

THE AUS4TRANSPORT PROGRAM MID-TERM REVIEW FINAL REPORT

November 2020

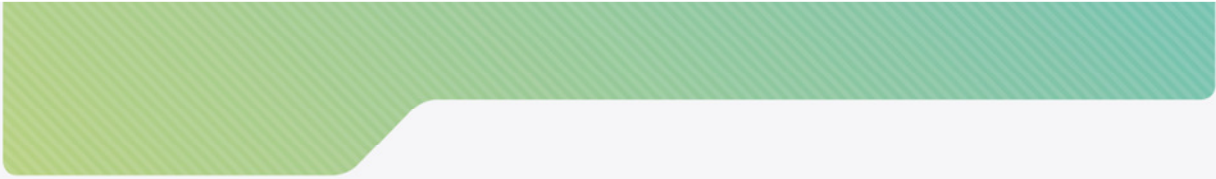


ACRONYMS

A4T	Aus4Transport
ADB	Asian Development Bank
AQC	Aid Quality Check
ATS	Access to Transport Services
AUD	Australian Dollar
CFAW	Committee for the Advancement of Women
DFAT	Department of Foreign Affairs and Trade
DDD	Detailed Design and Documentation
DOE	Department of Environment (MOT)
DPI	Department of Planning and Investment (MOT)
DRVN	Directorate of Roads of Vietnam (MOT)
ECDF	Economic Cooperation Development Fund (Korea)
FS	Feasibility study
GDP	Gross Domestic Product
GESI	Gender Equity and Social Inclusion
GoA	Government of Australia
GoV	Government of Vietnam
iRAP	International Road Assessment Program
ITM	Institute for Transport Administration and Management Cadres (MOT)
IWT	Inland Water Transport
JICA	Japan International Cooperation Agency
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MEL	Monitoring, Evaluation, and Learning
MOF	Ministry of Finance
MOT	Ministry of Transport
MPI	Ministry of Planning and Investment
MTR	Mid-Term Review
PMC	Program Management Contractor
PMU	Project Management Unit (MOT)
PFS	Pre-feasibility study
PMU	Project Management Unit
PPP	Public Private Partnership
PSC	Program Steering Committee
TDSI	Transport Development and Strategy Institute
TPMIS	Transport Project Management Information System
TWG	Technical Working Group
UTC	University of Transport and Communications
UTT	University of Transport Technology
VIWA	Vietnam Inland Water Administration

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1. INTRODUCTION

The Aus4Transport Program (also referred to as the *Program* in this report) is a AU\$30.0 million grant facility provided through Australia's Department of Foreign Affairs and Trade (DFAT), to support the Ministry of Transport (MOT) of the Government of Vietnam (GoV) to increase investment in Vietnam's transport infrastructure leading to an improved national transport network that supports economic growth and poverty reduction.

Since the Program has reached the midpoint of its duration, and in line with the provisions of the February 2018 *Subsidiary Agreement (Aus4Transport)* to the *Vietnam-Australia 1993 Memorandum of Understanding (MoU) on Development Cooperation*, DFAT has initiated an independent Mid-Term Review (MTR) to: (i) assess the Program's progress against its original development objectives; (ii) their relevance in light of new circumstances, including changes to Vietnamese legislation (e.g. public debt ceiling), borrowing criteria (graduation from concessional finance), the impacts of COVID-19; and (iii) recommend course corrections and a possible Program extension if these are indicated.

The MTR has been undertaken by a team consisting of:

John Cooney – Infrastructure Specialist

David Bray – Institutional Specialist

Mia Urbano – Gender Equality and Social Inclusion Specialist

Pham T Tung – National Government Specialist

DFAT and the MTR team do wish to acknowledge and thank all the many people, from the Government of Vietnam, development partners and others, who contributed knowledge and information to this important task. That much of this had to be done virtually, because of COVID-19-related restrictions, is all the more appreciated.

2. THE PROGRAM

The Program's design was completed in October 2017. The design sets out that over a five-year period the Program would support MOT's proposed Mid-Term Investment Plan 2016–2020; the Mid-Term Investment Plan 2021–2025; and the orientation toward 2030 of Vietnam's transport development strategy.

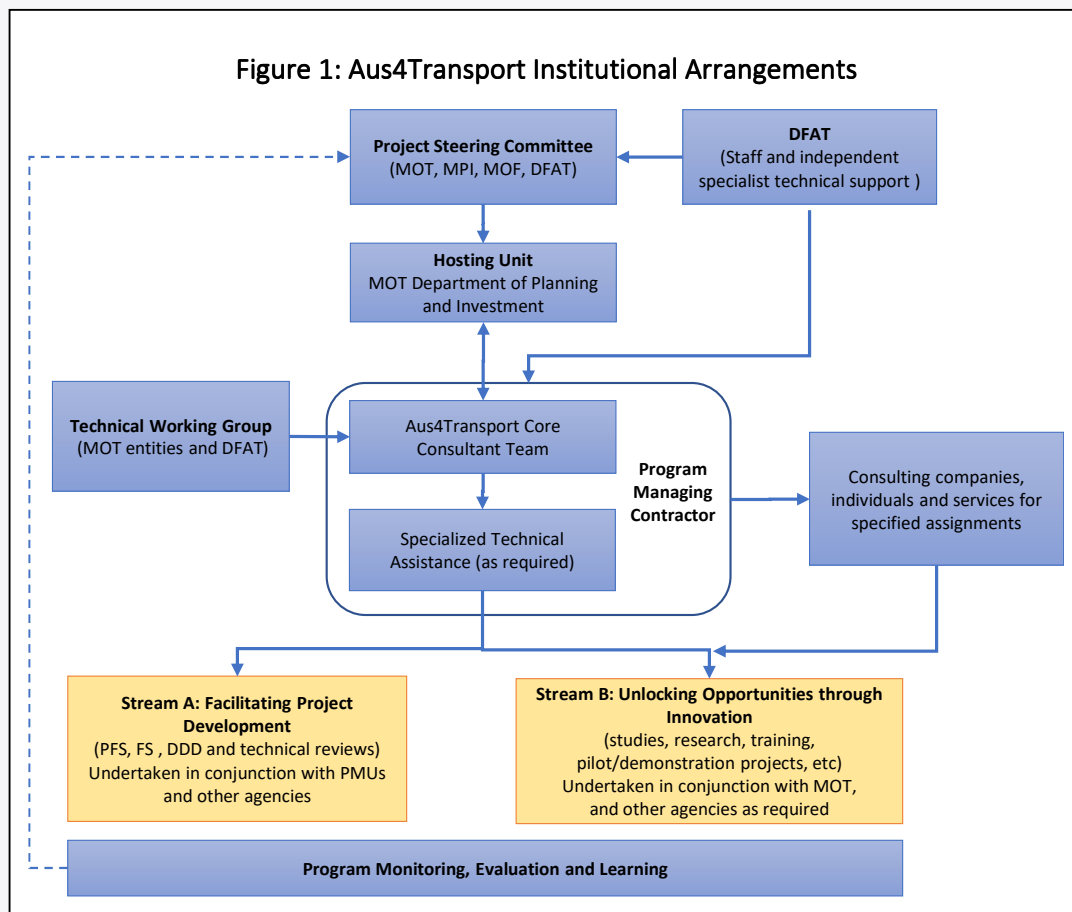
The goal of the Program is increased and more effective investment in Vietnam's transport sector, leading to an enhanced transport system that supports economic growth and poverty reduction. The intended end of Program outcome is faster project development and improved quality of transport infrastructure making use of funding from all sources. To achieve this outcome, the Program will produce for MOT international best practice project preparation studies (Stream A activities) as well as conduct capacity-building activities (Stream B activities). These are described below. Two intermediate outcomes were identified in the Program design: (i) MOT giving enhanced consideration of engineering, financial, economic, safety, gender, social and environmental matters in project preparation, leading MOT to bringing better prepared concepts more rapidly to implementation drawing on innovative and comprehensive approaches; and (ii) MOT identifying bottlenecks and implementing improved policies and procedures for better project development.

1. **Stream A (Facilitate Project Development).** This stream of activities as designed provides funding and technical expertise to support improvements to pre-feasibility studies (PFS), feasibility studies (FS) and detailed engineering design and documentation (DDD) undertaken for MOT. The assistance is directed to developing high quality projects that can be brought to implementation more rapidly than would otherwise have been the case. It will improve the effectiveness of transport projects (by taking account of the broader and more complex set of issues that are related to transport such as safety, social, gender, and environmental issues) and the efficiency of projects (such as through improved engineering standards, project optimisation and more rapid implementation).
2. **Stream B (Unlock Opportunities through Innovation).** This stream of activities is intended to strengthen transport sector capacities through revised policies, guidelines and practices, testing of new concepts, and addressing bottlenecks in project development and financing.

The Program, which commenced in mid-2018, is being delivered by a Program Managing Contractor (PMC), DT Global Australia (see Figure 1). The PMC's responsibilities include day-to-day Program management, activity management and Program administration. The PMC is associated with MOT's Department of Planning and Investment (DPI) to facilitate a close working relationship with MOT's leadership and its various departments and associated agencies.

A Program Steering Committee (PSC) that is responsible for high level decisions affecting the Program and its direction comprises the Ministry of Transport and DFAT as co-chairs,

with the Ministry of Finance (MOF) and the Ministry of Planning and Investment (MPI) also members. The role of the PSC is to ensure that activities selected for inclusion in the Program meet the selection criteria, approve and guide Program activities, and review Program performance and effectiveness. A Technical Working Group (TWG) provides guidance and facilitate coordination of Program technical activities. The TWG acts as the Secretariat to the PSC with the support of the PMC. Figure 1 sets out the Program’s institutional arrangements.

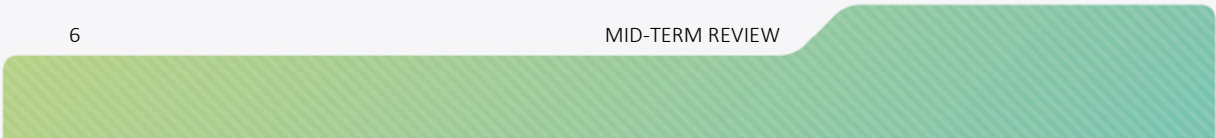
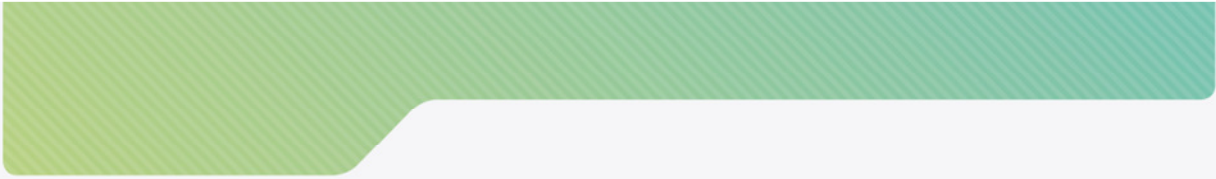


3. THE MID-TERM REVIEW

The Review is being conducted by a DFAT-engaged but independent team. The team comprises international infrastructure, institutional reform and gender and social inclusion (GESI) specialists (all located in Australia) and a national local government specialist (located in Hanoi). It is being implemented primarily through virtual meetings, the latter dictated by the travel restrictions arising from the COVID-19 situation.

The Review is assessing the Program from two levels: (i) at a strategic level its continued relevance, its logic in the Government context in which it exists, and its delivery modality; and (ii) at an operational level, its achievements to date, its current activity selection criteria, forward activity pipeline and the potential for a second phase of the Program. The Review will also assess the impact of COVID-19 on Program implementation and opportunities for the Program to support Vietnam's economic recovery. Finally, the review will consider the Australian Government's aid program pipeline and the best means to deliver a second phase should this be agreed.

The Review has adopted a consultative approach, through structured virtual meetings with a broad range of Program stakeholders (Annex 1), and by reference to existing Program documents and reports. It also reflects the initial findings of the ongoing Brief Transport Sector Assessment that is being prepared separately under the Program.



