0	0	0	12.82	0.00
2013/ 2017/ 2014/ 2011/ 2015/ 2016/ 2012	Vietinbank	0	0	61.53	0	120.00	0	181.53	0	0	61.53	0	120.00	0	181.53	0.00
Total Portfolio		168.60	50.51	178.67	33.99	304.96	0.30	686.51	40.00	168.60	165.16	33.15	293.52	0	660.43	40.00

ANNEX 6: MIGA GUARANTEE PORTFOLIO (GROSS): VIETNAM

Data as per March 31, 2017

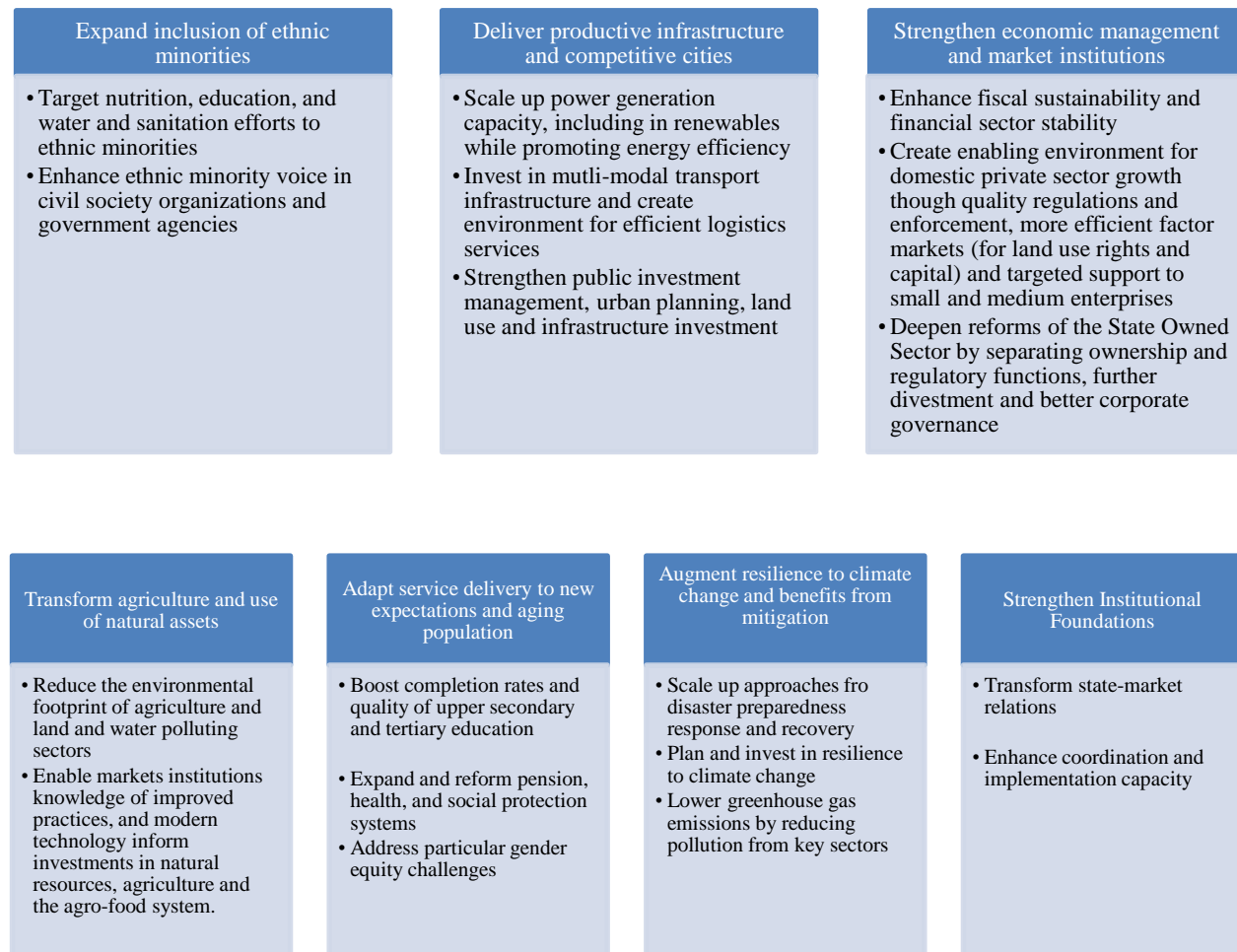
Project Name	Effective Date	Expiry Date	Business Sector	Maximum (\$)
Upgrading of National Highway 20	03/07/2014	03/07/2029	Infrastructure	458,741,242
Hoi Xuan Hydropower	01/09/2016	01/08/2031	Infrastructure	230,856,701
Total				689,597,944

