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AND MULTILATERAL INVESTMENT GUARANTEE AGENCY
COUNTRY PARTNERSHIP STRATEGY PROGRESS REPORT
WITH THE SOCIALIST REPUBLIC OF VIETNAM
FOR THE PERIOD FY07–FY11
NOVEMBER 24, 2009**

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

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

The Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities	FY	Fiscal Year
ADB	Asian Development Bank	GAC	Governance and Anti Corruption
AFD	Agence Française de Développement	GEF	Global Environment Facility
APEC	Asia-Pacific Economic Cooperation	GNI	Gross National Income
ASEAN	Association of South East Asian Nations	GDP	Gross Domestic Product
BETFs	Bank-Executed Trust Fund	GFDRR	Global Facility for Disaster Reduction and Recovery
BIDV	Bank for Investment and Development of Vietnam	GPOBA	Global Partnership for Output-Based Aid
BOP	Balance of Payments	GSO	General Statistical Office
BOT	Build-Operate-Transfer	GWh	Gigawatt Hour
BWV	Better Work Vietnam	HCFC	Hydrochlorofluorocarbons
CAS	Country Assistance Strategy	HCMC	Ho Chi Minh City
CER	Certified Emission Reduction	HCS	Hanoi Core Statement
CDD	Community Driven Development	HE	Higher Education
CDM	Clean Development Mechanism	HEDPO	Higher Education Development Policy Operation
CFAA	Country Financial Accountability Assessment	IAS	International Accounting Standards
CFC	Chlorofluorocarbon	IBRD	International Bank for Reconstruction and Development
CG	Consultative Group	ICR	Implementation Completion Report
CoST	Construction Industry Transparency	ICT	Information and Communication Technology
CPIA	Country Policy and Institutional Assessment	ICAs	Investment Climate Assessments
CPPR	Country Portfolio Performance Review	IDA	International Development Association
CPS	Country Partnership Strategy	IDF	Institutional Development Fund
CPRGS	Comprehensive Poverty Reduction and Growth Strategy	IEG	Independent Evaluation Group
CSA	Country Social Assessment	IFC	International Finance Corporation
CWDP	Coastal Wetland Development Project	IFRS	International Financial Reporting Standards
DAC	Development Assistance Committee	ILO	International Labor Organization
DFID	Department for International Development	IMF	International Monetary Fund
DPL	Development Policy Loan	ISR	Implementation Summary Report
DPOs	Development Policy Operations	JBIC	Japan Bank for International Cooperation
DSM	Demand Side Management	JPPR	Joint Portfolio Performance Review
EAP	East Asia and Pacific	JSDF	Japan Social Development Fund
EC	European Commission	KEXIM	Export-Import Bank of Korea
EVN	Electricity of Vietnam	KfW	Kreditanstalt für Wiederaufbau
FAO	Food and Agriculture Organization	MARD	Ministry of Agriculture and Rural Development
FDI	Foreign Direct Investment	M&E	Monitoring & Evaluation
FLEG	Forest Law Enforcement and Governance	MDGs	Millennium Development Goals
FIAS	Foreign Investment Advisory Service	MDTF	Multi-Donor Trust Fund
FM	Financial Management	MIC	Middle Income Country
FPD	Forest Protection Department	MIGA	Multilateral Investment Guarantee Agency
FSAP	Financial Sector Advisory Program	MIS	Management Information System
FSDP	Forest Sector Development Project		
FSQL	Fundamental School Quality Levels		

MOF	Ministry of Finance	ROSC	Report on the Observance of
MOH	Ministry of Health		Standards and Codes
MOLISA	Ministry of Labor, War Invalids and Social Affairs	SAV	State Audit of Vietnam
MPI	Ministry of Planning and Investment	SBV	State Bank of Vietnam
MTEF	Medium-Term Expenditure Framework	SEDP	Socio-Economic Development Plan
		SEQAP	School Education Quality Assurance Project
NDRMP	Natural Disaster Risk Management Project	SFEs	State Forestry Enterprises
NGOs	Non-Government Organizations	SIL	Sector Investment Loan
NPL	Non-Performing Loans	SME	Small-Medium Enterprise
NTP	National Targeted Program	SOCBs	State-Owned Commercial Banks
OBA	Output-Based Aid	SOE	State-Owned Enterprise
OECD	Organization for Economic Co-operation and Development	SSAMP	Social Security Administration Modernization Project
ODA	Official Development Assistance	TA	Technical Assistance
OPCS	Operations Policy and Country Services	TABMIS	Treasury and Budget Management Information System
PCB	Polychlorinated Biphenyl	TF	Trust Fund
PEFA	Public Expenditure and Financial Accountability	TSA	Treasury Single Account
PFI	Participating Financial Institution	UK	United Kingdom
PFM	Public Financial Management	UNDP	United Nations Development Program
PGAE	Partnership Group on Aid Effectiveness	UNICEF	United Nations Children's Fund
PHRD	Japan Policy and Human Resources Development Fund	UNIDO	United Nations Industrial Development Organization
PPF	Project Preparation Facility	VAS	Vietnam Accounting System
PPPs	Public-Private Partnerships	VASS	Vietnam Academy of Social Sciences
PRI	Political Risk Insurance	VDGs	Vietnam Development Goals
PRSC	Poverty Reduction Support Credit	VDRs	Vietnam Development Reports
PSBM2	Second Payment System and Bank Modernization Project	VID	Vietnam Innovation Day
PSD	Private Sector Development	VHLSS	Vietnam Household Living Standard Survey
PV	Private Vendor	VND	Vietnamese Dong
RBOs	Regional Branch Offices	VSS	Vietnam Social Security
RETF	Recipient-Executed Trust Fund	WTO	World Trade Organization
		WWF	World Wildlife Fund

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Socialist Republic of Vietnam MAP (IBRD No. 33511R)

I. INTRODUCTION

1. **This Progress Report assesses implementation of the World Bank Group's FY07-FY11 Country Partnership Strategy (CPS) with the Socialist Republic of Vietnam at mid-term.** The FY07-FY11 CPS was designed to be fully aligned with Vietnam's Five-Year Socio-Economic Development Plan (SEDP) 2006-2010. The SEDP laid out a transition path toward a market economy with a socialist orientation, and envisioned that Vietnam would attain middle-income country status with a gross national income (GNI) per capita above US\$1,000 by 2010. Focusing on growth with poverty reduction in the context of a results framework, the SEDP articulated four broad objectives: (a) improve the business environment; (b) strengthen social inclusion; (c) strengthen natural resource and environmental management; and (d) improve governance.

2. **These SEDP objectives formed the four pillars of the CPS.** The Bank Group's FY07-FY11 program was designed to support Government's program of strengthening and establishing institutions to sustain a modern, equitable market economy in preparation for middle-income country status. The ongoing series of Poverty Reduction Support Credits (PRSCs) was to continue to be the focal point of the Bank's policy dialogue during the five-year CPS period, complemented by sector investment operations, several sector development policy operations, and a program of analytical and advisory activities (AAA) aligned with the CPS pillars.

3. **Commitment volume for the CPS period assumed an IDA allocation of US\$900 million for FY08 (the last year of IDA 14) and was indicative only for FY09-FY11 (the IDA 15 period).** If Vietnam completed its first-generation structural reform agenda and sustained its robust economic growth, the CPS anticipated the possibility that Vietnam's gross national income (GNI) per capita would move closer to the IDA graduation threshold and, subject to the findings of the Bank's country creditworthiness review in FY08, Vietnam would shift to IDA/IBRD blend status in the latter part of the CPS period. On the other hand, if there was a slow-down in implementation of structural reforms, this would result in decreased support through the PRSC program, as well as weaker country performance and in turn a reduced IDA program.

II. COUNTRY DEVELOPMENTS

Integration into Global Economy

4. **Accession to the World Trade Organization (WTO) in 2007 helped secure Vietnam's integration into the global economy.** Imports and exports each grew nearly 30 percent, and growth was at a record 8.5 percent in the first 12 months of WTO membership. In parallel with integration in the global economy, Vietnam gained greater prominence on the global stage, including the 2010 presidency of ASEAN, hosting of the 2010 World Economic Forum on East Asia, and the 2009 chairmanship of the Boards of Governors of World Bank and IMF.

Macroeconomic Volatility

5. **During the last two years, Vietnam has experienced a succession of shocks, including massive capital inflows in 2007, a surge in the international prices of commodities in 2008, and a global financial crisis in 2009.** WTO membership reassured investors about the government's commitment to economic reform and led to massive capital inflows in late 2007 and early 2008, which in turn resulted in economic overheating, reflected in real estate and stock market bubbles. The capital account surplus reached US\$17 billion in 2007, and remittances (which have a strong investment component in Vietnam) were close to US\$7 billion. Together they amounted to over a third of GDP. Growth performance remained strong at 8.5 percent of GDP, but it was accompanied by a boom in banking credit, an acceleration in inflation, a ballooning trade deficit, and asset price bubbles. The impact of overheating was further aggravated by the international food and oil price crisis of early 2008.

6. **In spite of surging world prices of food and oil, tight monetary policy and some fiscal restraint ended the asset price bubbles and brought monthly inflation down from more than 3 percent per month to virtually zero in barely half a year.** Combined with a more active management of trade policy and the foreign exchange market, the stabilization package also succeeded in reducing the trade deficit to manageable levels. The stabilization package took a toll on economic activity, with GDP growth slowing to 6.2 percent in 2008.

7. **In the second half of 2008, the global financial crisis affected demand for Vietnam's exports.** Faced with this second economic shock, the government shifted gears from stabilization to stimulating economic activity in November 2008, including through tax cuts and a modest cash handout to poor households. However, the most decisive move was an easing of monetary policy. This was seen as an urgent priority, given the risk of economic activity suffering from borrowing at very high lending interest rates during the stabilization phase. An interest rate subsidy scheme providing working capital for enterprises with viable plans facilitated substantial refinancing of enterprise debts.

8. **The stimulus measures adopted in November 2008 and supplemented in early 2009 were effective in supporting economic activity.** The annual growth rate for the first nine months of 2009 was 4.6 percent, and the World Bank forecasts growth of 5.5 percent for the year. Strong agricultural performance and a revival of the construction sector have contributed to this growth. Exports fell substantially less than in other countries in the region and are bouncing back. The impact from additional public spending, as part of the stimulus package, should also be felt in the coming months. The size of the government's stimulus package has raised some concerns, but official figures include some double-counting, which may mitigate the budget implications. A careful costing exercise suggests that tight budget execution could bring the overall budget deficit close to 9 percent of GDP in 2009. The budget deficit is being partly financed through a drawdown of government deposits in commercial banks.

9. **Since the stimulus package was adopted, Vietnam's external position has weakened.** The economic slowdown of 2009 brought the external current account deficit down from around US\$ 10.7 billion last year, to an expected US\$ 7.4 billion this year, mainly through a dramatic contraction in imports. However, Foreign Direct Investment (FDI) inflows and remittances declined, official development aid has not increased enough to offset this decline, and short term private capital flows have been volatile. International reserves, which had reached US\$ 23.0 billion by end-2008, were down to US\$ 16.5 billion by August 2009, or less than three months of imports. Most of the decline took place between May and July, when SBV intervened in the exchange rate market to stabilize the currency. The most plausible explanation for the larger demand for dollars is that the market expects a faster devaluation of the dong. Speculation in the domestic market for gold has also been a factor in the recent pressure on the dong. See Annex 1 for further elaboration of macroeconomic developments and challenges in Vietnam.

An Adjusted Macroeconomic Framework

10. **These developments called for a rapid adjustment to the macroeconomic framework, which the government did as the preparation of the proposed program was being completed.** The main elements of the new framework were decided by the Cabinet meeting of late October 2009, and in the National Assembly Session of November 2009, and complemented by administrative measures and moral suasion. The main components of the new framework can be grouped in three areas. First, an approach to phase out the interest rate subsidy scheme has been articulated, administrative measures are being adopted to tighten liquidity, and tighter targets for credit growth have been set for 2010. Second, consistent with the need to allow an upward adjustment of interest rates, concrete steps towards abolishing the current cap on lending rates have been undertaken. This new monetary stance was endorsed by the monthly cabinet meeting held at the end of October 2009 and reflected in the monetary plan of early November. Third, a tighter budgetary stance has been endorsed by the National Assembly.

These policy decisions and administrative measures are roughly in line with the recommendations of the international financial institutions, except for their greater reliance on administrative measures.

Social and Political Developments

11. **Despite the sharp increase in world food and fuel prices and the subsequent economic slowdown, household survey data for 2008 indicate that poverty continued to decline.** This has been heavily driven by Vietnam's continued economic growth, improved rural infrastructure, and better access to services. Net sellers of rice benefited from price increases. While poverty fell in ethnic minority areas, these groups remain very poor relative to the rest of the population. The impact of the global financial crisis has been especially felt by the informal sector, as well as by migrant workers in the manufacturing sector where export demand has significantly declined. Adjustment was more through wage cuts and under-employment than through open unemployment. Job losses were more prevalent among seasonal workers and those on short-term employment contracts.

12. **In May 2009 the National Anticorruption Strategy to 2020 was adopted.** The challenge will be implementation, as continues to be the case with public administration and judicial reforms. Another challenge is the continued lack of consensus on laws regarding media freedom and civil society. Local level accountability is being strengthened through an experiment with direct election of the Head of the People's Committee (the mayor) in a quarter of all communes as well as in several cities, including Da Nang and Ho Chi Minh City. In the latter, Citizen's Report Cards on government services are now commissioned every two years by the People's Council. There has been visible progress in simplification of administrative procedures required for firms and in transparency and public consultation on draft legislation. A draft Law on Access to Information may be discussed for the first time in the spring 2010 session of the National Assembly, after having been postponed from the fall 2009 session. Held every five years, the next Party Congress will be in early 2011. It will elect government officials at multiple levels for the next five-year period.

III. ASSESSMENT OF PROGRESS

A. Country Development Goals

13. **Country development goals during the CPS period were elaborated in Government's Socio-Economic Development Strategy (SEDP) 2006-2010.** The SEDP goals emphasize development outcomes and the policy reforms needed to attain them, rather than quantitative targets for producing goods and services characteristic of previous five-year plans. A number of National Targeted Programs are designed to ensure the achievement of the development outcomes set out in the SEDP, and a framework for monitoring progress towards attaining these outcomes has been adopted.

14. **A results-based mid-term review report issued by the Ministry of Planning and Investment in May 2009 gave a balanced assessment on implementation of the SEDP 2006-2010.** Table 1 below summarizes the report's main findings. Indicators for the SEDP's overarching objective of sustaining poverty reduction and reducing inequality, while accelerating pro-poor economic growth to reach middle-income status, are on track. However, it is not possible to determine progress against some SEDP goals due to lack of data and/or a 2010 target. (See Annex 18 for Updated CPS Results Framework.)

B. CPS Outcomes, Bank Impact, and Remaining Challenges

15. **Substantive progress has been made so far, in terms of both adopting market-oriented reforms and reducing poverty.** A preliminary analysis of the most recent household expenditure survey, for 2008, shows a continued reduction of the poverty headcount despite the volatile external

environment. Over this period Vietnam integrated further with the global economy, especially through the implementation of its WTO commitments, and a vibrant private sector continued to develop.

Table 1: Findings of SEDP Mid-Term Review

Achievements – Development Goals Achieved or On Track for Achievement by 2010	Weaknesses -- Development Goals Not On Track for Achievement by 2010
Economic growth	Growth overly dependent on investment
Resource mobilization (in particular, foreign direct investment)	Inefficient public investment
Continued poverty reduction; progress toward education and health development goals; increased public spending on human development	Despite poverty reduction, much of population still vulnerable to falling back into poverty; uneven distribution of benefits of growth, with some regional and ethnic groups continuing to lag behind; shortage of labor force skills
Macroeconomic stabilization policies to address high overheating in 2007-2008	Trade deficit and budget deficit increased
Successful integration into global market following accession to WTO in January 2007 and a more prominent role in regional and international organizations (e.g., APEC, UNDP, and ASEM)	Exports dominated by assembly of imported parts, with low value added
Greater attention to environmental management	Insufficient consideration of long-term environmental impacts
Improved governance (e.g., increased transparency and streamlining of administrative procedures)	

Source: *Results-Based Mid-Term Review Report for Implementation of the Five-Year Socio-Economic Development Plan 2006-2010*, Ministry of Planning and Investment, May 2009

16. **However, progress has been uneven.** Significant progress has been made toward CPS outcomes in energy, water supply, education, and gender equity in school attendance and land titling, while performance is lagging behind in the financial sector, wastewater and sanitation, biodiversity, land administration, country systems for public procurement, and gender equity in occupations.¹ An assessment against indicators set out in the CPS shows that while trends are in a positive direction, a number of end-CPS targets may not be achieved until after the current CPS period. This is fairly consistent across the four CPS pillars and the 13 CPS outcomes. It reflects in part the fact that a number of the 2011 targets were very ambitious, but also the Government's focus on stabilizing the economy to address overheating and then the impacts of the global financial crisis. Details are provided in Annex 2 (Development Impact of CPS Program) and Annex 18 (Updated CPS Results Framework). The latter contains some revisions to the outcomes and indicators as appropriate for better alignment and to take account of data availability and other developments since the CPS was prepared.

17. **Despite falling at the same pace as the national average, the poverty rate remains very high for ethnic minority groups, especially in the highlands.** Meanwhile, for the first time since reliable statistics are available, poverty in urban areas stopped declining and might have increased (albeit not significantly). It will also be increasingly difficult to contain a widening of inequality, as valuable assets and skills attract remarkably high premia. In relation to economic reforms, the remarkable progress accomplished on global integration contrasts with slow progress in financial sector reform, where a modern central bank and advanced supervisory tools still need to be established. The very success of large state-owned Economic Groups, which benefit from substantial economies of scale, may become an obstacle to further reform in the sectors they dominate. And the enormous opportunities for graft provided by a fast growing economy may undermine the progress being made on the anti-corruption agenda.

¹ See paras. 26-30 in Annex 2 for overview of progress towards CPS outcomes and Bank contributions related to gender issues.

18. **Considering the combined contributions of the analytical work program, the policy dialogue around economic reforms, macroeconomic policies and PRSCs, and investments to upgrade government systems, the impact of the CPS program during FY07-FY09 is likely to be sizeable.** A large analytical program, conducted in close collaboration with local research institutes and think-tanks, handing over the preparation of core diagnostics and report to our counterparts, has contributed to the development of information systems and influenced policy choices. The PRSC process supports a close, trust-based policy dialogue across all pillars of the reform program, contributing to the prioritization, timely completion and content of critically important policy actions. Investments focus on revamping the business processes of agencies such as customs or tax administration, whose good performance is necessary both for the conduct of business and to ensure stable government revenue, so that their performance improves and the risk of corruption diminishes. The strength of this overall contribution indicates there will be continued progress toward achievement of CPS outcomes during the remainder of the CPS period, although as noted above, some outcomes may not be fully achieved by then.

19. **A fast demographic transition, massive rural-urban migration and rapid economic growth are increasingly confronting Vietnam with the challenges of a middle-income country.** Implementation of the first generation of reforms, aimed at fostering competition and laying the foundations of a market economy, is gradually coming to an end. The second-generation reforms needed to avoid the economy stalling are more complex in their technical and institutional design. Creating markets for infrastructure services, developing appropriate financial sector regulation, modernizing social protection and social insurance, appropriately managing natural resources, and improving governance are the challenges increasingly faced by policy makers. They are bound to become central as Vietnam enters the next CPS period, from 2011 onwards.

C. CPS Implementation

World Bank Group Commitments

20. **IDA commitments during FY07-FY09 totaled more than US\$3 billion, 11 percent higher than envisioned in the CPS.** (See Table2.) In particular, commitments in FY09 (the first year of the IDA 15 Replenishment) were 33 percent higher than planned, due to the overall increase in IDA 15 resources and Vietnam's continued strong performance as reflected in its CPIA ratings. The additional US\$300 million in FY09 commitments was through development policy lending. FY08 commitment volume also exceeded US\$1 billion, mainly due to backloading of the Vietnam program into the third year of the IDA 14 period. The Vietnam portfolio has grown rapidly, commensurate with the country's increased IDA allocation in FY08 and FY09. At end-FY09 the portfolio had 47 operations and total commitments of \$5.5 billion.

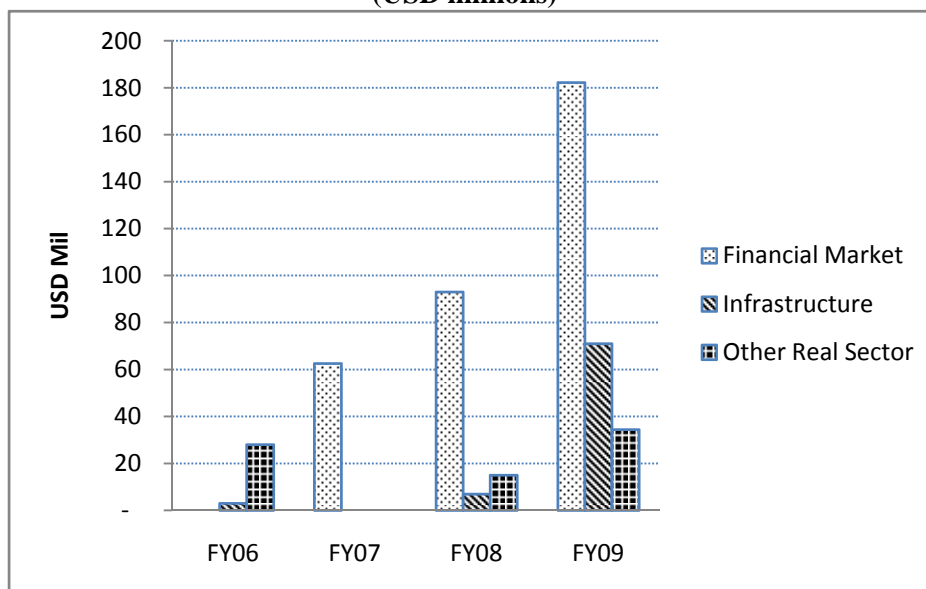
21. **IFC's investments have increased significantly since the beginning of the CPS period.** (See Figure 1.) They have been in the banking sector to facilitate SME lending and agribusiness to expand farmers' access to markets, and included a partial guarantee facility to a multinational company distributing a broad-range of agricultural commodities grown mainly by SME producers, and financing for a privately-owned container port on the Cai Mep. IFC also has launched a Trade Finance Facility to support local banks.

22. **There were no definitive requests for MIGA political risk insurance coverage for investments during the CPS period.** Its outstanding portfolio in Vietnam consists of one project in support of the country's power sector, undertaken in FY03-FY04. The current gross exposure from this investment is \$99.3 million.

Table 2: CPS vs. Actual FY07-FY09 Lending

	CPS				ACTUAL			
	FY07	FY08	FY09	TOTAL	FY07	FY08	FY09	TOTAL
DPOs	200.0	150.0	200.0	550.0	225.0	150.0	500.0	875.0
Rural Development	20.0	270.0	96.0	386.0	20.0	275.0	59.8	354.8
Education	60.0		45.0	105.0	59.4		127.0	186.4
Urban Development	124.7	150.0	110.0	384.7	174.7	152.4		327.1
Transport	353.8	250.0		603.8	232.7	325.2		557.9
Public Admin.	80.0			80.0		80.0		80.0
Financial Sector		60.0		60.0			60.0	60.0
Health		60.0		60.0		60.0		60.0
Energy		107.0	250.0	357.0		150.0	402.0	552.0
Social Protection			100.0	100.0				-
Disaster Mitigation			64.0	64.0				-
TOTAL	838.5	1,047.0	865.0	2,750.5	711.8	1,192.6	1,148.8	3,053.2

**Figure 1: IFC's Commitment Growth During CPS Period
(USD millions)**

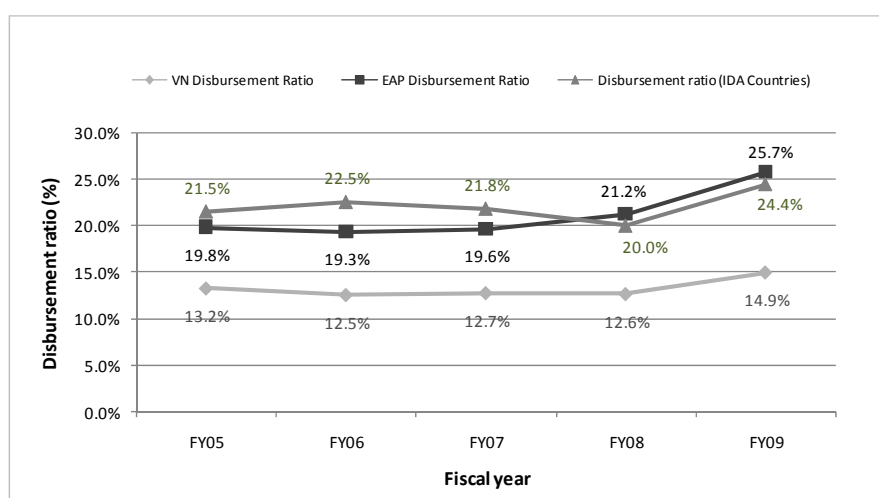


Implementation of IDA Portfolio

23. **The Vietnam program's development outcomes record remains unsurpassed in the Bank.** Based on IEG evaluations of 34 completed projects, Vietnam has maintained its record of 100 percent of projects having been rated satisfactory, with a net disconnect² of zero. Vietnam portfolio quality ratings are on par with those of the East Asia and Pacific Region (EAP) overall and better than the rest of the Bank. At end-FY09, Vietnam had five problem projects, representing 10.6 percent of the portfolio in numbers and 10.9 percent in terms of commitments, vs. 11.8 percent and 9.3 percent, respectively for EAP, and 22 percent and 15.2 percent for the Bank as a whole.

24. **Vietnam's impressive outcomes could be delivered more quickly if improvements were made to its public investment processes.** Due to complex and multi-layer procedures, implementation of public investment projects in Vietnam has been slow. While disbursements have grown as commitments have increased, the disbursement ratio still lags behind the EAP Region overall and IDA as a whole. (See Figure 2.) Slow disbursements are due to a number of factors. These include weak project management capacity at the provincial/local level, complex and lengthy approval procedures throughout the project cycle, and delayed decisions due to risk aversion by implementing agency officials (particularly in sectors affected by corruption investigations). Other factors are specific to ODA-funded projects. These include Government's policy of initiating bid preparation only after credit or loan signing, confusion among some implementing agencies regarding the use of donor vs. government procurement guidelines, and delays in land clearance and approval/funding of land compensation in connection with infrastructure projects. In addition, the complexity of ODA-funded projects has increased (e.g., counterparts across multiple agencies and provinces). While collaboration among donors and Government to address these generic issues is ongoing, progress to date has been slow. The planned Public Investment Reform DPLs (see Annex 4) are designed to address these issues. The program they would support is organized around four main areas essential to strengthening the public investment project cycle: project selection, project implementation, financial management, and project oversight.

Figure 2: Disbursement Ratio



² Between ratings in the final Implementation Summary Report (ISR) and the Implementation Completion Report (ICR).

25. **The Bank undertakes a Country Portfolio Performance Review (CPPR) every two years to determine if portfolio quality is being maintained and to identify any cross-cutting issues that need to be addressed.** The main recommendations of the last CPPR (FY08) focused on the need to accelerate project preparation through harmonization of government and Bank procedures, adequate government funding of project preparation, and earlier initiation of government's "advance actions" in procurement and resettlement. The latter is particularly relevant to accelerating preparation of infrastructure projects, which account for a large share of Vietnam's public investment and the Bank's program. The next CPPR will be conducted in 2010. The Bank also participates in a Joint Portfolio Performance Review with the Six Banks Group³ and Government every two years. A nine-point action plan was developed to improve the effectiveness of ODA project implementation, and endorsed under a Prime Minister Decision in July 2008. Implementation progress, jointly monitored under the leadership of the Ministry of Planning and Investment, has been uneven to date. For example, common feasibility guidelines have been finalized, but progress in the area of procurement has been disappointing. The Sixth JPPR will be finalized in November 2009.