4. THE PROGRAM’S PRESENT STATUS

4.1 Performance

The Program commenced in July 2018 and initially proceeded more slowly than intended, reflected by less-than-projected disbursements and limited MOT involvement. The first DFAT review, for 2018/2019, through DFAT’s Aid Quality Check (AQC) process, resulted in a “requiring improvement” rating. In response to this DFAT and its Program partners, MOT and the PMC, undertook a series of initiatives, with the result that the rating for 2019/2020 improved to an acceptable level. These initiatives included a DFAT-initiated remediation plan, a DFAT-MOT partnership brokering workshop and a joint action plan on remediation with DT Global. These are discussed further in Section 5.

In summary, the 2019/2020 AQC found that the Program was satisfactory for its four Quality Criteria – Effectiveness, Efficiency, Gender Equality and Risk – and for its relevant Policy Priorities – Disability, Safeguards, Climate Change, and Innovation.

4.2 Activities

Annex 2 presents the Program’s September report, which includes detailed tables of Stream A and Stream B activities, both ongoing and proposed. A summary is in Table 1 below. Considered overall, the activities equate to the full commitment of the Program funding up the end of the Program period.

Table 1: Program Activities

Stream A - ongoing	
1. Central Highways Connectivity	World Bank – financing approved; DDD proceeding, consultant performance has issues, World Bank providing specialist support; not strong alignment in GESI advice between the World Bank and the PMC; and some aspects apparently removed; World Bank engaged a specialist road safety study of the road design. DDD deliverables due end October 2020.
2. Northern Mountains Connectivity	ADB - financing approved; DDD proceeding but will be delayed (COVID-19, procurement change), variation for consultant time and cost being negotiated. Gender categorisation was downgraded, and Gender Action Plan removed from the project design. ¹ ADB financing documents note DFAT Aus4Transport will finance non-engineering elements (See Stream B Potential Activities below).

¹ Reclassified from ‘Effective Gender Mainstreaming’ (EGM) to ‘Some Gender Elements’ (SGE). EGM includes a Gender Action Plan and personnel days from the ADB Vietnam gender advisor.

Stream A - potential	
1. Central Mekong Delta Connectivity	ADB – No activity to date, unlikely to proceed
2. Southern Waterway Logistics	World Bank – resubmitted for Government approval, which is awaited. This project is the first to be considered for IBRD financing.
Stream B - ongoing	
1. Environment/Social Benefits and Costs	DOE – behind schedule. Scope of activity prepared and being reviewed by 3 sub-sector agencies (DRVN, VIWA, VNRA), due end October.
2. Transport Infrastructure Project Database and Portfolio Management System (TPMIS)	Workplan being revised. Start delayed 1 month; implementation will need to be expedited to ensure completion before the end of the present Program.
3. Capacity Building on GESI and Sustainable Project Management	Not commenced. Budget revision being prepared, due to COVID-19 requiring online delivery from Australia. Approval requires MOF response to MOT.
4. Integrated Management Information System to support Inland Waterway transport improvement	Activity proposal waiting for final MOT approval. Expected end-October 2020. Duration likely to extend beyond present Program end.
5. Capacity building for transport authorities to enhance inclusive accessible transportation	Consultant recruitment underway. Expected end-October 2020.
6. Assessing Wide Flange Girder Technology for Transport Infrastructure Projects	Expressions of Interest pending. Implementation arrangements not yet confirmed.
Stream B – potential	
1. Contributing to practical Application of Building Information Modelling	Documents to support consideration of the proposed activity have been prepared and are awaiting consideration by the TWG
2. Northern Mountain Provinces Transport Connectivity Project – Support to the implementation of the project’s non-engineering components.	Activity is dependent on completion of the DDD for the project. Features of the activity are still under consideration. Duration may extend beyond the present Program end date.

4.3 Governance and Program Management

The PSC and TWG were established promptly in the Program. The PSC has met three times to date. While not having yet met in 2020, the PSC is scheduled to meet shortly. DFAT and MOT have attended all three meetings, with MPI and MOF attending the first two meetings only.

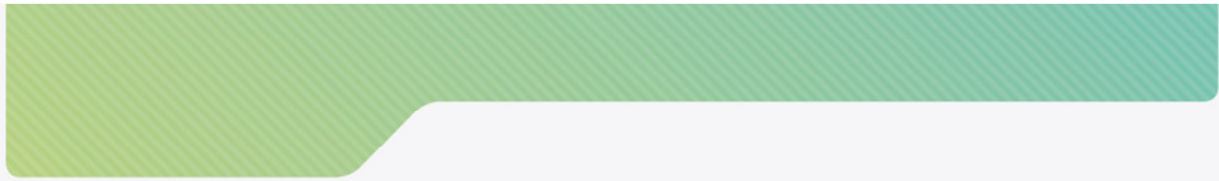
The TWG met three times in 2018, followed by six meetings in 2019 and three meetings to date in 2020. Participants in the TWG include relevant MOT entities and the PMC team.

The Program has an operational risk management system and monitoring and evaluation system. The Program submits brief monthly reports to DFAT, semi-annual and annual Progress Reports and forward Annual Work Plans, all prepared by the PMC.

The performance of the governance and program management functions are considered further in the Section 5.

4.4 Influence of COVID-19

COVID-19 has had a significant influence on the Program. The effects have included: (i) the PMC Team Leader has been unable to return from France and is working remotely; (ii) the PSC and TWG have met less frequently than planned; and (iii) the Stream A activities, in particular the Northern Mountains Project DDD, has been delayed because international specialists are unable to mobilize, and because repackaging of nearly completed outputs for national bidding rather than the intended international bidding has been necessary.



5. REVIEW ASSESSMENT AND OBSERVATIONS

As mentioned earlier, this Review is being undertaken through a combination of face-to-face and virtual meetings, with the latter predominating, and review of existing reports and documentation. The observations presented below need to be considered in this context. Unless otherwise indicated, the focus is on ongoing and approved but not yet commenced activities.

5.1 Overall Observations - Strategic Level

The Program appears now to be well-established and working reasonably well with MOT and its agencies. Most people interviewed by the Review team indicated that its work is useful and broadly understood, although several also commented on the Program's lack of a formal position within the rigidly defined Government structure for project preparation and approval. For Stream A activities, of which two are now under implementation, the critical DDD consultant selection process seems to have been carried out effectively and more quickly than might have been the case if MOT itself carried out the selection – durations were about 9-11 months compared with a typical 16-18 months as mentioned to the MTR team. For Stream B activities the situation is not so clear since much of the preparation time has involved other Government agency involvement over which the Program has little control. Nonetheless, the selected Stream B activities are all relevant and have supported the Program's innovation focus.

Specific strategic level observations are presented here:

Program relevance: Vietnam's infrastructure needs are very substantial, across all sectors. For the transport sector this is particularly the situation, both for interurban and urban investments. To date, financing for the larger and more complex projects has been provided by the MDBs (Asian Development Bank - ADB, and the World Bank) and bilateral partners (Australia, Korea, Japan, and others) MOT manages these projects for the Government, typically through its Project Management Units (PMUs). However, complex government procedures for project preparation and approval, both within MOT and with other agencies, has often resulted in delayed project commencement and implementation and a reluctance or inability to adopt current internationally-accepted technical and other aspects of project design. Examples include private sector participation, alternative contract forms, road safety, climate change mitigation, social inclusion, and others, all of which are increasingly present in MDB and similarly funded operations.

The Program has been designed to assist MOT adapt to this situation, by providing it with technical and other support that will enable it to prepare externally-funded projects more quickly and with current internationally-accepted technical and non-technical standards, included those reflected in MDB policies, more completely addressed. The Program's ability to work with multiple MOT agencies and PMUs will also ensure a consistent approach to project preparation and implementation. Over time it is anticipated that these improvements will flow through into MOT's national budget-funded operations.

The Program's support of these improvements makes it highly relevant to MOT's operations and to the transport sector more broadly.

Program logic: The Program's design reflected the logical premise that if projects were prepared better and more quickly, with more attention to non-technical aspects such as safeguards, GESI, and others, funding commitments from the MDBs and other development partners could increase. In part, this premise also reflected concerns about slow project implementation, particularly long project commencement delays and low funding disbursements relative to commitments. The Program's demonstrated effectiveness in accelerating DDD consultant selection and in supporting current technical and non-technical project aspects that the MDBs and other funding agencies now require, should provide the confidence that funding agencies require to increase their support for the sector. Whether this eventuates, given the Government's borrowing restrictions and the effects of the Covid-19 pandemic, will require time to assess but, for now, the Program logic remains appropriate.

Program Modality: The Program's delivery modality is the PMC engaging DDD and other consultants and agencies directly, in consultation with MOT, its PMUs, and other departments. This has led to some concerns over MOT and more so PMU ownership of the resulting contracts and outputs. However, this approach does allow a consistent approach across the affected MOT operations, regardless of which PMU or other agency is the PMC partner. It also provides an opportunity for trialling and introducing improved technical and other innovations that would almost certainly not be possible if the PMUs were separate owners for each activity. The PMC modality, improved as it now is, remains the most effective way of implementing the Program from speed and quality of Program outputs, and for facilitating the introduction of innovation in the transport sector.

5.2 Overall Observations - Operational Level

At a more detailed level, the following observations are relevant².

Program scope: The Program's design included assisting MOT with (a) increasing the role of the private sector through Public Private Partnerships (PPPs) and similar arrangements; (b) improving its project preparation and approval procedures; (c) improving technical standards; and (d) expanding its standard safeguards-related activities to include Gender and Social Inclusion aspects. These remain relevant, but experience to date indicates that they may not be achievable to the extent envisaged, as set out below.

- i. **Private Sector/PPP:** The Program envisaged a significant role in assisting MOT with preparing and implementing PPP investments. This has not happened, despite the recent passage of a new PPP law. Reasons appear to include several restrictive provisions of the law, to which potential developer and other reactions have not been positive, and also the inability to move away from the rigidly prescribed Government procedures for approving projects, specifically that detailed designs

² Annex 3 provides more detail on the features of Aus4Transport set out in the Investment Design and their present status.

cannot vary from the approved FS designs. Taking these into account the Program will not have a major impact on PPP type activities. Nonetheless, on an opportunity basis, it could provide advice and support, in concert with other development partners where possible. Possible entry points might be (a) operations and maintenance PPP concessions for existing infrastructure, for example sections of the North-South Expressway; and (b) assisting relevant GoV agencies with developing implementing circulars, regulations, etc, for the recently-passed PPP law. The latter may improve the PPP environment, potentially leading to future PPP operations.

- ii. **Technical Standards:** The design standards used for MOT projects in several aspects are not well-aligned with current international practice. This is particularly relevant to for example road safety, social accessibility for disabled people, and climate change. The DDD consultants, although international, typically engage national partners for routine activities like road and non-special bridge design, so there is less scope for adopting different and better designs. Even if this were to be done, it would be very unlikely that MOT's various review agencies would accept the changes. Effective technical changes have only been possible, for this Program and other development partner projects when the financing agency has become involved, DFAT, the World Bank or ADB for example. It appears likely that for the Program to continue to introduce desirable or essential changes, which it should do, DFAT and/or the relevant MDB may need to address the matter at the higher levels of MOT, with PMC support
- iii. **Project preparation processes generally:** As mentioned above, the Program has been able to reduce the time required to select consultants for the Stream A activities, but this was probably due to better application of the existing process than a change in the process. Since MOT is part of the overall government, and subject to the same procedures, it is unlikely that the Program would be able to make substantial changes to these processes. There do not appear to be within the Government any champions for change; more, from some discussions, a strong support for no change. However, the need for some change is evident, to reduce delays and to support innovation, and the Program should continue to seek opportunities for contribute to these when opportunities arise.

Program Focus: As designed and as now being implemented the Program focus is MOT, the transport sector for which it is responsible, and externally financed projects in the sector. This should remain without change. Although there could be benefits from expanding the focus to other sectors, for example energy or water supply, to other levels of Government, provincial for example, and to national budget-financed projects, the risk of potential failure would be considerable. This is due to lack of sufficient time remaining on the Program, likely over-extension of the small PMC team, dispersal of focus, and need for cultivating relations with newly-involved MOT departments. For national budget financed projects, the already evident difficulty encountered in introducing desirable or even essential change (GESI, road safety, climate change mitigation as examples) would become insurmountable without MDB involvement. It has required almost three years to

bring the Program to an effective level and more remains to be done. Spreading its limited resources more widely, into very different sectors, to lower, more dispersed and less resourced levels of government, and without an MDB presence, would not appear feasible.