ANNEX 7: VIETNAM SCD PRIORITY AREAS AND LINK WITH CPF

Figure 17: Reflection of SCD policy priorities in the Vietnam CPF

Action	Contribution to Twin Goals		Reflection in CPF
	Poverty Reduction	Shared Prosperity	
Expand inclusion of ethnic minorities			
• Target nutrition, education, and water and sanitation efforts to ethnic minorities	✓✓✓		
• Enhance ethnic minority voice in civil society organizations and government agencies	✓✓✓		
Deliver productive infrastructure and competitive cities			
• Scale up power generation capacity, including in renewables while promoting energy efficiency		✓✓✓	
• Invest in multi-modal transport infrastructure and create environment for efficient logistics services		✓✓	
• Strengthen public investment management, urban planning, land use and infrastructure investment		✓✓✓	
Strengthen economic management and market institutions			
• Enhance fiscal sustainability and financial sector stability	✓	✓✓	
• Create enabling environment for domestic private sector growth through quality regulations and enforcement, more efficient factor markets (for land use rights and capital) and targeted support to SMEs	✓✓	✓✓✓	
• Deepen reforms of the State Owned Sector by separating ownership and regulatory functions, further divestment and better corporate governance		✓✓	
Transform agriculture and use of natural assets			
• Improve the structure of primary production and value chains	✓✓✓		
• Reduce the environmental footprint of agriculture and land and water polluting sectors	✓✓✓		
• Enable markets institutions, knowledge of improved practices, and modern technology inform investments in natural resources, agriculture and the agro-food system		✓✓✓	
Adapt service delivery to new expectations and aging population			
• Boost completion rates and quality of upper secondary and tertiary education		✓✓	
• Expand and reform pension, health, and social protection systems		✓✓✓	
• Address particular gender equity challenges		✓✓	
Augment resilience to climate change and benefits from mitigation			
• Scale up approaches for disaster preparedness, response and recovery	✓	✓✓	
• Plan and invest in resilience to climate change	✓	✓	
• Lower greenhouse gas emissions by reducing pollution from key sectors			

Figure 18: Vietnam Systematic Country Diagnostic - priority areas



ANNEX 8: ONGOING WORLD BANK LENDING OPERATIONS

The table shows select ongoing lending operations (approved prior to April 1, 2017) with closing dates in FY19 or beyond—per CPF focus area.

	<i>Closing date</i>
CPF Focus Area 1	
Vietnam Inclusive Innovation Project (P121643)	FY19
Vietnam Expressway Development Da Nang-Quang Ngai (P106235)	FY19
Vietnam Road Asset Management Project (P123961)	FY21
Local Road Asset Management Program (P155086)	FY23
Vietnam Da Nang Sustainable City Development (P123384)	FY19
National Urban Development Program – NM (P143596)	FY21
Can Tho Urban Development and Resilience Project (P152851)	FY22
Ho Chi Minh City Green Transport Development (P126507)	FY21
Vietnam-Urban Water Supply and Wastewater (P119077)	FY20
Second Ho Chi Minh City Environmental Sanitation Project (P127978)	FY21
Vietnam Livestock Competitiveness & Food Safety Project (P090723)	FY19
Sustainable Agriculture Transformation Project (P145055)	FY21
Coastal Resources for Sustainable Development Project (P124702)	FY19
Central Highlands Poverty Reduction Project (P128072)	FY20
Local Road Asset Management Program (P155086)	FY23
CPF Focus Area 2	
North East and Red River Delta Regions Health System Support Project (P122629)	FY19
Health Professionals Education and Training for Health System Reforms (P131825)	FY21
Renovation of General Education Project (P150058)	FY21
Enhancing Teacher Education Project (P150060)	FY22
Social Assistance System Strengthening Project (P123960)	FY20
Rural Water Supply & Sanitation Project (P4R) (P127435)	FY20
Vietnam Inclusive Innovation (P121643)	FY19

