



**Country: Viet Nam
Initiation Plan**

Project Title: Liveable HCMC Initiation Plan (IP)

Expected CP Outcome(s):

OSP Outcome (3.1): *New economic growth model - By 2021, Viet Nam's growth policies and institutions support a new economic model, which is inclusive, sustainable and more productivity-led.*

CPD Outcome 1: *Poverty eradication and greater socio-economic equity - (1.1.2) National and sub-national systems, institutions and policies better address multidimensional poverty, exclusion and inequality, particularly for urban settings*

Initiation Plan Start Date: 15 June 2017

Initiation Plan End Date: 15 June 2018 (or when the full scale project will be operational)

Implementing Partner: Directly implemented by UNDP (DIM)

Brief Description

To realize their vision of a liveable, modern, civilized and caring city, the Ho Chi Minh City authorities initiated 7 Breakthrough Programmes (BPs) and mainstreaming a vision in service delivery and city governance. During the past year, UNDP has formulated, in partnership with the city, a project to meet HCMC's needs for technical assistance and policy advice in order to deliver the vision effectively and sustainably. This Initiation Plan (IP) – Liveable HCMC - enables initial preparations to take place and key activities to get underway for the main project to become operational and be implemented rapidly and smoothly.

This IP focuses on: (i) preparatory activities for the future project and (ii) establishing core analytical and informational resources for the future project's two primary outputs: (a) improved integrated urban development, including mainstreaming HCMC's Liveable Vision objectives, the SDGs and urban resilience in City planning and management and (b) enhanced productivity and competitiveness within the city.

The Liveable City IP will, by definition, delivered under a DIM modality, but will lay the foundations of a strong partnership between HCMC and UNDP for the future jointly funded and implemented funded project. The IP will engage with HCMC's leadership and technical departments, especially the City's in-house think tank, the Ho Chi Minh Institute for Development Studies (HIDS) as the IP's key partner.

Programme Period:
June 2017 – June 2018

CPAP Programme Component:
UNDP CPD Outcome 1
(UN OSP Outcome 3.1)
Atlas Award ID: 00104291

PAC Meeting Date: 15 June 2017

Total resources required

Total allocated resources:	225,000
• Regular (TRAC)	225,000
• Other: Government	
• (HCMC) in cash	TBA
Unfunded budget:	-
In-kind Contributions of HCMC	TBA

Agreed by UNDP:

Louise Chamberlain – Country Director, UNDP Viet Nam

I. PURPOSE

Ho Chi Minh City is Viet Nam's most prosperous and dynamic city, with an annual GDP growth rate of around 9% and a per capita GDP of approximately 5,500 USD (2015). The City has seen huge investment and contributes approximately one third of Viet Nam's total state revenues. Yet, like other major urban centres in the Asia-Pacific region, HCMC is experiencing a suite of socioeconomic and environmental challenges driven by rapid urbanization and industrialization. Alongside acting as a magnet for inward investment, HCMC draws workers en masse from throughout Viet Nam. At the end of 2015, official statistics suggested 8 million people lived in HCMC, yet, if non-registered migrants are included, the city has estimated population of around 13 million - giving it "megacity" status.

A key dimension is the level of risk faced, both environmental and economic. First, its surging population has placed huge pressures on services and driven environmental degradation. Second exposure to climate change is high, and as a tropical estuary city, HCMC faces rapid temperature increases, heavy rainfall events and rises in sea level. Third, socioeconomic vulnerability is widespread and the city is at risk of transiting from forms income-based to new types of multi-dimensional poverty.

These emerging challenges also threaten HCMC's economic momentum. Analysis suggests (mirroring Viet Nam as a whole) the city faces productivity and competitiveness constraints. While HCMC is the most advanced of Viet Nam's cities, elected representatives, commentators, business people and other stakeholders reflect a view that HCMC is still underperforming. Given its advanced position within Viet Nam, the room for continuing to exploit extensive sources of growth (based on cheap labour and exploiting natural resources) now exhausted. The lack of hard data to inform concrete actions to tackle weaknesses is significant in of itself.

In response the City Authorities have developed a forward vision focused making HCMC a "liveable, civilized, modern and caring city", emphasising all facets of city life. The authorities are particularly keen to cement their position as the country's economic leading centre. The Vision also accords with the unified and comprehensive approach given by the Sustainable Development Agenda and set out in the SDGs.

HCMC's liveable city vision has been operationalized via seven Breakthrough Programmes (BPs): (1) public administration reform; (2) strengthening growth and competitiveness; (3) improving the quality of human resources; (4) reduction of flooding; (5) reduction traffic congestion and accidents; (6) reduction of environmental pollution; and (7) urban beautification and development. The city authorities stress the Vision as also being overarching, driving all initiatives under the City's SEDP- its public investment programme, service delivery and city governance/ administration

Two formulation missions and successive consultations with the HCMC authorities identified a four major sets of gaps and challenges:

- (a) **The need for integrated urban management to address efficiency and coordination challenges** – including socio-economic planning and budgeting, priority setting, building linkages between goals/targets and enhanced coordination mechanisms and thus synergy of HCMC's BPs and other major programmes/projects.
- (b) **Funding for the City's development and realization of the vision are considerable and likely to remain unmet.** While the City's economy is vibrant, as a major contributor to national budget, its fiscal space is constrained. The City also faces challenges due to the rigid national/ local government regulatory environment, and management weaknesses within the city administration.
- (c) **The priority of increasing HCMC's productivity and competitiveness** – as explicitly recognized within the *Liveable City Vision* (as improvement here both defines and would enable delivery of the Vision). A number of challenges are relevant – ranging from business

environment, start-up support, SME development and better harnessing FDI investments. Common productivity constraints include – labour quality (including education and training), weak technology transfer, R&D capacity and linkages between FDI and domestic firms.