Stream A activities and safeguards requirements: MOT/PMU staff have indicated, based on several discussions, that Stream A DDD should not include safeguards elements, such as HIV/AIDS awareness and others, because these are not required under national regulations. However, these are typically required for MDB-financed projects, and the related MDB financing agreements reflect this. The PMC needs to be aware of this, and that it is important to DFAT, and reflect it in their interactions with the PMUs for DDD-related activities. However, it is ultimately the responsibility of the MDB project teams to ensure this happens. Discussions with the relevant MDBs, to assess the extent of this issue and what should be done about it, should be arranged as soon as possible, while there is still time to reflect the outcome in the ongoing and proposed DDD activities.

The role of DFAT: The Program design envisaged that once the PMC had been appointed and mobilized DFAT's role for the Program would be management of the PMC contract and maintaining policy level dialogue with MOT and the broader Government. It now appears that DFAT, drawing on relevant specialist support, including a suggested appropriate specialist who could schedule meetings quarterly or as directed to provide DFAT with a PMC oversight capacity, will need to continue some aspects of its operational role.

For this DFAT would require a budget allocation and may also need to be more involved in some aspects of Program operations, reflecting the situations presented above for achieving essential technical and non-technical improvements in particular. Examples to date have included road safety-related addition of walkways to bridges and climate change mitigation changes to bridges, protection works and others. Without DFAT's intervention it would have been very unlikely that MOT and its review and approval agencies would have, or could have, accepted these essential improvements.

5.3 Gender Equality and Social Inclusion

Encouraging the incorporation of gender equality and social inclusion (GESI) considerations into transport sector project development was ambitious from the outset. GESI was included as an intermediate program outcome in the design, whereby MOT would give enhanced consideration to 'safety, gender, social...matters in all...detailed design and documentation'.³ Indicative activities, including a GESI Plan, were prescribed.⁴

³ Investment Design pp. 19-20.

⁴ Investment Design pp. 36-7. The design describes the Program as a 'catalyst and model' for GESI-responsive approaches to project development, and it outlined a comprehensive range of activities. These included: on-the-job GESI training of MOT staff, PMUs and consultants; enhancing consultation processes to ensure the transport infrastructure concerns of women, people with disabilities and ethnic minority communities were voiced and acted upon; integration of GESI dimensions into design documentation and monitoring (e.g. lighting, secure stops, ramps, handrails, tactile markings); and ensuring that benefits and opportunities, including employment, were open to all. Provision was also made for professional development and leadership mentoring for women staff at the MOT.

However, the fact that GESI is not a precisely defined, agreed objective of the Program likely explains the challenges that have played out for this area.

GESI-responsive project preparation in the context of the Program derives from DFAT's policy prioritisation of gender equality and women's empowerment, and disability-inclusive development.⁵ However, it has a high degree of overlap with MDB corporate strategies and safeguard frameworks⁶ relating to gender mainstreaming, disability inclusion and impacts on indigenous and ethnic minority peoples – over which PMC influence is ultimately limited to collaboration.

A number of challenges in integrating GESI were known at the Program design stage. This included the engineering orientation of the MOT, the overwhelmingly male workforce and low representation of women at decision-making levels, and the limited MOT and consultant knowledge and skills on GESI-responsive design.⁷ Factors such as Vietnam's graduation from concessional finance and debt ceiling directions⁸ arose later, but may have discouraged the GoV from borrowing for 'non-engineering' enhancements such as GESI.

It is clear that the Program as it is now being implemented has advocated for GESI, adjusted to overcome constraints, and some measures of GESI success are discernible at this midpoint:⁹

- i. **Proactivity on the agenda:** DFAT and the PMC have actively advocated for GESI, notably, given the serious disbursement and implementation concerns in the first year. At the PSC level, DFAT reaffirmed GESI as both cross-cutting and stand-alone activity;¹⁰ and it was approved as one of four selection criteria for Stream B. The PMC supplemented the limited provision for GESI expertise¹¹ by creating a full-time specialist position under the Monitoring and Compliance Team budget.
- ii. **Stream B GESI-related projects:** Under Stream B, three GESI-related projects have been approved¹² (GESI, ATS, ESIA-see Table 1). Collectively, these projects support pilots, knowledge products and skills on international GESI guidelines and practices. They represent about 48% of the total budget for Stream B¹³.

⁵ Gender Equality and Women's Empowerment Strategy (2016); Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's Aid Program.

⁶ A summary of the relevant standards is in the Program GESI Strategy (2018): Appendix D.

⁷ Investment Design pp. 3, 9, 12, 16 and Appendices A and B. The design specifically cites that closing gender inequalities, gender mainstreaming and disability inclusion were 'not well understood' by the MOT.

⁸ Effective from May 2020

⁹ A report against the GESI Strategy has been requested by the MTR team, and this will be incorporated into the final report.

¹⁰ 1st PSC Minutes-10 August 2018 signed.

¹¹ The Aus4Transport program budgeted for a total of 85 days of GESI Specialist time over the life of the program. This is insufficient to drive engagement and change at counterpart and project level for this under-supported agenda.

¹² The GESI project is with ITM for final approval.

¹³ Environmental and Social Impact Assessment (ESIA) - \$0.66M; Capacity Building on GESI and Sustainable Project Management in Transport Sector (GESI) - \$0.45M; Capacity building for transport authorities to enhance inclusive accessible transportation (ATS) - \$0.24M.

- iii. **Comprehensive GESI Strategy, partially implemented:** The first international GESI Advisor for the Program developed a holistic and sound GESI Strategy, organized around six components.¹⁴ The GESI Strategy did not have a discrete budget, and there has not been any reporting against the GESI Matrix. The MTR assesses that around one third of the 30 activities have been implemented.
- iv. **New practices:** Ultimate adoption in the project’s detailed design documentation cannot be verified at this stage. However, the Program has initiated several processes to elicit improved information for gender-responsive Stream A projects. These include Gender and Transport Surveys to better understand differential road use, cost and safety concerns (e.g. lighting, bus stop locations, crossings); engaging with the district and commune-level Women’s Union to modify community consultation timing and facilitation to promote women voicing their concerns. It has also included engagement with the World Bank on assessment and guidelines on gender-based violence risks, and on risks associated with labour influx under the Central Highlands Project. Two MOT agencies noted that partnership with the Program had improved their approach to consultation and consent processes with affected groups, including people with disabilities and ethnic minority communities.
- v. **Leveraging other DFAT funds:** DFAT has leveraged supplementary funds for GESI. This includes: (i) partnership with Aus4Skills, (ii) funding a ‘Special Visits Program’ for 3 Deputy Director General-level women from MOT on a women’s leadership exchange in Australia;¹⁵ and (iii) support to international days recognising women in the transport sector.
- vi. **A recognized, welcomed niche:** By all reports, the Program’s events for women in the MOT/engineering have been well-attended, praised by participants and created momentum for further networking. Equally, all financiers consulted for the MTR (ADB, World Bank, JICA, EDCF) noted their appreciation for DFAT’s focus on social impacts, GESI and road safety.

There are however concerns to note, and to be addressed about GESI progress in the Program:

- i. **Resource constraints:** The GESI Specialist role supports safeguard compliance under Stream A, but is not officially engaged in Stream B, other GESI training, supervision, or advocacy. The GESI Specialist has a convincing understanding of entry points and challenges. However, the narrowly focused role, and the absence of an activity budget, limit the GESI outcomes that can be expected. Defining, promoting and supporting the conduct of GESI-responsive project development

¹⁴ 1) Program activities: Streams A & B; 2) Women’s representation and leadership; 3) Capacity development; 4) GESI in monitoring and evaluation; 5) Program advocacy and communications; and 6) Reporting procedures. It was informed by the Program design, by MOT’s own Action Plan for the Advancement of Women 2016-2020, as well as the TDSI’s manual on Mainstreaming Gender in ODA Funded Transport Infrastructure Projects in Vietnam.

¹⁵ The QUT training was held in 2017 (approximately A\$375,000, confirmed by Aus4Skills) and the Special Visit Program was funded from Hanoi Post’s Aid Effectiveness budget (approx.AUD\$30,000)

is an advocacy agenda foremost. It requires countering scepticism with evidence and practical demonstration, being present in decision-making and community forums to illuminate the GESI dimensions and engaging with the more elaborated institutional approaches of the MDBs. The GESI Specialist's position is funded until August 2021.¹⁶ GESI resourcing is not currently commensurate with GESI expectations.

- ii. **Definition of GESI:** The Program's GESI definition is a broad collection of social priorities. The Program GESI Strategy (2018) identified seven 'inclusion' dimensions, including promoting women's empowerment in MOT. It is reasonable that 'GESI' may have evolved opportunistically from the gender equality and disability inclusion focus of the design. However, the scope is not clear from reviewing the Stream A GESI inputs which have covered, among several others, labour influx risk management, ethnic minority gravesite avoidance and road safety awareness campaigns. These are all important elements, but it is not clear they constitute 'GESI-responsive.' A broad definition potentially makes it hard to explain, to standardize the approach and to demonstrate cost-benefits. It is also potentially confusing for the MOT as to how GESI differs from MDB social safeguards and corporate gender frameworks. Refocusing GESI may be advantageous in terms of workload, for consolidating evidence and advocacy on fewer issues, and aligning with the next MOT CFAW Action Plan.
- iii. **Collaboration with MDBs:** There is an opportunity for closer collaboration between the MDBs and the Program. Negotiations during project preparation for the Northern Mountains Project saw the project changed in the ADB rating system from Effective Gender Mainstreaming (EGM) to having Some Gender Elements (SGE). The MOT would not accept ADB loan financing for the Gender Action Plan (GAP) and other activities such as road safety campaigns. This component and some others were eventually extracted and has been proposed for Stream B funding (but not the GAP). There are concerns that the GESI assessments and development is now behind the DDD process, and that the window for influencing the DDD activity is closing. Equally, for the Central Highlands Project, there appears to be an inconsistency in approach. The World Bank is guided by its corporate gender strategy to target selected gender gaps, whereas the PMC has supported broad improvements in the quality of consultations with women/ethnic minority women and of consultant documentation. Clarifying and communicating the Program's 'added GESI value' vis-à-vis the MDBs is needed. There is scope for DFAT to be a stronger broker in strategising with the MDBs about integrating and financing GESI in project documentation.
- iv. **Intervening too late:** The PMC highlighted that introducing GESI elements is difficult at the design stage. While environmental and social safeguards documents are produced as part of the design, it is 'extremely challenging' to add new components (such as gender sensitive transport surveys), when the budget

¹⁶ Aligned with the expected completion of Stream A documentation.

is 'locked in' at the pre-Feasibility Study and Feasibility Study stage, and/or in the loan agreement. The MTR agrees it is certainly easier to address GESI if it is referenced in these earlier documents. There is, however, scope for the Program to ensure that the TORs for the DDD consultant have specific and explicit GESI provisions. The Task 16 on GESI in the RFP for the CHCIP is brief on gender equality requirements, negligible on disability inclusion, and could be strengthened.

5.4 Road Safety

The MTR has observed that the ongoing Stream A DDD activities as originally formulated did not give adequate attention to current international road safety requirements, in which a much greater focus is given to road users of all types, not only to vehicles and their operators. It is useful to mention in this context that studies have indicated traffic accidents can cost an economy at Vietnam's stage of development up to 2-5% of annual Gross Domestic Product (GDP), a very significant amount that does not take into account the serious social and personal impacts of such high levels of fatalities and severe injuries.¹⁷

For the World Bank-financed Central Province Project the Bank commissioned a separate International Road Assessment Program (iRAP) review of the detailed design prepared by the Program-financed DDD consultant. Although the design had been prepared following MOT's road safety standards, the iRAP review found that it failed to meet acceptable road safety standards, specifically and using iRAP ratings, the design did not meet a minimum 3-star rating (5 being the maximum) for much of the road length. Specifically, the results show that 50% of the proposed road length is rated 3-star or better for vehicle occupants; 47% is rated 3-star or better for motorcyclists; 4% is rated 3-star or better for pedestrians and 11% for bicyclists. The result for pedestrians is particularly troubling, since pedestrians and cyclists are typically the more vulnerable and poorer members of their communities.