Knowledge and Advisory Services Agenda

26. **A substantial IDA AAA program for FY07-FY11 was set out in the CPS, aligned with its pillars.** Apart from the annual Vietnam Development Reports (VDRs), however, the CPS did not address timing or sequencing of the work, nor the extent to which any of it was programmatic (i.e., sustained over a multi-year period, with multiple outputs). With Vietnam's IDA allocation exceeding US\$1 billion equivalent for the first time in FY08 and FY09, the Bank's Country Team gave priority to delivery of the lending program, to some extent at the expense of the AAA program which was therefore delayed. Some AAA work was planned in an ad hoc manner, or launched opportunistically based on the availability of trust funds, without sufficient focus on the analytical underpinnings needed for potential future lending operations to maximize synergies within the Bank's overall program.

27. **VDRs were delivered annually, each on a different topic, and have proven to be an effective tool to inform policy dialogue and enhance donor coordination.** "Aiming High" (FY07), co-signed by 16 donors, assessed the SEDP's policy implications and provided the main analytical underpinnings for the second series of five PRSCs. Subsequent VDRs each deal in more detail with one of the SEDP (and CPS) pillars.⁴

28. **Several sector reports and TA have informed subsequent as well as planned Bank lending.** These include a report on key aspects of health financing (insurance, service delivery, decentralization, and governance), an expressway investment strategy, TA to support the modernization of social security, and a report on establishing a framework for public-private partnerships (PPP) to facilitate private investments in Vietnam's infrastructure in order to bridge the infrastructure financing gap. The PPP report has been important to building consensus, but this high-level consensus on the importance of PPP has yet to be translated into a mainstream source of financing for infrastructure.

29. **IFC has focused its advisory services and TA on the "Doing Business" agenda, access to finance, corporate governance, and fair labor practices.** It has advised the State Bank of Vietnam (SBV) and the banking sector on licensing requirements and a code of conduct for providing and sharing credit information, facilitated a Shareholder Agreement for a holding company investing in Vietnam's private credit bureau, and supported the Ministry of Justice in the creation of a legal and institutional

³ ADB, AFD, JBIC, KfW, KEXIM, and the World Bank.

⁴ "Social Protection" (FY08) was co-signed by the Bank, ADB, DFID, EC, and German Development Cooperation (GDC). "Capital Matters" (FY09) examined structural transformations and macroeconomic vulnerabilities associated with rapid capital accumulation, resource mobilization across a range of sources, and the decision-making processes underlying public investments. Many recommendations in this analysis are now being incorporated in the policy matrix of the planned PIR DPL.

framework and a registry for lender interest in movable assets accepted as collateral. IFC has also been providing advisory services to the Ministry of Finance on tax policy reform as it relates to SMEs. Complementing its investments in several joint-stock commercial banks, IFC has been providing advisory services to help banks expand to SME markets, improve corporate governance, and strengthen risk management. In partnership with the Bank, IFC developed a joint project for strengthening capital markets. Through an industry consortium in bamboo and coffee, IFC contributed expertise on supply chain development, access to finance opportunities, and promotion of environmental awareness. The “Better Work” program sponsored by ILO and IFC has helped to introduce fair labor standards into the footwear and garment sector.

Partnerships

30. **The Bank participates actively in a number of complementary channels for partnership coordination in Vietnam.** Aimed at effective implementation of the Paris Declaration, the Hanoi Core Statement (HCS), and the Accra Agenda for Action, they include the Partnership Group on Aid Effectiveness⁵ and the Six Bank Group, both of which are working with the Government to improve ODA implementation and an eventual shift to country systems for management of ODA-funded projects. While there has been some progress in the country ownership and aid harmonization agenda, there has been little progress in moving toward country systems due to fiduciary concerns.⁶ The Bank is also a signatory, along with the Ministry of Health and 22 other multi-lateral, bi-lateral and NGOs to the 2009 “Statement of Intent from Ministry of Health and Development Partners” to improve the effectiveness and development assistance with specific milestones.

31. **The ongoing PRSC series has been an important vehicle for partnership coordination and harmonization.** Twelve partners⁷ have provided cofinancing of more than US\$600 million⁸ for PRSCs 6-8 (the PRSCs thus far during the CPS period) to support reforms across a range of policy areas, with specific actions carefully sequenced to match implementation capacity and exploit synergies across sectors. Donors are involved in areas aligned with their respective priorities and comparative strengths. They meet regularly to reach consensus, discuss with government, and assess progress on economic reforms. The PRSC framework has also served as a coordination device for technical assistance provided by donors, and the TA in turn has provided valuable inputs to the policy dialogue. Harmonization and partnership through PRSCs has continued to be complemented by donor and Government collaboration on analytical work such as the annual Vietnam Development Report and the CFAA.

32. **Yet there is much scope for strengthening the Bank’s partnerships with other donors as well as alignment with Government’s own programs.** The Bank can work with other donors and Government to explore possibilities of sector-wide approaches that promote harmonization and alignment. Currently, Vietnam has several National Targeted Programs (NTPs). Greater rationalization and strengthening of these programs by Government with support from the Bank and other donors could increase opportunities for Bank financing of such programs. Both of these areas of work could over time help the Bank move away from a large number of stand-alone projects to more streamlined programmatic approaches.

33. **The Bank has continued to co-chair with Government annual Consultative Group (CG) and mid-term CG meetings.** Donors have found particularly useful the CG sessions which have allowed

⁵ The Partnership Group on Aid Effectiveness (PGAE) was established in December 2004 and is chaired jointly by the Ministry of Planning and Investment (MPI) and a donor on a rotating basis. It acts as the primary forum on aid effectiveness in Vietnam.

⁶ For use of country procurement systems, the Bank requires that 17 core sub-indicators assessed using OECD’s DAC Procurement Benchmarking Tool be fully met. Vietnam meets only three of them.

⁷ ADB, Australia, Canada, Denmark, EC, Germany, Ireland, Japan, The Netherlands, New Zealand, Spain, and the UK.

⁸ Of which more than US\$160 million in Bank-administered RETFs.

dialogue with high-level policy makers, notably the Prime Minister during the 2008 CG. More needs to be done to continue to improve its effectiveness as a forum for development dialogue between Vietnam and its partners. At each of the 2007 and 2008 CGs, development partners committed more than US\$5 billion to support Vietnam's development. IFC supports and co-chairs, together with Government and the Bank, the Vietnam Business Forum, as a dialogue platform for promoting private sector development.

34. **The Bank has also continued to strengthen its partnership with civil society, in particular through organization of the annual Vietnam Innovation Day (VID), a competitive small grants program.** Organized by the Bank and the Government Inspectorate and supported by the donor community, it has a different theme each year. The 2009 theme was "More Accountability and Transparency, Less Corruption." Of the 152 proposals submitted by civil society and governmental organizations, 25 were awarded grants for innovative ideas such as strengthened access to legal documents for the blind and radio broadcasts on legal rights in ethnic minority languages.

Trust Funds

35. **Trust funds remained a significant resource for the Bank's engagement in Vietnam during FY07-FY09.** At US\$360 million, the recipient-executed trust fund (RETF) portfolio in FY09 was about the same as in prior years, with 60 active RETFs. During FY07-09 a total of US\$216 million in RETFs was approved, US\$361 million were disbursed. Cofinancing represented the largest share of the FY09 RETF portfolio, at 76 percent. Technical assistance (TA) accounted for 22 percent. The largest RETF donors are the UK (US\$98 million, EC (US\$58 million), and Japan (US\$50 million). Bank-executed trust funds (BETFs) totaling US\$21 million in FY09 accounted for 5.4 percent of Vietnam's TF portfolio, with FY07-FY09 disbursements of nearly US\$10 million. Nearly 90 percent of BETFs are for TA, and the largest BETF donors are the UK, Australia, and Canada.

36. **Vietnam trust funds are well aligned with the CPS.** The two CPS outcomes supported by the most TF resources are better coverage of affordable quality health care services and primary education for the poor and near poor under Pillar 2, and improved sustainable management of natural resources under Pillar 3. (See Annex 3.) BETFs from the UK are financing two staff positions in the Bank's Country Office focused on poverty reduction and governance/anti-corruption issues, respectively. Much of the Bank's analytical and advisory activity (AAA) program aimed at capacity building of government agencies is supported by trust funds. Preparation of a number of pipeline operations is being supported by various RETFs, including ongoing PHRD grants from Japan and, starting in FY10, two grants from Korea.

IV. CPS PROGRAM ADJUSTMENTS

37. **The CPS pillars and outcomes to which the CPS will contribute remain valid.** However, adjustments to some indicators are needed in light of developments over the past two years, and in light of the availability of data. These adjustments have been incorporated into the updated FY07-FY11 CPS Results Matrix (Annex 18).

IBRD Transition

38. **The main adjustment to the lending program during the remainder of the CPS period (FY10-FY11) is the launch of Vietnam's transition to IBRD/IDA blend status.** The CPS anticipated that this transition might begin as early as FY09. Following a creditworthiness review, the Bank declared Vietnam IBRD-eligible in October 2007. Vietnam's first IBRD operations are planned for FY10.

39. **Following initial discussions with the Bank, the Government is consulting internally to build consensus on the criteria for determining what should be financed on IBRD versus IDA terms.** The Bank's objective is to ensure that ongoing public programs, including those supporting reforms, do not suffer financing dislocations. Government is likely to phase those activities/sectors with commercial

orientation or possibilities for cost recovery into IBRD financing faster. The Bank is encouraging Government to consider financing a broad range of activities/sectors through IBRD resources over the medium to longer term. Government is also consulting internally on the issue of IBRD versus IDA funding for DPLs, given that quick disbursing operations exhaust Vietnam's IBRD exposure faster and therefore limit the total volume of commitments possible for any given exposure. Ultimately, Government's choices will be driven at least in part by the relative importance to Vietnam of maximizing speed of financial inflows from the Bank versus maximizing the volume of financial flows from the Bank over time. Government consensus on a sensible balance will likely emerge, including in the context of ongoing preparation of the implementation decree for a new Public Debt Management Law that will take effect in January 2010. This new law will replace Decree 134, under which use of IBRD resources is limited to on-lending for activities with cost recovery to cover borrowing costs.

40. **To ensure a sensible phase-in of IBRD lending, Vietnam's shift to IBRD/IDA blend borrower status will not affect its IDA allocations during the remainder of the IDA 15 period (FY10-FY11).** The Government has requested that for a period thereafter, IBRD resources continue to be incremental to IDA resources so that Vietnam's transition to eventual IBRD-only status is gradual.

41. **Focusing on GNI per capita of US\$1,000 as Vietnam's gateway to MIC status can mask the fact that the country still faces significant development challenges which will take time to overcome, and support for which Vietnam may not be prepared to borrow on IBRD terms.** Its export-oriented economy is now much more open, and therefore highly vulnerable to external shocks. Many of those newly above the poverty line due to rapid economic growth in recent years remain close to the poverty line and therefore are especially vulnerable to exogenous shocks. Furthermore, with much of the economic growth occurring in Vietnam's urban areas, income inequality across regions is on the rise. Although survey data indicate that they, too, have benefited from Vietnam's growth in recent years, ethnic minority groups remain very poor relative to most other parts of the country's population. These phenomena are only partially mitigated by government's education, health care, social protection, and poverty reduction policies. Vietnam had organized the delivery of social services on a geographic basis, but it needs to prepare for large-scale geographic and occupational mobility. Rapidly increasing the supply of critically scarce resources, including the professional skills provided by the tertiary education system, will be important to avoid growth bottlenecks and rapid widening of inequality. Strong investments in urban development, complemented by active rural development and poverty reduction programs for laggard areas, will also be crucial to preserve social inclusion. Stronger planning processes and environmental management will be required to mitigate natural resource degradation.

New Areas of Engagement

42. **The Bank and IFC are pursuing several new areas of engagement, in light of Government priorities that have evolved since the CPS was prepared.** These include the Bank's additional financing for natural disaster response⁹, development of a framework for public-private partnerships for infrastructure, and operationalizing it on a pilot basis. IFC will seek opportunities for its InfraVentures Fund to participate in the PPP pilots. IFC's Infrastructure Advisory Group will also seek to continue to provide TA to the Government to strengthen Vietnam's competitiveness in the PPP market through more efficient bidding procedures and PPP procurement management more generally. To enhance responsiveness, the Bank is exploring options for output-based disbursement for investment operations, and further support to National Targeted Programs (NTPs) as an alternative to traditional stand-alone sector investments with relatively high transaction costs.

43. **There are several new areas for AAA engagement, not envisioned in the CPS.** One is policy advice on the linkages among science and technology, innovation, and private sector development in

⁹ With its densely populated, long coastline, Vietnam is one of the countries most severely affected by floods, typhoons, and a rise in the sea level as a result of climate change.

Vietnam. Work in this area has already begun in early FY10 and will draw on the experience of other countries, including India. Others include various studies on the economics of sectoral and spatial (urban versus rural) adaptation to climate change and prioritization of investments for climate change mitigation and adaptation (a Results Matrix outcome has been added for this), more intensive analytical support for capacity building for social safety net and crisis response needs assessment, and support to Government's preparation of the next SEDP (covering 2011-2015) and National Development Strategy, an input to the 2011 Party Congress. (See Annex 5.) Through its support to SEDP preparation, the Bank will strengthen its engagement on monitoring and evaluation (M&E) capacity building.

FY10-FY11 Lending Program

44. **At Government's request, the Bank's financing of infrastructure investments will be scaled up during the remainder of the CPS period.** While these investments support Vietnam's growth agenda, they also form part of Government's fiscal stimulus response to address the impact of the global financial crisis. During FY10-FY11, the Bank's planned lending program includes US\$1.8 billion for energy, transport, and urban development investment, an increase of 25 percent over the volume of such support during the previous three FYs combined.

45. **The FY10-FY11 lending program in the CPS was not quantified or specified by fiscal year.** Names of operations under consideration for the two outer years of the five-year CPS period were listed on an indicative basis only. Some of them were subsequently accelerated into FY09 (e.g., the Higher Education DPL and additional financing for Rural Energy II). Others have been confirmed in the FY10 program (e.g., Central North Health Support). Still others have been replaced or postponed to give priority to (i) a growing share of additional financing operations in the infrastructure sectors and (ii) recent requests from government (e.g., the new Public Investment Reform DPL series and a sequel to the Northern Mountain Poverty Reduction Credit).

46. **The FY10 lending program is based on Vietnam's FY10 IDA allocation of about US\$1.25 billion equivalent plus about US\$116 million equivalent in hard-term IDA credits¹⁰, and planned IBRD commitments of up to US\$750 million, of which up to US\$700 million is for development policy loans (DPLs).** The IBRD DPLs planned for FY10 support reforms in public investment¹¹ and the power sector¹², respectively. An investment operation would likely be on blend (IBRD and IDA) terms. (See Annex 4.)

47. **The FY11 lending program assumes about the same IDA allocation as in FY10 and IBRD commitments of at least US\$980 million** (of which US\$500 million in DPLs and US\$480 million in investment loans). Four operations with IBRD financing are being prepared for FY11.¹³ However, the Bank's total IBRD financing capacity in FY11 and beyond is uncertain due to the significant increase in overall demand for IBRD financing since the onset of the global financial crisis. Therefore, as for all IBRD borrowers, the size of Vietnam's IBRD program after FY10 will be (i) contingent on IBRD's overall lending capacity and (ii) based on the Bank's review and approval of each new loan commitment for the country, with a focus on maintenance of sound macroeconomic management, financial sector stability, and progress under the CPS pillars. The next CPS, covering FY12-FY16 and due to the Board in the second half of FY11, will elaborate more specifically on the pace of Vietnam's transition to IBRD-only status in the context of the IDA 16 Replenishment and IBRD's expected lending capacity.

¹⁰ At USD/SDR exchange rate as of Oct. 20, 2009.

¹¹ US\$500 million on IBRD terms.

¹² A blend operation of up to US\$200 million on IBRD terms and US\$116 million on IDA hard terms.

¹³ Blended financing (IDA and IBRD) for two of them (Integrated Water Supply and Sanitation and Public-Private Partnerships Pilots) is the subject of ongoing discussion between Government and the Bank.

48. **An important determinant of timely delivery of the lending program will be adequate government funding for project preparation.** Particularly now that PHRD grants have been phased out, alternative sources of funding are needed to prepare pipeline operations during the latter part of the CPS period. This will likely require a combination of sources. Public funding would be more assured if the preparation budget (e.g., for preparation of the feasibility study and initial bidding documents of infrastructure projects) were included in the Government's Detailed Project Outline when it is submitted to the Prime Minister for approval. Another source is the Bank's Project Preparation Facility (PPF), which Vietnam has started to utilize for several operations, but there is scope for more. The FY10 IDA operation, Project Preparation TA Facility, is also aimed at meeting part of this need.

Project Implementation

49. **The economic crisis has brought a sense of urgency to generic ODA portfolio implementation issues, as Government recognizes the potential role accelerated disbursements could play in stimulating the economy.** The Bank has intensified its proactive management of the portfolio at both the systemic and project levels, through: (i) preparation of a Public Investment Reform DPL program, supported by multiple donors (see Annex 4); (ii) detailed implementation reviews by the Ministry of Planning and Investment (MPI), the Bank, and relevant stakeholders of 20 "problematic" projects¹⁴, which led to endorsement of a focused, time-bound action plan with accountabilities, and with MPI instructed by the Prime Minister's Office to take stock of progress every few months; (iii) major restructuring of five operations, possibly to include partial cancellations (in which case, these cancelled IDA funds would be redeployed to other Vietnam operations), depending on the outcome of forthcoming mid-term reviews or in-depth supervision missions; and (iv) careful management of loan closing dates.

Bank, IFC, and MIGA Collaboration

50. **As Vietnam moves closer to middle-income country status, capital inflows – and therefore also opportunities for collaboration and complementarity among the Bank, IFC, and MIGA – are likely to increase.** IFC's sectoral priorities are areas in which the Bank has an active program: financial sector, infrastructure, and environment. There is scope for joint projects and advisory services related to municipal financing and public-private partnerships for infrastructure. Joint discussions are under way and an investment plan drafted, for possible financing from the Bank-administered Clean Technology Fund for a private sector investment in Vietnam as part of the climate change agenda specific to energy efficiency and renewable energy. IFC will also continue to offer advisory services to Government and firms, aimed at strengthening corporate governance. MIGA will continue to work with the Bank and IFC to identify opportunities to use its guarantee products to catalyze foreign direct investment in Vietnam, particularly in infrastructure.

Knowledge Program

51. **Management of the AAA program during the remainder of the CPS period will be guided by a Regional Working Group's recent recommendations regarding strategic work programming, quality assurance, and impact measurement.** As part of the annual AAA work programming process, the Country Leadership Team will agree on programmatic AAA work in "strategic engagement areas." This approach was introduced in the FY09 Sustainable Development AAA program, with the creation of six clusters.¹⁵ Programmatic AAA will have a concept review of the cluster of activities to be completed within the current FY, followed by periodic reviews thereafter to assess delivery of programmatic outputs

¹⁴ Accounting for US\$1.65 billion of undisbursed IDA funds, or close to half of the Bank's total investment lending portfolio in Vietnam, in numbers as well as in undisbursed amounts.

¹⁵ Infrastructure and Regulatory Reform, Agriculture and Rural Development, Regional Development and Urbanization, Prioritizing Climate Change Investments, Social and Land Conflict Management, and Policy for Financing Infrastructure PPPs.

and expected impacts, and to agree on the following FY's priorities and any needed adjustments. For non-programmatic AAA, (i) smaller tasks will be bundled to avoid the proliferation of tasks that can lead to insufficient management attention; (ii) concept reviews for tasks to be delivered in the current FY will be held prior to December 31 to help ensure timely delivery; and (iii) tasks with concept reviews in the second half of a FY will be delivered the following FY to reduce bunching and the related risks to quality assurance.

52. Financial sector AAA will be especially important during the remainder of the CPS period, in light of the slower pace of reforms in that sector than in some other parts of the economy, and the need to prepare the ground for Vietnam's increased access to capital during its IBRD/IDA blend transition. A financial sector engagement strategy note and bond market development study will be finalized, and advisory services related to the WB-IMF FSAP program offered, in anticipation of Vietnam's participation in the near future. TFs will continue to fund TA on the development of deposit insurance and credit information systems. During the program planning cycle for FY11, the Bank and IFC will work to strengthen the complementarity between their respective advisory services. IFC will build on its successful Access to Finance program.

Partnerships

53. Partnerships are expected to become even stronger during the remainder of the CPS period, as the volume of programmatic support as well as IBRD financing increases within the Bank's program, since both afford additional opportunities for harmonization and co- or parallel financing. The Bank will begin work on a strategy for strengthening partnerships and their alignment with government programs, to feed into the next CPS. Donors are considering ways to improve the CG mechanism and will be discussing this with Government. The Bank has been working closely with the other members of the Six Banks Group to select the set of policy actions under the proposed PIR program. The Agence Française de Développement (AFD) is expected to provide up to EUR 100 million in parallel financing for the first operation and an additional EUR 50 million for the second one. Other donors may join the second operation. The proposed IBRD Expressway Development Da Nang-Quang Ngai project is part of an ambitious national expressway network program, for which significant donor support is likely to materialize. Under current plans, much of the main north-south backbone is likely to be financed primarily with low interest development loans from the Japan Bank for International Cooperation (JBIC), and the Asian Development Bank is also active, as are the Korean and Chinese Governments. Global partnerships are expected to play a growing role during the remainder of the CPS period, with the launch of non-lending TA under the Global Facility for Disaster Reduction and Recovery (GFDRR) and a school fee subsidy program under the Global Partnership for Output-Based Aid (GPOBA). The Bank will explore the possibility of working with civil society organizations as independent third-party monitors of implementation and outcomes of Bank-financed projects.

Trust Funds

54. In line with the Bank's Regional Trust Fund Management Plan, a priority during the remainder of the CPS period will be better integration of TF management into the Bank's planning, budgeting, quality assurance, and monitoring processes. This shift began during the work program planning for FY10. Including TFs in this planning exercise made the resources required for staff to oversee the administration and use of these funds more transparent, which in turn facilitated strategic trade-offs and alignment of new TFs with the CPS. In line with OPCS's Guidance Note on TF Integration in CAS Products, TFs will be fully integrated into the next full CPS for Vietnam.

V. MANAGING RISKS

Increased External Volatility

55. **While natural disaster risks foreseen in the CPS remain important, economic and financial instability stemming from world markets has become a more urgent concern for the authorities.**

As it emerges from the current economic turmoil stronger than many other developing countries, there is a risk that future growth will again be highly dependent on short-term portfolio inflows, such that even modest international capital movements could have a strong impact on asset prices and unleash new cycles of macroeconomic instability. However, government access to capital in international markets may remain constrained for some time, making it difficult for the authorities to conduct the more flexible fiscal policy called for with increased global volatility.

56. **To address these risks, further work is needed to strengthen Government's technical capacity to develop and implement sound monetary and fiscal as well as social protection policies.**

The passing of key laws and regulations, the upgrading of capacity in areas such as financial sector supervision and social safety net needs assessment, and more generally, the development of a modern, independent technocracy are necessary for Vietnam to navigate the increased turbulence unscathed. An effort is also needed to develop financial markets, increasing their transparency and widening the range of financial instruments available, so that international capital movements do not become a source of macroeconomic instability. Government will also need to strengthen social protection systems to minimize poverty impacts of such instability.

Reform Fatigue and Governance Challenges

57. **While Vietnam has managed its transition to a market economy well, there are still important areas where the reform effort appears to be slowing.** One particular area of concern is the lack of progress in modernizing SBV to establish its independence, or at least technical autonomy. Another is the current regulation and oversight of large state-owned economic groups. In spite of the equitization of all their affiliated companies, parent companies remain too close to regulators and face a strong incentive to try to restrict competition in their favor. Important progress has been made in preventing these economic groups from controlling financial institutions, which could have resulted in murky, related-party transactions and increased financial instability. However, much remains to be done in terms of corporate governance.

58. **Governance issues could reduce the Bank's ability to scale up in Vietnam and weaken the impact of its assistance.** Over the past several years there has been an increased number of procurement complaints in connection with the Bank's portfolio in Vietnam. Addressing these risks will require sustained commitment by the Bank to policy dialogue on economic, structural, and institutional reforms, especially in the context of development policy lending. Progress is bound to be gradual due to the need to build consensus on Government's side. In the absence of obvious breakthroughs, the focus will have to be on complementary reforms, fostering competition in the markets in which economic groups operate (e.g., through power sector reform), stronger public financial management, better oversight of all entities using state capital, and the strengthening of public investment processes. Conducting relevant analytical work that can credibly inform Government's choices, particularly regarding industrial and financial policies, will also be important. For its part, Government will need to offset incentives for corrupt behavior by strengthening country systems and increasing transparency across the board.

MACROECONOMIC DEVELOPMENTS AND CHALLENGES

Recovering from the Global Crisis

1. **The stimulus policies implemented since late 2008 and the additional measures taken in early 2009 have succeeded in offsetting the decline in economic activity stemming from sluggish world demand, and by now Vietnam seems poised for a substantially better growth performance than many other countries.** Over the first nine months of 2009, GDP grew by 4.6 percent, year on year. Government expects growth of 6.8 percent in the last quarter, and 5.2-5.3 percent for the year as a whole. Construction and services are leading the recovery, with agriculture and manufacturing still below potential. If confirmed, this good performance would further strengthen the country's attractiveness as a stable destination for investors. As confidence returns to world markets, such positive positioning of Vietnam would bode well for growth in 2010.
2. **This recovery, stronger than many anticipated, was partly the result of stimulus policies, as shown by the strong performance of the construction sector.** Policies included an expansionary budget plan for 2009 and a series of additional fiscal measures known as the "143 trillion dong package." Equally important was an interest rate subsidy scheme that kept banking credit flowing and encouraged the refinancing of enterprise debts contracted at high interest rates during the 2008 stabilization. The downside of these measures was poor coordination between the involved agencies (MOF, MPI and SBV) which resulted on lack of clarity on their total cost. Subsequent efforts by MOF to reintroduce budget discipline added to the confusion, as the gap between budget plan and budget execution widened.
3. **With three-quarters of the year already elapsed, the overall deficit for 2009 can be projected at 9.7 percent of GDP.** This figure is lower than other projections because it removes some of the double counting implicit in the "143 trillion dong package", incorporates recent MOF decisions as to which items in the package are additional to the budget plan, and reflects an internal update on the implementation of the "143 trillion dong package" prepared by MPI for the cabinet meeting of late September 2009. This revised figure is roughly 4 to 5 percentage points higher than "normal", which seems roughly appropriate for a year of global crisis.

Table 1: Selected Key Economic Indicators

	2006	2007	2008 e/	2009 p/	2010 f/	2011 f/
Output, Employment and Prices						
GDP (% change previous year)	8.2	8.5	6.2	5.5	6.5	7.0
Industrial production index (% change, previous year)	17.0	17.1	14.6	9.5	13.7	15.2
Unemployment rate (% , urban areas)	4.8	4.6	4.7	6.5	5.0	4.5
Consumer price index (% change, period-end)	6.7	12.6	19.9	6.5	7.5	6.0
Public Sector (% of GDP)						
Official fiscal balance (excluding off-budget)	1.1	-0.9	-1.2	-3.5	-1.8	-2.3
General fiscal balance (including off-budget)	-1.1	-3.1	-4.5	-9.7	-6.2	-5.0
Foreign Trade, BOP and External Debt						
Trade balance (BOP definition, \$US million)	-2,776	-10,360	-12,782	-8,055	-8,235	-8,837
Exports of goods (% change, previous year)	22.7	21.9	29.1	-10.5	13.5	14.0
Imports of goods (% change, previous year)	22.1	38.3	28.1	-15.0	12.1	13.2
Current account balance (% of GDP)	-0.3	-9.8	-11.9	-7.9	-7.3	-6.5
Foreign direct investment (BOP inflows, US billion)	2.4	6.7	9.3	8.4	8.8	9.3
Total external debt (% of GDP)	31.4	33.4	33.0	35.9	35.8	35.7
Debt service ratio (% exports of g&s)	5.0	4.6	3.9	5.1	5.7	6.0
Reserves (in weeks of imports of g&s)	12.5	16.6	14.4	10.9	12.2	13.8

New External Risks

4. **External vulnerability has also increased during 2009.** The global crisis has led to a decrease in the volume of FDI inflows and remittances, whereas portfolio investment flows by foreigners have been volatile over the last two years. Portfolio decisions by residents also have an impact on the balance of payments, because of the dollarization of the economy and the large stock of foreign currency circulating outside the banking sector. In the first half of 2009, these portfolio decisions have been affected by the expectation that the actual devaluation of the dong will be slightly faster than announced by the government. A reallocation of the portfolio of domestic investors towards assets denominated in foreign currency is presumably at the root of the large “errors and omissions” in the balance of payments during the first three quarters of 2009.

