

Summary of JBIC report on ODA Management and Monitoring

In response to Government's request for more harmonisation in donor procedures, JBIC undertook the review to assess the current procedures/practices in the project cycles of three major donors: WB, ADB and JBIC and to recommend measures to facilitate ODA implementation. Following is a general summary of problems and recommendations in each of the stages in the cycle. For a summary of issues specific to **Japanese** ODA, pls contact Ngoc Minh at ext 193.

1. Identification:

Differences were found in both substance and formality leading to confusion of Vietnamese counterpart. Viet Nam in turn does not have master plans in many sectors or regional areas, or any linkages among sectors or regions in the establishment of development and ODA allocation plans. It does not have a comprehensive and consistent policy and legal framework for ODA. In addition, line ministries, local authorities do not have ODA resources information or the necessary institutions for preparing proposals.

Recommendations:

- Harmonising donor's and Govt's procedures
- Effective information sharing in identification stage
- Simplifying and streamlining Govt's procedures
- Capacity building for Govt's preparation of Public Investment Planning, Long-term Development Plans including Five-year Plans
- Reviewing all ODA related regulations and issuing a single, comprehensive regulation applied to all ODA projects through out their implementation

2. Preparation and Appraisal:

Decision making process is lengthy because of a long consensus building process involving many departments in different ministries. Division of responsibility among these agencies is not clear and there is lack of coordination. The lengthy and cumbersome process discourages necessary project revision. PMUs, Executing Agencies, Line Ministries and other related agencies do not understand well both donors' and govt's rules and regulations. Govt does not allocate sufficient funds for project preparation or assign a PMU or govt focal point early in the formulation process. Differences exist in the understanding of the purposes of feasibility studies.

Recommendations:

- Decentralisation and delegation of authorities from the central and higher levels to local and lower levels such as Executing Agencies and PMUs
- Allocation of funds for project preparation and early establishment of project preparation unit to act as a responsible body for all necessary work.
- Better measures to promote understanding of government-donor agreements and donors' guidelines
- Close collaboration between Govt and donors in feasibility studies preparation.

- Final detailed designs of project and bidding documents available as early as possible.

3. Implementation:

3.1 The time is long from project approval to loan signing and effectuation, leading to delayed start up of project activities. This is because PMUs can not get administrative and budget support when a loan has not been approved resulting in lack of qualified permanent staff. In addition, operational and financial guidelines are also lacking whereas govt administrative requirements are complicated for project agreement ratification. Furthermore, a realistic, thoroughly designed resettlement plan is not prepared in the project planning process and there is a lack of coordination between PMUs and local government authorities responsible for resettlement.

Recommendations:

- More counterpart fund for both preparation and implementation, streamlining procedures for ratification of international treaties.
- Improving PMUs by institutionalising its admin status, organisational structure and relation with other agencies, providing govt fund to upgrade staff and office facilities quality, providing training and procedural handbooks to staff.
- Integrating realistic resettlement plan in project planning.

3.2 Consultant engagement is often delayed due to lengthy govt internal approval process, govt additional requirement for clarification and modification of consultants' proposal evaluation which has already been approved by donors.

Recommendation:

- Recruiting International consultants with sufficient project management capacity and international technical knowledge and experience.
- Recruiting Local consultants with sufficient technical knowledge and full understanding of domestic technical standards and requirements

3.3 Procurement has to go through lengthy approval procedures of govt and is affected by insufficient information sealing, exposure to arbitrary pressure and strict application of estimated price leading to negotiation or discount of prices before contract award. This is because approval authority is highly centralized and procedures within PMUs and executing agencies are lengthy, these agencies also lack understanding of donors' guidelines. In addition, bid evaluation is often delayed or design is subject to frequent revisions, resulting in going through approval process once again. Especially, non-related agencies sometimes interfere in the bidding process. With regard to financial performance, the disbursement is often slow and capital withdrawal plan is not well prepared. This is because of a lack of counterpart funds, additional requirement of funds to cover taxes, duties and VAT, slow processing of withdrawal application at all levels

Recommendation: The single regulation mentioned in section 1 above to include improved stipulations for procurement in the following direction:

- bidding plans available and approved ASAP in preparation stage

- Strict information control especially during tender evaluation
- Streamlining and decentralising decision making to executing agencies and PMUs
- Evaluation criteria clearly determined before and firmly applied during evaluation of bids.
- Capacity of bidders screened through pre/post qualifications.
- Contractor of low bids especially monitored for technical standards and contract obligations
- Engaging procurement consultants.

3.4 There is not systematic Monitoring and Evaluation by govt, especially of project achievements against reliable base-line data, making it difficult to measure project performance. The existing systems in MPI and line ministries only cover physical project implementation progress not performance evaluation. In these existing systems there are a lot of problems. Different ministries and different donors have different reporting format and requirements, creating a heavy reporting burden to PMUs, which in turn are not able to prepare reliable and timely reports. The enforcement of monitoring and evaluation is weak. Evaluation is totally neglected if not obliged by donors.

(The ODAP database in HCMC was found to be good and contain most of the needed information for control purpose and might cover all info required by MPI, and considered a good tool of monitoring. MPI was recommended to cooperate with ODAP in developing the national system)

Recommendations include:

- Govt setting up framework of regular meetings with the participation of all relevant agencies: PMU, People's Committee, executing agency, line ministry and donor.
- Improving monitoring mechanisms in the direction of being simple to facilitate MPI and PMUs to apply practically, focusing on implementation parameters, covering most needed information to facilitate usage and sharing by all parties, standardising reporting formats to meet the needs of all parties: donor, govt, line ministries... (some standard sheets were proposed)
- Introducing and applying more rigorously effect/impact evaluation.

Prepared by Ngoc Minh, PSU, May 01