The iRAP report's modelling indicated that the design as presented could result in up to 2,000 avoidable fatalities and serious injuries incurred over the 20-year life of the project. The report also provides a schedule of about 35 improvements which, if implemented, should improve most of the road to 3-star rating, and thereby reduce the fatality and serious injury impacts. Most present an economic benefit/cost ratio, using the iRAP methodology, of more than 1.

The PMC has apparently directed the DD consultant to reflect some of these improvements in the design, although it is not clear which of these have been adopted. At a specific detail level, one improvement related to pedestrians is the provision of painted crossings in outer urban or rural sections of the road. However, where there is no legal requirement for a vehicle to stop, the painted crossings potentially increase the risk for pedestrians, since they can provide a false sense of security. A better approach is to

¹⁷ World Health Organisation - https://www.who.int/violence_injury_prevention/road_safety_status/2015/Executive_summary_GSRRS2015.pdf

provide a slightly widened section of road, with a median-protected pedestrian refuge, where pedestrians can wait in relative safety after crossing half of the road before crossing the other half. It will require some effort, perhaps involving the World Bank, ADB and DFAT, to encourage MOT to adopt this improvement, with the objective of improving the safety of this road and over time all similar roads as they are improved. This is mentioned as an example of the type of low-cost safety effective technical improvement that the Program could support.

The MTR understands that there has been no similar assessment done for the ADB-financed Northern Mountains Provinces Project, although the PMC advised that it had directed the DDD consultant for that project to follow the Central Province Project's assessment results where appropriate.

One safety-related improvement that has been adopted for both projects is the provision of raised pedestrian walkways on the projects' bridges. This is not an MOT standard but was identified as a need during consultations with local communities. However, it required intervention by DFAT with MOT for it to be accepted.

The conclusions to be drawn from these comments are:

- i. Had the original designs prepared by the DDD consultants been constructed without improvement, the completed roads would have been seriously unsafe, particularly for pedestrians and cyclists;
- ii. Most of the recommended improvements are low cost and economically beneficial;
- iii. For significant amendments to standards, the walkways on bridges for example, DFAT, or funding agency, intervention would almost certainly be necessary;
- iv. The PMC team would benefit from strengthening by including an as-required international road safety specialist, to undertake the type of road safety audit that has become almost standard on MDB-financed projects. It has been mentioned that MOT's own staff or national consultants could do this, but experience with other MDB/DFAT-financed projects has indicated that this is not yet the case.

5.5 Policy Reform

The Investment Design for the Aus4Transport Program was ambitious in its desire to support transport infrastructure investment policy reform in Vietnam. Such reform includes the role of the private sector in financing, implementing and operating infrastructure, design and construction standards, flexibility during the project cycle to allow project optimisation and improved consideration of a broader range of social, safety and environmental matters. Securing change can, however, be challenging, as indicated in the previous sections. This reflects factors such as:

- **Current policies can be deeply held.** It is interpreted that there is, in some cases at least, comfort in the GoV with current approaches as they are considered to have served Vietnam well. On the other hand, there is sometimes ongoing updating of policies in response to limitations of previous policies and pressure

from both within and outside government for change. Also, vested interests and risk aversion can be a barrier to change. There are, however, examples of progress, for example the updated PPP Law (see Section 5.2) even if constraints remain.

- **Reform is complex.** Most policy topics are not entirely within the domain of a single agency. Hence, securing reform of matters that affect project preparation by MOT requires that other agencies also participate in and agree with proposals for change.

Hence, while the need for reform remains, the circumstances are not yet conducive for substantial change. Even so, the Program provides the opportunity to assist MOT where there is interest in and potential for change, and where new approaches are required by project financiers, particularly the MDBs.

Some proposals for improved approaches through the Program have been initiated by MOT, for example consideration of wide-flange girders, a transport portfolio infrastructure management information system and a waterway management information system. Some success has been achieved with improved (though not yet full) consideration of social road safety and climate change-related environmental features of projects. This work needs to continue to assist MOT to better meet MDB requirements and to gain an enhanced understanding of the costs and benefits of the new approaches. This will be supported by an activity to identify the costs and benefits of improved consideration of these features. This is currently programmed as a Stream B activity.

As is usually the case for governments in most jurisdictions, policy reform needs to be addressed sensitively, with a need for technical investigation, leaders to carry forward proposals and occasions when there is an opportunity for change. While the MTR concludes that the ambitions for policy reform should be contained, it considers that the topic should remain within the Program as an activity to be undertaken opportunistically. This will require the Program team to identify and work with MOT leaders who are interested in new approaches and to undertake work that provides evidence to support a change in approach and which allows the MOT leaders to pursue the subject within the GoV.

5.6 Organisational Development

Organisational development involves agencies performing the same work in more efficient and effective ways and doing new things that serve the same purpose. Securing such change in a long-established national government agency such as MOT that operates within tightly integrated government structures with detailed operating procedures is challenging.

The Program has sought to assist MOT to achieve organisational improvements in two areas: (i) to bring better prepared proposals and concepts more rapidly to implementation; and (ii) to adopt innovations in procedures that improve project development. More success has been achieved with the first of these than the second.

The PMC is responsible for securing and managing contracts for individual Program activities. While this takes away some of MOT's direct role, MOT remains fully involved by the PMC treating staff in MOT agencies as co-implementers of the activities. To date, this work has almost exclusively been for DDD under Stream A that has involved PMU2.

There is potential for MOT capacity to develop in several areas as a result of the Program. The first is demonstration that faster procurement of consulting services is possible (see Section 5.1). However, the gain was primarily due to the avoided need to secure approvals required of procurement by GoV agencies. Hence, the benefit is one of demonstrating that faster procurement is possible.

A second area of potential is the planned consideration of wide-flange girders. While a very technical activity it is relevant to MOT's program of expressway investment, and it demonstrates MOT's interest and willingness to consider technical innovation. A similar comment applies to MOT's proposed Stream B Management Information Systems activities.

Next, while not changing MOT's standard approach, the Program has provided guidance on how to better address GESI, road safety and the climate change-related environment for various MOT agencies and consultants undertaking Stream A activities. This has exposed the MOT agencies, in particular PMU2, and consulting companies to increased understanding of the activities and enhanced their capacity.

Promoting gender-responsive, socially inclusive project design is a priority for Aus4Transport. The Program has been clear-eyed about the challenges, including low knowledge levels, practical experience and prioritisation. The program's approach to developing organisational capacity has been opportunistic rather than systematic to date, with short course trainings and MOT dialogue on the importance. However, with Stream B projects commencing, the processes and tools for building GESI capacity will expand and support a more coherent, connected approach.

The experience to date indicates that, as in most jurisdictions, it can be difficult to secure substantial organisational reform, especially in the short-term. While there are challenges, change is not impossible. Continued engagement with MOT, consideration of alternate ways of doing things and demonstrating the costs and benefits of them can, with good champions and windows of opportunity, allow change to occur.

The Program, and more specifically the PMC, has sought to engage with MOT and its entities so that it better understands MOT's administrative structures and procedures. It has also gained familiarity with key personnel in MOT and has been able to identify activities that can assist MOT to better undertake its work. This has been helped by the location of the Aus4Transport team office near MOT, working closely with PMU2 and the more substantial role taken by the TWG. The latter, in particular, has brought the team into close and reasonably frequent contact with personnel from a range of MOT agencies.

It seems likely, however, that the need to accelerate the Program after a slow start also required the PMC to focus on progressing individual activities at the cost of more general interaction with MOT to identify potential champions and opportunities for change. The

MTR identifies a need for the PMC to focus on engagement with senior officials in MOT to further enhance the understanding of the Program, to identify activities that support the desired outcomes of the Program and personnel who are motivated to explore new ways of doing things, and to pursue implementation of worthwhile measures. While there has been a desire to commit all Program funding to activities for budgetary reasons, it is possible that slippage and changes in commitments will provide opportunities to fund new activities that may emerge from this increased engagement.

Finally, while only terminological, reference to the Aus4Transport team as the ‘Program Management Contractor’ or ‘Program Management Consultants’ rather than a term that indicates its purpose in the Program arguably affects perceptions of it by those involved in the Program. This may cloud, and potentially diminish, its role. The Investment Design proposed the name ‘Australian Transport Advisory Group’: this or some other updated name would be more appropriate.

5.7 Program Governance and Management

5.7.1 Program Oversight and Direction

The governance arrangements have generally worked satisfactorily. In the case of the PSC, it is observed that:

- representation on the PSC has been high-level by MOT and DFAT, although not always high-level by other GoV agencies;
- continuity has been maintained to date through attendance by the same representatives of DFAT and MOT at all meetings;
- interactions between DFAT and MOT appear to have been clear and productive; and
- most discussion at PSC meetings has related to approval of activities, with less discussion of policy and institutional matters in the transport sector that the Program might address and constraints to Program activities (though a notable exception to the later was discussion related to a Partnership Brokering Workshop – see next section).

The role of the TWG has narrowed a little from the Program’s design with the absence of MDB representation. However, it has played a key role in coordinating the Program within MOT, considering proposed and reviewing ongoing activities. It appears that there is sufficient coordination with the MDBs through other means to make their involvement in the TWG unnecessary. The TWG has good representation from key MOT entities¹⁸. It

¹⁸ In addition to DFAT and the Aus4Transport team, this has included DPI, Project Management Unit 2 (PMU2), Department of Environment (DoE), Department of Science and Technology (DoST), Vietnam Inland-waterway Administration (VIWA), Transport Development & Strategy Institute (TDSI), University of Transport & Communication (UTC), University of Transport Technology (UTT), Waterways PMU (PMU-W), Cuu Long Corporation for Investment, Development & Project Management of Infrastructure (Cuu Long CIPM), Institute for Transport Administration and Management Cadres (ITM).

has, in effect, acted as the Secretariat to the PSC with the support of the PMC. It is reported that there have been three leaders of MOT's Department of Planning and Investment (DPI) during Aus4Transport. As DPI is the formal MOT partner for the Program, this frequent change of leadership has been an added challenge for the Program. There has also been turnover of representatives from some of the other MOT entities.

In addition to addressing technical matters, the TWG has more explicitly addressed challenges to the progress of the Program, including the effect of changes in MOT personnel, lack of ownership by activity owners in MOT, prolonged consultation processes, the restricted regulatory environment and financial issues such as the imposition of Value Added Tax (VAT) on some Program activities. It is appropriate that such matters be discussed and, if possible, resolved by the TWG to avoid the need to escalate matters to the PSC. Similarly, it is possible that TWG can also facilitate the resolution of matters that are internal to MOT without the need for them to be addressed by the PSC. However, it seems likely that some such matters should be considered by the PSC to secure high level commitment and endorsement.

The MTR notes that a risk with the need to address a diverse range of topics at meetings means that many topics will not be relevant to all meeting participants. This is a practical matter that meeting organisers need to manage. It also suggests that membership of the TWG be reviewed to confirm it is still appropriate and whether other entities such as the Transport Health Bureau, which has been previously engaged in social safeguard activities, should also be involved.

The MTR acknowledges that the ambition in the Investment Design for a small core Aus4Transport team to be in the MOT office has not been practical. The location of the Aus4Transport/PMC team office close to MOT is a positive outcome as it facilitates easy personal communications. Conversely, the location of personnel involved in Stream A in the office rather than in the participating PMUs (also proposed in the Investment Design), even with good telecommunications, weakens the relationship. This is exacerbated by the role of the PMC in holding contracts for activities that would usually be undertaken by PMUs. There are good reasons for these changes, but it places an increased onus on the PMC to take measures to develop links and good relationships with staff in MOT and its entities to support the successful identification and implementation of Program activities.