CPF Focus Area 3	
Program for Improved Land Governance (P154387)	FY22
Trung Son Hydropower Project (P084773)	FY20
Vietnam Renewable Energy Development Project (P103238)	FY19
Distribution Efficiency Project (P125996)	FY19
Transmission Efficiency Project (TEP) (P131558)	FY20
Coastal Resources for Sustainable Development Project (P118979)	FY19
Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project (P153544)	FY23
Sustainable Agriculture Transformation Project (P145055)	FY21
Mekong Integrated Water Resources Management Project - Phase II (P124942)	FY19
Rural Water Supply & Sanitation Project (P4R) (P127435)	FY20
Irrigated Agriculture Improvement Project (P130014)	FY21
Results-based Scaling Up Rural Sanitation and Water Supply Program (P152693)	FY22
Industrial Pollution Management Project (P113151)	FY19
Sustainable Agriculture Transformation Project (P145055)	FY21
Second Ho Chi Minh City Environmental Sanitation Project (P127978)	FY21
Urban Water Supply and Wastewater (P119077)	FY20
Managing Natural Hazards Project (P118783)	FY19
Vinh Phuc Flood Risk Project (P152460)	FY22
Can Tho Urban Resilience and Development Project (P152851)	FY22
Dam Rehabilitation and Safety Improvement Project (P152309)	FY22
Mekong Integrated Water Resources Management - Phase 2 (P124942)	FY19
Mekong Adaptation Program (P153544)	FY23
Second Ho Chi Minh City Environmental Sanitation Project (P127978)	FY21
Forest Sector Modernization and Coastal Resilience Enhancement Project (P157127)	FY23

ANNEX 9: ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS

- The Vietnam CPF contributes to 15 out of 17 of the Sustainable Development Goals (SDGs), including **Goal 10**—reduce inequality within and among countries.
- Some CPF objectives contribute to multiple SDG (Objective 2, 3, 4, 5, 9, 11).

CPF Objective	Sustainable Development Goals
Cross-Cutting Area: Governance	
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels	
Focus Area 1: Enable Inclusive Growth and Private Sector Participation	
Objective 1: Strengthen economic governance and market institutions	Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
Objective 2: Promote private sector and agri-business development.	<p>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p> <p>Goal 12: Ensure sustainable consumption and production patterns</p>
Objective 3: Enhance trade competitiveness, multimodal transport connectivity, and logistics services	<p>Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p> <p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p>
Objective 4: Improve planning, management, and delivery of infrastructure and land in cities	Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable
Objective 5: Broaden economic participation of ethnic minorities, women, and vulnerable groups	<p>Goal 1: End poverty in all its forms everywhere</p> <p>Goal 5: Achieve gender equality and empower all women and girls</p>
Focus Area 2: Invest in People and Knowledge	
Objective 6: Improve access to quality public and private health services and reduce malnutrition	Goal 3: Ensure healthy lives and promote well-being for all at all ages
Objective 7: Improve integration and efficiency of social assistance, pension, and health insurance systems	Goal 3: Ensure healthy lives and promote well-being for all at all ages
Objective 8: Strengthen the relevance and quality of	Goal 4: Ensure inclusive and equitable quality

CPF Objective	Sustainable Development Goals
tertiary education and labor market institutions	education and promote lifelong learning opportunities for all
Focus Area 3: Ensure Environmental Sustainability and Resilience	
Objective 9: Promote low carbon energy generation, including renewables, and energy efficiency and reduce GHG emissions	Goal 7: Ensure access to affordable, reliable, and sustainable and modern energy for all Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable
Objective 10: Increase climate resilience and strengthen disaster risk management	Goal 13: Take urgent action to combat climate change and its impacts
Objective 11: Strengthen natural resource management and improve water security	Goal 6: Ensure availability and sustainable management of water and sanitation for all Goal 13: Take urgent action to combat climate change and its impacts Goal 15: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss

ANNEX 10: EXTERNAL COUNTRY PARTNERSHIP FRAMEWORK CONSULTATIONS IN VIETNAM

The below external consultations were organized and held in partnership with MPI and SBV.

