I. Introduction and Context

A. Country Context

Vietnam has achieved high rates of sustained economic growth over the past 20 years. Between 1990 and 2010, real Gross Domestic Product (GDP) grew at an average annual rate of 7.4 percent—among the world’s top five growth performance records over the same period. Meanwhile, the percentage of the population living below the poverty line decreased from 58 percent in 1993 to 15 percent in 2008. Vietnam joined the World Trade Organization (WTO) in 2007, and trade and foreign direct investment have grown significantly in the last 10 years.

In 2011, GDP per capita reached an estimated US$1,362 at market rates, confirming Vietnam’s recently rated status as a lower middle-income country. Infrastructure investment has been a key component of Vietnam’s growth trajectory. Annual expenditures in infrastructure have been sustained at between 9 and 10 percent of GDP over recent years, about half of which devoted to transport. As urbanization continues to expand, further expansion of the road, rail, and inland waterway transport networks will be required to alleviate bottlenecks, drive productivity improvements, and meet key growth and poverty reduction targets.

Focusing particularly on the Northern Mountains and North Central Coast regions presents an opportunity to address extreme poverty and promote shared prosperity in Vietnam. While economic growth and poverty reduction in Vietnam over the last two decades has been remarkable, not all the regions have benefitted equally. Poverty, and extreme poverty rates are highest in the Northern Mountains region of the country, and this region has experienced substantially less poverty reduction than other parts of Vietnam over the last decade. Since 1999,
the Northern Mountains region has had the lowest income per capita in the country\(^1\). In addition to the high incidence of poverty, districts in the Northern Mountains suffer higher expenditure inequality than other regions, indicating an uneven distribution of recent prosperity not only among the regions but also within them. This is attributed to, in part, to poor connections between rural areas and markets, and a growing number of workers from rural areas migrating to the cities for work\(^2\).

The situation in the North Central Coast region is not as critical yet comparable, since the region is the fourth poorest in Vietnam (Table 1). The North Central Coast Region presents pockets of extreme poverty and isolation along the border, and substantial inequities between the coastal and the mountain areas of the region. The North Central Coast Region performed well under the Bank funded Third Road Transport Project (RTP3). The North Central Coast Region was, along with the Northern Mountains region, a pilot area for VPRoMMs provinces under RTP3. The North Central Coast Region therefore is a good candidate for this PforR for the higher opportunity of achieving the intended objectives built on the good achievements under RTP3. The boundaries of the Program with two contiguous regions will also facilitate the program design and implementation for simplified implementation logistics (Annex 3). A detailed map of the poverty by province is given in Annex 4.

**Table 1: Poverty Estimates by Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Poverty Rate (%)</th>
<th>Extreme Poverty Rate (%)</th>
<th>Population Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Vietnam</td>
<td>20.7</td>
<td>8.0</td>
<td>100</td>
</tr>
<tr>
<td>East Northern Mountains</td>
<td>37.3</td>
<td>17.9</td>
<td>11</td>
</tr>
<tr>
<td>West Northern Mountains</td>
<td>60.1</td>
<td>36.5</td>
<td>3</td>
</tr>
<tr>
<td>Red River Delta (Hanoi)</td>
<td>11.4</td>
<td>2.8</td>
<td>22</td>
</tr>
<tr>
<td>North Central Coast</td>
<td>28.4</td>
<td>9.7</td>
<td>12</td>
</tr>
<tr>
<td>South Central Coast</td>
<td>18.1</td>
<td>5.9</td>
<td>9</td>
</tr>
<tr>
<td>Central Highlands</td>
<td>32.8</td>
<td>17.0</td>
<td>6</td>
</tr>
<tr>
<td>Southeast (Ho Chi Minh City)</td>
<td>8.6</td>
<td>3.1</td>
<td>18</td>
</tr>
<tr>
<td>Mekong Delta</td>
<td>18.7</td>
<td>4.8</td>
<td>19</td>
</tr>
</tbody>
</table>

*Source: Vietnam Poverty Assessment, Table 1 (World Bank, 2012).*

*Note: \(^1\) GSO is General Statistics Office of Vietnam.*

**B. Sectoral and Institutional Context of the Program**

The local roads network in Vietnam comprises about 253,000 km, or about 85%, of Vietnam’s total network of 295,000 km. This network serves around 80 percent of the entire national population and 90 percent of the nation’s poor, who mainly live in rural areas. Research carried

\(^1\) Government Statistics Office, Monthly average income per capita at current prices by residence and by region (2013)

\(^2\) Vietnam Poverty Assessment, World Bank, 2012
out in Vietnam and neighboring countries since 2000 has shown that investments in local roads has had a significant impacts on poverty alleviation, social participation, school attendance and health services. Based on the results of this research, it has been estimated that an investment of 1% of GDP per year in rural transport has helped reduce the poverty rate by 1.5% per year, on average. However, in 2014 59 communes in Vietnam still lacked access to all-weather roads. Time lost to mobility and travel erodes prosperity. High mobility costs cut the disposable income of the poor as they often live in locations that lack reliable, safe, and affordable transportation means.