5. **The stimulus program, while effective at boosting economic activity, has contributed to Vietnam’s increased external vulnerability.** Rapid credit growth together with an expansionary fiscal policy contributed to the return of a large current account deficit. The overvaluation of the Vietnamese dong appears to be minor. But partial information on the actual level of the overall budget deficit and of international reserves, combined with a larger demand of foreign exchange by importers, have added to the uncertainty. These developments have resulted in significant depreciation pressures on the exchange rate, with the dong trading at the weaker end of the band for an extended period and the spread between interbank and parallel exchange rates widening to 4 percent. Access to foreign exchange has been difficult, especially between May and July of this year, imposing significant costs on enterprises. In the first nine months of 2009, gross international reserves declined by US\$ 6.5 billion, to US\$ 16.5 billion.

6. **The succession of asset price bubbles, monetary tightening and growth slowdown had an adverse impact on the banking sector.** The real estate bubble of end-2007, and its subsequent bursting in early 2008, made it difficult for several commercial banks to recover their loans. The rapid deceleration of inflation in late 2008, at a time when interest rates were still very high, substantially increased the debt service burden faced by enterprises. More recently, the loosening of monetary policy as part of the stimulus program, combined with the weak orders faced by many enterprises, might also have resulted in the deterioration of bank portfolios. Quantitative indicators (based on days in arrears) suggest that the fraction of non-performing loans (NPLs) has increased as a result of all these developments. Qualitative indicators, based on borrower risk, suggest a higher level of NPLs but those indicators are highly sensitive to assumptions. The increase in the share of NPLs comes after several years during which the efforts by SOCBs to clean up their portfolios in preparation for equitization had resulted in an overall improvement in the quality of lending.

7. **Despite its increased vulnerability, Vietnam’s banking sector has navigated the recent macroeconomic turbulence without facing crises.** In 2008 the profitability of banks was generally good, reflecting relatively low credit costs and strong growth in lending volume. Profitability was also boosted by sizeable capital gains on government bonds, which many banks purchased when foreign investors fled Vietnam in the first half of 2008, when interest rates were high. These capital gains offset low net interest rate margins, resulting from the current cap on lending rates. So far, profit figures reported by listed banks for 2009 remain satisfactory. The relatively good health of the banking system is partly the result of an active stance by monetary authorities. During the stabilization phase, when the bursting of the real estate bubble and high interest rates raised concerns about smaller banks, the SBV upgraded its supervision efforts. Subsequently, the first phase of the interest rate subsidy scheme adopted as part of the stimulus program supported a rapid refinancing of enterprise debts. In parallel, SBV raised minimum capital requirements. By the end of 2008 all commercial banks, including the nine small joint stock banks that seemed most vulnerable had met the new requirements. This process continues, with the minimum charter capital set at 3 trillion dong by end 2010. Banks which fail to meet this requirement will be forced to merge with other larger banks, or will have their business licenses revoked.

DEVELOPMENT IMPACT OF CPS PROGRAM

Pillar 1 – Business Development

Financial Sector

1. **Financial sector reforms have taken place at a slow to moderate pace during FY07-FY09.** For the banking system, the non-performing loan (NPL) ratio is reported to be below 3 percent according to Vietnamese Accounting Standards. But it is estimated that these are about three times higher under IAS/IFRS. The implementation of the banking reform roadmap has moved forward with the equitization of two (Vietcombank and Vietinbank) out of the five SOCBs. However, no strategic foreign investors have participated in the two equitized banks, which poses questions regarding corporate governance strengthening. One more SOCB (BIDV) is planning to be equitized in this CPS period. Two important banking laws (Law on Credit Institutions and State Bank of Vietnam Law) were redrafted, albeit later than planned. They have been submitted to Government and are scheduled for final approval in 2nd quarter of 2009. The Bank has been actively supporting the process with an IDF grant as well as through direct advisory technical assistance services on the revision of the drafts laws and related regulation.
2. **The country's payment system (interbank settlement) has been significantly improved.** This is due in large part to the successful implementation of Bank-supported Second Payment System and Bank Modernization Project. Municipal financial markets and non-subsidized lending facilities have developed in selected jurisdictions.
3. **Access to rural credit services has significantly improved.** Coverage of rural credit services increased from 50 percent of rural households in 2000 to 70 percent in 2008. This is partly due to the success of the First and Second Vietnam Rural Finance Projects financed by the Bank. The second one has financed more than 400,000 sub-projects by households and the private sector, generated a total investment of US\$740 million equivalent, and created over 255,000 new jobs. The wholesale bank and 25 participating financial institutions (PFIs) have substantially improved their financial performance. By the end of 2007, 16 PFIs had met all of the accreditation criteria. In FY10-FY11, progress will be further enhanced under the ongoing Third Rural Finance Project (approved in May 2008).
4. **However, Vietnam has yet to establish a comprehensive institutional framework that provides transparent, consistent and clear rules of the game for the private sector to participate in the delivery and financing of infrastructure.** Though there has been impressive growth in total market capitalization, trading volume (although from a low base) and the issuance of various guiding regulations under the new Securities Law, etc., the bond market development has been slow and bond market roadmap has yet to be issued by the Government. The Bank produced a bond market development report recently which may provide useful inputs for the completion of a roadmap.
5. **During FY10-11, the Bank will continue to actively support strengthening of the financial infrastructure in Vietnam.** The instruments for this support include implementation of the FSMIMS project for the modernization of the SBV, Deposit Insurance of Vietnam (DIV), and Credit Information Center (CIC) (including providing TA for the amendment of key under-law regulations for the SBV). The Bank will also continue to support soundness of the banking sector by providing TA and direct advisory services to SBV to strengthen its legal, regulatory and supervisory framework as well as support capacity development and reform of select institutions (including the policy banks). Efforts to improve access to finance are expected to be supported through TA related to capital market development (especially the development of the bond market) and programs to support emerging needs of the SME and rural areas. The ROSC (Accounting and Audit) assessment has been completed, and discussions are underway with government counterparts to address the recommendations. Although progress has been

mixed, it is anticipated that by the end of CPS period, most of the sector reform agenda/outcomes identified at the start of the CPS period will be completed as planned.

Transport

6. **Progress in addressing sector policy reforms in the transport sector has been mixed.** Policy related actions under investment projects are generally late, due to the overall delays in project implementation. However, investment projects are generally proceeding as planned, and the expectation is that development outcomes will be met. Supplementing actions under investment loans is a program of AAA tasks. Of these, some are progressing well while others have met problems. Work on the rural transport policy agenda is being undertaken through investment loan components and complementary AAA work funded by trust funds. This work is proceeding, although slowly, and development outcomes are likely to be met, but this work will need to continue beyond the present CPS period.

7. **Under the AAA program, work is being undertaken to assist the government in reforms to construction industry State –Owned –Enterprises (SOEs).** The intent of this work is to move the SOE reform program forward, but this work has not gained the necessary support from government, in particular the Ministry of Transport. In the short term, it is unlikely that this work can be taken further. Work on road maintenance issues has improved after a slow start. A recent development is the invitation from the Ministry of Transport to assist in the development of a decree to establish a Road Maintenance Fund (RMF) mandated by a recent change in the Road Traffic Law. This work presents an opportunity to put in place measures to ensure that road maintenance funding is adequate and sustainably funded. It is likely that this work will continue beyond the present CPS period.

8. **Work on addressing urban transport issues has been delayed but with detailed design work now well advanced, it is expected that this work will proceed and the development outcomes will be met.** Similarly for road safety where delays in the award of a critical consulting services contract prevented any progress, this contract is now in place and work on the national road safety strategy is now in progress.

9. **Actions to address corruption in the transport sector include the use of Governance, Transparency, and Anti-corruption Frameworks in three projects¹ and introduction of the Construction Industry Transparency (CoST) program.** These frameworks seem to have increased awareness of the need to improve fairness and transparency, as the Ministry of Transport has identified instances of collusion or fraud in a number of its internal reviews of bidding documents and processes. However, bidding documents are often still poorly prepared, which results in a number of review and correction cycles and, therefore, delays. One reason for this is that project staff are required to comply with government as well as Bank requirements, and when they conflict, project staff comply with government requirements and use the Bank's subsequent comments to obtain internal approval to comply with those of the Bank instead. Design of the CoST pilot will be completed by the end of 2009 and implemented in 2010.

Energy

10. **The challenges for the energy sector in Vietnam are to manage demand growth and reform simultaneously.** The economic turmoil of the past 18 months had only passing effects on demand growth in late 2008 and early 2009. In the power sector, which is where the Bank's efforts have been mainly focused during the CPS period so far, and will continue to be, the supply side has coped well: generation capacity is on track to achieve the 2010 target of 25,000 MW installed, and transmission and distribution

¹ Third Rural Transport, Mekong Delta Transport Infrastructure Development, and Northern Delta Transport Development.

systems have largely kept up with demand. The target of access to electricity of 94 percent has now been met, and load shedding, while still a feature of daily life in Vietnam, is within manageable limits. Maintaining this progress through existing projects and possibly the development of further supply-side support will continue throughout the remainder of the CPS period.

11. **Substantial progress has been made during the CPS period in implementing the government's decision to move the power sector towards competitive and market based arrangements.** The proposed series of Power Sector Reform Development Policy Loans, reported elsewhere, reflect that progress and the expected continuing support. Phase 1, during which a Competitive Generation Market (CGM) will be introduced is expected to be substantially completed during the remainder of the reporting period, though there are continuing risks of delay. Reform in the gas sector is of increasing importance, because of its linkages to the power sector, and although significant progress has been made, the Bank will step up its efforts to support gas sector reform during the remainder of the CPS period.

Urban Water Supply

12. **There has also been substantial progress in Vietnam's urban water supply sector, both on the regulatory and policy reform agenda and on the expansion of coverage.** Since 2007 sector reforms have decentralized urban water supply services to the provincial or city level and local governments are now required to contract out for these services. Existing water supply companies are independent of state control and are required to equitize by 2010, although the process is currently stalled. The tariff framework provides for full cost recovery and "reasonable" profit which will be essential for increasing investment in the sector. Official coverage rates for urban water supply are high, reaching over 90 percent in most cities. Commercial practices are relatively good with high billing and collection rates.

13. **But challenges remain.** Despite high coverage rates there are still gaps in small towns and peri-urban areas where coverage levels are less than 60 percent. Water safety and quality are compromised by intermittent supply, inadequate pressure and unreliability in safety of water. The existing systems in many urban areas are in poor condition and in need of rehabilitation, which contributes to the overall inefficiency of operations and high rates of non-revenue water (averaging over 40 percent). And despite tariff reforms, there is still a lack of political will in most urban areas to raise tariff levels sufficiently to allow for full cost recovery with one result of this being only about 3 percent of the 67 water supply companies operating successfully as equitized companies as of 2009. There is still an over reliance on ODA for sector financing and investment needs exceed historic annual investment by a factor of five. During the remaining CPS period Bank support will continue to focus on increasing coverage in large and small cities, improving efficiency and working with Government to develop sustainable financing options for the sector, including through Public Private Partnerships.

Higher Education

14. **With the objective of sustaining the country's competitiveness, Vietnam continues to expand higher education rapidly, at an annual rate of approximately 10 percent.** The role of private sector provision and financing of higher education is strengthened, with 12 percent of student numbers studying in more than 60 private higher education institutions (approximately 20 percent of the higher education institutions). This fast expansion, however, is not matched with commensurate quality. The quality of higher education poses great challenges including inflexible curricula, low qualifications of teaching staff, insufficient resources and lack of cohesion between teaching and research.

15. **In the higher education sub-sector, the Bank's work with Government on a long-term program of policy development (HEDPO1-3) and support for quality improvements in training and research programs are proceeding well.** While the DPO series was not foreseen in the CPS, it

developed from the need to address institutional bottlenecks to enable the higher education sector to become more flexible and responsive to labor market demands. An AAA on Higher Education Skills for Growth matched the supply and demands of skills in the sub-sector and made recommendations for sector strategic vision and directions for reform. For the second half of the CPS cycle, another operation is added (New Model Universities Project) which helps Vietnam build centers of high quality teaching and research with modern governance, financing and quality systems. (See Annex 4.)

Pillar 2 – Strengthen Social Inclusion

Rural Access to Markets

16. **The provision of basic infrastructure and access to basic social services and markets have been further enhanced in rural areas in general, and in remote and ethnic minority areas in particular, through a number of national and regional programs and some newly introduced policies (e.g., the abolition of irrigation fees).** However, translating these into sustained improvement in the livelihood of the poor and ethnic minorities remains an issue as the improvement of the rural investment climate and competitiveness and the development of rural safety nets are still lagging behind. FY10-FY11 operations aimed at further improving access to basic infrastructure and services in rural areas include the Livestock Competitiveness and Food Safety Project (approved in September 2009) and the planned Third Program 135-Phase 2 DPO, Second Northern Mountains Poverty Reduction Project, and additional financing for the Road Network Improvement Project.

Rural Water Supply and Sanitation

17. **Around 70 percent of the population of Vietnam lives in rural areas, and over the past five years, 17 million rural inhabitants have gained access to clean water and 12 million have gained access to sanitation, according to government estimates.** Estimates put rural water coverage rates at close to 75 percent, up from 48 percent in 2004. But coverage rates for adequate rural sanitation lag at around 50 percent. Further, it is estimated that only 40 percent of rural water supplies reach the minimum standards set by the Ministry of Health for quality and safety.

18. **Government has focused on increasing these coverage rates through the National Target Program and is now putting greater emphasis on the quality of outcomes and on rural sanitation.** During the CPS period the Bank has supported development and implementation of the National Rural Water Supply and Sanitation Strategy, and has financed the Red River Delta Rural Water Supply and Sanitation Project which has increased coverage rates, expanded hygiene education, and introduced sustainable tariffs and institutional models for services delivery with the creation of the first rural water enterprises in Vietnam. In addition, the program is supporting one of the most successful output-based aid (OBA) projects in the Bank, through a partnership with the East Meets West Foundation, to expand rural water supply and sanitation in the central region of Vietnam. Future support will continue under these projects and may include support for Government's National Target Program.

Basic Education

19. **For basic education, Vietnam's performance towards the MDGs is impressive.** By 2008 Vietnam has achieved 97 percent net enrollment rate for primary education and 92 percent for lower secondary education. The challenge of reaching the last groups is big, as these hard-to-reach groups come from extreme pockets of poverty or have language and other social and economic barriers to education. For the students who are enrolled, our AAA confirms that there is a wide variation of learning outcomes, with children of disadvantaged background lagging behind considerably in terms of knowledge and competence. The task of ensuring high quality and equality of learning outcomes, therefore, remains very

challenging. An Early Childhood Education for Disadvantaged Children Project is planned for early in the next CPS period. The AAA on high quality education for all measures the sector performance in attainment and learning outcomes over time. SEQAP addresses the inequity of learning outcomes by providing extra learning opportunities for the disadvantaged groups whose access to full-day schooling would otherwise be limited due to their economic constraints.

Health

20. **While Vietnam has been outperforming its peers in terms of MDG-related health outcomes, moving fast towards MIC status creates new challenges for sustaining and further improving past good outcomes.** Emerging non-communicable disease burdens, new infectious diseases with international public health significance (H5N1, H1N1), rising population's expectations and professional ambitions, decentralization and private sector participations require new institutional and professional capacities, regulation and governance. Vietnam is moving up from meeting the basic needs to more complex health systems challenges.

21. **The Bank's engagement in the health sector was conducted mostly through the focus on health insurance for the poor, basic infrastructure and training, and HIV program support to at risk groups.** Engagement through regional projects in Mekong, Northern Uplands and Northern Central coastal regions was supported through strategic AAA, in particular a flagship report on Health Financing and Delivery in Vietnam (2008). This contributed to the technical and policy discussions around the Health Insurance Law that became effective July 1, 2009, a major policy benchmark on the path to universal access to essential health care by 2014.

22. **In the remaining CPS period, the Bank is continuing its support at the regional level through the planned Central North Health Support Project, and intends to update its sectoral engagement strategy to reflect the changing socio-economic, policy and demographic context and be more effective in supporting Vietnam's MIC agenda in the health sector.** Strategic options under consideration include support to health insurance law implementation and hospital sector autonomy and governance (including PPPs with IFC).

Social Protection

23. **The Bank's engagement in social protection over the CPS period has focused on policy dialogue under an IDF grant and the PRSC series, with policy actions related to social insurance reforms as well as the preparation jointly with Vietnam Social Security (VSS) of the Social Security Administration Modernization Project (SSAMP with expected delivery FY11).** Policy actions have included adoption of a new Social Insurance Law, developing legal regulations for the operation of the compulsory pensions scheme and introduction of a voluntary pension program for farmers and the informal sector, ensuring portability between two schemes, and improving investment effectiveness for social security funds. In addition, the Bank prepared a major AAA, the Vietnam Development Report 2008 on Social Protection (FY08) and initial TA to support modernization of social security administration. The strengthening of the policy framework for social insurance, both compulsory and voluntary, has been accompanied by a steady increase in coverage (from 4.8m in 2001 to 8.5m in 2008 for compulsory social insurance, while after a year of voluntary insurance there are about 6,900 insured (source: Draft Social Protection Strategy).

24. **Looking ahead to the remainder of the CPS period, PRSCs 9-10 will support further reforms aimed at strengthening the social insurance system, while the SSAMP will support the government's strategic aim to further expand coverage of social and health insurance by focusing on institutional reforms to raise VSS's administrative capacity to manage an increasing portfolio of benefit programs and an increasing number of beneficiaries.** This will be complemented by

continuing the support to raise analytical capacity in the Ministry of Labor, Invalids and Social Affairs to provide evidence-based inputs for further parametric and systemic social insurance reforms as well as work with Ministry of Finance, VSS and other government agencies on moving towards a single identification number to be used for both tax and VSS contribution purposes and the development of a legal framework for implementation of VSS's reserve fund investment plan. In addition to policy dialogue and investment support on social insurance, the Bank is looking to broaden the dialogue for the remainder of the CPS period and beyond to include other aspects of social protection, including focusing on (i) lessons from the crisis for social protection in Vietnam and (ii) emerging social protection needs as Vietnam moves towards middle-income status. This broader dialogue would be initiated under the planned Social Safety Net Needs Assessment AAA (FY10) which would, in the light of the recent crisis experience, attempt to identify gaps in the current social protection system and present relevant experiences of social protection reforms in other middle-income countries.

Ethnic Minorities

25. **A Country Social Assessment (CSA) focusing on ethnic minorities was conducted in the initial years of the CPS period.** It concluded that while Government has made minority development a high priority, and their income levels have increased, inequalities persist across the board between ethnic minorities and the rest of Vietnam's population, in terms of access to government programs, services, and institutions, and overall development outcomes. The CSA's findings are influencing the design – e.g., to address illiteracy, language barriers, gender issues, and cultural attitudes specific to ethnic minorities – of two planned community-driven development (CDD) operations (Second Northern Mountain Poverty Reduction (FY10) and Third Program-135 Phase 2 (FY11) and the planned Central North Regional Health Support (FY10)), all of which target areas with ethnic minority populations.

Gender

26. **Male-female school attendance has become essentially equal in Vietnam at the primary and secondary levels, yet there are significant gender differences in major fields of study in higher education.** By 2006, females aged 15-17 and 18-21 exceeded their male counterparts in the rate of school attendance. Girls have a higher rate of attending extra classes, which is very common, especially among primary school students. More than half of current female attendees are concentrated in education (25 percent) and business (30 percent). Of male attendees nearly 40 percent are majoring in technology or engineering-related fields, vs. only 7 percent of female attendees in these fields.

27. **This gender pattern in the fields of study in higher education very much mirrors the pattern of gender segregation in occupations.** In the prime working-age population (age 25-64), women are less likely than men to participate in the labor force, particularly in urban areas, although not to a great extent. Ninety percent of prime working-age men in urban areas have worked over the 12-month period, compared with 80 percent of women. In rural areas, the gender difference is much smaller. The largest gender difference in urban areas is shown in the 55-64 age group, which is likely due to the earlier retirement age for women (age 55) than for men (age 60) in the formal sector.

28. **Gender segregation is prevalent in both wage employment and nonagricultural self-employment, in terms of the type of industry or occupation where men and women work.** Women are particularly concentrated in retail sales, textile/garment manufacturing, education/health/cultural services, and hotels/restaurants services industries. As for occupation, women are over-represented in education professional, sales, and unskilled manual occupations. For women in wage employment, their hourly wage is about 87 percent of the hourly wage received by men in urban areas, and 88 percent in rural areas. The gender gap ratio varies widely across sectors of employment, industries, and occupations. With respect to education, women and men with higher levels of education exhibit a smaller gender gap in wages, while it tends to be larger for those with lower levels of education.

29. **Recently, Vietnam has been codifying its commitment to gender equality, first through the passage of the Gender Equality Law in 2007 and then the Law on Domestic Violence in 2008, both of which are in the process of being implemented.** To support that implementation, the Bank is working to build the capacity of MOLISA to fulfill its monitoring duties with a recently completed gender indicator study and a forthcoming workshop with MOLISA, GSO and various ministries.

30. **Support for gender equity is included in a number of Bank operations, including the PRSC program which has monitored gender indicators such as female asset ownership and wage employment.** There has been real progress in gender equity of land ownership, with a doubling since 2004 in the share of land use certificates with title issued in the name of a woman or both spouses, from 16 percent to 32 percent. Women's empowerment is a key component of the planned (FY10) Northern Mountains Project on Poverty Reduction. To strengthen that project component, the team has applied for a Just In Time Gender Grant to improve the gender components of its capacity building activities. The Rural Transport Project Team has applied for a similar grant to train women in rural road construction. Additionally, the Bank office in Vietnam is applying for a JSDF grant to empower and improve the livelihood generation capabilities of female-headed households. Vietnam is also one of the countries in a regional gender and disaster risk management assessment funded by the GFDRR. Analytical work is underway to assess the impact of the global crisis on women.

Pillar 3 – More Sustainable Management of Natural Resources, and Reduced Environmental Degradation

Natural Resource Management

31. **Significant steps have been taken to strengthen the policy framework for sustainable natural resource management.** Implementation guidelines for the 2003 Land Law and 2004 Forest Law were issued, and the national strategies for water resource management were adopted. However, other than those concerning land administration, policy actions are largely still to be put into place. For example, forest quality and bio-diversity continue to deteriorate. The unfinished reform agenda includes an enabling policy environment for forest and biodiversity protection and the reform of state-owned enterprises. Analytical work during the remainder of the CPS period will focus primarily on forestry, water resource management, and trade in endangered species.

32. **The CPS goals and outcomes targeted an increase in closed-canopy forests and an expansion in the quantity and quality of the protected area network.** The ongoing Bank-financed Forest Sector Development Project aims to support achievement of these goals and outcomes, by piloting a national conservation financing mechanism for biodiversity and a subsidized loan scheme for smallholders as an incentive for sustainable practices. The Bank has also, with EC financial support, been providing assistance to Vietnam to develop strengthened Forest Law Enforcement and Governance (FLEG) efforts to address issues such as illegal logging, smuggling of stolen timber and wood products, and illegal wildlife trade. This support consisted of an analytical FLEG country assessment and a capacity building program for the Forest Protection Department (FPD) of the Ministry of Agriculture and Rural Development (MARD). The country FLEG assessment provides an overview of the relevant policy and legal frameworks and the forest crime situation and identifies areas where improved capacity, strategy and tactics could improve overall enforcement performance. The technical assistance and capacity building program has received strong commitment from the FPD, but overall implementation has been only moderately satisfactory due to quality shortcomings in technical assistance providers. And closed-canopy, biodiverse forests (i.e., natural forests) continue to decline in Vietnam, from 7.5 percent in 2005 to 4.0 percent in 2007 and 3.8 percent in 2008.

33. **Protected areas are increasingly threatened by infrastructure developments, often inside parks, and attention to this issue is key to enhanced protection of Vietnam's biodiversity.** During FY10-FY11 the Bank will continue to support biodiversity conservation through small grants and through support to the Vietnam Conservation Fund (through the Forestry Development Project). The Bank is also involved in supporting Vietnam's participation in the Global Tiger Initiative, which should bring increased attention to conservation of entire landscapes critical to biodiversity in Vietnam.

Household and Industrial Pollution Control

34. **Urban sanitation remains a priority, as only about 30 to 40 percent of urban households are connected to combined sewerage systems with individual septic tanks, and septic tank maintenance remains a problem and very little domestic waste is treated.** Pre-treatment of industrial waste is spotty. The result has been significant pollution and environmental damage in waterways in urban areas, witnessed by a cholera outbreak in 2008 in Hanoi. While slow, progress is being made. Decree 88 of 2007 has allowed for wastewater tariff increases for greater cost recovery, but confusion remains on their application, and few cities or provinces have raised tariffs anywhere near to adequate levels. Tariff increases will be critical to ensure sustainability of the sector and attract much needed financial investment to a sector that remains too dependent on ODA funding. Solid waste collection rates in urban areas are relatively high, at around 80 percent. However, proper disposal is a problem, and operation and maintenance of sanitary landfills is poor.

35. **During the CPS period the Bank has been and will continue to very active in the urban water supply and sanitation sector.** The Three Cities Sanitation Project, which closed at end-FY08, financed some of Vietnam's first wastewater treatment plants. The Bank continues to support the sector through the Ho Chi Minh City Environmental Sanitation Project, the Coastal Cities Environmental Sanitation Project, Da Nang Priority Infrastructure Project, and Vietnam Urban Upgrading Project, all of which expand urban drainage/wastewater collection networks and treatment, as well as household connections to the systems. These projects are also supporting tariff reform in the targeted cities. Future support during the CPS period will include analytical work on Sanitation Management in Vietnam and a Public Expenditure Review of the sector, as well as a planned programmatic investment program in urban water supply and sanitation (FY11).

36. **CPS outcomes in the area of pollution and hazardous wastes included better treatment systems of industrial pollution and specific targets for PCB-contaminated oils.** Overall progress on industrial pollution control has been mixed in the CPS period. Although now receiving considerable attention from Government, particularly in terms of regulations, enforcement of rules remains very weak, and there is no evidence to support any decreases in actual pollution loads from industrial estates. Thus far during the CPS period, the Bank has not mobilized investments for industrial pollution control, in part because of weaknesses in the regulatory system which minimize incentives for industry to adopt cleaner standards. The Bank has, however, supported considerable analytical work in the area of industrial pollution, which is having important impacts in terms of rethinking the issues at stake. A major GEF-funded project (US\$7 million) to improve management of PCBs was approved by the Bank's Board in June 2009, and there are a number of successful projects underway for the control of ozone-depleting substances. Priorities for the remainder of the CPS period include renewed Government commitment to enforce existing regulations for industrial pollution control. The Bank remains committed to preparing major investments in this area, provided that viable financing mechanisms can be created, which in turn depends on the existence of incentives for industry to take advantage of them.

Natural Disaster Mitigation and Risk Management

37. **Government has approved a Natural Disaster Risk Mitigation Strategy and Action Plan, but more work needs to be done to improve early warning systems.** Current capacity for flood

forecasting in the Red River and Mekong Deltas is only 24 hours. Hydromet services are working, through software and hardware upgrade and capacity building, to bring this to 48 hours in the Red River Delta and 72 hours in the Mekong Delta. This initiative is being supported under the ongoing Natural Disaster Risk Management Project (NDRMP) and will also be included in new Global Fund for Disaster Reduction and Recovery (GFDRR) funding as well as a Second NDRMP.