Date	Participants	Location
Nov 25, 2016	Private sector representatives	Ho Chi Minh City
Nov 30, 2016	MPI internal departments: CIEM, Foreign Economic Relations Department, Enterprise Development Agency, Department of Science, Education, Environment and Natural Resources, Public Procurement Agency, Department of Local territories, Department of labor, culture and social affairs	Hanoi
Nov 30, 2016	Central ministries: MARD, MOC, MOET, MOFA, SBV, MOIT, MOST, MPI, MOF, MOLISA, MOH, CIEM, MOT	Hanoi
Jan 9, 2017	Local authorities in the Mekong Delta	Can Tho
Jan 11, 2017	Local authorities in the Northern Delta and mountainous areas	Hanoi
Feb 9, 2017	Development partners	Hanoi
Feb 9, 2017	National Assembly committees: Economic; Finance & Budget; Social & Labor; Ethnic Minorities; Foreign Affairs	Hanoi
Feb 14, 2017	Private sector representatives	Hanoi and Ho Chi Minh City
Feb 21, 2017	Academia and civil society organizations	Hanoi
March 20, 2017	Central ministries: MARD, MOC, MOET, MPI, MOF, SBV, MOT, MOLISA, MOH	Hanoi
March 20, 2017	Civil society organizations	Hanoi
April 10, 2017	Central Economics Committee, Communist party of Vietnam	Hanoi

ANNEX 11: DEVELOPMENT PARTNER ENGAGEMENT AREAS IN VIETNAM

Partner	Main engagement areas and priorities	Areas of ongoing collaboration with the World Bank Group	Areas of potential collaboration with the World Bank Group
Asian Development Bank	The ADB country partnership strategy for 2016–2020 for Vietnam supports investments and policy reforms that promote more inclusive and environmentally sustainable economic growth. ADB’s strategic framework is based on three pillars: (1) promoting job creation and competitiveness, (2) increasing the inclusiveness of infrastructure and service delivery, and (3) improving environmental sustainability and climate change response. The Country Partnership Strategy lays out a program of priority activities to support each of these strategic pillars. This approach is results-oriented and aims to maximize the impact of ADB assistance by improving synergies across ADB operations. ADB will also seek to strengthen links and synergies between (1) sovereign and non-sovereign programs to promote private sector operations, and (2) national and regional reform agendas.	Collaboration within the Six-Banks Framework.	Power sector Capital market development Health sector (financing projects with similar objectives). ODA and portfolio management Urban development Urban transport Water supply
Asian Infrastructure Investment Bank	No current operations in Vietnam.		Potential for collaboration on infrastructure agenda. Dialogue ongoing.
Australia, DFAT	The Australian Government will provide an estimated \$89.6 million in total ODA to Vietnam in 2015–16. This will include an estimated \$58.4 million in bilateral funding to Vietnam managed by Australia’s Department of Foreign Affairs and Trade. The Program is organized around three objectives: 1. Enabling and engaging the private sector for development 2. Assisting the development and employment of a highly skilled workforce 3. Promoting women’s economic empowerment, including ethnic minorities	Substantive collaboration on analytics and TA through the Australia Bank Partnership Program (ABP) Phase 2, with a focus on gender, Mekong Delta, transport, trade and competitiveness, and ethnic minorities.	Gender Mekong Delta Transport Trade and competitiveness Ethnic Minorities

Partner	Main engagement areas and priorities	Areas of ongoing collaboration with the World Bank Group	Areas of potential collaboration with the World Bank Group
Belgium	ICP 2011–15 is the last Belgian Indicative Cooperation Program with Vietnam. Bilateral governmental development cooperation will be phased out at the end of June 2019. Moving to a partnership cooperation, Vietnam will benefit more from other forms of cooperation with Belgium (academic and scientific cooperation, NGO), specifically broader forms of economic cooperation.		Water supply and sanitation
Canada	<p>Canada's current development cooperation program in Vietnam responds to the Government of Vietnam's poverty reduction priorities and focuses on improving the enabling environment for investment and supporting rural enterprise development and agricultural competitiveness.</p> <ul style="list-style-type: none"> - Supporting policy reforms that improve the transparency and accountability of public institutions and market-driven growth. Canada is helping to promote private sector development and entrepreneurship, small and medium-sized enterprises, legislative and banking reforms, and improved access to skills for employment. - Increasing agricultural competitiveness by improving food safety and quality and by supporting agricultural innovation and the development of marketing techniques for farmers and traders, especially at the provincial level - Actively engaging in the Government of Vietnam's donor consultative group coordination process and playing an active role in supporting recognition of and space for Vietnamese and international civil society in the country's development plans 	Collaboration on TA through a public financial management ASA that provides support for the Fiscal Management DPO series.	<p>Public financial management Climate change Skill development through technical and vocational education and training Health sector Mekong Delta</p> <p>The Government of Canada has pledged \$15 million to the Government of Vietnam through the pooled Global Financing Facility for "Every Woman Every Child." The Global Financing Facility, housed within the World Bank, is a multi-donor partnership to ensure sustainable and efficiency financing for scaled RMNCAH services. The Global Financing Facility grant will be processed together with the proposed Service Delivery Reform project, as a Recipient-Executed Trust Fund</p>
European Union	For 2014–20, the European Commission has allocated a total of EUR 400 million in grants in support of sustainable energy and economic governance in Vietnam. The Commission will continue its TA for Vietnam to implement the Vietnam–EU Free Trade Agreement.	Collaboration in the health sector where the EU is co-financing the implementation of a component of the Health Professional Education and Training for Health Systems Reform (HPET) project. The component aims to improve competencies of primary health care teams. IDA financing for this component is \$41 million, with EU co-financing in the amount of EUR 8.3	<p>Health sector Public financial management Renewable energy</p>