In addition, the increase of the rural to urban migration coupled with increased divide in income between the rural and urban areas calls for specific support to the local road network. As a result of the high rate of economic growth there have been significant investments in the road network, especially on the provision of basic access. This rapid expansion of the road network and particularly the local road network has created new maintenance and asset preservation challenges. In addition, impact of climate change has induced more extreme patterns of flooding which have subsequently impacted the local road network, as well as the bridges.

Table 2: Road Length in km by category and pavement type (2014)

<table>
<thead>
<tr>
<th>Category</th>
<th>Paved</th>
<th>Gravel</th>
<th>Earth</th>
<th>Total</th>
<th>% paved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National road</td>
<td>17,910</td>
<td>656</td>
<td>178</td>
<td>18,744</td>
<td>83.5</td>
</tr>
<tr>
<td>Provincial road</td>
<td>21,888</td>
<td>2,409</td>
<td>1,515</td>
<td>25,812</td>
<td>53.6</td>
</tr>
<tr>
<td>District road</td>
<td>25,326</td>
<td>9,326</td>
<td>8,664</td>
<td>43,316</td>
<td>20.2</td>
</tr>
<tr>
<td>Urban road</td>
<td>17,794</td>
<td>2,516</td>
<td>2,329</td>
<td>22,639</td>
<td>60.2</td>
</tr>
<tr>
<td>Commune road</td>
<td>67,273</td>
<td>36,203</td>
<td>81,624</td>
<td>185,100</td>
<td>2.2</td>
</tr>
<tr>
<td>Total</td>
<td>150,191</td>
<td>51,110</td>
<td>94,310</td>
<td>295,611</td>
<td>19.0</td>
</tr>
</tbody>
</table>

Source: DRVN

Under the Budget Law, the People’s Committee (PC) at each level in each province is responsible for the development, investment, management and maintenance of its respective roads. Thus, within each province the responsibility for provincial roads lies with the Provincial Department of Transport (PDoT), for district roads responsibility lies with the District PC and for commune and hamlet roads it lies with the Commune PC. It is common practice in the provinces that each district receives as little as USD15,000 annually for routine maintenance of the district road network, which represent on average a few hundred kilometers; communes and hamlets receive no maintenance budget.

Over the past 10 years expenditures on road maintenance have not been sufficient to maintain the condition of the network. This situation has been exacerbated by significant increases in budget allocations for capital works. On average, total expenditure for road maintenance have increased at about 13 percent per year, with the largest annual increases during the period 2009-2012. Despite these increases, recurrent budget allocations are still low and barely cover 50 percent of network maintenance needs. Development partners such as the World Bank have advised that budgets for maintenance and capital expenditures need to be rebalanced in favor of

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3 “Local roads” comprise Provincial, District and Commune roads in Vietnam.
maintenance and that there is a need to put in place a stable and secure financing mechanism for the latter. This need for rebalancing and increasing the funds allocated to maintenance is particularly acute for the local roads network. The Government of Vietnam (GoV) has been advised to develop annual and multi-year work programs which can be used for decision-making, and as the basis of a shift to favor maintenance instead of investment. The creation of the Road Maintenance Fund (RMF) in 2012 was a positive signal that this need had been recognized. However, more needs to be done in terms of fungibility of the budget. This requires that the allocation of budget funds is not only made to meet the capital needs of priority roads but also to ensure that maintenance is adequately funded and that funds are allocated to the correct administrative level – i.e. that districts and communes are allocated funds to maintain district and commune roads, respectively, under their responsibility.

In addition, planning and technical capacity for local road management is poor at the district and commune administrative levels. As a local road maintenance culture is built, district and commune staff will require training and support to strengthen local road maintenance practices, instill management knowledge and skills, and to provide resources to introduce best practices. Whilst coordination and technical monitoring by PDoTs is critical for ensuring the quality of rehabilitation and maintenance activities, the roles and responsibilities of the different implementing agencies are not always clear. The current institutional arrangements do not provide districts and communes with the financial or technical support to preserve the road network. As a result some district and commune PCs have no qualified transport staff in charge of their road networks. Access to quality data for planning and budgeting purposes is often lacking at the provincial level, and non-existent at the district and commune levels. In many provinces this is as a result of inadequate attention being given to the collection and updating of road inventory data.