5.7.2 Program Remedial Initiatives

The first AQC for the Program prepared for the period February 2018 to April 2019 rated the program as performing 'Less than adequate' (i.e. on balance, does not satisfy criteria but does not fail in any major area) and hence an investment needing improvement. In response, three remedial activities were undertaken in the second half of 2019 (see ANNEX 4 for more detail). The most common actions identified in the remedial activities to improve performance were to change work practices and to introduce new Program initiatives. The identified actions were, with only a couple of minor exceptions, implemented and mostly completed. A few are continuing activities.

These measures contributed to a substantial improvement in Program performance, with the AQC rating for the investment for the period to March 2020 rising to 'Adequate' (i.e. on balance, satisfies criteria; does not fail in any major area). The MTR judges that improved practices introduced by the Program should enable this revised rating to be maintained, if not improved. There is, however, a need to avoid complacency and the re-emergence of problems.

The MTR therefore recommends that the PMC revisit the actions identified in past remediation initiatives annually to ensure relevant actions are maintained and the need for additional initiatives and actions are identified and implemented

5.7.3 Risk Management

The Program has a risk register that is reported in semi-annual and annual reports together with commentary about risk management. The content and presentation of the risk register has been refined over time and its presentation enhanced. The register contains a conventional set of information on potential risks, proposed treatments and expected outcomes. The set of risks has been refined and risk ratings and treatments updated to reflect prevailing conditions and judgements. The refinement of the risk management system over time suggests an alertness to the system and its value.

While the presentation of the risk register is sorted by the target risk rating, this lessens the distinguishing of risks by their nature. The MTR observes that categorising risks by their nature and colouring the target risk rating cells in the Risk Register according to their rating instead would aid interpretation of the matrix.

Of the 18 identified risks, five have a high risk rating, eleven are rated *medium* and two are *low*. All are acceptable other than the risk of not meeting MDB's quality standards for project preparation. Of the risks rates *high* in the 2019/20 annual report:

- i. two relate to the Program's budget, specifically the reduced available funding for Program activities due to the imposition of Value Added Tax (VAT) on some activities, and uncertainty due to the effect of fluctuating exchange rates on the Australian dollar budget;
- ii. the risk management system acknowledges that the level of political commitment to the partnership is high within MOT and DFAT but notes that differing expectations or a change in political environment within the GoV and/or MOT may lead to delays as Program priorities are discussed and revised;
- iii. Program progress can be constrained by insufficient domestic funding and slow decision-making by the GoV; and
- iv. changes in legislation may affect achievement of the project objectives.

It is judged that the remedial measures for these risks are mostly being managed satisfactorily. An area for improvement is, as noted elsewhere, the potential for the Program/PMC to seek increased interaction with MOT to allow both partners to have a better understanding of opportunities for collaboration and for the sharing of experience

and lessons. This, together with the recommendation of the MTR that expectations for institutional and policy reform (see more below) and private sector participation (see Section 5.2) be limited, should reduce the risk of differing perspectives and expectations with MOT and more generally enhance the Program's understanding of emerging changes in GoV views.

Slow decision-making and approval by the GoV, which has been evident, has been addressed by the TWG and the PSC and through continued vigilance by the PMC. Where still problematic, where for example a significant change in some aspect of MOT's standard approach to a technical or other issue is the issue, DFAT or the relevant MDB has become more directly involved.

More generally, the Program has used measures such as establishing memoranda of understanding with activity owners and building capacity in new contractors to increase understanding and certainty and hence to manage risks. These actions are appropriate, and the MTR finds no need for modifications to the system. The MTR therefore recommends that the Program continue to maintain its risk management system by revising current risks and assessments of them, introducing new measures to manage challenges to the program that might emerge and implementing measures to respond to risks that could compromise the Program.

The recommendation that expectations for institutional and policy reform and private sector participation be restricted to practical opportunities reflects a measured judgement that it is better to be a little more risk averse and to accept the likelihood of success with these activities being, at best, relatively little. Even so, the MTR acknowledges that institutional and policy reform is essential for successful ongoing development of the transport sector in Vietnam.

Reflecting this, the MTR recommendation is that reform should be pursued in an opportunistic manner, responding to occasions where change may be possible and undertaking practical activities with department level staff where occasions arise and staff show initiative and interest. It is recognised that this approach has budgetary difficulties because of uncertainty about the extent and nature of such opportunities. This would be best addressed by including a small but adequate amount as a line item in the budget for all but the final year of the Program, with any residual remaining at the end of the second last year reallocated to other Program activities in the final year. Given that all Program funding is now committed, and assuming no additional financing, substantial activity will be possible only where changes occur to currently planned activities and funding becomes available as a result.

The PMC is fully aware of the importance of social and environmental matters. It has rated the risk of GESI not being fully supported as *high* in the absence of interventions and *medium* with the risk management approach it has taken. Information provided to the MTR suggests that it has been challenging to secure the desired level of consideration of GESI in Stream A activities and the current risk rating of *medium* is questionable. Means to secure better outcomes are addressed in Section 5.3.

Environmental risks are not addressed explicitly in the risk management system, though they are implicit to risks related to the quality of project preparation in Stream A activities. While the Program does not implement any infrastructure works and hence directly face the risk of environmental damage, its Stream A activities are intended to fully address environmental matters and, with DDD in particular, ensure that design documents adequately set out environmental matters (as well as a broad set of social issues) to be taken into account during construction. The MTR recommends that environmental risks should be explicitly considered in the risk matrix, with reference to MDB requirements for Stream A activities and to any related work in Stream B, to ensure that their importance is recognised.

5.7.4 Performance Assessment

Monitoring, evaluation and learning (MEL) progress has been slower than desired. It was not until well into 2019 that development of the M&E system was initiated, though this also reflected the generally slow start to other Program activities.

An adequate M&E plan now exists. However, the slow start to the Program has limited the current extent to which evaluation and learning based on data provided by monitoring activities can be undertaken. The Aus4Transport team has drawn on lessons learned from past activities to influence ongoing activities, though this reflects practical lesson-learning rather than formal feedback from the MEL system.

The limited evaluation and learning drawing on the M&E system should, with continued focus on the activity, correct itself as the monitoring activity provides more data. The shift will also provide information that will facilitate feedback to program management, the choice of activities pursued and promotion of the achievements of the Program. The MTR recommendation that expectations for institutional and policy reform and private sector participation be reduced has implications for some of the targets in the M&E plan.

The MTR therefore recommends that the M&E plan be revised in accord with any changes to the ambitions of the Program and that best use is made of the increasing understanding that the M&E system will provide.

5.8 Sustainability

A sustained improvement in transport infrastructure investment in Vietnam requires that the Program results in improvements that will be continued after it ends. As indicated in Section 5.5, the Program is reinforcing existing approaches and standards for preparation of MDB projects, and is introducing new approaches through Stream B. MOT is displaying interest in some of the innovations being introduced through the Program, for example testing wide-flange girders, introducing improved pedestrian facilities on bridges, adapting designs to take into account potential climate change impacts, and improved approaches to project and asset management.

The three, GESI-related Stream B projects offer prospects of lasting impact, to varying degrees. Institutionalising training on GESI-responsive design through the ITM curriculum

is a smart step. It will raise the baseline of MOT knowledge of GESI concepts and lend it legitimacy by being in the mandatory State Policy and Project Management courses. The ESIA project, by distilling the plethora of relevant standards and regulations into a single handbook, will direct consultants to understand their GESI-responsive social safeguard obligations. The Accessible Transport Services (ATS) pilot will educate selected provincial officials and the public on standards and the need for universal design. Leadership for these initiatives comes from within MOT agencies, and these officials ultimately have more direct channels of influence than external advisors. Lastly, the program's support to professional events for women across MOT also has the potential to be self-sustaining if it can evolve into a network, generate some common goods like training and information, and be endorsed in the next Committee for Advancement of Women (CAW) Action Plan.

Even with the best of intentions, MOT faces challenges in securing ongoing reform and sustainable improvement. In particular, MOT: (i) must still work within GoV guidelines for the procurement of project preparation services; (ii) must meet GoV requirements for preparation of domestic projects and MDB guidelines for investments that they fund, but with a reluctance to invest in a broader scope of activities than is strictly required; and (iii) secure additional domestic funding to replace Program support at the end of the Program.

Actions identified by the MTR that could improve the sustainability of the Program are:

- i. secure a clear understanding with the MDBs about the minimum scope of social and environmental safeguards work that is needed in PFS, FS and DDD studies to meet their relevant policy requirements;
- ii. determine the extent of additional project preparation requirements that the Program considers is needed to meet regional best-practice and lessons learned from past and current work by DFAT and the MDBs;
- iii. as is being initiated in a proposed Stream B activity, identify the costs and benefits of enhanced examination of social and relevant environmental matters, specifically climate change related, and convincingly demonstrate the value to MOT, and the GoV more generally, of adopting them;
- iv. extend the duration of the Program to allow more time for MOT to gain confidence in, and ownership of, the work being undertaken and to adopt improvements;
- v. support MOT to gain increased funding from other sources to reduce the risk of an abrupt end to the improved conduct of these activities at the end of the Program; and
- vi. engage in dialogue with MOT about an improved approach to managing its now-extensive asset base, to ensure that assets are managed for long term sustainability in an economically and financially effective manner, drawing on the experience of regional countries that have such systems in place.

5.9 Program Duration

The Program is presently scheduled to end in December 2021¹⁹, leaving one year from now to consolidate and build on what has been slowly achieved to date. An extension of the Program, with additional resources, would be beneficial, for the reasons summarized below:

- i. The Program is now working effectively, at relatively small cost, and is allowing Australia to make a positive contribution to Vietnam's infrastructure development, a significant element of the Australia-Vietnam partnership.
- ii. Reflecting the comments above, desirable changes in technical and institutional aspects of MOT's operations will be relatively slow and incremental but can be achieved, with adequate time, patience and resources.
- iii. Several of the ongoing activities, Stream B in particular, cannot be completed within the current period. The proposed Stream A Inland Water Transport (IWT) Project could not be commenced.
- iv. Any new Stream A or Stream B activities would most likely have schedules extending beyond the end of the current period.
- v. For the ADB-financed Northern Mountains Project, the project financing agreement between the GoV and ADB sets out a role for DFAT support in the project's non-engineering components, including awareness programs for HIV/AIDs, road safety, human trafficking, and vehicle axle load control. If these programs are intended to extend into the project's 3 to 4 year construction schedule, DFAT's involvement, perhaps in parallel with and supporting the project's supervision consulting services, perhaps by cofinancing these services, could continue for a considerable period. It is understood that discussions are proceeding about this, with a possible budget requirement of about AUD1.2 million.

Reflecting these considerations, and also noting the need to take into account the possibility of institutional and other changes arising from political events that will occur in 2021, including the forthcoming 5-year NESDP and the new Medium Term Investment Plan, the MTR suggests a two-stage Program extension. The second longer extension would be subject to several pre-conditions, as set out below.

The first stage would extend the Program by 12 months, to 31 December 2022, to allow for completion of most of the ongoing activities and possibly the commencement and completion of additional smaller Stream B activities, yet to be determined.²⁰ This extension would probably not be sufficient for the proposed IWT project, meaning it

¹⁹ The PMC contract ends in December 2022 but could not continue past early 2022 without a Program extension.

²⁰ The MTR suggests that the PMC arranges a workshop of relevant parties – MOT and its agencies, the MDBs and perhaps bilateral agencies active in the sector, with some community involvement – to prepare a long list of possible Stream B activities.

could not commence. For this extension, given the short duration, there would not be fundamental changes to the Program as it now exists except, subject to the availability of additional funding, an extension of the PMC's GESI specialist and the intermittent inputs of an international road safety specialist. The current PMC contract extends until December 2022.

The second stage extension could be for an additional 5 years, as discussed and agreed, based on a comprehensive refreshed Program design, building on the achievements to date and the outcome of the M&E program. Note however that MOT would need to provide DFAT with an initial set of proposals for new Stream A activities, since these are the highest cost.