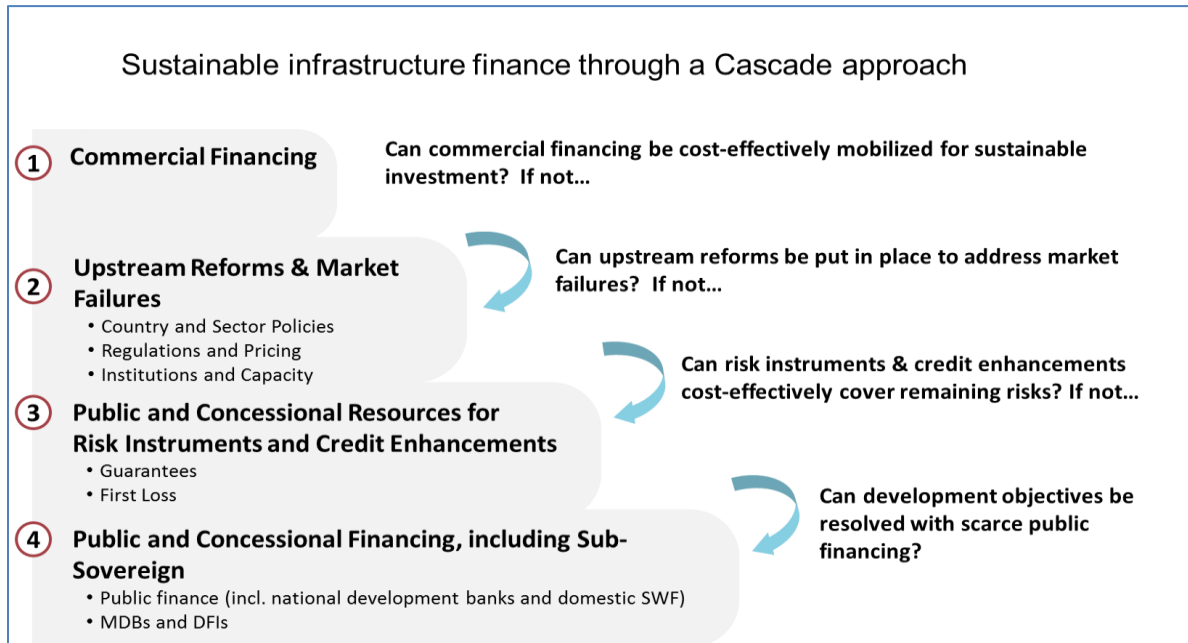
Partner	Main engagement areas and priorities	Areas of ongoing collaboration with the World Bank Group	Areas of potential collaboration with the World Bank Group
		million.	
France, AFD	<p>AFD is, in Vietnam, promoting inclusive sustainable development, focusing on preserving the environment and ensuring social equity. The 2013–2015 intervention strategy highlights three areas and levels of engagement, with a new strategy under preparation:</p> <ol style="list-style-type: none"> 1. Support to urban development 2. Support to the modernization of the productive sector with a high socio-environmental impact 3. Support to climate change mitigation <p>Vietnam is one of the three leading beneficiaries of AFD sovereign financing. For a number of years, AFD has made its non-sovereign credit products available to Vietnam’s state-owned enterprises that give evidence of self-sustainability and solvency, thus enabling them to enjoy long-term financing of their development projects without increasing the national public debt. AFD is also supporting civil society initiatives.</p>	AFD: collaboration within the Six-Banks Framework.	<p>Response to climate change. Power/energy sector ODA and portfolio management Urban development</p>
Germany, GIZ, KfW	<p>Germany’s new development cooperation with Vietnam focuses on support for the implementation of the Green Growth Strategy and the acceleration of Vietnam’s industrial competitiveness based on improved labor skills in a future ASEAN common market. Future development programs will include partnerships with the private sector and civil society.</p>	KfW: collaboration within the Six-Banks Framework.	<p>Response to climate change. Power/energy sector Subnational level support Urban sanitation Mekong Delta engagement Mekong regional water security ODA and portfolio management</p>
International Monetary Fund	<p>IMF provides regular policy advice to the government and training to strengthen government human capacity, together with TA to Vietnamese authorities on (1) tax policy and administration, (2) public expenditure management and fiscal transparency, (3) monetary and foreign exchange management and operations, (4) banking supervision and restructuring, (5) and macroeconomic statistics enhancement and publication.</p>		<p>Macroeconomic management Tax policy Public finance management Financial sector</p>