The Government has endorsed the Vietnamese Rural Transport Development Strategy 2020, and under this strategy, the development of road and bridge programs. The Government has developed a National Program for Local Road Development (NPLRD) and a National Program for Eradicating Temporary Bridges (NPETB). The NPLRD and NPETB are closely linked as they both target improving access to rural areas with low accessibility, especially for areas where poor ethnic minority communities are located as well as other vulnerable groups such as single women and children.

The overall objective of both programs is to facilitate and ensure all year round access to community centers and villages in remote rural areas and contribute to the transport development objectives of the Vietnamese Rural Transport Development Strategy 2020. The specific objectives of these programs are to reduce travel costs and improve access to markets and social services for poor communities in the targeted provinces through better management and maintenance of the network. One of the strategic challenges facing provinces is that of establishing an effective management and implementation model. It is proposed that this need to establish a sound framework for predictable financing for infrastructure investments for a province’s local road network be addressed through use of 3-year rolling Medium Term
Expenditure Plans (MTEP). Use of this tool has been successfully piloted\(^4\) and has been found to provide a solid basis for budget planning.

**The National Program for Local Road Development (NPLRD)**

The implementation of the National Program for Local Road Development (NPLRD) has been decentralized to the provinces and responsibility for implementation is with the Provincial Department of Transport (PDoTs). The objectives of the NPLRD are to achieve the following by 2020: a) Reach 100 percent connectivity/accessibility of communes by motorized transport, b) Pave 100 percent of district roads and at least 70 percent of commune roads, c) Provide maintenance funding for 100 percent of district roads and at least 35 percent of the commune roads.

In order to achieve the objectives of the program, the Government estimates the following needs and related expenditures from 2015 to 2020:

- Upgrading of a total of 1,524 km of roads for an estimated cost of VND 3.8 trillion (equivalent USD 180 million).
- Budget planning to be based on a three year rolling MTEP. Increased percentage of recurrent expenditures are to be allocated to Operation and Maintenance activities (O&M).
- Currently seven provinces have prepared drafts of their MTEPs and of these five have finalized their MTEP. For these five provinces the total estimated costs of the rehabilitation and maintenance program for the period 2015-2020 is VND 13,802 billion (i.e. an equivalent USD 650 million).

**The overall NPLRD cost in the 7 targeted provinces for 2015-2020 is estimated at USD 1,100 million, consisting in USD 180 million of road upgrading and about USD 920 for road rehabilitation and maintenance.**

**The National Program for Eradicating Temporary Bridges (NPETB)**

The National Program for Eradicating Temporary Bridges (NPETB) is managed at the national level by the Ministry of Transport (MOT). Covering 50 provinces, the program funds the construction of small bridges with widths of 1.5m to 3.5m. The bridges are to be constructed to provide access to poor communities, many of which are inhabited by ethnic minorities. The objectives of the NPETB are to achieve the following by 2020: a) Complement the program for local road development by targeting villages and commune roads missing or unsafe links (river crossing... etc.), b) Facilitate access to social services and other facilities such as schools, clinics within the local road network, c) The program will target poor communities, particularly those of ethnic minorities.

In order to achieve the objectives of the NPETB program during the period from 2014 to 2020 the Government needs to complete 7,330 rigid-frame small bridges (including 4,145 priority bridges), and 481 small suspension bridges. The estimated cost for the overall program for the period 2015-2020 is USD 550 million. More details are provided in the Technical Assessment.

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\(^4\) With funding from the Australian Government, TA was provided to four pilot provinces to assist in the preparation of MTEPs covering current and recurrent expenditures on a rolling three year basis for the local road network in each province. This pilot was successful and is now being scaled-up to a further three provinces.
The overall NPETB cost in the 50 provinces for 2015-2020 is estimated at USD 550 million, while the estimated cost for the 18 targeted provinces\(^5\) is estimated at USD 200 million.