Two strategic matters need to be considered in a future program:

- The first recognises that debt-ceiling restrictions, the transition from concessional MDB financing, COVID-19 recovery, and other factors might suggest that a future Stream A program focusing primarily on MDB-financed projects could be limited. This would need to be ascertained before processing of the second stage extension commenced.
- Second, the current Program focusses on improved project preparation, with implementation being the responsibility of others. An option is to extend the work to implementation. As full project implementation would often extend beyond the duration of the proposed extension, a focus could be on the first year or two of implementation to ensure higher standard designs, and related non-engineering aspects of those designs, are implemented as planned and are sustainable beyond the end of the Program's support.

The schedule for preparing and obtaining approval for this extension could be last quarter 2021 (subject to the first stage extension being agreed) through to mid-2022, so that the Program extension would commence in January 2023. This extension would require the DFAT-financed PMC's contact to be extended from 1 January 2023 to 31 December 2027. The scope of these additional services would be defined and negotiated with the PMC in the latter part of 2022. This approach assumes that the present PMC contract could be extended for the proposed 5-year period, a matter on which DFAT may need to seek Government of Australia advice prior to the completion of this MTR.²¹ This would be the preferred approach, since changing the PMC in mid-Program would be extremely disruptive.

The additional funding required for these extensions will be quantified once there is an agreement between GoV/MOT and GoA/DFAT that the extensions should proceed and what their scopes should be. For the purpose of this review it is assumed that the scopes would be broadly as set out below. The costs indicated are indicative, based on present Program costs, and would be refined as part of the extension preparation and approval process. The possible sources of funding would also be identified during this process.

²¹ DT Global's concurrence would also be required.

Initial Extension – 12 months:

- i. PMC operations (no additional cost; PMC contract extends to 31 December 2022)
- ii. Complete existing Stream A and Stream B activities (no additional cost)
- iii. Commence and largely complete the Stream A IWT activity (no additional cost but if this does not proceed Program funding would be sufficient for the additional activities (iv) and (v) below)
- iv. Extend the GESI Specialist’s contract and expand GESI inputs for Stream A and Stream B activities (AUD250,000)
- v. Add an intermittent international road safety specialist to the PMC and consider also adding some initial PPP capability (AUD60,000)

Second Extension – 5 years tentatively

- i. PMC operations including Compliance Management Team (total AUD12-15 million)
- ii. Stream A activities – assume 3 new projects (total AUD10-15.0 million)
- iii. Stream B activities – assume 10 new activities, small and large (total AUD5-10 million)
- iv. Training and capacity development activities, including study tours for as examples PPP operations, asset management, accessibility, etc (total AUD3.0 million).

The agreement for the second stage program should contain a provision that “ring fences” at least part of the PMC-related resource envelope to ensure that there some reserve of funding available to address unexpected circumstances or subsequently identified activities or directions. The present Program suffered to an extent from MOT’s insistence that most of the funding be fully allocated to specific project-related activities.

6. CONCLUSIONS AND RECOMMENDATIONS

This section summarizes the MTR's conclusions and its resulting recommendations where appropriate, based on the assessment and observations set out in Section 5.

6.1 Overall Conclusions – Strategic Level

1. **Overall Assessment:** After a protracted commencement, the Program is well-established and apparently effective. Two Stream A and six Stream B activities are progressing or soon to commence, the latter aligning well with the GESI and innovation focus of the Program.
2. **Program Relevance:** The Program remains relevant. Its ability to improve project preparation schedules and quality aspects have been demonstrated. This will remain so since, even if public debt constraints reduce funding for the transport, the funding levels will still be substantial, and the technical and other improvements the Program has the potential to introduce to MOT's operations will be beneficial.
3. **Program Logic:** An aspect of the Program's logical premise, that faster and better project preparation could lead to an increase in funding for the transport sector is probably less compelling that it might have been prior to public debt constraints but, in this constrained resource environment, this might support MOT having a larger resource envelope than might otherwise be the case.
4. **Program Modality:** The Program's established approach of the PMC selecting and managing DDD and other consultant services is appropriate and should remain. In addition to improved schedules, it acts as a single focal point for quite different Program activities across MOT, its PMUs and other agencies, and MDB and other funding agencies. There is no other entity available that can do this.

6.2 Overall Conclusions – Operational Level

1. **Private Sector/PPP:** There appears to be limited scope for the Program to support substantial transport sector PPP operations. However, support to MOT on an opportunity basis could be useful, including for possible PPP concessions for operations and maintenance of the North-South Expressway and for providing support for the preparation of enabling circulars and regulations for the recently-passed PPP law.
2. **Technical Standards:** The Program's innovation focus was intended to support MOT's adoption of more current technical standards for road design. MOT's internal approval systems, and its existence as part of the GoV where MOC dominates much construction related activity, makes progress with this unlikely. Essential improvements, for example for road safety, climate change mitigation, etc, may require intervention by development partners – DFAT, ADB, World Bank, JICA, etc. Over time, probably considerable time, some changed technical aspects

might become standard practice. The potential benefits are worth remaining engaged for.

3. **Project preparation processes:** The FS-based approval process to which MOT is required to comply will not change soon, if at all. DFAT and other development partners will need to understand the process and manage their operations accordingly.
4. **Program Sector Focus:** The focus should remain MOT-level transport sector activities, which include the road, inland water, railway, civil aviation, and ports sub-sectors for MDB or possibly other funding agencies projects.
5. **Stream A Safeguards Activities:** MOT, PMU and PMC understanding of the financing agreement requirements regarding some safeguards elements, such as awareness campaigns for HIV/AIDs, human trafficking, road safety, etc, should be improved, which will require interaction with the relevant MDBs.
6. **DFAT's Role:** On a needs basis, DFAT should continue supporting the PMC for matters that are essential but are difficult for MOT or the PMUs because they are not aligned with regulations, or for other reasons. Examples have been road safety, climate change, safeguards elements as above. For this, DFAT would require access to relevant specialist support including, it is suggested, a specialist who could undertake brief regular, perhaps quarterly, PMC oversight activities on DFAT's behalf.

6.3 Gender Equality and Social Inclusion

1. GESI-responsive project preparation for the Program reflects DFAT's policy prioritisation of gender equality and women's empowerment, and disability-inclusive development. However, it has a high degree of overlap with MDB corporate strategies and safeguard frameworks relating to gender mainstreaming, disability inclusion and impacts on indigenous and ethnic minority peoples – over which PMC influence is ultimately limited to collaboration.
2. The Program as it is now being implemented has advocated for GESI, adjusted to overcome constraints, and some measures of GESI success are now discernible.
3. Under Stream B, three GESI-related projects have been approved. Collectively, these projects support pilots, knowledge products and skills on international GESI guidelines and practices. They represent about 48% of the total budget for Stream B.
4. GESI-related resource constraints do exist. The GESI Specialist's position is funded only until August 2021 and is at present restricted to Stream A activities. GESI resourcing is not currently commensurate with GESI expectations. Additional resources, for the specialist's inputs and supporting activities, and in extending the specialist's involvement to the Stream B activities, are required and should be considered in the suggested Program extension.

5. There are GESI-relevant benefits to be gained from extending the Program's and the PMC's collaboration with the MDB's, to begin a process of socialising GESI across all MOT's externally financed operations.
6. Integrating a greater focus on GESI into project preparation would be greatly assisted if the process could commence at the pre-FS and FS stages, when important and largely fixed project design elements are being designed. This reduces the difficulties the Program has encountered in introducing GESI and other "non-standard" activities at the rather late DDD stage.

6.4 Road Safety

1. The Program's Stream A road DDD activities, both ongoing and possible in future, require more attention than they have been receiving to date, to comply with current internationally accepted standards. Since road accidents typically cost a country at Vietnam's level of development 2 to 5% of GDP this is a situation that the Program, and MOT more generally, should address. Specifically, the needs of non-motorized vehicles and pedestrians
2. To do this, the PMC needs to ensure that the scope of Stream A DDD activities includes more focus on road safety, and that its specialist staffing resources include the required inputs of a well-qualified international road safety specialist.
3. For the ADB-financed Northern Mountains Project, DFAT will provide as a Program Stream B activity, a road safety awareness campaign for communities along the project road. The benefit of this would be much reduced if the road that the communities will use is itself not safe.
4. It is not apparent that a similar activity is planned for the World Bank-financed Central Highlands Project.

6.5 Policy Reform

1. The MTR confirmed that MOT's, and the wider GoV's, policies relevant to project financing, preparation and implementation are deeply held and difficult to change. Reform, no matter how essential or beneficial, will always be challenging.
2. The scope for the Program to effect large scale reform in any aspect of the transport sector is thus limited but it, though the Program should expand its interactions with MOT leaders to identify where reform is possible and how it might be carried forward.

6.6 Organisational Development

1. The reality of securing substantial organisational development to date has been challenging for the Program's important objectives, to (i) bring better prepared proposals and concepts more rapidly to implementation; and (ii) adopt innovations in procedures that improve project development. The first of these has had some success, but the second much less so.

2. An underlying cause for this situation, beyond the need to closely follow the relevant regulations, procedures, etc, is risk aversion. There are few benefits for individuals to pursue change and many risks for them if they do so.
3. The implications for the Program are that “non-standard” activities, such as GESI, road safety innovations, climate change impact mitigation, DDD consultant contract management in accordance with the terms of their contracts, will always be difficult to have accepted and implemented. Nonetheless, these will benefit the sector and the Program should continue to pursue them as opportunities, and potential MOT champions, are identified.

6.7 Program Governance and Management

1. The present **governance and management structure**, comprising the PSC, TWG, and PMC, appears to be functioning as intended and does not require significant change. Its effectiveness would be enhanced if the PMC focuses more attention on establishing relationships with higher MOT levels, where policy issues and possibly change could be more possible. For this purpose, the PMC could benefit from the occasional inputs by an international institutional reform specialist.
2. **Remedial actions** undertaken following the initial unsatisfactory AQC (2018-2019) resulted in substantial Program improvements. The specific matters addressed as part of these remedial actions should be revisited by the PMC at least annually to ensure that the gains achieved to date are sustained and built on.
3. The Program’s has a comprehensive and largely effective **risk management** system that has been updated and is reported on regularly. However, more attention would be beneficial for risks related to presently less well addressed risks, including the Program’s GESI focus, social aspects more broadly, environmental aspects related to climate change impact mitigation, and possibly road safety.
4. The Program has an adequate M&E plan, although the Program’s slow start has reduced its usefulness to date, a situation that will improve as the Program moves forward. The plan will require some revision to reflect the changes in the Program focus, for example less private sector and institutional reform, more GESI, road safety and others.

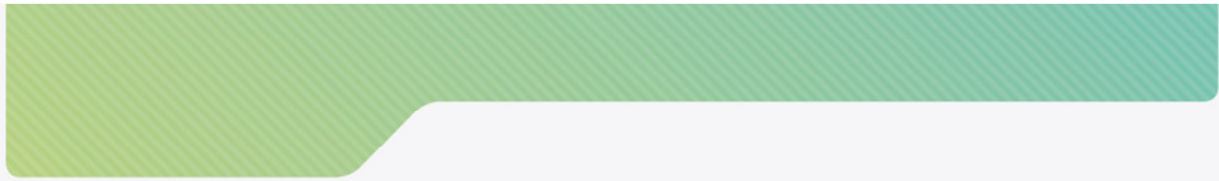
6.8 Sustainability

1. **There are some signs of potential for sustained improvements.** The Program is reinforcing existing approaches and standards for preparation of MDB projects and is introducing new approaches. MOT is displaying interest in some areas and hence offering prospects for lasting change. However, the extent of potential change is constrained by the factors such as those outlined above.
2. **Actions can be taken to enhance the prospects for sustainability.** The actions involve understanding opportunities for change, demonstrating the options for

and merits of change, extending the Program and assisting MOT to prepare for an eventual winding down of Program financial support.