38. **Since 2004 the Bank has taken a programmatic and comprehensive approach to supporting disaster risk management in Vietnam, and this is taking on increasing importance in the Bank's program.** The primary vehicle for this long-term engagement is the National Disaster Risk Management Project. The Community Based Disaster Risk Management program piloted under the NDRMP has recently (July 2009) been scaled-up to a national program. This work is more recently been supported with funding for shorter-term funding (3-5 years) for sector priorities, through a partnership with the GFDRR. Going forward the Bank will support Vietnam's National DRM program (announced in 2007) through a combination of IDA lending and TA grant support from GFDRR.

Climate Change Adaptation and Mitigation

39. **The CPS included no policies or outcomes relating to adaptation to climate change but did include minimizing CO2 emissions.** There is a stated objective of keeping such emissions to 140 million tons/year by 2010, but the source and reliability of these numbers is unclear since the only formal national reporting on CO2 emissions was done in 1994², and the update of that report is only expected in 2010. With the rapid industrialization and growing energy use in Vietnam over the last years, it is unlikely that the country is on track to significantly slow carbon emissions, and it is unlikely that such a goal has ever been adopted.

40. **The only climate change outcome in the CPS concerns improved energy system efficiency.** Increasing efficiency of transmission systems and adding generating capacity from hydropower will certainly reduce national carbon emissions from what they would otherwise have been, and the Bank will make important contributions in this area through the newly approved (May 2009) Renewable Energy Development Project and the planned (FY11) Trung Son Hydropower Project. As interest in climate change mitigation heightens in Vietnam, and possibilities of new financing mechanisms for energy efficiency, renewable energy and clean technologies evolve, it is quite likely that the Bank's focus will increase in this area. Rural electrification efforts, with the task of connecting people now entering its final phases will increasingly focus on ensuring adequate supplies are delivered efficiently.

41. **During the remainder of the CPS period, and for the next decades, Vietnam's main climate change focus must be on preparation to adapt to climate changes which are now considered unavoidable: (i) a certain amount of sea level rise and (ii) changes in temperature and rainfall patterns.** Government needs to have in place a well coordinated and technically sound plan for the most urgently needed investments. The basis for such coordination and planning has already been established in Government's National Target Program for Response to Climate Change. The Bank will assist with determining analytical priorities and with financing early and critical adaptation needs. Analytical work will primarily focus on the economic costs and benefits of adaptation measures for agriculture, water, forestry, fisheries, ports, social impacts, and economy-wide impacts. Other important analytical work is on adaptation in urban environments. Potential impacts of climate change and how to adapt to them remain an area with many uncertainties, and much more work is needed in order for Vietnam to be making the optimal use of resources balancing current development needs versus uncertain future needs. The Bank will thus be expanding its analytical work in the next few years, with continued focus on economic impacts but also on formulation of a low carbon growth plan as well as investments in natural disaster risk mitigation and water resource management in the Mekong Delta Region. Through its

² The first report to the UN Framework Convention on Climate Change.

ongoing engagement in the forest sector, the Bank will consider ways to increase attention to qualitative (as well as quantitative) aspects of forest management, to enhance the climate change mitigation effects of forest cover.

Pillar 4 – Strengthened Governance Systems

42. **A key element of the Bank's governance interventions in Vietnam has been aimed at strengthening governance at the local level.** The ongoing Bank-financed Program 135 Phase 2 series of DPLs provides funds for infrastructure or agricultural projects through a mechanism that involves strong local participation and makes communes investment owners. While only 15 percent of communes and villages in Program 135 had acted as investment owners in 2005, the share had risen to 60 percent in 2008.

43. **In order to improve transparency and efficiency in Vietnam's revenue administration, the Bank is supporting projects in tax and customs administrations, aimed at better managing of risks.** This is a long-term process. At this point in the CPS period, risk classifications systems are established for tax and customs.

44. **Corruption remains a formidable challenge for Vietnam.** Based on surveys of firms and households, there are some indications that corruption has declined in recent years, but levels remain worrying. The PRSC policy dialogue has supported reforms in the areas of planning, public financial management, public administrative reforms, legal development, and access to justice. The Bank is also actively engaged in an ongoing dialogue on anti-corruption, aimed at providing constructive advice on the range of challenges Vietnam faces. In addition, special initiatives, such as the Construction Sector Transparency Initiative, and Vietnam Innovation Day 2009-- More Accountability and Transparency, Less Corruption, aim at strengthening systems for preventing corruption. Finally, the Bank supported the addition of a Governance Module on the 2008 Vietnam Household Living Standards Survey (VHLSS), for the first time collecting nationally representative data on households' experiences with government services, including questions on corruption. This data is being reported in the Vietnam Development Report 2010 – “Modern Institutions” – to be released at the December 2009 Consultative Group Meeting in Hanoi.

Public Procurement

45. **There have been significant improvements in the legal framework for public procurement since the passage of the Procurement Law in November 2005, and the accompanying decree in September 2006 (which was replaced in 2008).** The new legislation has helped eliminate some of the fragmentation of the earlier procurement legislation and introduced many positive elements including the establishment of an oversight body for public procurement, the stipulation of open competition as the preferred procurement method, open advertisement of bidding opportunities, public bid opening, and the decentralization of the procurement process. The law also provides for procurement planning, use of standard procurement documents, publication of contract awards, and the establishment of a complaints mechanism for handling bidders' complaints.

46. **Although substantial progress has been made, key gaps remain between Vietnamese regulations and the international good public procurement practice.** Several critical features in the Vietnamese regulations still conflict with good public procurement practice, including unrestricted direct contracting for contracts below a threshold even when competition is possible, insufficient time for bid preparation, use of a subjective merit point system for bid evaluation, and a requirement that contracts must be awarded within the approved cost estimate. Other major differences regarding eligibility, bidding procedures, bid evaluation criteria and procedures, qualification and contract award procedures are well

documented in a procurement gap matrix prepared jointly with the Six Banks which has been the basis for dialogue with Government. The differences in the legal framework and the procedures have often led to mistakes and delays in the implementation of Bank-financed projects because although both the Vietnam Procurement Law and Bank policies stipulate that in the event of any inconsistency in the provisions, the Bank's Procurement Guidelines prevail over local Laws, project officials tend to apply the local rules since the consequences of flouting the local regulations are severe and more direct.

47. **Vietnam does not meet the Bank's criteria for use of country procurement systems.** To assess the quality of a country's procurement system for use in Bank-financed operations, the Bank assesses potential pilot countries using the OECD/DAC benchmarking tool. To join the program, the country must receive the maximum score ("3") on 17 core sub-indicators of the 54 sub-core indicators, and at least a "2" on all the remaining sub-indicators. Vietnam currently meets the requirements for only 3 of the 17 core sub-indicators. The market is dominated by State-Owned Enterprises (SOEs) which are affiliated with various sector ministries. The SOEs have a large share of public procurement contracts and with a tight regulation on cost norms are crowding out the fledging domestic private sector.

48. **The dialogue between the Six Banks and government on the required areas of strengthening the country's public procurement system has been challenging, with some differences in opinion about the relative importance of some of the competing objectives of public procurement.** For example, while equal opportunity, transparency, and fairness are considerations in Vietnam's procurement law, more importance is placed on central authority, the rights of the procuring entity, and budget control. Although, the Government regularly seeks inputs from the Six Banks on public procurement, extensive comments provided on drafts of legislation, decrees, and standard procurement documents have not been adopted by Government. The Bank has, nevertheless, continued to provide technical and financial support to the Public Procurement Administration of the Ministry of Planning and Investment in (i) drafting legal instruments, (ii) preparing standard procurement documents, (iii) establishing a web-based e-procurement bulletin, (iv) establishing an M&E system for assessing the quality of the system and measuring compliance and performance; (v) increasing awareness of the importance of public procurement, and (vi) implementing the public procurement law. Areas of engagement and collaboration during the remaining CPS period will include (i) assessment of the Government's e-GP pilot program, (ii) strengthening the bidders' complaints mechanism, and (iii) continued dialogue on strengthening the legal framework for public procurement.

Public Financial Management

49. **Vietnam is pursuing many initiatives to strengthen its financial management and accountability arrangements, systems and controls.** There has been substantial progress on budget execution and treasury management (with TABMIS being piloted and its associated reforms being undertaken), on budget development and decentralization (greater coherence through the pilots of the forward-looking MTEFs and budget allocation norms), on revenue management (with clearer allocation rules and decentralized responsibilities, and with the productivity of some taxes now close to OECD levels), on debt management (with the adoption of the first-ever Public Debt Management Law and the establishment of the Debt Management Office consolidating the management of domestic and external debts), on external auditing (annual audit report and selected individual audit reports of the State Audit of Vietnam being disclosed publicly³), and on accessibility of financial information (with legislation and the environment established for greater financial accountability and transparency).

50. **Financial management (FM) performance and arrangements (staffing, accounting, internal controls, reporting, and auditing) in implementation of the Bank's portfolio have been generally**

³ State Audit of Vietnam have stated that they have audited the SBV. However, the audit findings are not available to the public.

satisfactory. Timeliness of submission of audited financial statements and interim financial statements has been improved, with about 90 percent of reports having been submitted on time. Significant progress was achieved in harmonizing/ using the country system on reporting where the Bank used the Government's Aligned Monitoring Tools for interim financial reports. However, no significant step was taken in using the State Audit of Vietnam and Internal Audit for Bank-financed projects, and this needs to be addressed. External audits of Bank-financed projects are currently conducted only by private audit firms that meet the Bank's selection criteria. FM arrangements for TFs are generally acceptable, but improvements could be made in areas such as capacity building for FM staffing, internal controls, and reporting.

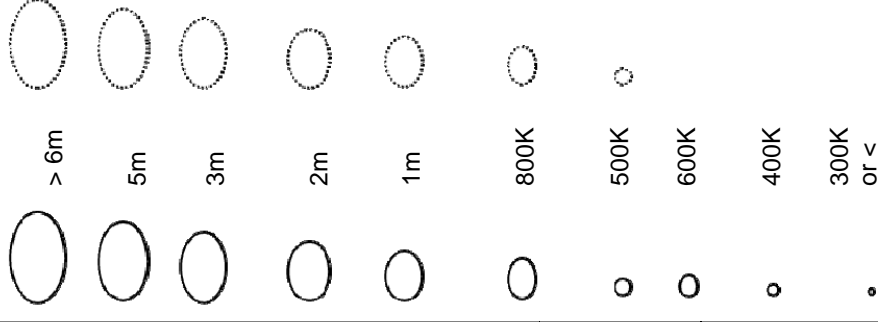
51. Steady progress is being made in establishing the legislative framework to support public financial management (PFM) reforms, but the key challenge going forward is to substantively implement the improvements and enhancements that have been progressively introduced through legislative reforms and development work in recent years. The emphasis of Bank support for strengthening PFM at all levels of government will be on the areas listed below:

- Nation-wide roll-out of an integrated financial management system and its associated reforms, and introduction of the Treasury Single Account (TSA) (via the Public Financial Management Reform Project, additional financing to the Public Financial Management Reform Project, and Second Multi-Donor Trust Fund for Public Financial Management Modernization).
- Improved management of capital expenditures (via the PIR DPL, Public Financial Management Reform Project, Poverty Reduction Support Credits).
- Expanded audit coverage and improved approach of State Audit of Vietnam and building capacity of internal audit. The coverage of State Audit of Vietnam to be expanded to all budget spending units at lower levels (districts/ communes and sectors/ sub-sectors). Risk-based auditing approach for SAV needs to be developed. Legal framework for Internal Audit will be provided and capacity of internal auditing will be developed at MOF inspectorate as an activity of MDTF2 for PFM reform, as the leading agency of Internal Auditing and other ministries
- Strengthened debt management, asset management, and ODA management (via the Public Financial Management Reform Project, the second Multi-Donor Trust Fund for Public Financial Management Modernization).
- More comprehensive accounting and timely financial reporting based on internationally recognized standards and practices, and strengthen internal control of public institutions, with priorities given to internal audit (via the second Multi-Donor Trust Fund for Public Financial Management Modernization, Public Financial Management Reform Project, Poverty Reduction Support Credits).
- Improved quality of PFM reform strategies and establishment of PFM monitoring indicators (via Second Multi-Donor Trust Fund for Public Financial Management Modernization).
- Improve revenue collection and system (via the ongoing Tax Administration Modernization Project). Preparatory work for public expenditure financial accountability indicators exercise (via Second Multi-donor Trust Fund for Public Financial Management Modernization).

Vietnam TF Portfolio Alignment with CPS Pillars (for both recipient-executed TFs and bank-executed TFs)*

Country Partnership Strategy (CPS)	Energy	Transport	Urban	Rural	HD	PREM and Financial & Private Sector	Others (Social & Environment, EAPCO, CMU)
Pillar 1: Improve the Business Environment	Improved business climate and stronger competitiveness					Tax Admin	
	Financial system more efficient and responsive to needs of businesses and households						
	More efficient and reliable provision of infrastructure services	SEIER, D3M, HUP, TF	Urban upgrade				
	Better access to markets and basic social services for the rural poor	RE2, RT3		NMPR			
Pillar 2: Strengthen Social Inclusion	Ethnic minorities more fully integrated into development process			P135, Ethnic			
	Needs of urban poor and migrants addressed with improved policies and infrastructure services		Pilot				
	Vulnerability to natural disasters and other shocks mitigated		Influenza, Natural Disaster, Avian Influenza, Disaster Risk				
	Better access to affordable and quality basic education and health care services for the poor and near poor			Forest, PEDCO, GAIN, HE2, MHS, BE, BSE, Education			
Pillar 3: Strengthen Management of Natural Resources, and the Environment	Improved management of forestry, biodiversity, land and water resources			Forest, ENRIST, Coastal Wetland Sector, Forest, Forest, Green corridor, CYS			
	Reduced urban environmental degradation		Coastal cities	Halong			
Pillar 4: Improve Governance	Improved effectiveness of budget planning, execution, reporting, and accountability					PFM, PFM	
	Modernized planning toward development objectives, with more participatory approaches			Empo waiting		GAPAP	
	Reduced incidence of corruption						

Remarks: TF size



* Cofinancing TFs are in dot lines; table excludes Project Preparation and Project Implementation Support PHRD TFs, and cofinancing TFs to PRSCs.

Key

Avian Influenza	Avian and Human Influenza Control and Preparedness Project
Basic Education	Trust Fund to Support Basic Education in Vietnam
BE	Basic Education
CCBP	Comprehensive Capacity Building Program
Coastal Cities	Coastal Cities Environmental Sanitation Project
Coastal Wetlands	Coastal Wetlands Protection and Development Project
CYS	Chu Yang Sin National Park Project
Disaster Risk	Community-Based Disaster Risk Management Project
DSMEE	Demand-Side Management & Energy Efficiency Project
Early Child	Early Childhood Care and Development
Empowering	Empowering Farmers for Participatory Irrigation Management Project
Forest	Trust Fund for Forest (TFF)
Forest Sector	Forest Sector Development Project
GAPAP	Governance and Poverty Policy Analysis and Advice Program
GAIN	Global Alliance for Improved Nutrition Trust Funds
Green Corridor	Green Corridor Project
Halon	National CFC (chloro-fluorocarbons) and Halon Phaseout Project
HE2	2 nd Higher Education Project
HUTP	Hanoi Urban Transport Project
Influenza	Avian and Human Influenza Control and Prevention Project
MHS	Mekong Regional Health Support Project
Natural Disaster	Natural Disasters Mitigation Project
Natural Disaster	Natural Disasters Risk Management Project
NMPR	Northern Mountains Poverty Reduction Project
P135	Program 135 Phase 2 Support Credit
PEDC	Primary Education for Disadvantaged Children Project
PFM	Public Financial Management Reform Project
Pilot	Pilot Design Build Lease Project
RE2	2 nd Rural Energy Project
RT3	3 rd Rural Transport Project
SEIER	System Efficiency Improvement, Equitization & Renewables Project
TF	Trust Fund for Transport Sector
Urban Project	Urban Upgrading Project

OVERVIEW OF VIETNAM'S FY10-FY11 IBRD PIPELINE

Public Investment Reform (PIR) DPLs (US\$500 million each in FY10 and FY11): The PIR program is designed to support strengthening and acceleration of selection, preparation, implementation, and oversight of public investment projects. The recent international macroeconomic turbulence has dramatically exposed weaknesses in these areas, related to heavy procedural requirements, differences between the government's and partners' procurement rules, and resettlement and land use rights issues related to projects. The PIR program would apply to all public investment, regardless of the source of funding. In addition, the PIR DPLs aim to provide timely financing of Government's ongoing stimulus package in response to the global economic crisis.

Power Sector Reform DPL (up to US\$200 million¹ – FY10): This reform program entails a major transformation of the power market, sector structure, and purchase and retail tariffs in Vietnam, to support Government's decision to move the power sector towards competitive and market-based arrangements for more timely generation investment and efficient use of electricity. The reforms are aimed at changing how projects are financed, the interest and participation of the private sector (both local and foreign investors), and the costs of supply and how they are reflected in tariffs. The intention is to change incentives to bring about improvements in efficiency, and the ability of existing and new investors to finance adequate and sufficient generation to achieve levels of reserve for security of supply.

New Model Universities (US\$50 million² – FY10): This project aims to (a) set up and pilot a new policy framework for the governance, financing and quality assurance of new-model research universities, and (b) establish and develop within this framework four universities as centers of research and teaching excellence. While the initial request that this operation be financed by IBRD came from the Ministry of Education and Training, some government officials (including in the Ministry of Finance) are of the view that this operation should be fully financed by IDA. Discussions between the Bank and Government are ongoing. The Bank is of the view that as Vietnam moves through IBRD-IDA blend to IBRD-only status, it is critical that the Government continue to invest in human development activities that produce high economic returns, such as education, health and social protection. Investments in higher education, with their high level of private returns, lend themselves to a cost-recovery approach and therefore to lending that is IBRD-financed.

Trung Son Hydropower (US\$330 million – FY11³): This operation was identified in the CPS as a candidate for IBRD financing. It would be the Bank's first financing of generation after an absence of ten years, and a re-engagement in the medium and large scale hydropower sector. Because the amount of financing needed for a single power generation project, is typically larger than IDA projects in Vietnam, and the revenue streams for generation are sufficient to cover full investment costs, generation projects are particularly well-suited for Vietnam's initial IBRD borrowing. This project includes construction of an 88 meter high concrete dam and ancillary works in Trung Son commune, Thanh Hoa province in northwest Vietnam. It also includes installation of electrical and mechanical equipment, construction of a 22 kilometer access road, transmission lines to evacuate electricity, programs for livelihood development of affected communities and environmental remediation, and related technical assistance and implementation support.

¹ Plus US\$116 million on IDA hard terms.

² Plus US\$100 million on IDA blend terms, subject to outcome of ongoing discussions between the Bank and Government regarding blended financing.

³ Stand-by operation for FY10.

Integrated Water Supply and Wastewater Services Project (US\$50 million⁴ -- FY11): This operation aims to improve water, wastewater collection and treatment, and drainage services and is consistent with the CPS objectives to support growth and alleviate poverty. Vietnam's rapid urbanization requires that coverage of water services increases and that the services are provided in a sustainable and efficient manner. The project will support that through an expansion of services and supporting improvements in operating efficiency. Vietnam also needs to increase its wastewater collection and treatment coverage, in line with the MDG to ensure environmental sustainability. In this context, the project is expected to provide support to collect and treat wastewater in urban areas and provide the necessary infrastructure for drainage. As a blended operation, its IBRD funds would be directed to the higher income provinces, with its IDA sources would be made available to the lower income provinces.

Public-Private Partnership Pilots Project (US\$100 million⁵ -- FY11): This operation would build on analytical work completed over the past several years regarding the design and establishment of a PPP framework in Vietnam. The project's objective would be to operationalize that framework and support the implementation of pilot PPP projects by establishing market-based legal and administrative rules and regulations required to implement PPP projects, operationalize the Viability Gap Financing Mechanism as a transparent mechanism for Government to provide financial support to make well-prepared PPP projects financially viable, and provide financial support to pilot PPP projects. IFC would make an equity investment via its InfraVentures. The proposed operation will co-finance pilot PPP projects to support Government efforts to operationalize the PPP financing framework and learn early lessons from implementation.

⁴ Plus US\$170 million on IDA blend terms, subject to outcome of ongoing discussions between the Bank and Government regarding blended financing.

⁵ Plus US\$120 million on IDA blend terms, subject to outcome of ongoing discussions between the Bank and Government regarding blended financing.

VIETNAM'S UPCOMING STRATEGY AND PLANNING CYCLE FOR 2011-2015

National Development Strategy

1. **Vietnam recently embarked on preparation of the National Development Strategy 2011-2020 (NDS).** The NDS will provide comprehensive guidance for a strategic period of the two consecutive five-year plans in the next decade, and key inputs for the Eleventh Party Congress, scheduled to be held in January 2011. The Party Congress, held every five years, is the single most important political event of the country. Its purpose is to elect the most senior personnel of the Party, and as a practice in Vietnam, through this process to determine key senior personnel for the state, the national assembly and the government during its tenure of five years. The Party Congress also proposes long-term strategic directions, and sets forth the most important strategic documents guiding the social and economic development endeavor, nationwide. The strategy process already got off the ground and will intensify in the upcoming 12-month period. The first draft of the 10-year social and economic development strategy which is among the most important documents to be presented in the Party Congress is planned to be made publicly available for the wide consultation in the summer of 2010. Between now and then, the document is going through an iterative process of drafting and internal consultation.

2. **The strategic process involves various agencies of Party and Government, in particular the Vietnam Academy of Social Sciences (VASS) and the Ministry of Planning and Investment (MPI).** VASS is mandated to coordinate critical inputs from the community of researchers and scholars in and outside Vietnam for the NDS. To this end, VASS has requested the Bank's technical assistance for generating substantive research-based evidence and strategic ideas to be used as inputs into the draft strategy documents, and facilitating substantive discussion amongst senior policy makers and researchers on the TA's findings and recommendations. The program is desirable to help Vietnam make informed decisions on issues of strategic importance to the country's long-term development, and enhance the country's capacity in strategic formulation and implementation. By making substantive contributions to the on-going debate on critical issues related to the NDS, and analyzing advantages and disadvantages of various options that may be available to Vietnam, the program would help the Bank in particular and the donor community in general to better understand Vietnam's strategic concerns and expectations, and thereby better align the partnership strategy for Vietnam.

3. **The five-year social and economic development plan takes one step forwards to concretize the strategic directions and goals in the NDS into a set of medium-term development objectives.** Though being guided by NDS, the SEDP usually starts early when the draft outline of NDS is available. MPI takes the lead in this collective effort made by various line ministries and localities. The draft 5-year SEDP is presented and endorsed by the newly elected national assembly which is normally formed sometime after the Party Congress.

Socio-Economic Development Plan for 2011-2015

4. **The Socio-Economic Development Plan (SEDP) 2011-15 was launched in June 2009 with the Prime Minister's Directive 751, which guides the preparation process.** The Ministry of Planning and Investment (MPI) then developed the SEDP concept note and arranged for training to further elaborate Directive 751 to line ministries, agencies and provinces. A detailed proposal was developed in June-September 2009 and presented to the Strategy Sub-committee. Consultations with stakeholders (including donors, academic and private sector) are planned for October 2009. The revised proposal will be presented to the Sub-committee.

5. **The five-year Directive 751 calls for the content of the SEDP 2011-2015 to be broadly similar to the SEDP 2006-2010, with four pillars: economic, social, environment, and governance.** The possible difference would be in the relative priorities. Directive 751 instructs that the priorities of the SEDP should be: (i) improving the efficiency and competitiveness, active integration into the world economy, (ii) creating breakthroughs in restructuring the economy and advancing industrialization; and (iii) improving people's living standards in association with poverty reduction. Two critical indicative targets are mentioned in Directive 751: average annual GDP growth of 7 to 8 percent and poverty reduction by 2 to 3 percentage points per annum. The formulation of the SEDP should aim towards achieving the NDS.

6. **Formulation of the SEDP and preparation of the SEDP report for the 2011 Party Congress Document will take place from end-2009 to February 2011.** In parallel, MPI will develop the result-based M&E framework for the SEDP, and consultations will be held with stakeholders (communities, NGOs, academics, private sectors, donors, etc.). The National Assembly will approve the SEDP in October 2011, and MPI will issue the M&E framework the following month.

7. **Interaction among line ministries, provinces and MPI is a combination of bottom-up and top-down processes.** MPI develops the proposal and the SEDP with consideration of the proposals and plans submitted by provinces and line ministries. Provinces and line ministries develop and revise their own plans based on MPI proposals, general development orientation, and dialogue with MPI. The Ministry of Finance will take the lead in collaboration with MPI to guide the line ministries and provinces in formulating the budget and financing plans, with annual budget allocations

CAS Annex A1 - Key Economic & Program Indicators - Change from Last CPS - Vietnam

Prepared for all CASS/Progress Reports, but included in Board version of Progress Reports Only

Economy (CY)	Forecast in Last CPS				Actual		Current CPSPR Forecast		
	2007 ^b	2008 ^b	2009 ^b	2010 ^b	2007 ^c	2008 ^c	2009 ^a	2010 ^b	2011 ^b 2012 ^b
Growth rates (%)									
GDP	7.8	7.7	7.6	7.6	8.5	6.2	5.5	6.5	7.0 7.5
Exports	17.5	14.5	14.0	14.0	21.9	29.1	-8.2	14.1	15.0 16.4
Imports	20.0	17.0	16.0	14.5	38.3	28.1	-16.0	13.2	14.2 14.9
CPI (% change, period end)	6.5	6.0	5.5	5.5	12.6	19.9	6.5	6.0	5.5 5.5
National accounts (% GDP)									
Current account balance	0.3	-1.4	-2.1	-2.1	-9.8	-11.9	-5.1	-4.5	-4.4 -4.0
Gross investment	36.7	37.5	38.2	38.4					
Public finance (% GDP)									
Fiscal balance	-1.5	-2.1	-2.8	-3.2					
Excl. on-lending					-2.2	-1.1	-3.8	-3.6	-3.3 -3.2
Excl. off-budget items					-5.3	-4.2	-9.8	-6.5	-6.0 -5.5
Incl. off-budget items					33.3	29.8	31.4	31.5	31.0 30.2
External LT-MT debt	32.1	31.5	31.2	31.0					
Reserves (as mos. of imports of goods & services)	2.9	3.1	3.2	3.2	3.8	3.3	3.2	3.3	3.4 3.5
Program (Bank's FY)	2007 ^b	2008 ^b	2009 ^b	2010 ^b	2007 ^c	2008 ^c	2009 ^a	2010 ^b	2011 ^b 2012 ^b
Lending (\$ million)	849.4	1,068.1	865.0	na	711.8	1,192.6	1,148.8	2,062.0	2,330.0 na

a. Estimated

b. Projected

c. Actual

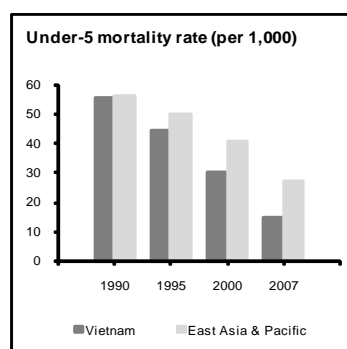
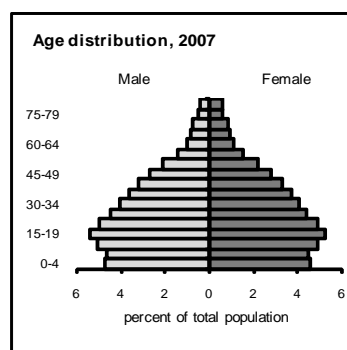
Vietnam at a glance

11/13/09

Key Development Indicators	Vietnam	East Asia & Pacific	Low income
<i>(2008)</i>			
Population, mid-year (millions)	86.2	1,912	1,296
Surface area (thousand sq. km)	329	16,299	21,846
Population growth (%)	1.2	0.8	2.2
Urban population (% of total population)	28	43	32
GNI (Atlas method, US\$ billions)	76.6	4,173	744
GNI per capita (Atlas method, US\$)	890	2,182	574
GNI per capita (PPP, international \$)	2,530	4,969	1,489
GDP growth (%)	6.2	11.4	6.4
GDP per capita growth (%)	4.9	10.5	4.2

(most recent estimate , 2003 –2008)

Poverty headcount ratio at \$1.25 a day (PPP, %)	21	17	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	48	39	..
Life expectancy at birth (years)	74	72	57
Infant mortality (per 1,000 live births)	13	22	80
Child malnutrition (% of children under 5)	20	13	28
Adult literacy, male (% of ages 15 and older)	..	96	72
Adult literacy, female (% of ages 15 and older)	..	90	55
Gross primary enrollment, male (% of age group)	..	111	100
Gross primary enrollment, female (% of age group)	..	109	89
Access to an improved water source (% of population)	92	87	68
Access to improved sanitation facilities (% of population)	65	66	39

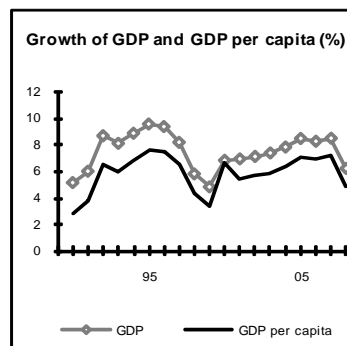


Net Aid Flows	1980	1990	2000	2008 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	277	181	1,681	2,497
<i>Top 3 donors (in 2007):</i>				
Japan	4	1	924	640
France	15	12	53	154
Germany	0	16	33	98
Aid (% of GNI)	..	3.0	5.5	3.8
Aid per capita (US\$)	5	3	22	29

Long-Term Economic Trends

Consumer prices (annual % change)	..	36.4	-1.7	7.3
GDP implicit deflator (annual % change)	..	42.1	3.4	21.7
Exchange rate (annual average, local per US\$)	0.6	6,482.8	14,167.8	16,450.0
Terms of trade index (2000 = 100)	..	..	100	114

Population, mid-year (millions)	53.7	66.2	77.6	86.2
GDP (US\$ millions)	..	6,472	31,173	89,831
				<i>(% of GDP)</i>
Agriculture	..	38.7	24.5	22.1
Industry	..	22.7	36.7	39.7
Manufacturing	..	12.3	18.6	21.1
Services	..	38.6	38.7	38.2
Household final consumption expenditure	..	84.3	66.4	69.3
General gov't final consumption expenditure	..	12.3	6.4	6.2
Gross capital formation	..	12.6	29.6	41.1
Exports of goods and services	..	36.0	55.0	78.2
Imports of goods and services	..	45.3	57.5	94.7
Gross savings	..	..	..	..