**C. Relationship to CAS/CPS**

The proposed operation is closely aligned with the Bank’s twin goals of ending extreme poverty and boosting shared prosperity, as well as the overarching theme of sustainability, given the evidence of the strong negative relationship between extreme poverty and accessibility/mobility. This operation is also consistent with the World Bank Vietnam Country Partnership Strategy (CPS) for 2012 to 2016. The principal rationale for Bank assistance is that the proposed program directly contributes to the poverty reduction and economic growth objectives set out in Vietnam’s 2006-2010 and 2011–2015 Socio-Economic Development Plans (SEDP), which state the priorities of the rural transport sector as follows: the completion of basic access; the upgrading of access quality; and an increase in maintenance budgets. The proposed program aims to contribute to the Government’s objective of establishing year-round access to all communes in Vietnam and as such would contribute to the Country Partnership Strategy (CPS) objective of ensuring equitable growth in Vietnam. The program directly supports the priority of the CPS to narrow the development gap of disadvantaged and lagging areas, which include the targeted provinces of Northern Mountains and North Central Coast regions (Annex 4). The proposed program will also support the empowerment of communities and women in their participation to the locally based routine maintenance of the road and bridge infrastructure, and as such, it will fit into the Opportunity Pillar of the CPS (Objective 3.2: Increased Basic Infrastructure and Public Service Delivery) by connecting rural communities to markets and essential services, and addressing gender dimensions of transport.

**D. Rationale for Bank Engagement and Choice of Financing Instrument**

In addition to the applying the lessons learnt from the ongoing Government programs related to new area development program in the Northern Mountains and North Central Coast, the proposed Program would build on and leverage a number of other Bank supported operations in different sectors, including: the Central Highlands Poverty Reduction Project which is enhancing living standards by improving livelihood opportunities in the Central Highlands of Vietnam, targeting those who have a higher poverty rate in terms of income and access to basic services including sanitation; the ongoing Second Northern Mountains Poverty Reduction Project, which has allocated a large portion of project funds to rural road construction. The proposed Program would also build on lessons learned from the on-going two Program for Results (PforR) operations in the sanitation and urban development sectors in Vietnam. The Bank assistance to develop and support this Program would also facilitate the sharing of lessons learned from successful rural and local transport projects globally. The Bank will bring leading international experts in road asset management, climate resilient roads specialist, gender mainstreaming expert, from within and outside the Bank to inform the design and support the implementation of the proposed Program. *The PforR has been selected as the most effective instrument to strengthen the Government programs and systems and therefore to facilitate the Government’s efforts in articulating the implementation modalities of the NPLRD and the NPETB*, particularly through aligning the provision of finance to local road maintenance with

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\(^5\) It is proposed that World Bank support will target 18 provinces in the Northern Mountains and Northern Central Coast Regions
incentives for better planning and timely delivery of the road infrastructure investments, and at the same time building their technical, managerial and financial capacity. This proposed operation will use a PforR with two subprograms, corresponding to the two national programs of the Government. The approach under the tool will follow the three following key principles:

1) Developing Medium Term Expenditures Plans (MTEP) based on three year rolling capital and recurrent expenditure plans: It is essential that provinces are able to develop, finance, execute and sustain a strategic, long term pipeline of investment programs in order to effectively manage accelerating economic growth and poverty reduction in their provinces. They also need to develop capacity to ensure that such programs (rehabilitation and maintenance works) prioritize investments and incorporate considerations of green growth and resilience, particularly given climate change needs.

2) Rewarding performance for results in road maintenance: The proposed operation will use the Program for Results (PforR) financing modality as an incentive to encourage provinces to become more competitive to strengthen their own planning and implementation capabilities, and to develop new partnerships with donors, private sector and households to preserve and rehabilitate local road network. The program will provide a predictable, annual budget to provinces, allocated on the basis of measurable past performance that will reward provinces for progress in relation to these objectives. This will provide focus on the provision of capacity support to assist them in improving their performance.

3) Enabling simplicity and replication: The design of the program will be simple, building on the maintenance and rehabilitation needs identified in terms of short, medium term and strategic priorities of provinces and existing country systems for local road network development planning, fiscal transfers and implementation. Under the PforR financing instruments, the use and strengthening of country systems, compatible with Bank requirements, are important to enable the phased expansion of the program to additional provinces in the poorest regions in order to increase its development impact.

The local road subsector in the target regions is ideal for such support through a PforR given existing experience under ongoing PforR in the water sanitation and urban sectors, the strong track record and experience of the Bank in the transport sector, and government interest in closing the gap in these lagging regions.

II. Program Development Objective(s)

A. Program Development Objective

The Program Development Objective is to improve rural accessibility and local road service delivery for rural communities in the targeted provinces of the Northern Mountains and North Central Coast regions.