6.9 Program Duration

1. The Program's present termination date is 31 December 2021, although the PMC contract extends until 31 December 2022.
2. The Stream A Northern Mountains Project DDD, some of the ongoing Stream B activities, and the proposed Stream A Inland Water Transport DDD, are unlikely to be completed by the Program end, as now exists.
3. A Program extension is suggested, to
 - a. allow these activities to be completed;
 - b. allow new similar and perhaps different activities to commence and be completed with reasonable schedules;
 - c. cover the period required for the DFAT-committed Northern Mountains Project non-engineering aspects to be implemented effectively; and
 - d. of strategic relevance, (i) build on what the Program has achieved to date, and over time expand its value to MOT and to the GoV – GoA relationship that has historically had a foundation in infrastructure support; and (ii) continue the Program's role as a unifying linkage that otherwise does not exist among MOT, including its PMUs and agencies, and the MDBs and other external financing sources that are engaged in the transport sector.
4. A two-stage extension is suggested, subject to the comments and pre-conditions set out in Section 5.9, the first for 1 year to 31 December 2022 and the second for 5 years to 31 December 2027.
 - a. The first extension would reflect most the provisions of the existing Program design, with some amendments to reflect experience to date and, subject to financing: (i) additional resources, for GESI, road safety, possibly PPP, etc; and (ii) at least the initial resources required for the Northern Mountains Project non-engineering activities.
 - b. The second extension would require an extensive design refresh process or depending on the extent of changes from the original design, a completely new design. Dialogue between DFAT and MOT/GoV would be necessary to determine whether to proceed and if so, what approach would be appropriate.
5. Subject to agreements, the first stage extension approval should be obtained by the last quarter 2021, to allow the current activities with changes and additional resources if possible, to continue without interruption to the end of 2022. The second stage extension approval process could commence in late 2021 for completion by mid-2022, so that the extended Program could commence from January 2023 without interruption.



ANNEX 1: STAKEHOLDER MEETINGS AND PEOPLE MET

Date	Time	Who to meet	Title	Organization
20-Oct	8:30 - 9:30	Robin Bednall	First Secretary-Economic and Development Cooperation	DFAT Team
		Vu Duc Cong	Senior Infrastructure Manager	DFAT Team
		Doan Thu Nga	Senior Safeguards Manager	DFAT Team
	10:00 - 14:00	Jean-Marie Lacombe	Team Leader	Aus4Transport Team
		Freddy Salvador	Deputy Team Leader	Aus4Transport Team
		Nguyen Nam Phuong	Operations Manager	Aus4Transport Team
		Nguyen Thanh Hang	Project Development Specialist	Aus4Transport Team
		Ken Thomason	Senior Highway Engineer	Aus4Transport Team
		Melissa Collins	GESI Specialist	Aus4Transport Team
		Trinh Xuan Lam	Transport contract and Procurement officer	
16:30 - 17:30	Frank Maiolo	DT Global Representative		
	Nguyen Thanh Phuong Ngo Van Minh	Vice Rector Vice chief of International and Development Research section	Institute of Transport Management Cadre University of Transport & Communications	
21-Oct	9:00 - 11:00	Nguyen Anh Dung	DDG	DPI, MOT
		Tran Thi Thanh Thuy	DDG	ICD, MOT
	14:00 - 15:30	Le Truong Son	Senior Officer	Foreign Economic Relations Dep. MPI
22-Oct	13:30- 15:30	Le Thang	Acting Director	PMU-2, MOT
23-Oct	8:15 - 9:45	Takeshi Fukayama	Task Team Leader	ADB Vietnam Resident Mission
		Nguyen Thanh Giang,	Senior Social Development Officer (Gender Specialist)	ditto
		Nguyen Danh Khoa	Senior Transport Officer	ditto
	14:00- 16:00	Nguyen Chi Kien	Central Highland Connectivity Task Team Leader	World Bank
		Nguyen Thang	Social specialist (via email)	World Bank

Date	Time	Who to meet	Title	Organization
26-Oct	9:00 - 11:00	Nguyen Thi Thu Hang Nguyen Phuong Hien	DDG DDG	DOE, MOT TDSI, MOT
	13:30 - 15:30	Nguyen Xuan Lam Nguyen Thi Thanh	DDG Deputy Chief, Technical and Appraisal Section	PMU-W, MOT PMU-W, MOT
	15:30 - 17:00	Le Kim Thanh	DG	PPP Department, MOT
27-Oct	9:00 - 11:00	Murakami Kota Tran Thi Minh An	Leader of Transport Team Senior Program Officer of Transport Section	JICA JICA
	14:00- 15:30	KIM, Jae Hwa Le Phuong Anh	Chief Representative of EDCF Viet Nam Office Senior Portfolio Officer	EDCF, Korean Eximbank ditto
28-Oct	8.15 - 9:00	Donald Lambert	Principal Private Sector Development Specialist	ADB Vietnam Resident Mission
		Nguyen Danh Khoa	Senior Transport Officer	ditto
29-Oct	14:00 - 15.00	Le Quang Dao	DDG	VIWA, MOT



ANNEX 2: STREAM A AND STREAM B ACTIVITIES

I. Stream A On-going Activities Progress

Activity	Progress during Reporting Month	Disbursement during Sept 2020	Cumulative Disbursement as of 30 Sept 2020	Comment
Central Highlands Connectivity Improvement Project DDD	<ul style="list-style-type: none"> Field surveys completed. Survey reports to be finalized. TCQM initial feedback and later approval for CW3 & 4A was expected in September and now delayed to October 2020. Sign off for other packages required in October 2020. Engineering design for non-priority packages CW5, 6 & 7 submitted in late August and early September. CW1, 2 & 4B expected in October 2020. Agreed approach to climate change resilience and traffic safety (pedestrian bridge crossings) with WB and MOT has been submitted on 14 August 2020 and is awaiting official approval. The Updated Resettlement Action Plan (iRAP) for Binh Dinh province endorsed by WB's on 17 September 2020. Updated ESIA / ESMP endorsed by WB on 23 September 2020. Submitted to MOT for final approval. Guidance Note on Labour Influx and EMDP submitted to WB and PMU2 for review on 17 September and 25 September, respectively. 	No disbursement	AUD 1,556,354	Project deliverable expected to be completed by end of October 2020. Need to extend the period of services through a contract variation.
Northern Mountain Provinces Transport Connectivity Project DDD	<ul style="list-style-type: none"> Field surveys (except the traffic surveys) completed. Survey Reports to be finalised. PMU2 sign off expected in October. On 31 August ADB endorsed the PMU2-proposed new Procurement plan from 7 ICB to 11 NCB packages. Engineering Design for NCB P8 & P9 were resubmitted on 24 August, following Procurement Plan dated 31 August, as instructed by PMU2. 	No disbursement	AUD 2,768,948	Entry of six International experts (Highway, Geotechnical/Pavement and Material, Hydrology/Hydraulic and Bridge/Drainage, Engineers and Axle Load and Road Safety and Senior Environmental Specialists) to Vietnam in process.

- Stakeholder social safeguards training completed with the training in Lao Cai and Hanoi undertaken 17 and 25 September 2020. Report to be submitted in October.
- ADB and PMU2 agreed in principle to use the Government approved Resettlement Framework's Project GRM and Entitlement Matrix. ADB confirming compliance.
- Change in the procurement plan would entail additional costs estimated by SMEC at about USD0.76 million.
- Extra funds will be required to cover provisional sums for the Socioeconomic survey, preparation of a Replacement Afforestation, MOT agencies field work expenses and noise modelling, estimated by SMEC at about USD0.38 million in total.

Decision to move NCB packages has an impact on the time and cost of the DDD contract and will require a contract variation.

Additional costs to be discussed further with PMU2 and DFAT prior to negotiations with SMEC

II. Potential Stream A Activities

Activity	Progress in Reporting Month
<i>Central Mekong Delta Connectivity Project (CMDCP) - Collector Roads Upgrading (ADB)</i>	<ul style="list-style-type: none"> • At meeting with DPI on 21 September, DPI advised PMU My Thuan (previously Cuu Long CIPM) that Collector Roads activity is no longer feasible and recommended to prepare proposal for Component 5 of the CMDCP project. PMU My Thuan will report back.
<i>Southern Waterway Logistic Corridors Project (WB)</i>	<ul style="list-style-type: none"> • Both EGIS and CEDA technical evaluations completed. Both Financial quotes are higher than estimations. JEC will first invite CEDA to contract negotiations on 1 October 2020. • MOT provided additional clarifications in 15 Sep 2020 on MPI comments on the Project Proposal. Expecting MPI report to P.M by early October 2020.

III. Stream B On-going Activities Progress

<i>Activity</i>	Progress during Reporting Month	Disbursement during Sept 2020	Cumulative disbursement As of 30 Sept 2020	Comment
<i>Environmental and Social Benefits and Costs of Transport Infrastructure Projects (ESIA)</i>	<ul style="list-style-type: none"> • Technical workshop chaired by V.M Dong on 31 August 2020 on the Appraisal Report including Good International Practices (GIP) findings and recommendations to be applied to TCCSs. • Technical meeting between DoE and ESIA Team reached consensus on Good International Practices (GIP) on 8 September 2020 • Technical meeting chaired by DoE reached consensus with DRVN, VIWA and VNRA on GIP and TCCSs' detail outlines on 18 September 2020. • All specialists mobilized. DOE confirmed no requirement to mobilise environmental economist. • ESIA Team spent much time during September to support sub-agencies to follow TCCSs review and appraisal procedure required by Vietnamese regulation. • Team re-structure will commence 1 October 2020, to focus on TCCS development with a manager overseeing three coordinators (one for each of the three subsectors). 	AUD 8,773.25	AUD 217,711	Draft TCCSs will be sent to DOE and sub-agencies for review by end of October 2020. Activity implementation about 3-months behind schedule.
<i>Transport Infrastructure Project Database and Portfolio Management System (TPMIS)</i>	<ul style="list-style-type: none"> • Following the conclusion of the kick-off meeting with MOT Task Force Team held on 27 August 2020, TPMIS compliance Team and GROOO has conducted technical meetings with MOT's ICT, DPPP, DOF, DPI and TCQM to update the MOT current structure and requirements. 	No disbursement	No disbursement	Activity commencement 1 month delayed, which means the second year's commissioning period is expected to end by February 2023. Aus4Transport aims to

	<ul style="list-style-type: none"> Workplan under revision reflecting MOT current requirements. 			manage this using bank guarantees.
<i>Capacity Building on GESI and Sustainable Project Management in Transport Sector</i>	<ul style="list-style-type: none"> Revised inception report including the updated workplan endorsed by ITM on 14 September 2020. Contract budget under revision to reflect QUT's online delivery, due to COVID-19 travel restrictions. IMT will submit proposal to upgrade their training facilities to meet online training requirements. MOF feedback received by 17 September 2020. ITM will submit Activity document for MOT approval considering budget revision by early October 2020. 	No disbursement	No disbursement	MOT will follow up with MOF for feedback as part of GoV approval process.
<i>Integrated Management Information System to support Inland Waterway transport improvement (IW-MIS)</i>	<ul style="list-style-type: none"> VIWA and Aus4Transport to conduct evaluation of National Senior Web Development Specialist. Interviews expected in early October 2020. MOT received MOF and MPI comments on Activity document on 24 September. VIWA will submit Activity document for MOT approval by early October 2020. 	No disbursement	No disbursement	
<i>Capacity building for transport authorities to enhance inclusive accessible transportation</i>	<ul style="list-style-type: none"> National consultant under shortlisting process. International consultant recruitment ongoing. 	No disbursement	No disbursement	Recruitment expected to be completed in October 2020
<i>Assessing Wide Flange Girder Technology for Transport Infrastructure Projects</i>	<ul style="list-style-type: none"> RfEOI to be advertised by early October 2020. MOF feedback was received on 17 September 2020. UTC submitted Activity document to MOT on 25 September 2020, expecting MOT approval by early October 2020. 	No disbursement	No disbursement	DPI, MOT/PMU2 to confirm posting of the notice for EOI.

IV. Potential Stream B Activities Progress

Activity	Progress during Reporting Month
<i>Contributing to practical Application of Building Information Modelling (BIM)</i>	<ul style="list-style-type: none"> DPI, UTT and TCQM will finalize activity documentation, including implementation arrangement for submission to TWG 12. ADS and AER to be finalized by Aus4Transport upon conclusion of TWG 12.
<i>Northern Mountain Provinces Transport Connectivity – Support to the implementation of Non-Engineering Component</i>	<ul style="list-style-type: none"> Activity commencement will be dependent on completion of the NMPTCP DDD. Activity outcomes and implementation arrangements currently being discussed between Aus4Transport and DFAT. Activity documentation to be prepared and submitted to PSC for approval in November 2020.