1980–90 1990–2000 2000–08
(average annual growth %)

2.1	1.6	1.3
4.6	7.9	7.7
2.8	4.3	3.9
4.4	11.9	10.0
1.9	11.2	11.9
7.1	7.5	7.5
..	5.1	8.0
..	3.2	7.6
..	19.8	12.7
..	19.2	12.1
..	19.5	14.4

Note: Figures in italics are for years other than those specified. 2008 data are preliminary. .. indicates data are not available.
a. Aid data are for 2007.

Development Economics, Development Data Group (DECDG).

Vietnam

Balance of Payments and Trade **2000** **2008**

(US\$ millions)

Total merchandise exports (fob)	14,483	62,685
Total merchandise imports (cif)	15,637	80,713
Net trade in goods and services	-173	-13,617

Current account balance	1,108	-10,705
as a % of GDP	3.6	-11.9

Workers' remittances and compensation of employees (receipts)	2,000	5,500
Reserves, including gold	3,030	21,578

Central Government Finance

(% of GDP)

Current revenue (including grants)	20.4	26.0
Tax revenue
Current expenditure	15.9	20.2

Overall surplus/deficit	-2.0	-1.1
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Highest marginal tax rate (%)		
Individual	50	40
Corporate	32	28

External Debt and Resource Flows

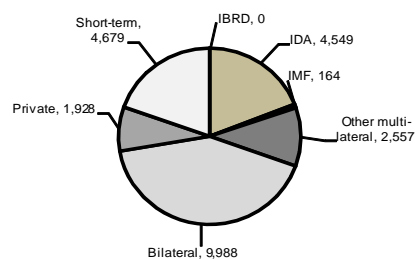
(US\$ millions)

Total debt outstanding and disbursed	12,825	26,158
Total debt service	1,310	1,344
Debt relief (HIPC, MDRI)	-	-

Total debt (% of GDP)	41.1	29.1
Total debt service (% of exports)	7.5	1.9

Foreign direct investment (net inflows)	1,298	9,579
Portfolio equity (net inflows)	..	-578

Composition of total external debt, 2007



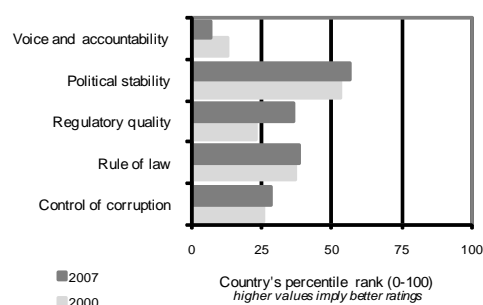
Private Sector Development **2000** **2008**

Time required to start a business (days)	-	50
Cost to start a business (% of GNI per capita)	-	16.8
Time required to register property (days)	-	57

Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2007
Access to/cost of financing	..	40.5
Access to land	..	25.9

Stock market capitalization (% of GDP)	..	28.5
Bank capital to asset ratio (%)	..	..

Governance indicators, 2000 and 2007



Source: Kaufmann-Kraay-Mastruzzi, World Bank

Technology and Infrastructure **2000** **2007**

Paved roads (% of total)	25.1	..
Fixed line and mobile phone subscribers (per 100 people)	4	61
High technology exports (% of manufactured exports)	11.0	6.2

Environment

Agricultural land (% of land area)	28	31
Forest area (% of land area)	37.7	41.7
Nationally protected areas (% of land area)	..	5.2
Freshwater resources per capita (cu. meters)	4,597	4,304
Freshwater withdrawal (billion cubic meters)	71.4	..
CO2 emissions per capita (mt)	0.69	1.2
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	3.3	3.7
Energy use per capita (kg of oil equivalent)	479	621

World Bank Group portfolio **2000** **2007**

(US\$ millions)

IBRD		
Total debt outstanding and disbursed	-	-
Disbursements	-	-
Principal repayments	-	-
Interest payments	-	-
IDA		
Total debt outstanding and disbursed	1,113	4,549
Disbursements	174	748
Total debt service	9	64
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	223	70
Disbursements for IFC own account	107	70
Portfolio sales, prepayments and repayments for IFC own account	25	22
	18	7
MIGA		
Gross exposure	46	111
New guarantees	10	0

Note: Figures in *italics* are for years other than those specified. 2008 data are preliminary.
.. indicates data are not available. - indicates observation is not applicable.

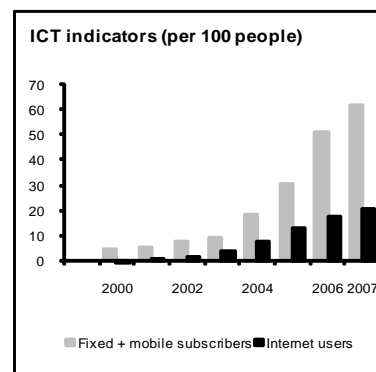
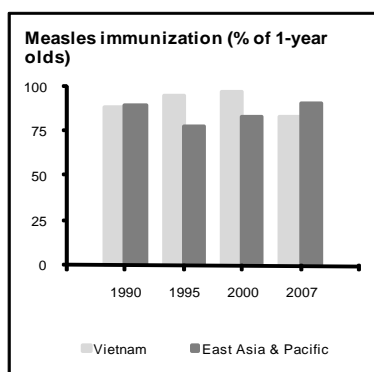
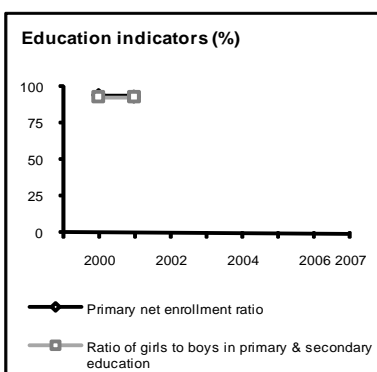
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Millennium Development Goals

Vietnam

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Vietnam			
	1990	1995	2000	2007
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$1.25 a day (PPP, %of population)	..	63.7	40.1	21.5
Poverty headcount ratio at national poverty line (%of population)	..	..	28.9	..
Share of income or consumption to the poorest quintile (%)	..	7.8	7.5	7.1
Prevalence of malnutrition (%of children under 5)	..	36.9	26.7	20.2
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	90	..	95	..
Primary completion rate (%of relevant age group)	..	..	96	..
Secondary school enrollment (gross, %)	35	42	65	..
Youth literacy rate (%of people ages 15-24)	94	..	94	..
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	..	..	93	..
Women employed in the nonagricultural sector (%of nonagricultural employment)	..	50	48	46
Proportion of seats held by women in national parliament (%)	18	19	26	26
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	56	45	30	15
Infant mortality rate (per 1,000 live births)	40	33	23	13
Measles immunization (proportion of one-year olds immunized, %)	88	95	97	83
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	150
Births attended by skilled health staff (%of total)	..	77	68	88
Contraceptive prevalence (%of women ages 15-49)	53	65	74	76
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (%of population ages 15-49)	0.1	0.1	0.3	0.5
Incidence of tuberculosis (per 100,000 people)	202	193	183	171
Tuberculosis cases detected under DOTS (%)	..	30	82	82
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (%of population)	52	64	77	92
Access to improved sanitation facilities (%of population)	29	40	51	65
Forest area (%of total land area)	28.8	32.4	37.7	41.7
Nationally protected areas (%of total land area)	..	..	..	5.2
CO2 emissions (metric tons per capita)	0.3	0.4	0.7	1.2
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	2.5	2.9	3.3	3.7
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	0.1	1.1	3.3	33.5
Mobile phone subscribers (per 100 people)	0.0	0.0	1.0	27.9
Internet users (per 100 people)	0.0	0.0	0.3	21.0
Personal computers (per 100 people)	0.0	0.1	0.8	9.6



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

11/13/09

Development Economics, Development Data Group (DECDG).

Vietnam Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2001-07	East Asia & Pacific	Low-income
POPULATION					
Total population, mid-year (millions)	58.9	73.0	85.2	1,912.4	1,295.8
Growth rate (% annual average for period)	1.8	2.0	1.3	0.8	2.2
Urban population (% of population)	19.6	22.2	27.4	43.3	31.7
Total fertility rate (births per woman)	4.2	2.8	2.1	1.9	4.2
POVERTY					
<i>(% of population)</i>					
National headcount index	..	..	28.9	..	..
Urban headcount index	..	..	6.6	..	..
Rural headcount index	..	..	35.6	..	..
INCOME					
GNI per capita (US\$)	..	250	770	2,182	574
Consumer price index (2000=100)	..	84	146	146	152
Food price index (2000=100)	..	..	..	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	35.7	37.8	..	..
Lowest quintile (% of income or consumption)	..	7.8	7.1	..	..
Highest quintile (% of income or consumption)	..	44.0	45.4	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (% of GDP)	..	..	2.1	1.8	1.6
Education (% of GDP)	..	2.9	..	2.7	3.4
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	90	93	93	73
Male	..	94	96	93	76
Female	..	86	91	93	69
Access to an improved water source					
<i>(% of population)</i>					
Total	..	64	92	87	68
Urban	..	90	98	96	84
Rural	..	57	90	81	60
Immunization rate					
<i>(% of children ages 12-23 months)</i>					
Measles	19	95	83	90	76
DPT	42	93	92	89	77
Child malnutrition (% under 5 years)	..	37	20	13	28
Life expectancy at birth					
<i>(years)</i>					
Total	61	70	74	72	57
Male	59	68	72	70	56
Female	63	71	76	74	59
Mortality					
Infant (per 1,000 live births)	40	33	13	22	80
Under 5 (per 1,000)	56	45	15	27	126
Adult (15-59)					
Male (per 1,000 population)	262	215	137	163	306
Female (per 1,000 population)	204	153	91	102	269
Maternal (modeled, per 100,000 live births)	..	..	150	150	780
Births attended by skilled health staff (%)	..	..	88	87	42

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

The Vietnam Development Goals

Goals and targets directly based on the MDGs	Indicators		
Goal 1: Reduce the percentage of poor and hungry households	1998	2004	2008
Target 1: Reduce by 40 percent the proportion of people living below the internationally accepted poverty line by 2010	37.4 %	19.5 %	14.0 %
Target 2: Reduce by 75 percent the proportion of people living under the internationally accepted food poverty line by 2010	15.0 %	7.4 %	6.1 %
Goal 2: Universalize education and improve education quality	1998	2004	2008
Target 1: Increase the net enrollment in primary school to 97 percent in 2005 and to 99 percent in 2010	91.4 %	94.6 %	97.1%
Target 2: Increase net enrollment rate in junior secondary school to 80 percent in 2005 and 90 percent by 2010	61.7 %	90.1 %	91.6%
Target 3: Eliminate the gender gap in primary and secondary education by 2005, and the gap with ethnic minorities in 2010	99 % 88.2 %	100 % 90.1 %	104 % 88 %
Target 4: Increase literacy to 95 percent of under-40-year-old women by 2005 and 100 percent by 2010	93.2 %	94.3 % (2001)	95.4 %
Target 5: By 2010 have improved the quality of education* and increase full-day schooling at primary level (exact target depends on funding).	n.a. n.a.	89.0 % (2001)* 25.0 % (2005)	90.3 % (2007)* 36.5 % (2008)
Goal 3: Ensure gender equality and women empowerment	1998	2004	2004-2009
Target 1: Increase the number of women in elective bodies at all levels.	18 % (Nat. Assembly '92)	27 % (Nat. Assembly)	25.8% (since 2007)
Target 2: Increase the participation of women in agencies and sectors [includes ministries, central agencies and enterprises] at all levels by 3-5% in the next 10 years.	n.a.	n.a.	37 % of public admin. institutions 12.5 % of ministers 9.15% of vice ministers 3.62 % of district people's committee chairs
Target 3: Ensure that the names of both husband and wife appears on the land-use right certificates by 2005	0	16 %	32 %
Target 4: Reduce the vulnerability of women to domestic violence.	n.a.	n.a.	20 % ** (2006)
Goal 4: Reduce child mortality, child malnutrition and reduce the birth rate	1998	2004	2008
Target 1: Reduce the infant mortality rate to 30 per 1000 live births by 2005 and 25 by 2010 and at a more rapid rate in disadvantaged regions	36.7 %	18.0 %	17.0 %
Target 2: Reduce the under-5 mortality rate to 36 per 1000 live births by 2005 and 32 by 2010	48.4 %	28.5 %	25.0 %
Target 3: Reduce under five malnutrition to 25 percent by 2005 and 20 percent by 2010	37.0 %	26.6 %	20.6 %
Goal 5: Improve maternal health	1998	2004	2008
Target 1: Reduce the maternal mortality rate to 80 per 100,000 live births by 2005 and 70 by 2010 with particular attention to disadvantaged areas	200	85	75
Goal 6: Reduce HIV/AIDS infection and eradicate other major diseases	1998	2004	2008
Target 1: Slow the increase in the spread of HIV/AIDS by 2005 and halve the rate of increase by 2010. Total HIV infected cases.	12,500	193,000 (2005)	242,577

Goals and targets directly based on the MDGs	Indicators		
Goal 7: Ensure environmental sustainability	1998	2004	2008
Target 1: Extend forest cover to 43 percent by 2010	30 %	37 %	38.7 %
Target 2: Ensure that 60 percent of the rural population (80 percent of urban population) has access to clean and safe water by 2005 and 85 percent in 2010.	48 %	56 % (2002)	75 % rural access but only 40% meeting MOH standards 70% urban access (90% in big cities, 60% in small towns)
Target 3: Ensure there are no slums and temporary houses in all towns and cities by 2010	13.6 %	12.2 % (2002)	n.a.
Target 4: Ensure that all waste-water in towns and cities is treated by 2010	n.a.	n.a.	<10 %
Target 5: Ensure that all solid waste is collected and disposed of safely in all towns and cities by 2010	n.a.	15 % (2002)	80 % collection but proper disposal very weak
Target 6: Air and water pollution must attain national standards by 2005	59 % (1999)	64 % (2001)	n.a.
Goal 8: Reduce vulnerability	1998	2004	
Target 1: Increase the average income of the lowest expenditure quintile to 140 percent of that in 2000 and 190 percent in 2010 (Growth in per capita expenditure of the poorest 20% of households)	29 % (1993-98)	8.9 % (1998-2002)	
Target 2: Reduce by half the rate of poor people falling back into poverty due to natural disasters and other risks by 2010	n.a.	n.a.	
Goal 9: Improve governance for poverty reduction	1998	2004	
Target 1: Effectively implement grass-roots democracy	n.a.	n.a.	
Target 2: Ensure budget transparency	n.a.	n.a.	
Target 3: Implement legal reform agenda		several	
Goal 10: Reduce ethnic inequality	1998	2004	
Target 1: Preserve and develop the reading and writing ability of ethnic languages	n.a.	n.a.	
Target 2: Ensure entitlement of individual and collective land-use rights in ethnic minority and mountainous areas	n.a.	n.a.	
Target 3: Increase the proportion of ethnic minority people in authority bodies at various levels	n.a.	n.a.	
Goal 10: Reduce ethnic inequality	1998	2004	2008
Target 1: Provide basic infrastructure to 80 percent of poor communes by 2005 and 100 percent by 2010	n.a.	n.a.	86 % access to schools 98 % access to clinics 85% access to electricity

Note: This table summarizes a fuller set of VDGs outlined in the CPRGS;
n.a. = not available.

* = Proportion of Grade 5 pupils at or above functional reading level.

** = Violence was found to occur in 20% of families, according to a 2006 Family Survey conducted by the Government of Vietnam and UNICEF, using the definition of domestic violence in Vietnam's 2007 Law on Prevention and Control of Domestic Violence. This number includes all domestic violence, not just that perpetrated against women, but children and men, as well.

Source: Socialist Republic of Vietnam (2002), United Nations Country Team (2003) and GSO data.
Vietnam Joint Annual Health Report 2009 (final draft August 2009).

CAS Annex B2 - Selected Indicators* of Bank Portfolio Performance and Management - Vietnam

(as of 9/27/2009)

Indicator	2007	2008	2009	2010
Portfolio Assessment				
Number of Projects Under Implementation ^a	38	41	46	47
Average Implementation Period (years) ^b	3.4	3.3	3.7	3.8
Percent of Problem Projects by Number ^{a, c}	10.5	9.8	10.9	10.6
Percent of Problem Projects by Amount ^{a, c}	16.7	8.4	11.2	10.5
Percent of Projects at Risk by Number ^{a, d}	10.5	9.8	10.9	10.6
Percent of Projects at Risk by Amount ^{a, d}	16.7	8.4	11.2	10.5
Disbursement Ratio (%) ^e	12.4	12.6	14.8	3.7
Portfolio Management				
CPPR during the year (yes/no) **	no	yes	no	yes
Supervision Resources (total US\$'000)	2,333.0	2,688.0	3,173.0	3,052.0
Average Supervision (US\$'000/project)	56.9	67.2	77.4	67.1

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	34	16
Proj Eval by OED by Amt (US\$ millions)	3,088.9	1,205.5
% of OED Projects Rated U or HU by Number	0.0	0.0
% of OED Projects Rated U or HU by Amt	0.0	0.0

Note: 2007-2009 are actuals, and 2010 is planned.

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

** Joint Portfolio Reviews are conducted in odd-numbered CYs by Government and a group of five (six as of 2009) donors: ADB, AFD, JBIC, KfW, World Bank, and as of 2009 KEXIM.

CAS Annex B3 - IBRD/IDA Program Summary - Vietnam

As of 10/22/09

Proposed IBRD/IDA Lending Program

Fiscal year	Proj ID	US\$(M)			Strategic Rewards (H/M/L) ^a	Implementation Risks (H/M/L) ^a
		IDA	IBRD	TOTAL IDA/IBRD		
2010	Local Development Investment Fund	190.0	0.0	190.0	H	H
	Urban Upgrading - AF	160.0	0.0	160.0	H	M
	Livestock Competitiveness & Food Safety	65.0	0.0	65.0	H	M
	2nd Northern Mountains Poverty Reduction	150.0	0.0	150.0	H	M
	Natural Disaster Risk Management - AF	50.0	0.0	50.0	H	M
	HCMC Environmental Sanitation - AF	92.0	0.0	92.0	H	M
	2nd Higher Education DPO	50.0	0.0	50.0	H	M
	Red River Delta Rural Water Supply & Sanitation - AF	65.0	0.0	65.0	H	M
	PRSC 9 DPO	150.0	0.0	150.0	H	M
	Central North Health Support	65.0	0.0	65.0	H	M
	Power Sector Reform DPO	116.0	200.0	316.0	H	M
	Project Preparation TA Facility	75.0	0.0	75.0	H	M
	1st Public Investment Reform DPO	0.0	500.0	500.0	H	M
	System Efficiency Improvement, Equitization & Renewables - AF	5.0	0.0	5.0	H	M
	New- Model Universities	100.0	50.0	150.0	H	M
	Total FY 10	1,333.0	750.0	2,083.0		
2011	Trung Son Hydropower *	0.0	330.0	330.0	H	H
	Third Program 135 Phase 2 DPO	100.0	0.0	100.0	H	M
	Haiphong Urban Transport	150.0	0.0	150.0	H	H
	3rd Higher Education DPO	50.0	0.0	50.0	H	H
	Hospital Waste Treatment	150.0	0.0	150.0	M	H
	PRSC 10 DPO	150.0	0.0	150.0	H	H
	Social Security Modernization	100.0	0.0	100.0	H	H
	Road Network Improvement - AF	230.0	0.0	230.0	M	H
	2nd Public Investment Reform DPO	0.0	500.0	500.0	H	H
	Integrated Water Supply & Wastewater	100.0	50.0	150.0	H	H
	Industrial Pollution Control	50.0	0.0	50.0	H	H
	Public- Private Partnership Pilots	120.0	100.0	220.0	H	H
	Development of Highland Region and Selected Central Provinces	120.0	0.0	120.0	H	H
	Total FY 11	1,320.0	980.0	2,300.0		
	TOTAL FY 10- FY 11	2,653.0	1,730.0	4,383.0		

* Standby for FY 10

AF = Additional financing

DPO = Development policy operation

The lending program for FY 12 and beyond will be discussed in the context with the next CPS.

Operations under consideration include:

Public Financial Management Reform AF
 Expressway Development DaNang-QNai
 Mekong Delta Rural Development
 Medium and Small Cities Development
 Financial Market Infrastructure Development
 Red River Delta Rural Water Supply & Sanitation (2nd Phase APC)
 Sustainable Natural Resource Management
 2nd National Urban Upgrading
 3rd Rural Transport - AF
 Early Childhood Education for Disadvantaged Children
 Natural Disaster Reduction & Adaptation
 Private Higher Education Onlending Facility
 National Health System Support
 2nd Public Financial Management Reform
 Science & Technology Innovation
 2nd Power Sector Reform DPO
 HCMC Urban Transport
 Red River Delta Health Support
 Ninh-Binh - Thanh Hoa Expressway
 Education for All Fast-Track Initiative Catalytic Fund

a. For each project, indicate whether the strategic rewards and implementation risks are expected to be high (H), moderate (M), or low (L).

CAS Annex B3 - IFC and MIGA Program Summary - Vietnam
(as of 8/20/2009)

IFC Investment Operations Program

	2007	2008	2009	2010*
<u>Commitments (US\$m)</u>				
Gross	62.54	115.37	320.38	8.75
Net**	62.54	108.37	287.62	8.75
<u>Net Commitments by Sector (%)</u>				
Agribusiness	0	13.84	0	0
Fund	14.37	6.46	0	0
Financial Markets	85.63	73.24	63.34	100
Manufacturing and Services	0	0	11.97	0
Health and Education	0	0	0	0
Infrastructure	0	6.46	24.69	0
Information Technology	0	0	0	0
Oil, Gas, Mining and Chemicals	0	0	0	0
Subnational Finance	0	0	0	0
Total	100	100	100	100
<u>Net Commitments by Investment Instrument (%)</u>				
Equity	38.29	6.46	0.35	0
Guarantee	0	32.13	45.44	100
Loan	49.71	55.96	53.7	0
Quasi equity (equity type)	0	0	0.52	0
Quasi equity (loan type)	12	5.45	0	0
Total	100	100	100	100

* As of August 20, 2009

** IFC's Own Account only

CAS Annex B4 - Summary of Nonlending Services - Vietnam

As Of Date 9/24/09

Product	Prod Type	Completion FY	Cost (US\$000) **		Audience ^a	Objective ^b
			BB	TF		
Recent completions:						
Expressway Investment	EW	2009	83.5		GOV	PS
Vietnam Development Report 2009 - Capital	EW	2009	81.8		PUB	PD
Social and Land Conflict Management *	EW	2009	72.1		GOV	PS
Policy for Financing Infrastructure PPPs *	EW	2009	97.3	448.4	GOV	PS
Quang Nam Integrated Development	TA	2009	14.9	100.0	GOV	PS
Carbon Finance TA	TA	2009		24.0	GOV	PS
Gas Sector Development	TA	2009	18.0	74.3	GOV	PS
Social Security Reform *	TA	2009	50.7	71.1	GOV	PS
Tax Policy Reform *	TA	2009	28.6		GOV	PS
Public Financial Management Reform *	TA	2009	44.2		GOV	PS
GAC Implementation *	TA	2009	64.7		GOV	PS
Support to PPI Reform *	TA	2009	97.1		GOV	PS
Implementing Health Insurance Law	TA	2009	90.8		GOV	PS
Social Security Modernization TA	TA	2009	51.2		GOV	PS
Social Accountability in Large Infrastructure	TA	2010	37.3	180.7	PUB	PS
FY09 CG Meetings	DA	2009	89.0		DON	PD
Vietnam Procurement Workshop	TE	2009	23.1		GOV	PS
IBRD Training	TE	2009	60.1		GOV	PS
Environment Support to Vietnam	TA	2009	54.7		OTH	PS
Financial & Enterprise Sector Policy Notes	EW	2009	60.7		GOV	PS
Total			1,119.8	898.5		
Underway:						
Forest Sector Support II	EW	2010	141.0	657.9	GOV	PS
Bond Market Development Roadmap	EW	2010	58.4		GOV	PS
High Quality Basic Education for All	EW	2010	183.0		GOV	PS
Constraint Assessment-Bottleneck	EW	2010	101.4	76.0	GOV	PS
Vietnam Development Report 2010 - Institutions	EW	2010	89.6		PUB	PD
Financial Sector Strategy	EW	2010	232.1		GOV	PS
Infrastructure Policy/Regulatory Reform *	EW	2010	209.0	55.5	GOV	PS
Regional Development & Urbanization *	EW	2010	198.8		PUB	PS
Medium Cities Transport	EW	2010	0.1	44.5	GOV	PS
Agriculture and Rural Economic & Sector Work *	EW	2010	234.7		GOV	PS
Sanitation Management for Urban Areas	EW	2010	11.6	28.9	GOV	PS
Policy for Financing Infrastructure PPPs II *	EW	2010	75.0		GOV	PS
Policy Banks Reform	EW	2010	80.0		GOV	PS
PSD Competitiveness and Innovation	EW	2010	60.0		GOV	PS
Rural Electrification Impact Studies	TA	2010	12.4	100.3	GOV	KG
HIV/AIDS Strategy	TA	2010	40.0	12.2	GOV	PS
Hydro Safeguards TA	TA	2010	288.2	302.3	GOV	PS
TA for Renewable Energy Development	TA	2010		298.3	OTH	PS
TA for Vietnam Energy Efficiency Program	TA	2010		51.6	GOV	PS
Provincial/Local ICT Development	TA	2010	159.0	165.8	GOV	PS

Product	Prod Type	Completion FY	Cost (US\$000) **		Audience ^a	Objective ^b
			BB	TF		
Prioritizing Climate Change Investments *	TA	2010	177.4		GOV	KG
Support to SBV	TA	2010	150.0		GOV	KG
GAC Implementation *	TA	2010	75.0		GOV	KG
Support to SEDP Preparation *	TA	2010	100.0		GOV	KG
Support to National Development Strategy	TA	2010	75.0		GOV	KG
Future Power Generation	KP	2010	25.1	85.3	GOV	PS
IBRD Transition TA	IO	2010	91.5		GOV	PS
Vietnam Virtual Learning Program	TA	2012		307.8	GOV	KG
Total			2,868.3	2,186.4		
Planned:						
Social Safety Net Needs Assessment	EW	2010	50.0		GOV	PS
Social & Land Conflict Management *	EW	2010	100.0		GOV	PS
Health Sector Reform TA *	TA	2010	100.0		GOV	PS
Fuel Efficiency & Trade Facilitation	KP	2010			GOV	PS
Vietnam Financial Impact Assessment 2	KP	2010			GOV	PS
Education for All/Inclusive Education Program *		2011	50.0		GOV	PS
Education Business Development Program *	EW	2011	75.0		GOV	PS
Health Financing/Gov't Program (hospital autonomy) *		2011	50.0		GOV	PS
Crisis Impact Analysis & Social Protection Policy Monitoring		2011	50.0		GOV	PS
Vietnam Development Report 2011 - Nat. Res. & Env. Mgt.		2011	50.0		PUB	PD
Support to SEDP Preparation *		2011	100.0		GOV	PS
Infrastructure Policy/Regulatory Reform *		2011	150.0		GOV	PS
Agriculture and Rural Economic & Sector Work *		2011	150.0		GOV	PS
Regional Development & Urbanization *		2011	150.0		GOV	PS
Prioritizing Climate Change Investments *		2011	150.0		GOV	PS
Social & Land Conflict Management *		2011	100.0		GOV	PS
Health Sector Reform TA *		2011	70.0		GOV	PS
Other - TBD		2011	TBD		TBD	TBD

a. Government (GOV), Donor (DON), Public Dissemination (PUB), Other (OTH)

b. Knowledge generation (KG), public debate (PD), problem-solving (PS).