Partner	Main engagement areas and priorities	Areas of ongoing collaboration with the World Bank Group	Areas of potential collaboration with the World Bank Group
Ireland, Irish Aid	Irish Aid supports national efforts to reduce poverty and increase opportunities, particularly for ethnic minority groups in the poorest and most marginalized areas of Vietnam. In addition, Irish Aid funding is utilized to promote inclusive economic development and the growth of the private sector. Irish Aid also supports civil society organizations to enable citizens to voice their needs and promote inclusion, gender equality, and citizen's participation in their own development.		Ethnic minority
Italy	11 ongoing initiatives and 7 initiatives in the pipeline for an overall amount of EUR100 million. Future actions of the Italian Development Cooperation will focus on the development of the private sector and vocational training. Italy will continue to operate in other sectors, including in water and sanitation, flood forecasting, health, restoration, and child protection.		Renewable energy Water resource management
Japan, JICA	JICA is supporting the government in the implementation of the SEDP, with a focus on strengthening of institutional systems, human resource development, and modern infrastructure system development. In this regard, JICA is partnering with Japanese industry, educational institutions, municipalities, NGOs, and other groups from Japan to provide comprehensive assistance for nation building with a fair society through promoting economic growth, strengthening international competitiveness, supporting vulnerable groups, and enhancing governance, leading to an industrialized country by 2020.	JICA: collaboration within the Six-Banks Framework.	Fiscal management Response to climate change Tax administration reforms Universal health coverage Nutrition in ethnic minority areas. Aging population issues Higher education Water supply and sanitation (Mekong Delta regional water security and urban sanitation) Climate change, with a focus on NDC implementation; and disaster risk management
Republic of Korea, KEXIM, KOICA	The Republic of Korea is supporting the government to implement its SEDS and SEDP. Its current Country Partnership Strategy has three focus areas: <ul style="list-style-type: none"> - Environment and green growth, with priorities in (1) water and sanitation, (2) waste management; and (3) response to climate change. - Human resource development: technical and vocational education and training. - Transportation, with priority in (1) road 	KEXIM: collaboration within the Six-Banks Framework. Vietnam benefits from a number of TFs from the Republic of Korea, including for knowledge sharing. The World Bank will build on a successful partnership with the Republic of Korea and cooperate in areas such as higher education, public investment management, and others.	Health insurance ODA and portfolio management Energy efficiency Rural development Technical and vocational education and training Transport