V. Program Governance

Activity	Progress during Reporting Month	Comment
<i>TWG Meeting</i>	<ul style="list-style-type: none"> The 12th TWG meeting expected on 2nd October 2020. Agenda and related documentations submitted to DFAT and DPI on 25 September 2020. 	
<i>PSC Meeting</i>	<ul style="list-style-type: none"> Tentatively scheduled in the last week of November 2020 after completion of the MTR. 	
<i>Partnership Workshop</i>	<ul style="list-style-type: none"> Partnership workshop recommendations being monitored. 	
<i>Standard Operation Procedures</i>	<ul style="list-style-type: none"> No changes identified. 	
<i>Monitoring and Compliance Team</i>	<ul style="list-style-type: none"> No changes. 	
<i>Brief Transport Sector Assessment (BTSA)</i>	<ul style="list-style-type: none"> DFAT and Aus4Transport meet on 19 August 2020 to align and direct the three inter-related activities namely the BTSA, Reflection Workshop and Mid-Term review. BTSA to focus on Sector update and impact on Selection Criteria. Aus4Transport to implement. Recruitment of the BTSA Phase 2 National Specialist ongoing. 	
<i>Reflection Workshop</i>	<ul style="list-style-type: none"> RW interviews completed on 25 September 2020. Data collation and analysis to follow. RW expected to be held before 16 October 2020. 	

Activity	Progress during Reporting Month	Comment
<i>Mid-Term Review</i>	<ul style="list-style-type: none"> • DFAT reported engagement of specialist almost completed. • MTR expected to start on third week of October. Aus4Transport could provide videoconference facilities. 	

VI. Issues

COVID-19-related Issues

The provisions of services under both the Aus4Transport Program and the two ongoing Stream A activities are still significantly impacted by the pandemic. The Program Team Leader is stranded overseas. Aus4Transport is seeking assistance from PMU2 for facilitating the Team Leader’s return to Hanoi in late October 2020. Meanwhile the Team Leader provides home-based support to the Hanoi Team.

Stream A Activity Issues

NMPTCP- PMU2 Decision to procure the civil works through NCB will have time and cost implications on the DDD contract and will require a contract variation which is likely to result in an increased contract price above the Government-approved budget of USD4.50 million. The scope of the anticipated variation will be discussed with PMU2 and the proposed variation cost will be negotiated with the DDD Consultant in early October.

Delay in approval of iRAP training will have significant impact on contract completion and although the training will be effective and possibly sustainable, the timeliness of training will mean that the knowledge learned will not be applied to at least one of the DDDs.

PMU2/TCQM approval of the Priority Sections DDD for CHCIP is delaying payments to the consultant and the bidding process for the civil works packages.

ANNEX 3: INVESTMENT DESIGN AND OUTTURN

The key features of the Aus4Transport Program set out in the Investment Design Document (for which Quality Assurance was completed on 4 October 2017) are shown in the table below, together with the current approach to each feature and comments on changed features and the continuing relevance of unchanged features.

Key Features of the Investment Design	Current Approach	Comment
Goals and Outcomes		
Program Goal: Increased investment in Vietnam's transport infrastructure, leading to an enhanced transport system that supports economic growth and poverty reduction	Unchanged	Remains relevant
End of Program Outcome: Faster project development and improved quality of transport infrastructure making use of funding from all financial sources	Unchanged	Remains relevant
Intermediate Program Outcomes: (i) MOT bringing better prepared proposals and concepts more rapidly to implementation drawing on innovative and comprehensive approaches; and (ii) MOT adopting innovations in policies and procedures that lead to improved project development	Unchanged	Remains relevant
Stream A: Facilitating Project Development		
Provide funding and technical expertise to support the improvements to pre-feasibility studies (PFS), feasibility studies (FS) and detailed engineering design and documentation (DDD) undertaken by MOT to develop high quality projects that can be brought to implementation more rapidly than currently occurs. Specifically:	Being implemented, with a focus on DDD	Remains relevant
(i) expand the scope and detail of PFS and FS activities for projects to be supported by international financiers (MDBs and potential private sector investors), also taking account of GOA priorities	No PFS or FS undertaken to date, but a FS is proposed	Remains relevant
(ii) finance a share of DDD activities so that these activities can commence earlier than would otherwise be the case, leading to speedier commencement of construction	Finance entire cost of DDD, including intention for full consideration of social and environmental considerations	Revised approach is more straightforward and comprehensive

Key Features of the Investment Design	Current Approach	Comment
(iii) provide quality assurance reviews for other projects as requested by MOT	No such activities undertaken	Low probability of occurrence but remains relevant
Stream B: Unlocking Opportunities through Innovation		
Provide support for project development through revised policies, guidelines and practices, testing new concepts, and addressing bottlenecks in project development and financing. Initially identified activities:	Implementation of activities delayed. Proposals awaiting implementation.	Remains relevant but ambitious
(i) develop and support tools that can be used to expand and enhance PFS and FS activities	Several activities focussing on DDD but relevant to PFS and FS	Remains relevant
(ii) identify opportunities to encourage new methods of contracting, making better use of contractors to promote innovation and using construction projects to support the development of capacity in local populations	No action	May be too ambitious
(iii) support the small number of professional women in MOT and encourage an increase in their number and enhanced roles for them	Small activities, though not funded by A4T	Need more focussed program
(iv) identify opportunities to refine engineering design standards and price norms that govern project development	No activities	Need a revised approach
(v) identify bottlenecks and other constraints to the use of PPPs in the transport sector and potential solutions drawing on international experience and Vietnamese conditions	No activities	Need a revised approach
(vi) implement gender and disability mainstreaming in project development and in MOT more generally	About 60% of Stream B activities are related to GESI. Patchy implementation of GESI and other non-engineering elements in Stream A activities	Need renewed emphasis
Governance		
Project Steering Committee (PSC) that will:	PSC established	
(i) comprise a representative from each of MOT, Ministry of Planning and Investment (MPI), Ministry of Finance (MOF), Ministry of Construction (MOC) and DFAT	Has occurred, other than MOC is not a member	Remains relevant given limited opportunity for reform in topics related to MOC

Key Features of the Investment Design	Current Approach	Comment
(ii) ensure that activities selected for inclusion in the Program meet the specified selection criteria	PSC has reviewed and proposed Program activities	Remains relevant
(iii) approve and guide Program activities, and review of Program performance and effectiveness	PSC has approved Program activities and sought to address Program constraints. Delayed M&E has limited performance review	Remains relevant. Would be supported by increased consideration of strategic concerns and opportunities
(iv) meet formally at least every six months (and out-of-session and informally, as required)	Has occurred	Remains relevant
A Technical Working Group (TWG) to:	TWG established	
(i) comprise a representative from key participating groups in MOT, and other key agencies such as ADB and the World Bank in addition to DFAT	Representation only from MOT participants and PMC staff	Change is appropriate given alternative means for coordinating with MDBs
(ii) provide guidance and facilitate coordination of Program technical activities with those of other key development partners	Has focussed on internal MOT and inter-agency coordination, and support for the PSC	Change is appropriate given coordination challenges
(iii) meet at least every 6 months and more often when needed	Has met more frequently	Valuable group
Program Management		
To be implemented by a Program Managing Contractor (PMC)	PMC engaged and operational since July 2018	
A small Australian Transport Advisory Group (ATAG) to be responsible for program direction, program and activity management and program administration	PMC acts as the ATAG. Staffing needs for the PMC in Hanoi has increased as more detailed work is undertaken by members of the group.	Change is generally appropriate given other Program revisions. Potential to rename Hanoi team to give it a clearer focus and role.
The PMC to staff the ATAG and source specialised technical advisors and other sub-contractors to undertake Stream A and Stream B technical activities	PMC acts as the ATAG and engages other specialists as needed	Remains relevant

Key Features of the Investment Design	Current Approach	Comment
The ATAG to be located so that its staff can develop a close working relationship with MOT leadership and with personnel in MOT departments and their related agencies, with Stream A activities located in PMUs	PMC office located close to MOT. PMC staff involved in Stream A activities located in PMC office but maintain close communications with PMUs	Change is appropriate given other Program revisions.
Monitoring, Evaluation and Learning		
M&E premised on the ability to demonstrate new approaches for improved project development and through the demonstration of innovative new approaches	M&E plan designed and implemented.	Revisions to Program focus necessitates review of the M&E plan. Long project cycle times makes assessment of Program outcomes difficult.
DFAT to engage independent technical advisors to review the performance of Aus4Transport drawing on the results of M&E activities	Late initiation of Program activities and M&E results in limited opportunity for evaluation and learning to date	Mid-Term Review to undertake a broad assessment
Risk Management		
Aus4Transport considered to be a relatively high-risk investment for DFAT	Remains the case	Reduced ambitions for the Program could lessen the risk
Key risks revolve around the availability of domestic finance to support interventions and investments, institutional capacity and the implementation model of Aus4Transport	Broadly remains the case, with the addition of inertia as a challenge for institutional and policy change. Full DFAT funding for Stream A activities avoids the risk of constrained domestic funding.	Reduced ambitions for the Program could lessen the risk
Risks at the institutional and program level need to be carefully managed throughout the implementation period	Broad-based risk management has been implemented	Remains relevant

Key Features of the Investment Design	Current Approach	Comment
Safeguards		
No direct involvement in the implementation of physical infrastructure other than that which may occur through potential demonstration projects	No change	Remains relevant
All safeguards (e.g. including GESI, environment and safety) needed to meet the minimum standards set by international financiers and DFAT to be incorporated in planned projects	Evidence of some down-grading of the consideration of safeguards in Stream A activities	Needs renewed focus on the importance of these matters

ANNEX 4: REMEDIAL ACTIVITIES

In response to the categorisation of Aus4Transport as an investment needing improvement, three remedial activities were undertaken:

- preparation by DFAT of a Remediation Plan in July 2019;
- a Partnership Brokering Workshop, which included MOT participation, conducted in November 2019; and
- preparation of a DFAT-DT Global Action Plan.

These initiatives respectively identified 19, 18 and 14 actions. Given the varying nature of the activities, their orientation is different, thus: (i) the Remediation Plan prepared by DFAT focussed on changing work practices and introducing new work initiatives; (ii) the Partnership Brokering Workshop concentrated on work and administrative practices; and (iii) the Action Plan agreed between DFAT and the PMC reinforced the Remediation Plan by addressing work activities (see Table 1).

The AQC for 2019/20 noted that, respectively, 16, 13 and 13 of the actions had been completed or were underway in March 2020. As indicated in **Error! Reference source not found.**, further progress has been achieved with subsequent decisions to not pursue a few actions (due to changed circumstances, including the effect of COVID-19) and all other actions completed or in some stage of progress.

These measures contributed to a substantial improvement in Aus4Transport performance, with the AQC rating for the investment for the period to March 2020 rising to 'Adequate' (i.e. on balance, satisfies criteria; does not fail in any major area). Improved practices the Aus4Transport has introduced should enable this revised rating to be maintained, if not improved. There is, however, a need to avoid complacency and the re-emergence of problems.

The MTR therefore recommends that Aus4Transport management revisit the actions identified in past remediation initiatives annually to ensure relevant actions are maintained and the need for additional initiatives and actions are identified.

Table 1: Actions identified in remedial initiatives

	Number of Initiatives		
	DFAT Remediation Plan	Partnership Brokering Workshop	DFAT-DT Global Action Plan
	July 2019	Nov. 2019	Dec. 2019
Nature of the proposed action			
Change in work practice	6	4	1
Document revised work practice	0	5	0
Review some matter	1	2	0
Introduce a new work initiative	8	0	14
Administrative action	2	6	0
Budgetary/resourcing change	2	1	0
Total number of initiatives	19	18	15
Progress (at 31 October 2020)			
Completed	8	13	7
Ongoing (i.e. a continuing activity)	9	4	4
Underway (but not yet completed)	0	1	3
Not pursued	2	0	1
Total number of initiatives	19	18	15

Source: Prepared by the Mid-Term Review drawing on information from DFAT and the PMC on progress.