* Programmatic AAA

**For tasks under way, Bank budget (BB) amounts are planned, while TF amounts are actual.

CAS Annex B6 - Key Economic Indicators 2005-2012 - Vietnam

	2005	2006	2007	2008 e/	2009 p/	2010 f/	2011 f/	2012 f/
Output, Employment and Prices								
GDP (% change previous year)	8.4	8.2	8.5	6.2	5.5	6.5	7.0	7.5
Industrial production index (% change, previous year)	17.2	17.0	17.1	14.6	9.5	13.7	15.2	15.5
Unemployment rate (% , urban areas)	5.3	4.8	4.6	4.7	6.5	5.0	4.5	4.5
Consumer price index (% change, period-end)	8.8	6.7	12.6	19.9	6.5	7.5	6.0	5.5
Fiscal Balance								
Official fiscal balance (% GDP, excluding off-budget items)	-0.1	1.1	-0.9	-1.2	-3.5	-1.8	-2.3	-2.3
General fiscal balance (% GDP, including off-budget items)	-4.5	-1.1	-3.1	-4.5	-9.7	-6.2	-5.0	-4.8
Foreign Trade, BOP and External Debt								
Trade balance (BOP definition, \$US million)	-2,439	-2,776	-10,360	-12,782	-8,055	-8,235	-8,837	-9,087
Exports of goods, (\$US million, fob)	32,447	39,826	48,561	62,685	56,100	63,700	72,605	83,331
Exports of goods (% change, previous year)	22.5	22.7	21.9	29.1	-10.5	13.5	14.0	14.8
Key exports, (value, % change) - crude oil	30.3	12.1	2.7	23.1	-37.5	5.1	1.7	2.5
Imports of goods, (\$US million, fob)	34,886	42,602	58,921	75,467	64,155	71,935	81,442	92,418
Imports of goods (% change, previous year)	15.7	22.1	38.3	28.1	-15.0	12.1	13.2	13.5
Current account balance (\$US million)	-560	-163	-6,992	-10,705	-7,440	-7,735	-7,442	-7,405
Current account balance (% GDP)	-1.1	-0.3	-9.8	-11.9	-7.9	-7.3	-6.5	-6.0
Foreign direct investment (BOP inflows, US billion)	1.9	2.4	6.7	9.3	8.4	8.8	9.3	9.8
Total external debt -DOD- (\$US billion)	17.2	19.1	23.8	29.6	34.0	38.1	41.1	44.2
Total debt as percent of GDP	32.5	31.4	33.4	33.0	35.9	35.8	35.7	35.8
Debt service ratio (% exports of g&s)	5.4	5.0	4.6	3.9	5.1	5.7	6.0	6.0
Reserves, including gold (\$US billion)	8.6	11.5	21.0	23.0	15.0	18.8	24.0	30.6
Reserves (in weeks of imports of g&s)	11.3	12.5	16.6	14.4	10.9	12.2	13.8	15.5
Financial Markets								
Credit to the economy (% change, period-end)	31.7	25.4	53.9	25.4	36.0	25.0	22.0	22.0
Short-term interest rate (3-M deposits, period-end)	7.8	7.9	7.4	8.1	8.5	7.0	6.0	6.0
Stock market - VN index (Jul 2000 =100)	307.5	752.0	972.0	315.6	---	---	---	---

	2005	2006	2007	2008 e/	2009 p/	2010 f/	2011 f/	2012 f/
Current account balance	-560	-163	-6,992	-10,705	-7,440	-7,735	-7,442	-7,405
Trade balance	-2,439	-2,776	-10,360	-12,782	-8,055	-8,235	-8,837	-9,087
Exports, f.o.b.	32,447	39,826	48,561	62,685	56,100	63,700	72,605	83,331
Imports, f.o.b.	34,886	42,602	58,921	75,467	64,155	71,935	81,442	92,418
Non-factor services	-297	-8	-894	-835	-1,300	-1,430	-1,745	-1,940
Receipts	4,175	5,100	6,030	7,095	5,805	6,420	7,145	8,155
Payments	4,472	5,108	6,924	7,930	7,105	7,850	8,890	10,095
Investment income	-1,204	-1,429	-2,168	-4,400	-4,185	-4,670	-3,810	-3,728
Receipts	365	668	1,093	1,360	750	600	965	1,497
Payments	1,569	2,097	3,261	5,760	4,935	5,270	4,775	5,225
Transfers	3,380	4,050	6,430	7,312	6,100	6,600	6,950	7,350
Private	3,150	3,800	6,180	6,805	5,700	6,200	6,550	6,950
Official	230	250	250	507	400	400	400	400
Financial account balance	2,690	4,483	17,193	11,190	830	11,880	12,271	12,770
FDI investment	1,890	2,315	6,550	9,070	7,900	8,300	8,700	9,050
Inflows	1,890	2,365	6,700	9,320	8,350	8,750	9,250	9,750
Outflows	0	50	150	250	450	450	550	700
Medium and long-term loans	920	1,025	2,045	995	2,565	3,130	2,541	2,390
Disbursements	2,030	2,260	3,397	2,430	4,260	5,350	5,476	5,715
Amortization	1,110	1,235	1,352	1,435	1,695	2,220	2,935	3,325
Other capital (net)	-985	-170	2,355	1,705	-9,635	250	680	880
of which: NFA of commercial banks	-635	-1636	2,624	680	650	200	250	250
Portfolio Investments	865	1,313	6,243	-580	0	200	350	450
Overall balance	2,130	4,320	10,201	485	-6,610	4,145	4,829	5,365

Figures are rounded in million of US dollars

Sources: GSO, SBV, IMF and WB

CAS Annex B7 - Key Exposure Indicators 2005-2011 - Vietnam

Indicator	Actual			Estimated		Projected	
	2005	2006	2007	2008	2009	2010	2011
Total debt outstanding and disbursed (TDO) (US\$m) ^a	17,229	19,110	23,756	29,627	33,985	38,122	41,051
of which:							
Multilateral	5,655	6,100	7,551	8,156	9,603	11,711	14,062
of which IDA ^b	3,236	3,593	4,609	4,863	5,888	7,022	8,157
of which IBRD ^c					0	505	TBD
Bilateral	6,428	7,292	8,418	9,159	10,018	10,710	11,356
Net disbursements (US\$m) ^a	2,816	2,240	3,499	4,879	3,407	3,614	4,018
Total debt service (TDS) (US\$m) ^a	1,995	2,235	2,527	2,740	3,173	3,997	4,761
Debt and debt service indicators (%)							
TDO/XGS ^d	47.0	42.5	43.5	42.5	54.9	54.4	51.5
TDO/GDP	32.5	31.4	33.4	33.0	35.9	35.8	35.7
TDS/XGS	5.4	5.0	4.6	3.9	5.1	5.7	6.0
Preferred creditor DS/public DS ^e	23.8	23.1	21.5	27.8	20.1	20.1	18.5
IFC (US\$m)	74.0	74.6	70.4	144.4	152.5	*	*
Loans	54.0	50.9	32.7	96.2	131.0	*	*
Equity and quasi-equity ^f	20.0	23.7	37.7	48.2	21.5	*	*
MIGA							
MIGA guarantees (US\$m)	143.2	128.6	113.7	106.4	99.3	*	*

Source: MOF; DECDG, IMF-WB Debt Sustainability Assessment 2009

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. Includes present value of guarantees.

c. Amount shown for CY10 is for first six months only; amount for second six months is TBD. Based on Vietnam's DPL disbursement practices and its procedures for effectiveness, it is assumed that with Board approval of the Power Sector Reform DPL (US\$ 200 million) currently planned for April 2010, disbursement will be in the second half of CY10.

d. "XGS" denotes exports of goods and services, including workers' remittances.

e. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

f. Includes equity and quasi-equity types of both loan and equity instruments.

* IFC and MIGA report actuals only.

CAS Annex B8 - Operations Portfolio (IBRD/IDA and Grants) - Vietnam
As of 9/4/2009

Closed Projects		41									
IBRD/IDA *											
Total Disbursed (Active)		1,546.09									
of w hich has been repaid		0.00									
Total Disbursed (Closed)		3,695.65									
of w hich has been repaid		158.99									
Total Disbursed (Active + Closed)		5,241.74									
of w hich has been repaid		158.99									
Total Undisbursed (Active)		4,550.82									
Total Undisbursed (Closed)		0.00									
Total Undisbursed (Active + Closed)		4,550.82									
Active Projects		Last PSR				Expected and Actual					
		Supervision Rating			Original Amount in US\$ Millions				Disbursements ^{a/}		
Project ID	Project Name	Dev't Objectives	Implem'n Progress	Fiscal Year	IBRD	IDA	GRANT	Cancel.	Undisb.	Orig.	Frm Rev'd
P085071	Customs Modernization	MS	MS	2006		65.9			69.27412	44.705588	
P088759	Fin Sector Modern and Info Mgmt System	#	#	2009		60			59.31543		
P104694	1st Higher Education DPO	S	S	2009		50			52.54771		
P082627	Payment System and Bank Modernization 2	S	S	2005		105			61.27432	54.943189	56.44319
P075399	Public Financial Management Reform	S	MS	2003		54.33			39.25826	32.094247	22.98536
P099376	Tax Administration Modernization Project	S	S	2008		80			81.01955	-0.308765	
P065898	Vietnam Water Resources Assistance	MS	MS	2004		157.8			115.9143	69.461839	
P108885	Agriculture Competitiveness	S	S	2009		59.8			55.73336	-0.423264	
P066051	Forest Sector Development	S	MS	2005		39.5			28.06087	22.131099	21.8178
P074414	GEF Forest Sector Development	S	MS	2005			9		7.320379	6.7203793	5.320379
P083593	National CFC & Halon Phaseout	S	S	2006			1.26		0.93821	-0.180074	
P111164	PRSC 8	S	S	2009		350			365.4843		
P072601	Rural Finance II Project	S	S	2002		200			2.81E-05	-34.85982	
P107062	Second Program 135 Phase 2 Support	#	#	2009		100			103.9639		
P079344	ICT Development	MU	MU	2006		93.72			89.97398	44.931909	0.689948
P073361	Natural Disaster Risk Management	MS	MS	2006		86			39.89354	-8.202821	
P096418	Land Administration	S	MS	2008		75			71.11903	4.4559202	
P079665	2nd Higher Education	S	S	2007		59.4			42.17507	7.0954601	
P101608	Avian & Human Influenza Control & Prep	S	MS	2007		20			17.10486	9.3140638	
P082295	Coastal Cities Environmental Sanitation	MS	MS	2007		124.7			119.348	2.2424684	
P071019	GEF Demand Side Management & Energy	S	S	2003			5.5		0.957128	0.9571283	
P085393	GEF-Hanoi Urban Transport Development	MU	MU	2008			9.8		8.70522	1.2552197	
P080074	GEF-Rural Energy 2	S	S	2005			5.25		4.559437	-0.490563	
P073778	GEF-System Energy Equitization-Renewable	S	S	2002			4.5		2.015001	2.0150006	
P083581	HANOI Urban Transport	MU	MU	2008		155.21			152.2096	36.046297	
P052037	HCMC Environmental Sanitation	MS	MS	2001		166.34			57.30853	27.991311	27.99131
P104848	HIFU Development	S	S	2007		50			35.59357	-3.930624	
P082604	HIV/AIDS Prevention	S	S	2005		35			10.86002	-1.368665	
P094055	Local Development Investment Fund	#	#	2010		190			199.2363		
P083588	Mekong Delta Transport Infrastructure Dev't	MS	MU	2007		207.7			211.0199	25.513184	
P079663	Mekong Regional Health Support	MS	MS	2006		70			59.77208	-4.488391	
P042927	Mekong Transport & Flood Protection	S	S	2001		135			43.26028	-1.063664	7.660352
P095129	Northern Delta Transport Development	S	S	2008		170			161.8106	1.6283525	
P082672	Northern Upland Health Support	S	S	2008		60			57.29621	-2.458505	
P044803	Primary Education for Disadvantaged Children	S	S	2003		138.76			62.81521	38.283344	43.38964
P086508	Priority Infrastructure Investment	S	MS	2008		152.438			144.8248	0.9865255	
P059663	Road Network Improvement	S	S	2004		225.26			151.9376	134.79512	
P085080	Road Safety	MS	MU	2005		31.73			29.46751	27.334164	
P077287	Red River Delta Rural Water Supply & Sanitation	S	MS	2006		45.87			36.94357	8.4396304	
P074688	Rural Energy 2	S	S	2005		420			309.5235	63.677976	
P073305	Regional Blood Transfusion Centers	MS	MS	2002		38.2			18.48666	9.1438359	9.143836
P103238	Renewable Energy Development	#	#	2009		202			212.5728		
P099211	Rural Distribution	S	S	2008		150			131.6402	-9.653651	
P075407	Rural Transport 3	MS	S	2006		106.25			99.00182	43.401996	7.769742
P066396	System Energy, Equitization & Renewable	S	S	2002		225			51.45288	2.5414105	2.541411
P091747	School Education Quality Assurance	S	S	2009		127			133.5588		
P084871	Transmission & Distribution 2	S	S	2006		200			148.4306	78.094072	-2.41737
P100916	Third Rural Finance	S	S	2008		200			174.6994	-7.003942	
P070197	Urban Upgrading	S	MS	2004		382.47			343.78	40.442994	
P073763	Water Supply Development	U	U	2005		112.64			101.8524	42.34019	
P099460	PCB Management	#	#	2009				7			
Overall Result						5778.018	42.31		4575.311	808.55116	203.3356

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

CAS Annex B8 - Statements of IFC's Held and Disbursed Portfolio - Vietnam

Committed and Disbursed Outstanding Investment Portfolio

As of 8/20/2009

(In USD Millions)

		Committed					Disbursed Outstanding				
FY Approval	Company	Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
2008/09	Antara	7	1	0	0	7	3	1	0	0	3
2002	Cybersoft	0	0.06	0	0	0	0	0.06	0	0	0
2002	Dragon Capital	0	0	1.05	0	0	0	0	1.05	0	0
2005	Khai Vy	2.82	0	0	0	0	2.82	0	0	0	0
2009	Nghi Son Cement	34.44	0	0	0	32.76	5.13	0	0	0	4.88
2005	Paul Maitland	2.4	0	0	0	0	2.4	0	0	0	0
2009	Paynet	0	0	1.5	0	0	0	0	1.18	0	0
2006	Sabco	30	0	0	0	0	15	0	0	0	0
2007	Sacombank	28.07	0	0	24.17	0	28.07	0	0	24.17	0
2008	SSIT	70	0	0	0	0	0	0	0	0	0
2008	Techcombank	17.96	0	0	15.82	0	17.96	0	0	15.82	0
2003/07	VEIL	0	16.4	0	0	0	0	16.4	0	0	0
2008	VI Fund I	0	7	0	0	0	0	1.75	0	0	0
2008/2009/2010	Vietnam Exim	0	0	0	3.71	0	0	0	0	3.71	0
2009	Vietnam VIB	50	0	0	0	0	0	0	0	0	0
Total Portfolio:		242.69	24.46	2.55	43.7	39.76	74.38	19.21	2.23	43.7	7.88

* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.

Vietnam – FY07-11 CPS Results Matrix - UPDATED

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
OVERARCHING OBJECTIVES OF THE SOCIO-ECONOMIC DEVELOPMENT PLAN <i>CPS will seek to contribute to these overarching objectives through multiple channels, as detailed in the CPS results matrix</i>					
<p>Sustain poverty reduction and reduce inequality</p> <p><i>Poverty rate:</i></p> <ul style="list-style-type: none"> o 2010: 10-11 percent o 2004: 19.5 percent <p>Accelerate pro-poor economic growth to reach middle-income status</p> <p><i>GNI per capita:</i></p> <ul style="list-style-type: none"> o 2010: Above 1,000 US\$ o 2007: 780 US\$ 					
PILLAR ONE: BUSINESS DEVELOPMENT					
Improve competitiveness		1.1. Improved business climate and stronger competitiveness			
<p><i>Exports to GDP:</i></p> <ul style="list-style-type: none"> o 2010: 72 percent o 2005: 69 percent <p><i>Domestic private investment share of total investment:</i></p> <ul style="list-style-type: none"> o 2010: 35 percent o 2005: 32 percent <p><i>Investment efficiency (GDP/intermediate costs):</i></p> <ul style="list-style-type: none"> o 2010: 1.5 o 2005: 0.73 percent 	<p>➢ State dominates ownership of many large enterprises with un-level legal and regulatory framework</p> <p>➢ Slow implementation of WTO commitments might delay leveling of playing field</p>	<p>➢ Increase in non-state enterprises satisfied with legal and regulatory framework, as measured through ICAs</p> <p>➢ Added outcome: Strengthened export orientation</p>	<p>➢ About 1,000 SOEs are to be equitized, over 50 percent of which are existing corporations, and with model privatizations of large SOEs</p> <p>➢ WTO commitments met on time</p>	<p>➢ Number of enterprises with 100% state ownership reduced from 2100 in 2006 to 1546 in 2008</p> <p>➢ Privatization of large SOEs behind schedule</p> <p>➢ Japan, Australia, and New Zealand have granted market economy status to Vietnam, before end of 12-year period agreed in WTO accession negotiations.</p> <p>➢ More limited progress in meeting retail trade commitments.</p>	<p>Ongoing lending operation</p> <p>Customs Modernization, Higher Education II, School Education Quality Assurance, Agriculture Competitiveness, Livestock Competitiveness and Food Safety, Rural Finance III, 2nd P 135- Phase II, Water Resources Assistance, ICT</p> <p>Planned lending</p> <p>Higher Education DPO 2-3, 3rd P-135-Phase II, New-Model Universities, PRSCs 9-10, PPP Pilots</p>

¹ Progress is against Outputs/Progress Indicators unless otherwise indicated.

² TFs to cofinance PRSCs are relevant to all four CPS pillars, but not separately listed in Results Matrix. See para. 30 of CPSPR.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
	<p>➤ Inefficient customs procedures distort trade flows and slow economic integration</p>	<p>➤ Added outcome: More efficient customs procedures for imports</p> <p>➤ Dropped outcome: Average import clearance times for commercial shipments at ports and airports reduced³</p>	<p>➤ Added progress indicator (adapted from outcome): Average import customs clearance times for commercial shipments at ports reduced</p> <p>Baseline (2004): 2.3 days</p> <p>Target (2010): 1.3 days</p> <p>➤ Dropped output: New customs law implemented by 2008⁴</p>	<p>➤ Data not available; development of performance indicators and service standards (supported by ongoing Bank-financed Customs Modernization Project) is significantly delayed.</p> <p>➤ Recruitment of consultants to assist in this effort is under way.</p>	<p>AAA</p> <p>Agriculture and Rural Economic & Sector Work, PSD Competitiveness & Innovation, Provincial/Local ICT Development, Prioritizing Climate Change Investments, TF for education quality assessment via standardized tests, ROSC (Accounting & Audit)</p> <p>Trust Funds > US\$1 million</p> <p>Second Higher Education Project cofinancing</p> <p>IFC</p> <p>TA on Doing Business Agenda (with FIAS).</p> <p>Investment and TA in support of SOE restructuring and privatization (Vietnambank in process).</p> <p>Support FDI, trade finance, South-South for deeper integration into the world economy.</p> <p>Better Work Vietnam Project.</p> <p>Corporate Governance TA to firms.</p> <p>MIGA</p> <p>Support infrastructure investments</p> <p>Partners</p> <p>ADB, EC, Australia, UNDP, UK, UNIDO, Germany, Japan, IMF, France, Denmark, Sweden, Canada, Finland, Russia, ILO</p>
	<p>➤ Low quality and relevance of higher-level training weakens competitiveness</p>	<p>➤ Added outcome: Improved employability of graduates with advanced degrees</p> <p>➤ Dropped outcome: Proportion of graduate students entering skills-relevant employment within 6 months of graduation increased from x to y⁵</p>	<p>➤ Ratio of doctorate-qualified professors to graduate students in universities (public and non-public) maintained above 1:25 from 2005 to 2010</p>	<p>➤ Percentage of youth (age 21-24) with college/university degree that are in paid employment: 74.4% (2004) and 74.6% (2008)</p> <p>➤ On-track. Ratio of doctorate-qualified professors to graduate students in universities, public and non-public was 1:4.1 in 2000/01, 1:5.6 in 2004/05 and 1:8.1 in 2006/07</p>	
	<p>➤ Stagnating agricultural productivity with insufficient rural access to quality agricultural extension services, financial services and land</p>	<p>➤ Dropped outcome: Agricultural investment efficiency increased to 1.64⁶</p> <p>➤ Improved rural business climate, as indicated in rural ICAs</p>	<p>➤ Service coverage of agricultural research and extension services (including for women farmers) increased</p> <p>➤ Access to sustainable, rural finance increased, with at least 30-35% of new loans issued to women</p>	<p>➤ NA</p> <p>➤ Coverage of formal rural credit services increased from 50% in 2000 to 70% in 2008. Second Rural Finance Project financed over 400,000 sub-projects, generated total investment of US\$740 million equivalent, and created over 255,000 new jobs. 37% of the end-borrowers are women.</p>	

³ More appropriately a progress indicator.

⁴ Amended customs law was implemented in January 2006, before the CPS period.

⁵ The CPS Results Matrix noted that the baseline and targets would be drawn from the (then) forthcoming Graduate Tracer Survey 2006. However, no such data has been collected since the Bank's Higher Education Project closed in 2007.

⁶ Data not available.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
	<ul style="list-style-type: none"> ➤ Inconsistent corporate reporting and compliance with accounting standards reduce credibility of business and investment opportunities 	<ul style="list-style-type: none"> ➤ Continuing to support foreign investment through MIGA's insurance facility for investors concerned about political risk ➤ Enhanced accounting and auditing professions for better corporate financial reporting 	<ul style="list-style-type: none"> ➤ Completion of ROSC (Accounting & Audit) assessment and implementation of its recommendations 	<ul style="list-style-type: none"> ➤ ROSC (Accounting & Auditing) assessment completed in FY09 ➤ Discussions with government counterparts to address its recommendations are ongoing 	
Further strengthen the banking system		1.2. Financial system more efficient, stable and responsive to the needs of business and households			
<i>Total bank credit to the private sector as percentage of GDP³:</i> <ul style="list-style-type: none"> o 2010: y percent o 2005: > 18 percent 	Implementation of banking reform road map inhibited by:		Banking reform road map on track, as monitored in annual PRSCs, including:		Ongoing lending operations Water Supply Dev. Payment System & Bank Modernization II, Financial Sector Modernization & Info Management System, Priority Infrastructure Investment, Local Development Infrastructure Fund, Rural Finance III Planned lending PRSC 9-10, Integrated Water Supply and Wastewater AAA Bond Market Development Roadmap, Financial Sector Strategy, Policy Banks Reform, Support to SBV, ROSC (Accounting & Audit), IDF for Capacity Strengthening of the Vietnam Association of Certified Public Accountants, IDF for Strengthening Accounting Capacity of State-Owned Banks, IDF for Development of Legal Foundation of Vietnam's Banking System
	<ul style="list-style-type: none"> ➤ Inadequate Central Bank and Credit Institutions Law and related regulatory framework 	<ul style="list-style-type: none"> ➤ SBV transformed into modern central bank responsible for independent monetary policy and bank supervision 	<ul style="list-style-type: none"> ➤ Action plan for necessary regulatory overhaul, based on ESAP/ROSC finding 	<ul style="list-style-type: none"> ➤ The revisions of Law on Credit Institutions and SBV Law have been delayed and are expected to be completed by end 2010. ➤ Latest draft of SBV Law specifies SBV as a Ministry and autonomy is an issue. 	
	<ul style="list-style-type: none"> ➤ SBV weak organizational structure, and inadequate information for supervision 		<ul style="list-style-type: none"> ➤ SBV strengthened through MIS system and revised structure of regional branches 	<ul style="list-style-type: none"> ➤ FSMIMS project for the modernization of the SBV became effective in late July 2009. MIS and regional branch restructuring for the SBV is expected to be strengthened as the project is implemented. ➤ Preliminary discussions on a possible FSAP are underway but it is not likely till 2011 	