B. Key Program Results

The program will: a) Enhance rural accessibility and mobility, b) Lower road users’ transport costs, and c) Strengthen institutional capacity at the provincial level to plan, manage and sustain the development of local road and bridge networks. The translation of these objectives into the proposed key results areas and corresponding proposed DLIs (provisional) is presented in Table 2 below. These will be further discussed and modified during preparation. During the program
preparation, a complete Results Framework containing Performance and Disbursement Indicators will be developed. Intermediate and outcome indicators will also be developed to measure achievement against the PDO, in addition to the DLIs outlined above. In the results framework some indicators may be disaggregated by gender as per data availability.

Draft Proposed Results Areas (RA) and related Disbursements Linked Indicators (DLI) for the targeted provinces of the road and bridges sub-programs are presented hereafter in Table 3, and will be detailed further in the next phases:

### Table 3 – Proposed Result Areas and Disbursement-Linked Indicators in the targeted provinces of the PforR Program

<table>
<thead>
<tr>
<th>Proposed Result Areas</th>
<th>Proposed Disbursement-Linked Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>RA 1 – Improvement of rural accessibility and associated service delivery</td>
<td>DLI 1.1: Number of rural population with access to all-season local road network in the targeted provinces</td>
</tr>
<tr>
<td></td>
<td>DLI 1.2: Number of targeted provinces where MTEP are updated and approved for allocation of annual budget for the local road network</td>
</tr>
<tr>
<td></td>
<td>DLI 1.3: Number of targeted provinces where the ratio or recurrent expenditures vs capital expenditures shifts annually towards more maintenance, in line with recommendations from the MTEP</td>
</tr>
<tr>
<td></td>
<td>DLI 1.4: Financial and interim annual audit reports for provinces’ program implementation issued by MOT</td>
</tr>
<tr>
<td>RA 2 – Improvement of rural bridge connectivity to isolated communes</td>
<td>DLI 2.1: Number of rural population in isolated communes benefitting from safe permanent bridge connectivity in the targeted provinces</td>
</tr>
<tr>
<td></td>
<td>DLI 2.2: Number of communes in the targeted provinces where sufficient bridge routine maintenance is provided</td>
</tr>
<tr>
<td></td>
<td>DLI 2.3: Annual program implementation assessment reports issued by MOT</td>
</tr>
<tr>
<td>RA 3 – Improvement of local road asset management practices</td>
<td>DLI 3.1: Number of targeted provinces that are operating road asset management systems for improved road asset management and budgeting (VPROMMs-RONET)</td>
</tr>
<tr>
<td></td>
<td>DLI 3.2: Number of local road maintenance courses provided by MOT to participating PDoTs</td>
</tr>
<tr>
<td></td>
<td>DLI 3.3: Number of rural population receiving road maintenance skill training and participated in road maintenance activities</td>
</tr>
<tr>
<td></td>
<td>DLI 3.4: Number of local roads maintained by population receiving road maintenance skill training</td>
</tr>
</tbody>
</table>

### III. Program Description

#### A. Description

*The proposed operation will improve rural accessibility and mobility in the targeted provinces of the national programs.* A preliminary assessment of the strategic relevance of the Government
Programs that the World Bank aims to support has been conducted during the identification missions. Both the National Program for Local Road Development (NPLRD) and the National Program for Eradicating Temporary Bridges (NPETB) have been developed under the umbrella of the Vietnamese Rural Transport Development Strategy 2020. The Vietnamese Rural Transport Development Strategy 2020 covers the Northern Middle and Mountainous Area, the Red River Delta, the Central North and Central Coast, the Central Highland, the South East, and the Mekong River Delta.

The provisional estimate of the size of IDA credit is USD 250 million over a 5 year program period, from 2016 to 2020. The proposed USD 300 million operation under the proposed PforR will have two sub-programs which correspond to the alignment with the national programs under the Vietnamese Rural Transport Development Strategy 2020 Strategy – one for the National Program for Local Road Development (NPLRD) and one for the National Program for Eradicating Temporary Bridges (NPETB) - that will be fully linked to the annual budget cycle of the Government.

For the NPLRD, the scope of the proposed World Bank operation will be a sub-set of the provinces in the national programs, as the World Bank support will target seven provinces in the Northern Mountains and Northern Central Coast Regions, which are among the poorest. For the NPETB, the scope of the World Bank support to the bridge program will cover 18 provinces the Northern Mountains and Northern Central Coast Regions. The 18 provinces for the NPETB include the seven provinces selected for the NPLRD. In addition, eligibility and exclusion criteria will be developed to ensure that eligible activities under the national programs will meet Bank policy requirements on PfoR, i.e. major civil works with environmental and social impacts will be excluded. A detailed map of the boundaries of the World Bank support to the national programs through targeted provinces is provided in Annex 3.