Partner	Main engagement areas and priorities	Areas of ongoing collaboration with the World Bank Group	Areas of potential collaboration with the World Bank Group
	improvement, and (2) capacity building in transport sector.		
New Zealand	New Zealand is supporting the government through its general partnership framework with ASEAN. Areas of economic cooperation include: (1) trade and economic development under the AANZ Free Trade Agreement; (2) regional economic integration and resilience; (3) agriculture; (4) energy; and (5) tourism.		Dam safety management Agriculture transformation Food safety
Switzerland, SECO	The Swiss Agency for Development and Cooperation closed its bilateral program in Vietnam at the end of 2016. The State Secretariat for Economic Affairs (SECO) continues its engagement in the area of economic development cooperation for the timeframe 2017–20 with three overall goals: <ul style="list-style-type: none"> - Foster effective economic policies and institutions - Create a competitive and resource efficient private sector - Enable sustainable and climate resilient urban development 		Urban development Renewable energy Urban transport Public financial management reforms.
United Kingdom, DFID	The UK’s bilateral aid program to Vietnam administered by DFID ended in March 2016. Vietnam continues to benefit from significant UK financial and technical support through DFID regional/multi-country programs; funding via the UK’s core contributions to the multilateral system (principally World Bank and IDA, but also ADB); and project funding for science and innovation and tertiary education administered locally by the British Embassy.		Energy Higher education
United Nations Agencies	The UN provides prioritised support under the strategic and rights-based One Plan: Focus Area 1: Inclusive, equitable and sustainable growth. Balances economic goals and social, human and environmental development, so the most vulnerable and disadvantaged also benefit from economic growth. Efforts to reduce environmental degradation, scale up green production and promote energy-efficient, sustainable, green business models and economics are also supported. In addition, the	Collaboration within the Development Partner Group framework (co-chairing). Integration of analytical work from various UN agencies, including UN Women.	Health and health financing issues; Education Social protection.

Partner	Main engagement areas and priorities	Areas of ongoing collaboration with the World Bank Group	Areas of potential collaboration with the World Bank Group
	<p>UN assists disaster risk management and reduction efforts, with a focus on building resilience to environmental stresses and hazards at all levels.</p> <p>Focus Area 2: Access to quality essential services and social protection. Assists Vietnam to improve the quality of essential services, such as education and health, at all levels to ensure access for the most vulnerable and disadvantaged groups, and a more effective national social protection system.</p> <p>Focus Area 3: Governance and participation. Supports enhanced governance and participation, in particular by and for the benefit of the most vulnerable members of society.</p>		
<p>United States, USAID</p>	<p>USAID manages comprehensive portfolios in economic growth and governance, civil society, higher education, health (including HIV/AIDS and emerging pandemic threats), environment and climate change, biodiversity/CWT, support to persons with disabilities and other vulnerable populations, and disaster assistance. In partnership with the government, USAID continues to promote greater market integration by supporting Vietnam’s implementation of free trade agreements. USAID also supports and engages in the project to clean up dioxin contamination at Da Nang Airport, where Agent Orange was stored and handled.</p>		<p>Disaster risk management Environment</p>

ANNEX 12: SUSTAINABLE INFRASTRUCTURE FINANCE THROUGH A CASCADE APPROACH



VIETNAM

- ⊙ PROVINCE CAPITALS
- ⊕ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- PROVINCE BOUNDARIES
- - - INTERNATIONAL BOUNDARIES

PROVINCES:

- | | |
|-------------------|---------------------|
| 1 Lai Chau | 32 Da Nang |
| 2 Dien Bien | 33 Quang Nam |
| 3 Lao Cai | 34 Quang Ngai |
| 4 Ha Giang | 35 Kon Tum |
| 5 Cao Bang | 36 Gia Lai |
| 6 Son La | 37 Binh Dinh |
| 7 Yen Bai | 38 Phu Yen |
| 8 Tu Yen Quang | 39 Dao Lac |
| 9 Bac Can | 40 Dao Nang |
| 10 Lang Son | 41 Khanh Hoa |
| 11 Phu Tho | 42 Binh Phouc |
| 12 Vinh Phuc | 43 Lam Dong |
| 13 Thai Nguyen | 44 Ninh Thuan |
| 14 Bac Giang | 45 Toy Ninh |
| 15 Quang Ninh | 46 Binh Duong |
| 16 Ha Noi | 47 Dong Nai |
| 17 Bac Ninh | 48 Binh Thuan |
| 18 Hung Yen | 49 T.P. Ho Chi Minh |
| 19 Hai Duong | 50 Ba Ria-Vung Tau |
| 20 Hai Phong | 51 Long An |
| 21 Hoa Binh | 52 Tien Giang |
| 22 Ha Nam | 53 Dong Thap |
| 23 Thai Binh | 54 Ben Tre |
| 24 Ninh Binh | 55 An Giang |
| 25 Nam Dinh | 56 Vinh Long |
| 26 Thanh Hoa | 57 Tra Vinh |
| 27 Nghia An | 58 Kien Giang |
| 28 Ha Tinh | 59 Cao Tho |
| 29 Quang Binh | 60 Hoa Giang |
| 30 Quang Tri | 61 Soc Trang |
| 31 Thua Thien Hue | 62 Bac Lieu |
| | 63 Ca Mau |



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