⁷ The CPS Results Matrix noted the 2010 target was to be drawn from the PRSC 6 Program Document. However, this indicator was not included in PRSC 6 or subsequent PRSCs. The indicator used instead has been ratio of stock market capital to GDP. The PRSC 6 Program Document showed a baseline of 22.8 percent in 2006 and a 2011 target of 50 percent.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
	➢ Credit institutions weak corporate governance	➢ 3 of 5 SOCBs equitized and corporate governance strengthened, with the share of NPLs in total banking credit to decline from 8-10 percent at present to less than 5 percent by 2010	➢ Revised Central Bank and Credit Institutions law to provide profit orientation and full autonomy to SOCBs passed by 2008	➢ 2 of 5 SOCBs have been equitized. ➢ Corporate governance strengthening has been limited (no strategic foreign investors have been selected due to obstacles in current regulations and market conditions). ➢ NPLs ratio (VAS) was 2.52% as of March 2009. The IAS/IFRS based NPL numbers are not reported by SBV. Various estimations (by rating agencies and accounting firms) place IAS/IFRS NPLs to be 2-3 times VAS NPLs.	Trust Funds > US\$1 million Urban Water Supply Development II Project TA IFC Investments and TA to support private financial institutions, to support corporate bond market development, to develop capacities in SME financing, microfinance and housing finance TA for bond market development. Partners ADB, UNDP, Germany, US, Japan
	➢ Underdeveloped banking and financial infrastructure	➢ Private share of total financing of infrastructure increased	➢ Pilot Interbank Payments System expanded ➢ Municipal financial markets and non-subsidized lending facilities developed in selected jurisdictions (HCMC) or lines of business (Water)	➢ Interbank Payment System has been significantly expanded under PSBM2 project. Average volume and value of transactions in 2008 increased three and six times respectively compared of 2005. ➢ Municipal financial markets and non-subsidized lending facilities have been developed in select jurisdictions.	
	➢ Lack of institutional framework to support infrastructure financing		➢ Bond market development road map issued by 2007	➢ There is no reliable statistics regarding the share of private financing for infrastructure. The WB AAA Infrastructure Financing in Vietnam produced in December 2008 noted that there is limited private sector participation in infrastructure and Vietnam has yet to establish a comprehensive institutional framework that provides transparent, consistent and clear rules of the game for the private sector to participate in the delivery and financing of infrastructure. ➢ The bond market roadmap has yet to be issued.	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
Better mobilizing internal and external resources for development investment <i>Municipal infrastructure, power supply, and logistics and transport costs less of a constraint to business development, as measured by ICAs</i>	➢ Low quality of service from municipal utilities caused by inefficient operations, physical bottlenecks and inappropriate pricing policies	1.3. More Efficient and Reliable Provision of Infrastructure Services Efficient and reliable provision of urban infrastructure services (water, wastewater and sanitation, telecommunications): ➢ Increasing consumer satisfaction with municipal services provided ➢ Rising consumer willingness to pay for urban infrastructure services	➢ Increased share of urban households with improved access to water supply and sanitation services, <i>and telecommunications [added]</i> ➢ Improvements in efficiency and cost-recovery for target urban utilities ➢ Improved capacity of cities and towns to plan, manage and maintain urban investments	➢ Urban Water Supply in 2006 (58% average with, 75% in big cities and 20-30% in small towns); in 2009 (70% with 90-95% in cities and 50-60% in small towns) ➢ Urban Sanitation 55-60% coverage in 2009 (only about 10% waste water treatment) ➢ 92% of cities and towns have approved master plans in 2009	Ongoing lending operations Urban Upgrading, HCMC Environmental Sanitation Water Supply Dev, System Efficiency Improvement, Equitization & Renewable Energy II, Transmission and Distribution II, Mekong Transport & Flood Protection, Road Network Improvement, Northern Delta Transport, Mekong Delta Transport, Hanoi Urban Transport, Coastal Cities Env. Sanitation, Priority Infrastructure Investment, Local Development Infrastructure Fund, Rural Distribution, Renewable Energy Dev, Northern Delta Transport, Mekong Delta Transport Planned lending Trung Son Hydropower, System Efficiency Improvement, Equitization & Renewable additional financing, Haiphong Urban Transport, Integrated Water Supply & Wastewater, Road Network Improvement additional financing, Project Preparation TA Facility, Power Sector Reform DPLs, PPP Pilots AAA Infrastructure Policy/Regulatory Reform, Regional Development & Urbanization, Medium Cities Transport, Sanitation Management for Urban Areas, Policy for Financing Infrastructure PPPs II, TA for Renewable Energy Development, TA for Vietnam
	➢ Shortages of electric power caused by physical and structural system bottlenecks and rapid demand growth	Power demand met in adequate quantity and acceptable quality, and improved commercial and financial efficiency of the energy sector, as evidenced by: ➢ Cost reflective electricity tariffs for different consumer categories	➢ Generation capacity doubled from 12,000MW in 2005 to 25,000MW in 2010	➢ Generation capacity at end 2008 was 15,864 MW – on target to achieve 25,000 MW by end 2010	
				Commentary on CPS Outcome: ➢ Prime Minister Decision increasing average tariff, principles for annual update between 2010 and 2012 and for market based retail electricity tariffs to recover electricity activities, regulatory and administrative costs (Done, February 12, 2009, PM Decision 21/2009/QĐ-TTg, on electricity price in 2009 and market - based electricity price 2010 – 2012.) ➢ Prime Minister Decision on 2009 residential tariff block structure and cross subsidy for the poor in urban and rural areas (Done, February 12, 2009, PM Decision	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
		<p>➤ Performance improvements in EVN and affiliated or successor power companies, with self financing ratio >25%, debt service coverage >1.5 times, debt: equity ratio 70:30</p>	<p>➤ Single-buyer electricity market in place with an independent regulator and unbundled sector players</p>	<p>No.21/2009/QĐ-TTg, on electricity price in the year 2009 and market - based electricity price 2010 – 2012.)</p> <p>➤ Electricity regulator is in place (though not fully independent). Sector players have been partially unbundled, with transmission assets in a separate National Power Transmission Company, and distribution assets in separate distribution companies. All are independent accounting entities, but they are not under independent ownership.</p> <p>Commentary on CPS outcome:</p> <p>➤ Until FY2008 (that is, January to December 2008), EVN and its subsidiaries have met the financial performance set out but the financial crisis has had an impact and put EVN into loss in FY2008, thus causing it to miss the self-financing ratio and the debt service coverage ratio targets. The cause was a substantial foreign exchange loss.</p>	<p>Energy Efficient Program, Future Power Generation, Hydro Safeguards TA, Fuel Efficiency & Trade Facilitation, Social & Land Conflict Management</p> <p>Trust Funds > US\$1 million</p> <p>TF for Transport Sector, System Efficiency Improvement, Equitization, and Renewables Project TA, Demand-Side Management and Energy Efficiency Project TA, Urban Upgrading cofinancing, Urban Water Supply Development II Project TA, Hanoi Urban Transport Development Project TA, Hydroelectric Power Project Preparation</p> <p>IFC</p> <p>Investments and TA in water and solid waste (Solid Waste Solutions, Inc.), energy and transport.</p> <p>TAAS on PPP in Infrastructure (Nghi Son 2 coal-fired plant, Clean Technology Fund).</p> <p>Partners</p> <p>ADB, Japan, UK, France, Australia, GEF</p>
		<p>➤ Increased diversity in ownership of generation and distribution with net fixed power assets in non-EVN ownership increased from 20% in 2005 to >30% by 2010</p>	<p>➤ Gas operations under regulation and open to private sector participation, and sufficient gas supply for power and industrial use</p>	<p>➤ Upstream gas operations (remain) open to private sector participation, but downstream gas operations still a near-monopoly of PV. Still largely self-regulated. Currently there is sufficient gas for existing power plants and the planned gas-fired generation center at O Mon (deal recently signed with Block B and 52 field developer, Chevron). But gas shortages possible in 2016 or so.</p>	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
	<p>➤ Transport, logistics and trade bottlenecks caused by poor transport investment selection and implementation, and incomplete regulatory framework</p>	<p>Reduced logistics and transport costs and improved mobility of cargo and freight:</p> <p>➤ Cost per ton kilometer of inland transport (road and waterway) reduced</p> <p>➤ Ship to door transshipment times in selected hubs reduced</p>	<p>➤ <i>Dropped output: Increase in cargo and freight capacity in targeted hubs</i></p> <p>➤ <i>Added output: Improvements to waterways and highways in targeted hubs:</i></p> <p>➤ <i>Added indicator: Lengths of waterways improved in Red River and Delta</i> <i>Baseline: 0</i> <i>Target: 539 km (2013)</i></p> <p>➤ <i>Added indicator: Lengths of waterways improved in Mekong Delta</i> <i>Baseline: 0</i> <i>Target: 401 km (2011)</i></p> <p>➤ <i>Added indicator: Lengths of highways improved in Mekong Delta</i> <i>Baseline: 0</i> <i>Target: 98 km (2011)</i></p>	<p>Commentary on CPS outcome:</p> <p>➤ At the end of 2008 just over 5,000 of the 15,800 MW of installed generating capacity was owned by companies other than EVN. Apart from one (small) equitized power distribution company of the 12 in operation, all distribution assets remain in EVN ownership and there are no plans for that to change during the CPS period (the equitization program for distribution companies has been shelved).</p> <p>➤ Indicator: Lengths of waterways improved in Red River and Delta Baseline 0 0 km (2009) Preparation work ongoing but delayed</p> <p>➤ Indicator: Lengths of waterways improved in Mekong Delta Baseline 0 0 km (2009) Likely to be met but delayed, preparation work ongoing</p> <p>➤ Indicator: Lengths of highways improved in Mekong Delta Baseline 0 0 km (2009) Likely to be met but delayed, preparation work ongoing</p>	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR ONE: BUSINESS DEVELOPMENT					
			<ul style="list-style-type: none"> ➤ Transport MTEF with prioritized investments within budget constraints <i>Added indicator: Annual MTEF prepared for Transport sector starting 2007</i> ➤ <i>Dropped progress indicator: Greater share of private sector/independent SOEs in transport operations⁸</i> 	<ul style="list-style-type: none"> ➤ Transport sector MTEF³ prepared for 2007 and 2008. Not prepared for 2009 and not likely to be prepared for 2010 ➤ NA 	
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
Increase access to services to sustain poverty reduction					
Rural population with access to all-season road: <ul style="list-style-type: none"> o 2010: 100 percent o 2005: 83 percent 	<ul style="list-style-type: none"> ➤ High cost of transportation between poorer provinces/communes and rich consumption centers exclude rural enterprises and households from main markets and basic social services 	2.1. Better access to markets and basic social services for the rural poor <ul style="list-style-type: none"> ➤ Average traveling time to district centers in targeted rural areas is reduced 	<ul style="list-style-type: none"> ➤ Households in targeted communities/villages with access to motorized transport services for hire increased <i>Added baseline and target: Baseline: 79% (2006) Target: 84% (2011)</i> ➤ <i>Added progress indicator: Rural accessibility (%) of population within 2 km of all weather access Baseline: 76% (2006) Target: 81% (2011)</i> 	<ul style="list-style-type: none"> ➤ Projected (2009): 81% ➤ 2011 target likely to be met ➤ Projected (2009): 78% ➤ 2011 target likely to be met 	Ongoing lending operations Rural Energy II, System Efficiency Improvement, Equitization & Renewables, Mekong Transport & Flood Protection, Rural Transport III, Red River Delta Rural Water Supply, Water Resources Assistance, Mekong Delta Transport Infrastructure, Northern Delta Transport, Rural Distribution, 2 nd P135-Phase II Planned lending Road Network Improvement additional financing, Third P-135-Phase II, System Efficiency Improvement, Equitization & Renewables additional financing, Red River Delta Rural Water Supply additional financing, 2 nd Northern Mountains Poverty Reduction, Development of Highland Region & Selected Central Provinces AAA Forest Sector Support II, Agriculture and Rural Economic & Sector Work, Provincial/Local
	<ul style="list-style-type: none"> ➤ Lack of electrification in rural communes prevents households from accessing basic social services, and enterprises from economic opportunities 	<ul style="list-style-type: none"> ➤ Increase in the proportion of rural households with access to electricity from 88% in 2005 to 94% in 2010 ➤ <i>Added outcome: Improved information services in rural areas</i> 	<ul style="list-style-type: none"> ➤ Investment in distribution, maintained at >\$300 million/year between 2005 and 2010 ➤ 1,000 LDUs with an efficiency index of 100 (index calculated based on improvement in billing, collection rates, technical efficiency etc.) by 2010 ➤ <i>Added output: Improved planning and institutional arrangement of rural ICT investment</i> 	<ul style="list-style-type: none"> ➤ Investment in distribution/rural electrification has remained strong, though difficult to measure. 2nd Rural Energy has a total investment of over \$330 million and that covered just under 1,000 communes. A further 3,000 to 4,000 communes need further investment over the next few years ➤ Estimated rural electrification rate was 93.7% at the 	

⁸ Under the Bank-financed rural transport projects, the share is already 100%. The Bank does not have access to such data for projects it does not finance.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
<i>Rural population access to secure water source:</i> o 2010: 75 percent o 2005: 62 percent	➤ Lack of access to adequate water and sanitation services	➤ Increase in the number of targeted poor households using improved water supplies and sanitation services	➤ Rural Water Supply and Sanitation Enterprises (RWSEE) established	household level at the end of 2007. On track to achieve 94% by 2010 (and maintain it – note that with population growth there is still a connection challenge) ➤ Key lessons drawn for planning and institutional arrangement of rural ICT investment. Implementation plans to be prepared ➤ >75% of rural population has access to water supply but only 40% meets Ministry of Health standards ➤ >4 rural water supply and sanitation enterprises established (under Red River Delta Rural Water Supply & Sanitation Project)	ICT Development, Support to SEDP Preparation, Support to National Development Strategy, Social Safety Net Needs Assessment, Social and Land Conflict Management, Crisis Impact Analysis & Social Protection Policy Monitoring, Rural Electrification Impact Studies Trust Funds > US\$1 million Governance and Poverty Policy Analysis and Advice Program, TF for Transport Sector, Rural Energy II TA, Third Rural Transport Project cofinancing IFC Investments and linkages program in agribusiness to expand farmers' access to market (Coffee Farmer Training Center). Partners ADB, Japan, UNDP, Australia, Sweden, Norway, UK, GPOBA (Vietnam Rural Water Project), GEF
Ensuring access to quality health care services and education for all		2.2. Better coverage of affordable quality health care services and primary education for poor and near poor			
<i>Infant mortality:</i> o 2010: 16/1000 o 2005: 18/1000 <i>Under-5 mortality:</i> o 2010: 22/1000 o 2005: 24/1000	➤ Inadequate and ineffective health financing to improve and extend health care needed to reach VDG targets	➤ Percentage of poor and others using and expressing satisfaction with health services increased from 25% in 2005 to 50% in 2010	➤ Coverage of health insurance increased from 28% in 2005 to 55% in 2010, including for poor and near-poor ➤ Proportion of communes with doctors and facilities of MOH standards increased to 75% by 2008 and 80% by 2010 (from 68% in 2005)	➤ Coverage of health insurance, including for poor and near-poor: 45% (2008) ➤ Proportion of communes with doctors and facilities of MOH standards: 65% (2006)	Ongoing lending operations/cofinancing Mekong Regional Health Support, Northern Upland Health, HIV/AIDS Prevention, School Education Quality Assurance, Primary Education for Disadvantaged Children, Road Safety, Health Care Support to the Poor (EC)

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
HIV/AIDS infection rates: <ul style="list-style-type: none"> o 2010: 0.30 percent o 2005: 0.44 percent 	<ul style="list-style-type: none"> ➢ Deteriorating road safety and increasing number of traffic accidents and fatalities 	<ul style="list-style-type: none"> ➢ Reduced traffic accidents and fatalities 	<ul style="list-style-type: none"> ➢ National Road Safety strategy adopted specifying achievable performance targets and a financing plan by end-2009 	<ul style="list-style-type: none"> ➢ Progress in preparing the National Road Safety strategy delayed, to be finalized by end 2011. 	Planned lending Central North Health Support, Social Security Modernization AAA High Quality Basic Education for All, Constraint Assessment-Bottleneck, HIV/AIDS Strategy, Health Sector Reform T.A., Support to SEDP Preparation, Support to National Development Strategy, Social Safety Net Needs Assessment, Social and Land Conflict Management, Crisis Impact Analysis & Social Protection Policy Monitoring, IDF for Facilitating MOH Stewardship Role, IDF for Capacity Building for Analysis of Wage and Social Insurance Policies Trust Funds > US\$1 million Basic Education in Vietnam, Primary Education for Disadvantaged Children, TF to Support Basic Education in Vietnam, Global Alliance for Improved Nutrition, Mekong Health Support Project cofinancing, Healthcare Support to the Poor of the Northern Uplands and Central Highlands, Improving Quality Basic Education of Ethnic Minority Children in Three Disadvantaged Provinces Partners Belgium, Australia, Germany, Canada, UK, Norway, ADB, EC, Australia, Japan, Sweden, WHO, UNAIDS, GPOBA (Vietnam Education Project)
	<ul style="list-style-type: none"> ➢ Insufficient funding to implement the National Strategy on HIV/AIDS Prevention and Vision to 2020 at provincial level 	<ul style="list-style-type: none"> ➢ Percent of at risk groups in participating provinces reporting safer injection practices increased from 20% in 2005 to 60% in 2010 	<ul style="list-style-type: none"> ➢ Health workers and communities report reduced stigma and discrimination, as measured in bi-annual surveys. 	<ul style="list-style-type: none"> ➢ HIV/AIDS prevalence rate among 15-49 age group 0.41% (2007) ➢ Percentage of at risk groups in participating provinces reporting safer injection practices: 84.5% (2008) ➢ Percentage of at risk groups in participating provinces reporting condom use: 93.3% (2008) ➢ There is no evidence that stigma and discrimination have been reduced; there is no specific evaluation among health workers, no questionnaire on stigma and discrimination towards at risk groups; there is no comprehensive, specific strategy on reduction of stigma and discrimination. 	
Primary education completion rate: <ul style="list-style-type: none"> o 2010: 86 percent o 2005: 72 percent 	<ul style="list-style-type: none"> ➢ Primary education teaching/learning of poor quality and ill affordable, particularly for vulnerable groups, including ethnic minorities, girls, and children with disabilities, and poorest districts 	<ul style="list-style-type: none"> ➢ Primary student completion rate increased in targeted, disadvantaged districts and for ethnic minorities and women, at least corresponding to national rates 	<ul style="list-style-type: none"> ➢ Proportion of primary students in full-day program doubled from 25% in 2005 to 50% in 2010 nation-wide, and tripled from 9% to 27% in districts in the lowest quintile 	<ul style="list-style-type: none"> ➢ Percentage of school children aged 14 complete primary education levels in targeted, disadvantaged districts increased to 94% against the national rate of 97% (2008) ➢ Percentage of girls aged 14 complete primary education is 93% the targeted districts against national rate of 95% (2008) 	Partners Belgium, Australia, Germany, Canada, UK, Norway, ADB, EC, Australia, Japan, Sweden, WHO, UNAIDS, GPOBA (Vietnam Education Project)
		<ul style="list-style-type: none"> ➢ Grade 5 learning outcomes improved, by halving the proportion of pupils below the functional reading level from 11% in 2001 to 5% in 2010, with at least a corresponding improvement for students in the lowest socio-economic level 	<ul style="list-style-type: none"> ➢ Primary school FSQI Index increased from 67 in 2005 to 80 in 2010 nation-wide, and from 61 in 2005 to 80 in 2010 in districts in the lowest quintile 	<ul style="list-style-type: none"> ➢ Percentage of Grade 5 pupils below the functional reading level: 9.7% (2007) ➢ Percentage of primary students in full-day program: 36.5% (2007/08) ➢ Primary school "Fundamental School Quality Levels" Index: 70 in 2008 nation-wide, and to 	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
Improve the living standards of minorities				64 in districts in the lowest quintile (2008)	
Poverty among ethnic minorities: <ul style="list-style-type: none"> o 2011: 40 percent o 2002: 69 percent 	<ul style="list-style-type: none"> ➤ Social services not adequately tailored to ethnic minority needs 	2.3. Ethnic minorities in rural areas more fully integrated into development processes <ul style="list-style-type: none"> ➤ Under-5 mortality gap for ethnic minorities reduced 	<ul style="list-style-type: none"> ➤ Effective criteria for poverty targeting, both for men and women, under new Program 135 agreed by 2008 ➤ Effective and comprehensive M&E system for Program 135 in place. 	<ul style="list-style-type: none"> ➤ Under-5 mortality rate gap between regions: 62.6/1,000 live births in Northern Upland/ Central Highland and 7.9/1,000 live births and the Delta Regions (2006) 	Ongoing lending operations Primary Education for Disadvantaged Children, 2 nd P135-Phase II, Agriculture Competitiveness Planned lending PRSC 9-10, 3 rd P-135-Phase II, 2 nd Northern Mountains Poverty Reduction, Development of Highland Region & Selected Central Provinces AAA High Quality Basic Education for All, Forest Sector Support II, Rural Electrification Impact Studies, Support to SEDP Preparation, Support to National Development Strategy, Social Safety Net Needs Assessment, Social & Land Conflict Management, Crisis Impact Analysis & Social Protection Policy Monitoring, IDF for Capacity Building for Analysis of Wage and Social Insurance Policies Partners UK, Japan, Denmark, Sweden, Canada, Finland, ADB
	<ul style="list-style-type: none"> ➤ Limited involvement of ethnic minorities in local-level public expenditure decision making 	<ul style="list-style-type: none"> ➤ Control over public expenditure resources decentralized to communes 	<ul style="list-style-type: none"> ➤ 100% of Zone 3 communes and poorest villages in Zone 2 communes act as investment owners in Program 135 – Phase 2 by 2010 (up from 15% in 2005) 	<ul style="list-style-type: none"> ➤ 2008: 60% of communes supported by Program 135 – Phase 2 	
	<ul style="list-style-type: none"> ➤ Insufficient forestry land allocated to ethnic minorities 	<ul style="list-style-type: none"> ➤ Increase in forestland allocated to ethnic minorities 	<ul style="list-style-type: none"> ➤ Share of ethnic minority households to which forest land allocated 2004: 38.5% 2011: 75% 	<ul style="list-style-type: none"> ➤ 2008: 68.4%⁹ 	
			<ul style="list-style-type: none"> ➤ Average forest area allocation to ethnic minority households 2004: 9,626 square meters 2011: 18,000 square meters 	<ul style="list-style-type: none"> ➤ 2008: 16,556 square meters⁷ 	

⁹ These figures indicate substantial progress, but it should be noted that they include forest land allocated under forest protection and plantation contracts, and some studies indicate that forest land allocation does not necessarily lead to improvement in livelihoods.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
Reduce urban poverty		<p>2.4. Improved policies and infrastructure to address the needs of urban poor and migrants</p> <ul style="list-style-type: none"> ➢ Increase in the number of targeted urban poor that use basic water supply and sanitation services ➢ Increase in number of unregistered migrants that use basic public services 	<ul style="list-style-type: none"> ➢ On-site improvement of targeted slum areas, with housing meeting minimum Government standards 2005/75% to 100% in 2010 ➢ Housing improvement and sanitation loans issued to low-income urban residents in target cities ➢ Design and implement improved regulation for the provision of basic services, regardless of migrant status 	<ul style="list-style-type: none"> ➢ 90% of targeted low-income areas met minimum standards in 2009 (under the Urban Water Development Project) ➢ 68,200 home improvement and sanitation loans issued as of 2009 (under the Urban Water Development Project) ➢ Data on provision of services for migrants NA 	<p>Ongoing lending operations Urban Upgrading, Urban Water Supply Development, Hanoi Urban Transport, Coastal Cities Sanitation, Priority Infrastructure Investment, Local Development Infrastructure Fund, Urban Upgrading additional financing</p> <p>Planned lending Integrated Water Supply & Wastewater, PRSC 9-10, Haiphong Urban Transport, HCMC Environmental Sanitation additional financing</p> <p>AAA Regional Development & Urbanization Infrastructure Policy/Regulatory Reform, Medium Cities Transport, Sanitation Management for Urban Areas, Social Safety Net Needs Assessment</p> <p>Trust Funds > US\$1 million Coastal Cities Environmental Sanitation Project cofinancing</p> <p>IFC TA and investments to improve the environment for Micro and SMEs (TA for PPP for water supply at provincial level)</p> <p>Partners ADB, UNICEF, France, EC, Denmark, Australia, Japan</p>

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
Reduce human and physical losses because of storms <i>Rate of near-poor people falling back into poverty due to natural disasters:</i> <ul style="list-style-type: none"> o 2010: x percent o 2005: y percent¹⁰ 	Disaster risk management insufficiently integrated into development planning and insufficient attention given to prevention, preparedness and longer-term recovery	2.5. Vulnerability to natural disasters and other shocks reduced ➢ Reduce annual costs of damages from floods and storms 2006-2010, compared to 2001-2005 ➢ <i>Added outcome: Improved natural disaster preparedness at the commune level</i> ➢ <i>Dropped outcome: Social security coverage increased¹¹</i>	➢ Strategy and action plan for natural disaster risk management approved ➢ Targeted community populations reporting improved early warning of floods and storms ➢ Forecasting flood with 80% preciseness on Red River 48 hours in advance, on Mekong River 3-5 days in advance	➢ Strategy approved in November 2007; Action plan to be approved in December 2009 ➢ Targeted communities reporting improved early warning is not yet available ➢ Flood forecasting earlier than 24 hours is not yet available but is in progress ➢ 10 Safer Commune Plans prepared as of Aug. 2008, under NDRMP	Ongoing lending operations Natural Disaster Risk Management, Road Safety, Rural Finance III, Livestock Competitiveness and Food Safety Planned lending Natural Disaster Risk Management additional financing AAA VDR 2010 – Institutions, Regional Development & Urbanization, Agriculture and Rural Economic & Sector Work, Prioritizing Climate Change Investments, VDR 2011 – Natural Resources & Environmental Management, GFDRR TA for Disaster Mitigation and Preparedness Trust Funds > US\$1 million JSDF for Innovative Approaches to Community-Based Disaster Risk Management, Natural Disaster Risk Management Project cofinancing Partners Netherlands, UNDP, Japan, Australia, GFDRR
			➢ <i>Added progress indicator: Number of Safer Commune Plans prepared</i> <i>Baseline: 0 (2005)</i> <i>Target: 30 (June 2010)</i> ➢ NA	➢ NA	
			➢ <i>Dropped output: Feasibility of agricultural index-based flood insurance tested for scale-up¹²</i> ➢ Improved veterinary services, including surveillance, control and protection capacity	➢ Training of veterinarians and meat inspectors to be supported by Bank-financed Livestock Competitiveness and Food Safety Project (not yet effective)	
		➢ Threats to livestock-based income and human health through contagious diseases and potential zoonosis (HPDI)	➢ Strengthened bio-security at farm level		

¹⁰ The CPS Results Matrix noted that the target and baseline would be drawn from the (then) forthcoming 2006 Vietnam Household Living Standards Survey (VHLSS). However, such data was not available from the VHLSS. The newly added CPS outcome indicator is readily available.

¹¹ Social security is not policy instrument for addressing vulnerability to natural disasters, but is now an added CPS outcome (2.6).