**Figure 1 – Overview of the Vietnamese Rural Transport Development Strategy 2020 and World Bank support**

<table>
<thead>
<tr>
<th>Vietnamese Rural Transport Development Strategy 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Program for Local Road Development (NPLRD)</td>
</tr>
<tr>
<td>1100 million USD for 7 provinces 2015-2020</td>
</tr>
<tr>
<td>National Program for Eradicating Temporary Bridges (NPETB)</td>
</tr>
<tr>
<td>200 million USD for 18 provinces 2015-2020</td>
</tr>
<tr>
<td>Proposed World Bank support Program</td>
</tr>
<tr>
<td>USD 250 million</td>
</tr>
<tr>
<td>20% of Government program on same boundary basis</td>
</tr>
</tbody>
</table>

**Result Area 1 – Improvement of rural accessibility and associated service delivery**

This Result Area 1 will provide support to the NPLRD. The proposed program will include the rehabilitation of and the maintenance of local roads in the following seven targeted provinces:
Ha Giang, Bac Can, Lao Cai, Thanh Hoa, Nghe An, Ha Tinh and Quang Binh. This program will be based on the MTEP prepared by each province, on the basis of a three year rolling program that will be extended to cover the period from 2015 to 2020. Based on the current draft MTEFs in 5 provinces out of the 7 provinces at the time of this PCN, the total estimated costs of the rehabilitation and maintenance program for the period 2015-2020 is VND 13,802 billion (i.e. an equivalent USD 650 million) (Table A5.1 in Annex 5). On that basis, from the estimates of the NPLRD, the overall national program cost in the 7 targeted provinces for 2015-2020 is estimated at USD 1,100 million, consisting in USD 180 million of road upgrading and about USD 920 for road rehabilitation and maintenance.

Based on the MTEP analysis, the projections of revenues for the local road networks will be less than that estimated for the national program. The proposed World Bank subprogram for the support to the National Program for Local Road Development will therefore help to reduce the gap in order to help the completion of the program. The projected gaps are substantial, as they amount to roughly USD 375 million for the period 2015-2020. That means that less than 50% of the needs as detailed in the National Program are covered. A proposed World Bank subprogram for the support to the National Program for Local Road Development for a proposed amount of USD 130 million, representing around 20% of the program for the seven provinces and will reduce the gap from 57% to 45% during the period 2015-2020.

Result Area 2 – Improvement of rural bridge connectivity to isolated communes

This Result Area 2 will provide support to the NPETB. This Program will fund the reconstruction or construction of thousands of small bridges to isolated poor communities in the following 18 targeted provinces: Ha Giang, Cao Bang, Bac Can, Tuyen Quang, Lao Cai, Dien Bien, Lai Chau, Son La, Yen Bai, Hoa Binh, Thai Nguyen, Lang Son, Quang Ninh, Bac Giang, Thanh Hoa, Nghe An, Ha Tinh, and Quang Binh.

The proposed World Bank subprogram for the support to the National Program for Eradicating Temporary Bridges will finance up to USD 10 million, representing around 20% of the entire national program, and 60% of the national program within the 18 targeted provinces. The World Bank subprogram will support the financing and construction of part of the 7,330 rigid-frame small bridges. Based on preliminary estimations, the World Bank subprogram will enable to finance about 1,800 bridges among the NPETB based on Class AH, A, B bridges – the actual figures will be based on technical choices, lengths and width of the selected bridges.

World Bank support will target provinces in the Northern Mountains and Northern Central Coast Regions, which include some of the poorest and most remote districts and have high level of poor ethnic minority communities. The Program will also include an exclusion criteria list that will target only rigid-frame/concrete bridges and will not include steel suspension bridges.

Result Area 3 – Improvement of local road asset management practices

This Result Area 3 will provide overall support to the improvement of the local road asset management practices. The World Bank has provided TA support, with funding from the Australian Government, for TA to pilot use of Medium Term Expenditure Plans (MTEP) for
provincial local road networks, coupled with the application of the Vietnam Provincial Road Maintenance Management System (VPROMMS) that enables PDoTs to prioritize interventions on the Provincial road network based on both technical and socio-economic data, and provide an estimated cost for prioritized interventions, on a multi-year basis.

Without the continuous use and updating of road condition data for VPROMMS, there cannot be a realistic and efficient network-based analysis to prioritize maintenance and budget allocation. Program activities will focus on linkages between the MTEP, the budgeting cycle, and the technical output provided by VPROMMS, and use of the RONET software to prioritize maintenance needs over annual cycles. The deployment of VPROMMS-RONET will simplify the data collection needs, simplify the data computation exercise, and allow consideration of the introduction of sequential annual contracts or multiannual contracts to promote continuous routine maintenance. In parallel, VPROMMS-RONET data and analyses will be updated to allow for a multi-year approach. To complete development of this system requires that further work is undertaken to ensure that road classifications are improved to better take into account district and communal road maintenance needs. The success of the roll-out of the combined RONET-VPROMMS system initiated under RTP3 will be critical to ensure the sustainability of road maintenance programs in Vietnam, and will be therefore sustained under the proposed LRAMP.

Under the previous Bank funded Third Road Transport Project (RTP3), the contracting arrangements moved all work to contracting and this approach will be reinforced and fostered under LRAMP. As part of the objective of the proposed LRAMP is to help address the maintenance backlog, the number of contracts is expected to increase during implementation but then fall back at the end of the project, therefore not leading to additional work load on PDoTs staff. The project will also be helping each of the seven provinces to build capacity at the District level, particularly for maintenance, where this is currently non-existent. This additional capacity will continue after the project at the District level, while devolution and decentralization apered by the GoV will continue and boost district level capacity.

In addition, this result area will target activities to address the needs of the local road network through capacity building of Ministry of Transport (MOT), DRVN, PDoTs, State Audit of Vietnam (SAV) and targeted provinces for monitoring of performance of maintenance works. The core focus of support will be on strengthening planning and delivery management (recurrent expenditure planning, program design, procurement, financial management and program management), as well as monitoring and auditing functions.

Additional areas of performance strengthening will include (i) medium term expenditure planning, financing, including better leveraging matching funds from internal resources, other lending instruments and the private sector; (ii) technical support to foster green inclusive growth and resilience in local road planning; (iii) enhancing community participation in routine maintenance and empowering ethnic population and women to maintaining the local roads asset, leveraging the efforts conducted and results obtained under the previously World Bank funded RTP3.

The monitoring of the use of funds based on the DLIs will be ensured by Financial and Technical Audits, in order to confirm that the World Bank support to the GoV programs will be in line with the technical eligibility criteria (in terms of selection, design, poverty, and construction standards).
B. Institutional Arrangements

The MOT coordinates the implementation of the national programs and will also do so for the World Bank support through the PforR operation through a clearly defined set of partnerships with national Ministries, provincial authorities and cities. The MOT will appoint the existing and permanent Project Management Unit 6 (PMU6) as the implementing agency to monitor the progress of NPLRD implemented by the provinces and directly implement NPETB on behalf of MOT. Launching a new financing modality of local road maintenance and bridge construction programs requires a high level of coordination and cooperation between Ministries and different levels of Government. National programs are therefore coordinated at the national level through a national steering committee also including MOT/DRVN, CRMF, PRMF, MPI and MoF. Provincial level steering committees for coordination and supervision will involve PPCs, PDoT, PRMF, DoF, DPI, DOF and respective local branches.

At the central level MOT’s and DRVN’s functional departments will be the technical lead for local road standard, specification, and cost norms for local road maintenance and bridge construction activities. However, at the provincial level, capacity building and training need to be provided not only PDoT but also to DPI and DoF. Quality will be ensured by the Transport Work Quality Inspection and Management Department that will coordinate with the Department of Science and Technology (DST) to appraise typical design for roads and bridges. The PPCs would play a key role in mobilizing other related departments, specifically in facilitating the close linkages needed with the PDoT and Division of Infrastructure and Economic at the local level. A high level of participation is required from local government. Local networks of the Women’s Union and Commune leaders will be instrumental in program implementation.

IV. Initial Environmental and Social Screening

Environmental

The early findings suggest that the overall environmental impact of this Program is expected to be positive for operation phase. Local communities in remote areas would be benefited from safer and more convenience access from homes to existing basic infrastructure and services such as markets, health care and education, particularly in rainy season. With regard to siting of bridge construction, preliminary field survey found that there are existing earth/concrete roads close to stream banks and the access road would be shorter than 200 meters to connect the two existing communities. However, siting of remaining bridges and access roads in the program should consider and avoid the potential negative impacts with regard to increased human encroachment to critical natural habitats in remote areas if they do exist near the two ends of the bridge. Bridge Sub-projects should be screened to exclude those located within, near or may cause risks to protected areas such as national parks, natural reserve or primary forests, biodiversity conservation areas etc. Some negative impacts and risks are also be anticipated for construction phase of both road and bridge works such as increased level of dust and noise, disturbance to existing drainage pattern, safety risks for local communities, traffic disturbance and traffic safety risks, waste and wastewater generation, etc. These construction impacts are manageable by readily known mitigation measures.