¹² Lower priority of Government, at least until next CPS period.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR TWO: STRENGTHEN SOCIAL INCLUSION					
<i>Added SEDP goal (from chapter on Salary and Social Security Policies): Social security system with financial sustainability, wider coverage, and equity</i>		<i>2.6. Added CPS outcome: Modernized social security system</i>			
<i>Added SEDP goal: Provision of adequate and financially sustainable social security</i>	➤ <i>Added constraint: Social security system in need of modernization</i>	➤ <i>Added outcome: Policy framework in place for effective and financially sustainable social security system</i>	➤ <i>Added output: Adopt Social Insurance Law making the system financially viable and extending its coverage</i> ➤ <i>Added output: Prepare a strategic plan to ensure prudent and effective investment of social security funds</i> ➤ <i>Added output: Introduce single social insurance number for all targeted benefits and social insurance programs</i> ➤ <i>Added output: Improve efficiency, performance, and accountability of administration of the social security system</i>	➤ Completed under PRSCs 6-7. ➤ Completed under PRSC 8. ➤ For possible inclusion in PRSC 9-10 programs. ➤ Approach in early stages of design, in context of preparation of the Bank-financed Social Security Modernization Project ➤ Completed under PRSC 6-7.	Ongoing lending None currently, but PRSCs 6-8 were the Bank's main interventions in first part of CPS period. Planned lending PRSCs 9-10, Social Security Modernization AAA Social Safety Net Needs Assessment, Social Security Reform TA, Social Security Modernization TA Trust Funds > US\$1 million None Partners Japan
<i>Added SEDP goal: Increased participation of workers in social security system</i>	➤ <i>Added constraint: Many workers, including working poor, inadequately or not covered under current social security system</i>	➤ <i>Added outcome: Policy framework in place for expanded coverage of workers</i>	➤ <i>Added output: Introduce voluntary pension program for farmers and informal sector</i>		

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR THREE: MORE SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, AND REDUCED ENVIRONMENTAL DEGRADATION					
More sustainable use of water, land and forests		3.1. More sustainable management of natural resources			
Forest coverage o 2010: 43 percent o 2004: 37 percent	➤ Weak enforcement/governance for access to forest resources and forestland	➤ <i>Added outcome: Households in buffer zone communities less dependent on unsustainable harvesting of forests in buffer zones for their livelihoods</i> ➤ <i>Dropped outcome: Improved management of Special Use forests, and income of the households from the buffer zone communities increased¹³</i>	➤ Improve detection of and strengthen suppression of illegal forest activities ➤ <i>Added progress indicator (switched from outcome): Increase in household income in buffer zone communities</i> ➤ <i>Added progress indicator (switched from outcome): Expansion of area under protection contracts</i>	➤ FLEG country assessment completed ➤ Study tours by MARD's Forest Protection Department staff resulted in MOU with Lao PDR on cross-border collaboration, and possible MOU with Thailand ➤ Substantial training completed in investigations of violations ➤ Capacity building needed in case tracking, intelligence database system development, and inter-agency cooperation ➤ Improvement in household income in buffer zones evidenced under the under CWDP: 4,662 and 1,214 ha of new mangroves planted in forest protection zones and buffer zones, respectively; 34,395 ha put under protection contracts; and poverty rate in vulnerable communes reduced 38% compared with project start.	Ongoing lending operations Forest Sector Development (IDA & GEF), Agriculture Competitiveness, Water Resources Assistance, System Energy, Equitization & Renewable (GEF), Chu Yang Sin National Park (GEF), Land Administration Planned lending PRSC 9-10, Natural Disaster Risk Management additional financing, Renewable Energy (Carbon Finance), Trung Son Hydropower, System Efficiency, Equitization & Renewable additional financing AAA Forest Sector Support II, Hydro Safeguards TA, TA for Renewable Energy Development, TA for Vietnam Energy Efficiency Program, Prioritizing Climate Change Investments, Future Power Generation, Social & Land Conflict Management, VDR 2011 – Natural Resources & Environment Management Trust Funds > US\$1 million Forest Sector Development Project cofinancing, First and Second TF for Forests cofinancing, Hydroelectric Power Project Preparation IFC Investments in renewable and clean energy.
	➤ Insufficient opportunities for co-management with local communities to link forest management with livelihood improvements				
Protected Areas coverage: o 2010: 11 percent o 2005: 5.5 percent <i>Biodiversity (proportion of forested land that has a closed canopy and is highly biodiverse):</i> o 2010: 11.2 percent o 2005: 7.5 percent	➤ Protected Area Network is incomplete, with marine and wetland ecosystems under represented, and unclear institutional arrangements	➤ Increased coverage of critical natural habitats in protected areas	➤ Biodiversity conservation mainstreamed into sectoral development in priority landscapes ➤ Expansion of Marine Protected Area system and wetlands under protection	➤ Protected Areas coverage: o 2007: 7 percent ➤ Biodiversity: o 2008: 3.8 percent o 2007: 4.0 percent ➤ Biodiversity concerns and modern approaches reflected in the forest and fishery sector development strategies for 2006-10 and their action plans and implemented under FSDP, CWDP, and GEF's. ➤ No remarkable expansion of Marine Protected Areas (as well as Special Use Forests) in	

¹³ Switched to progress indicators.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR THREE: MORE SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, AND REDUCED ENVIRONMENTAL DEGRADATION					
		<ul style="list-style-type: none"> ➤ Reform of State Forest Enterprises (SFEs) accelerated 	<ul style="list-style-type: none"> ➤ Improved allocation, titling and management of production forestland coming out of SFE reform 	<p>terms of their number and area. However, improvement in management of Marine Protected Areas (and Special Use Forests).</p> <ul style="list-style-type: none"> ➤ Some improvements made on pilot basis supported with Vietnam Conservation Fund/FSDP grants (51) and GEFs. An update and policy recommendations are under preparation under FLEG study. ➤ Nationally, percentage of forest land allocated to households increased from 27% in 2006 to 28-29% in 2008 (23,000 ha under FSDP for the plantation of 22788 ha of forest as of Dec 2008). However, this percentage remains very low in Central Highlands, i.e. 2.5% and 3%. About 1 million ha of underused forest land has been reallocated from SFEs. However its allocation to households and local business is slow and lacks transparency. 	<p>Structured finance products to promote the use of energy saving equipment and technologies. Promote sustainable business practices through model transactions.</p> <p>Partners Germany, FAO, Denmark, Japan, WWF, Sweden, EC, Netherlands, Australia, Belgium, Finland, GEF</p>
				<ul style="list-style-type: none"> ➤ Land registration offices established and operational in all provinces and more than 73% districts. However, the percentage of fully one-door-service land registration offices remains low (people still have to go to Department of Finance to pay taxes). 	
			<ul style="list-style-type: none"> ➤ Nationwide, the percentage of provincial land registration offices with fully operational one-door service provision increased from 2% to 50% in 2010. 	<ul style="list-style-type: none"> ➤ It is estimated the percentage has been doubled from 16% in 2004 (15% for agricultural land and 18% for resident land. 	
	<ul style="list-style-type: none"> ➤ Incomplete land policy framework and regulatory tools 	<ul style="list-style-type: none"> ➤ Lower transaction cost and higher satisfaction among end users of improved land administration 	<ul style="list-style-type: none"> ➤ Increase percentage of households whose land use right certificates are under the names of either a woman or both spouses 		

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR THREE: MORE SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, AND REDUCED ENVIRONMENTAL DEGRADATION					
	<ul style="list-style-type: none"> ➢ Ineffective water resource/river-basin management 	<ul style="list-style-type: none"> ➢ River basin management organizations allocating water resources more effectively 	<ul style="list-style-type: none"> ➢ <i>Added output/progress indicator: Number of river basins with operational inter-provincial management</i> ➢ <i>Dropped output: Better understanding of key constraints for better water resources management</i> 	<ul style="list-style-type: none"> ➢ The number of RBOs increased from 3 in 2006 to 4 in 2007. However in general they operate still ineffectively, perhaps except Dong Nai River RBO. 	
Reduce pollution and environmental degradation		3.2. Improved management effectiveness of household and industrial pollution			
Solid waste collected and disposed safely in towns and cities: <ul style="list-style-type: none"> o 2010: 90 percent o 2005: 65 percent 	Rapid urbanization and insufficient finances for environmental services, evidenced by: <ul style="list-style-type: none"> ➢ High levels of water pollution reduce quantity and quality of water supply to all sectors and contribute to adverse health impact 		<ul style="list-style-type: none"> ➢ <i>Dropped output: Improved economic instruments for pollution management adopted¹⁴</i> 	➢ NA	Ongoing lending operations Urban Upgrading HCMC Environmental Sanitation, Coastal Cities Env. Sanitation (IDA & GEF), System Energy, Equitization & Renewable, Priority Infrastructure Investment, Hanoi Urban Transport (GEF), PCB Management (GEF), CFC and Halon Phase-out (MPT), Demand-Side Management & Energy (GEF), 2 nd Rural Energy (GEF), Renewable Energy Development Planned lending Haiphong Urban Transport, Hospital Waste Treatment, Integrated Water Supply & Wastewater, Industrial Pollution Control, Clean Production & Energy Efficiency (GEF), HCFC Phase-Out (MPT) AAA Sanitation Management for Urban Areas, TA for Vietnam Energy Efficiency Program, VDR 2011 – Natural Resources & Environment Management, IDF on Water Pollution Control
		<ul style="list-style-type: none"> ➢ <i>Added outcome: Reduced pollution from domestic wastewater</i> 	<ul style="list-style-type: none"> ➢ <i>Added progress indicator: Percentage of wastewater flows from cities that is subject to at least primary treatment</i> <i>Baseline: 0</i> <i>Target: 40% (2010)</i> 	<ul style="list-style-type: none"> ➢ Less than 10% of urban wastewater flows subject to at least primary treatment (2009) 	
		<ul style="list-style-type: none"> ➢ Use of wastewater treatment and solid waste services increase in target cities 	<ul style="list-style-type: none"> ➢ Average cost-recovery of wastewater treatment and solid waste collection services increased 	<ul style="list-style-type: none"> ➢ Waste water and solid waste treatment tariffs are increasing but still too low average less than 40% 	
	<ul style="list-style-type: none"> ➢ High levels of urban air pollution adversely affects human health, with growing air pollution from transport 	<ul style="list-style-type: none"> ➢ Reduced traffic congestion and related air pollution in urban areas with increased use of public transportation systems 	<ul style="list-style-type: none"> ➢ Improved public bus transport system in Hanoi ➢ <i>Added progress indicator: Construction of 15km of Bus Rapid Transit by end 2013</i> ➢ <i>Added output/progress indicator: Development of Air Quality Management System for Hanoi by end 2013</i> 	<ul style="list-style-type: none"> ➢ Detailed design for Hanoi Bus Rapid Transit in progress, construction to be completed by end 2012 ➢ Work is ongoing for Air Quality Management System for Hanoi, to be completed by end 2013. ➢ About 30% of industrial estates have functioning wastewater treatment systems. 	
<i>CO2 emission kept within targets:</i> <ul style="list-style-type: none"> o 2010: 140 mio. Tons o 2005: 102 mio. tons 	<ul style="list-style-type: none"> ➢ Rapid growth of industrial production, with poor environmental performance, and incomplete pollution prevention and control policies 	<ul style="list-style-type: none"> ➢ Improve safe collection and disposal of PCB oils from 0 (2005) to 57 % (2010) of PCB oils. Overall PCB waste is quantified (2010). ➢ 70% industrial zones with wastewater treatment systems and 100% of new industries apply clean technology 			

¹⁴ Replaced with more specific and measurable indicators.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR THREE: MORE SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, AND REDUCED ENVIRONMENTAL DEGRADATION					
	<p>➤ Project-affected communities and other stakeholders not properly consulted on environmental and social impacts, and environmental considerations not integrated into public investment programs</p>	<p>➤ 100 percent of investment projects have environmental and social assessments of international standards, and all sectoral plans and regional programs contain strategic environmental assessments</p>	<p>➤ Policies and procedures on public participation and consultation developed and in use for key sectors</p>	<p>➤ Articles 8, 20 and 21 in the new Urban Planning Law issued on June 17, 2009 by Standing Committee of National Assembly requires public participation and consultation, providing the rights and responsibilities of all stakeholders included in urban planning design process and guidelines for the progress of public consultation.</p>	<p>Trust Funds > US\$1 million National CFC and Halon Phase-Out Plan TA</p> <p>Partners UNICEF, France, EC, Denmark, Australia, Japan, Canada, Korea</p>
	<p>➤ Low overall energy system efficiency from losses and bottlenecks in both production and distribution</p>	<p>➤ Improved energy system efficiency, with electricity losses reduced to about 10% in 2010 from 12% in 2005</p>	<p>➤ Peak demand and electricity consumption reduced by 120MW and 500GWh through DSM activities by 2010</p>	<p>➤ Latest ISR for the DSM and Energy Efficiency project indicates direct (i.e. project financed) reductions in peak demand of 89.4 MW and lifetime energy saving of 181.4GWh. Taking into account market transformation effects, estimated impacts are reduction in peak demand of 339.2 MW and 902.2 GWh, comfortably exceeding the target.</p> <p>➤ At the end of 2008 power transmission and distribution system losses stood at 10.8%, down one percentage point from the 2005 figure of 11.8%. Vietnam is on course to meet the target of 10% by 2010.</p>	
	<p>➤ Limited utilization of available renewable energy sources</p>	<p>➤ <i>Added outcome: Increased capacity and utilization of renewable energy</i></p>	<p>➤ A 200MW increment of renewable contributing capacity to grid in 2010</p>	<p>➤ A survey of small hydropower projects (<30MW) indicated that 88 small hydro projects totaling some 890MW were under construction in 2007. Assuming that the normal construction time of a small hydro plant is 2-3 years in Vietnam and that some 30% of the projects had been under construction for one year, then it is likely that the 200MW increment has already been substantially exceeded.</p>	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR THREE: MORE SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, AND REDUCED ENVIRONMENTAL DEGRADATION					
			<ul style="list-style-type: none"> ➢ 1 million CERs contracted for SAdelivery by 2010 	<ul style="list-style-type: none"> ➢ Progress on CERs has been much slower than anticipated. By mid-2009 fewer than 10 projects had been accepted by the CDM Board, so very few CERs have been contracted. Substantial regulatory impediments have hindered promotion of carbon finance projects in Vietnam. 	
		3.3. Added CPS outcome: Improved climate change Adaptation and Mitigation			
Added SEDP goal (from chapter on Environmental Protection): Mitigate adverse effects of negative climate changes	Added constraint: Vietnam one of the countries most vulnerable to climate change, due to highly populated and long coastline, on which much of the economy depends (e.g., rice production)	<p>➢ Added outcome: Strengthened government capacity to address challenges posed by climate change</p>	<p>➢ Added output/progress indicator: Sectoral and provincial climate change adaptation strategies (required under the NTP-Climate Change) prepared by 2011, and priorities included reflect adequate economic cost-benefit analyses.</p>	<p>➢ Cost-benefit analyses are underway in a number of sectors, with Bank support, and scheduled to be completed in 2010.</p>	AAA Prioritizing Climate Change Investments, Climate Change Scale-Up Mekong Delta, Water Supply and Sanitation Responses to Climate Change
PILLAR FOUR: STRENGTHENED GOVERNANCE SYSTEMS					
Increase effectiveness and transparency of public finance management		4.1 Improved effectiveness of public financial management; with better budget planning, execution, and accountability and revenue collection			<p>Ongoing lending operations PRSC 9-10, Public Financial Management Reform, Customs Modernization, 2nd PI 35-Phase II, Tax Administration Modernization</p> <p>Planned lending Higher Education DPOs 2-3, Power Sector Reform DPO, Public Investment Reform DPO 1-2, Project Preparation TA Facility, Social Security Modernization</p> <p>AAA VDR 2010 – Institutions, GAC Implementation, Support to SEDP Preparation, Support to National Development Strategy, IDf for Capacity Strengthening for the Vietnam Association of Certified Public</p>
Public resources effectively managed for development goals	<ul style="list-style-type: none"> ➢ Technologically fragmented government financial information system with overlapping functionalities. ➢ Lack of unified accounting code structure resulting in inconsistent and incompatible financial reports. ➢ Inability to assess contingent liabilities and fiscal risks from public sector data due to poor information system 	<p>➢ Timely and consistent in-year budget execution information available to line ministries, provinces, donors and the public.</p>	<p>➢ Utilization throughout Government of an integrated chart of accounts 2007: None Added target: 2011: Implementation throughout government</p> <p>➢ TABMIS implemented at central and local level treasury and finance offices, piloted in selected spending units 2007: None Added target: 2011: Implementation throughout government</p> <p>➢ Added output/progress indicators: In-year budget execution information available to line ministries, provinces, donors and the public in a timely and consistent manner</p>	<p>➢ 2009: Integrated Chart of Accounts piloted in Central State Treasury, Ministry of Finance, and two provinces (12 provinces by end of 2009)</p> <p>➢ 2009: TABMIS piloted in Central State Treasury, Ministry of Finance, and two provinces (12 provinces by end of 2009)</p> <p>➢ 2009: Quarterly budget execution information posted on the web</p>	

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR FOUR: STRENGTHENED GOVERNANCE SYSTEMS					
	<ul style="list-style-type: none"> ➤ Lack of monitoring measures to ensure the fiscal transparency and reporting regulations at all levels of government and by spending units ➤ Allocation of public resources lacks efficiency and effectiveness. A sound M&E system is also missing. ➤ Processes for linking plan and budget, prioritizing expenditures and integrating capital and recurrent expenditure ineffective. 		<p><i>2007: None</i> <i>2011 (target): Quarterly reporting of disaggregated data</i></p> <ul style="list-style-type: none"> ➤ Establishment of PFM performance indicators 	<ul style="list-style-type: none"> ➤ Work not very advanced but will continue, with support from the Bank and other donors, during remainder of CPS period 	<p>Accountants</p> <p>Trust Funds > US\$1 million Comprehensive Capacity Building to Strengthen ODA Management, Public Financial Management Reform Project cofinancing</p> <p>Partners UNDP, Sweden, UK, Canada, Denmark, Japan</p>
			<ul style="list-style-type: none"> ➤ <i>Dropped output: Establishment of gradual measurement of performance through PEFA indicators¹⁵</i> 	<ul style="list-style-type: none"> ➤ NA 	
		<ul style="list-style-type: none"> ➤ Better processes for linking plan and budget, prioritizing expenditure and integrating capital and recurrent expenditure in major public spending sectors and 	<ul style="list-style-type: none"> ➤ MTEF piloted in four sectors and four provinces and plan prepared for mainstreaming this approach after 2008. 2006: Pilots launched. Added target: 2011: Institutionalize METF upon adoption of new State Budget Law. 	<ul style="list-style-type: none"> ➤ 2009: Pilots ongoing in four sectors and four provinces. 	
	<ul style="list-style-type: none"> ➤ Lack of public accounting standards, existing accounting regime incomplete, practices not aligned with international standards 	<ul style="list-style-type: none"> ➤ Public sector accounting standards meeting international standards 	<ul style="list-style-type: none"> ➤ Public sector accounting standards and regulations adopted and mechanism for regular compliance monitoring and update established and implemented 2007: Not done. Added target: 2011: Adopted for cash accounting 	<ul style="list-style-type: none"> ➤ 2009: Not done. 	
	<ul style="list-style-type: none"> ➤ Low compliance of tax administration 	<ul style="list-style-type: none"> ➤ Improved tax revenue collection with strengthened compliance of tax administration 	<ul style="list-style-type: none"> ➤ Streamlined/simplified tax processes including registration, collection and payment and establishment of service culture in tax offices (a long-term process, the first stages of which are within this CPS period). Added baseline and target: 2007: No systematic examination of business procedures aimed at simplifying business procedures 2011: List of requirements to change business procedures completed. Beyond 2013: Develop IT system to meet requirements and ultimately roll-out the new system. 	<ul style="list-style-type: none"> ➤ 2009: Now developing list of requirements to change business procedures. 	

¹⁵ Not a high priority for Government.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR FOUR: STRENGTHENED GOVERNANCE SYSTEMS					
	➢ Slow implementation of a new legal framework for public procurement; capacity and system to manage public procurement still need strengthening	➢ Public procurement managed more transparently at the central and local levels as evidenced by: Improvements in the performance of the Public Procurement System, as evidenced by progress on OECD/DAC indicators and the government's M&E system	➢ Establishment of monitoring and evaluation system for public procurement. <i>Added baseline and target:</i> 2007: Assessment of National Procurement System using OECD/DAC Baseline Information System Bench marking Tool completed in February 2007. Procurement Compliance and Performance Indicator system based on OECD/DAC developed and piloted. 2011 (target): M&E system in place.	➢ Compliance and performance indicators are now incorporated in annual procurement audits carried out by the Inspectorate. Procurement audits for CY08 are still in progress. Significant gaps remain between Vietnam's public procurement system and international good practice	
		➢ <i>Added outcome: Improved government-to-business services through online delivery</i>	➢ E-procurement bulletin in operation 2007: Basic e-Procurement Bulletin website in place and operational 2011 (target): Enhance and complete putting e-Procurement Bulletin in place, with supporting regulatory framework	➢ 2009: e-Procurement Bulletin established and well known in the industry, with mandatory posting of procurement plans, bidding opportunities and contract award information	
			➢ <i>Added output/progress indicator: Business-related e-services (e.g., business registration, e-procurement, and business-related data dissemination) available in Danang, Hanoi, and HCMC</i>	➢ Business-related e-services available in HCMC, and being developed in Danang and Hanoi	
Better link between public spending and plans		4.2. Modernized planning towards development objectives, with more participatory approaches			
<i>Economic development plan prepared with clear development objectives and sectoral and local level participation</i>	➢ Planning at the sectoral and local levels lacks participation of stakeholders	➢ Proportion of local development projects with strong participation of local people in supervision	➢ Share of communes and villages in Program 135 that have acted as investment owners for program investments increased from 15% in 2005 to 100% in 2010	➢ 2008: 60%	Ongoing lending operations Public Financial Management Reform, Road Network Improvement, Hanoi Urban Transport, Mekong Delta Transport Infra., Northern Delta Transport, HIV/AIDs Prevention, 2 nd P135-Phase II Planned lending 3 rd P-135-Phase II, 2 nd Northern
	➢ Priority setting and criteria for screening and approval process not well established	➢ Management of ODA strengthened and aligned to the Government budget	➢ <i>Dropped output: Provincial transport plans prioritized based on road condition data</i> ¹⁶	➢ NA	

¹⁶ Data turned out not to be available.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR FOUR: STRENGTHENED GOVERNANCE SYSTEMS					
Prevent corruption <i>Public services provided to businesses and citizens effectively and transparently.</i> <i>Civil servants and public service providers made fully accountable for their work and services</i>			<p>➢ World Bank Hanoi Core Statement targets on aide effectiveness achieved. (Note: Current assessment is that the indicator framework set out in the HCS was overly ambitious, and TA is now being provided to revise the monitoring framework.)</p> <p>Ownership (HCS indicator 1): move from B in 2005 to A in 2011</p> <p>Performance assessment framework: move from C in 2005 to A in 2011</p>	<p>➢ 2009: D</p> <p>➢ 2009: A</p> <p>➢ A fully decentralized needs-based planning model (based on “fundamental school quality levels” is now implemented throughout the primary school sector.</p> <p>➢ The “fundamental school quality levels” tool is used as a matter of national policy for targeting resources to the most needy school based on the real needs.</p>	<p>Mountains Poverty Reduction, PRSC 9-10</p> <p>AAA</p> <p>VDR 2010 – Institutions, GAC Implementation, Support to SEDP Preparation, Support to National Development Strategy, Social & Land Conflict Management</p> <p>Trust Funds > US\$1 million</p> <p>JSDF grant for Empowering Farmers for Participatory Irrigation Management</p> <p>Partners: ADB, AECL, UK, DANIDA, EC, Japan, UNDP</p>
	➢ Planning for expected outcome not based on evidence	➢ Needs-based planning and budgeting used in education sector	➢ Fundamental School Quality Levels (FSQL) used as the benchmark in prioritizing resources by schools, districts and provinces.		
		4.3. Reduced incidence of corruption in key public services			
	➢ Lack of transparency of information on public financial management and strong internal control systems	➢ Increased transparency of government financial information and strengthened audit functions	<p>➢ Government accounts and financial reports audited by SAV and the financial statements and audit reports made available to the public in a timely manner</p> <p><i>Added baseline and target:</i></p> <p>2007: Government accounts made public at aggregate level only, and audited by SAV. Individual audit reports not published. Audit reports of aggregate budget published within 18 months. Government financial statements not produced.</p> <p>2011 (target): Government accounts made public at aggregate level only, and audited by SAV. Individual audit reports are routinely published. Audit reports of aggregate budget published within 9 months. Government financial statements piloted. [Note: Some changes will</p>	<p>2009: Government accounts made public at aggregate level only, and audited by SAV. Selected individual audit reports published. Audit reports of aggregate budget published within 18 months. Government financial statements not produced.</p>	<p>Ongoing lending operations</p> <p>Public Financial Management Reform, Customs Modernization, ICT, Tax Administration</p> <p>Planned lending</p> <p>PRSC 9-10, Public Investment Reform DPO 1-2</p> <p>AAA</p> <p>VDR 2010 – Institutions, GAC Implementation, Support to SEDP Preparation, Support to National Development Strategy, IDF for Capacity Strengthening for the Vietnam Association of Certified Public Accountants</p> <p>Trust Funds > US\$1 million</p> <p>Governance and Poverty Policy Analysis and Advice Program</p>

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR FOUR: STRENGTHENED GOVERNANCE SYSTEMS					
<p>➤ Petty corruption in the delivery of public services (notably land, custom, traffic, tax system)</p>	<p>➤ Decreased prevalence of petty corruption in the delivery of public services as evidenced in surveys of enterprises and households</p>	<p>➤ Increased in the proportion of high ranking public servants that declare their asset in accordance with the anti-corruption law</p>	<p><i>come with the new State Budget Law, expected for 2011.]</i></p> <p>➤ A risk management system in place for Custom Administration and Tax administration (<i>a long-term process, the first stages of which are within the CPS period</i>). <i>Added baseline and target:</i> 2007: Risk Management Unit in place 2011 (target): First rudimentary risk management system in place</p>	<p>➤ 2009: Risk classifications system established</p>	<p>IFC TA on business regulation simplification programs, anti-corruption. (Project 30 initiative to simplify licensing procedures; bi-annual Vietnam Business Forum; land and tax reform TA)</p> <p>Partners Sweden, UNDP, UK</p>
			<p>➤ <i>Added progress indicator, baseline and target: Proportion of importers and exporters saying they are satisfied with customs performance:</i> 2005: 33.9% 2011 (target): 55%</p>	<p>➤ 2008: 319,579 people; 94% of agencies</p>	
			<p>➤ <i>Added progress indicator, baseline and target:</i> PCI panel survey of enterprises, Percentage saying it is common to unofficial payments: 2006: 69.8%</p>	<p>➤ 2008: 74.3%</p>	
			<p>➤ <i>Added progress indicator, baseline and target:</i> Percentage saying bribes to avoid taxes and regulations are a major obstacle: 2006: 39.1%</p>	<p>➤ 2008: 22.3%</p>	
			<p>➤ <i>Added progress indicator, baseline and target:</i> Percentage saying firms pay commissions to get contracts with the state: 2006: 59.1%</p>	<p>➤ 2008: 67.0%</p>	
			<p>➤ <i>Added baseline and target:</i> 2007: 0 people, 0 agencies 2011 (target): more people; 100% of agencies</p>	<p>➤ 2009: N/A</p>	
			<p>➤ <i>Dropped progress indicator: Higher proportion of public procurement transactions posted on the web (eProcurement Bulletin fully operational and widely used)</i>¹⁷</p>	<p>➤ NA</p>	
	<p>➤ Unclear accountability of civil servants</p>	<p>➤ Added outcome: Improved transparency and efficiency of selected public services in Danang and Hanoi</p>			
	<p>➤ Competition and transparency of public procurement limited, decisions on certain public procurement based on a subjective mechanism</p>				

¹⁷ Nearly the same output/progress indicator as one under CPS Outcome 4.1.

SEDP Goals	Constraints	Outcomes to which the CPS will contribute	Outputs / Progress Indicators	Progress to Date ¹	Bank Group Interventions / Partners ²
PILLAR FOUR: STRENGTHENED GOVERNANCE SYSTEMS					
			<p>➤ <i>Added output/progress indicator: More public services available online</i></p> <p>➤ <i>Added output: Construction Industry Transparency (CoST); Indicators: Pilot program design completed by 2010</i> <i>Pilot program implementation completed by end 2011</i></p>	<p>➤ Online applications of priority public services are being developed in Danang and Hanoi (e.g. vehicle registration, driver license, business registration)</p> <p>➤ Design for CoST pilot program in progress since May 2009</p> <p>➤ Governance, Transparency and Anti-Corruption Framework included in Northern Delta Transport Infrastructure Projects</p>	

VIETNAM

⊙ PROVINCE CAPITALS

⊙ NATIONAL CAPITAL

— RIVERS

— MAIN ROADS

— RAILROADS

— PROVINCE BOUNDARIES

— INTERNATIONAL BOUNDARIES

PROVINCES:

- | | |
|----------------|---------------------|
| 1 Lai Chau | 32 Thua Thien Hue |
| 2 Dien Bien | 33 Da Nang |
| 3 Lao Cai | 34 Quang Nam |
| 4 Ha Giang | 35 Quang Ngai |
| 5 Cao Bang | 36 Kon Tum |
| 6 Son La | 37 Gia Lai |
| 7 Yen Bai | 38 Binh Dinh |
| 8 Tu Yen Quang | 39 Phu Yen |
| 9 Bac Can | 40 Dac Lac |
| 10 Lang Son | 41 Dac Nong |
| 11 Phu Tho | 42 Khanh Hoa |
| 12 Vinh Phuc | 43 Binh Phuoc |
| 13 Thai Nguyen | 44 Lam Dong |
| 14 Bac Giang | 45 Ninh Thuan |
| 15 Quang Ninh | 46 Tay Ninh |
| 16 Ha Noi | 47 Binh Duong |
| 17 Bac Ninh | 48 Dong Nai |
| 18 Ha Tay | 49 Binh Thuan |
| 19 Hung Yen | 50 T.P. Ho Chi Minh |
| 20 Hai Duong | 51 Ba Ria-Vung Tau |
| 21 Hai Phong | 52 Long An |
| 22 Hoa Binh | 53 Tien Giang |
| 23 Ha Nam | 54 Dong Thap |
| 24 Thai Binh | 55 Ben Tre |
| 25 Ninh Binh | 56 An Giang |
| 26 Nam Dinh | 57 Vinh Long |
| 27 Thanh Hoa | 58 Tra Vinh |
| 28 Nghe An | 59 Kien Giang |
| 29 Ha Tinh | 60 Can Tho |
| 30 Quang Binh | 61 Hau Giang |
| 31 Quang Tri | 62 Soc Trang |
| | 63 Bac Lieu |
| | 64 Ca Mau |