Existing Vietnamese environmental legislation and institutional arrangements would be adequate to manage the potential negative environmental impacts and risks of the Program. According to the Environmental Law (2015) and Decree 18/2015/ND-CP, small civil works and bridges would
be required to prepare Environmental Management Plans which covers potential impacts and mitigation measures. PMU6, PMU3 and many among the 28 participating provinces were covered under previous transport projects financed by the Bank. Discussions with technical staff of the visited PPMUs shown that most of them understood environmental management requirements, however, they also indicated that the inclusion of guidance on the mitigation measures, environmental monitoring, supervision and reporting procedures in the Program Operation Manual would also be necessary to further strengthen environmental performance in the proposed program.

**Social**

The early findings suggest that the overall social impact of this Program is expected to be positive. The ethnic minorities in the poorest areas will be provided with vital linkages to schools, markets and other centers. This is expected to provide substantial changes in the daily mobility patterns of the communities.

Land acquisition is expected to be very minor due to the rehabilitation of existing roads and the construction of small bridges. In the case of such small rural infrastructures, affected households may be asked to donate affected land. Under the proposed Program, implementing agencies would ensure that people affected by loss of assets or land are be compensated so that they are no worse off than before that loss. Guidance on voluntary land donation will also be developed. The current planning process provides very limited opportunity for local participation of the people and there are challenges due to the lack of guidance and barriers to communication.

The proposed operation would develop a tailored communication program and guidelines for working with Ethnic Minority people that take into account the local context. A mechanism that promotes consultation in investment cycles would be put in place under the Program. Implementing agencies would also ensure that sufficient staff is assigned to oversee implementation of activities related to social impact mitigation. The team will commence the preparation of Environment and Social System Assessment following the PCN review meeting.

**Community Participation and Citizen Engagement**

The World Bank has developed a strategic framework to systematically mainstream citizen engagement in Bank Group-supported activities. The goal is to improve the development results of our activities and, within the scope of these operations, to strengthen engagement processes between governments and the private sector and citizens. The proposed Program will therefore use lessons learned from the Bank-financed operations across regions and sectors.

GCLS are key part of Grievance Redress Mechanisms (GRM) which help record, assess, and resolve grievances and complaints during the implementation of the Project in as efficient, effective, and transparent manner as possible, and to inform the Government and donors of design and implementation changes that can be used to improve the systems. This will correspond to another core indicator (percentage of grievances registered related to delivery of project benefits that are actually addressed), while ensuring broader access to grievance mechanism in all the provinces through mobile phones. These participative approaches will ensure that interventions are appropriate and effective.

**Gender**

The proposed operation will include policy reform incentive so that adequate resources, authority, and management structures are provided for effective, inclusive, sustainable
community routine road management led by women. In mountainous areas of Vietnam, where many poor ethnic minorities reside, the costs of road maintenance are very high due to the challenging terrain and increasingly unpredictable, extreme rainfall associated with climate change. These poor communities lack resources to cover maintenance costs. Poor road conditions limited access, constrain economic opportunities, and exacerbate poverty, especially with regards to women. While the Government program will comprise asset preservation, repairs, and maintenance of local roads and include commune roads, which are often located in the terrains that are most difficult to reach, the proposed operation will provide framework to ensure long-term sustainability and ownership of routine maintenance operations by the local population.

The proposed operation will build upon the lessons learned under the World Bank financed Third Rural Transport Project (RTP3) on this aspect. RTP3 initiated a small pilot routine road maintenance activity for ethnic minority women in 2010 in five communes in mountainous Lao Cai Province. The Provincial Women’s Union (PWU), under the Vietnam Women’s Union (VWU), managed the pilot with technical guidance from the Provincial Department of Transport (PDoT) and the District Urban Management Department, in coordination with Provincial, District, and Commune People’s Committees. Based on very positive initial outcomes of the pilot, a Women-Managed Routine Rural Road Maintenance Program scaled up the approach, with refinements, in more districts in Lao Cai Province as well as two additional provinces -- Quang Binh and Thanh Hoa -- from the last quarter of 2012 through June 2014.

V. Tentative financing

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</table>

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