- (d) **The need to build core policy research and advisory capacities** - delivering the vision, and ensuring inclusive economic growth (in the context of resource constraints) will require high quality policy inputs and advice. This includes new analytical skills, the transfer of tools and techniques and the establishment of decision useful information/ data sources.

Recognizing UNDP's comparative advantage and capacities, these challenges are addressed in the proposed main project under two outputs:

- *Application of integrated and resilient approaches, and transfer of tools, for effective urban socio-economic development planning and budgeting.*
- *Strengthening growth and competitiveness, with a focus on the core drivers of productivity.*

In addition during and through its delivery activities the future project will (i) address *analytical and policy capacity* by building quality and competence of HCMC's policy research institutions (especially HIDS); and (ii) facilitate expansion and deepening of HCMC's links with other provinces in Viet Nam (especially in the Mekong region) and in the Asia and Pacific region for development experience and solution exchange. This is included as a cross-cutting theme within the full-scale project.

This IP undertakes preparatory and initial project activities to support full project roll-out. It focuses on establishing the project's management and staffing, building key partnerships and relationships, undertaking initial research and capacity development activities that lay the necessary foundations for the main project.

II. EXPECTED OUTPUTS

The overarching output of this IP is to enable the main project to rapidly get underway, following its approval under UNDP and GOVN processes, and in turn to further delivery its output objectives. The IP will operate with two outputs:

(1) The future (main) project's structure is established and becomes operational.

This includes set up of management and project arrangements, developing a strong partnership with the primary institution (HIDS), and institutional linkages to the city's leadership. Under the IP, the management and implementation modality(ies) and precise arrangements for enabling the pooling of City and UNDP resources (fully pooled or parallel funding arrangements) will be examined for later adoption by the main project. This includes exploring and undertaking activities for building partnership and resource mobilization for the full-scale project.

Specific activities are detailed in the Annual Work Plan (AWP) given in Section V below. These are made up of additional consultancy inputs and consultation events, setting up core relationships, and ensuring core project staff technical capacity is in place.

(2) Core project resources/ processes, specifically analytical work and data sources, are ready when the main project is initiated.

This refers to activities to provide an evidence base for the main project's two outputs (integrated urban planning and improved competitiveness and productivity), and to practically support delivery of the *Liveable City Vision*. These activities are already programmed within the first year of the main project, initiation tasks will be undertaken within the IP, with the remaining works being folded into the main project.

These inputs are again detailed in the AWP below. Under the first main project output activities focus on: a set of inputs to enable the development of more integrated planning (linking to the SDG Agenda and specifically to urban resilience); and sharing of global experiences and modern tools (including HCMC international/ regional participation via the proposed HCMC MDP hub and the revised *Viet Nam Executive Program – VELP2*). Under the second (productivity) output activities seek: initially to link HCMC to the future Productivity and Competiveness Facility project (already being implemented via another IP on P&C); and later to deliver a local, policy-useful evidence base.

III. MANAGEMENT ARRANGEMENTS

The Initiation Plan will be delivered under a direct implementation modality (DIM). The Assistant Country Director, Head of the Inclusive Growth Unit (IGU) will be the project manager and responsible for implementation and results, under the overall guidance and of the UNDP Country Director/Deputy Country Director. Operations within HCMC may be delegated to (main) project staff (notably) the Project Technical Specialist to be recruited as UNDP/project staff under this IP and future main project. Other UNDP/IGU technical staff, a PO (currently being recruited) and specifically the Senior Economist will be engaged in directly implementation of the Initiation Plan. The IP, although designed with a 12 month duration, will be immediately superseded by, with any remaining activities transferring to, the main Liveable HCMC Project once it becomes operational. It is expected that the main project would be approved and become operational in late 2017/early 2018.

Although directly implemented, as a support arrangement for HCMC, efforts will be made to build ownership and leadership by the HCMC authorities by establishing: (i) UNDP-HIDS consultation on the IP's contents and joint working arrangements for the implementation (note that HIDS is the HCMC focal point for the project); and (ii) a *Partnership/Steering Committee which will provide strategic guidance to the IP and serve as the Project Board* of the future main project.

With the emphasis on productivity within this IP and the future project, there is also a need to link directly to the work of the future Poverty and Competiveness Project (PCP) and its respective IP, to establish HCMC as a primary locality for its consultations and advocacy work, and research. Early establishment of partnerships between the local administration and their national counterparts, and local technical capacity (especially HIDS) and PCP technical staff/consultants/experts is essential. The same will also be applied to the work on Multidimensional poverty (MDP) with HCMC MDP Hub and at the national level (MDP analytical work and MDP rolling out guidance/experience sharing facilitated by the central government). The ACD as the IP's manager will enable the two Initiation Plans to operate together following the portfolio management approach, which would also be important in delivering of the future projects.

IV. MONITORING

The Deputy Country Director will be responsible for overall monitoring of the IP, with support as needed from the UNDP Planning, Monitoring and Evaluation Analyst. Efforts will be made (under Outcome 1) to develop a Partnership/Steering Committee, as an oversight arrangement, in advance of the formal Project Management Board to be established under the future project.

A progress report will be prepared after 6 months of implementation and delivered to the Partnership/Steering Committee (co-chaired by UNDP CO Management and HCMC partner). A final IP report will be prepared one month before its closure. This will include proposed practical steps for transferring remaining activities, capacities and staff to the future full-scale *Liveable HCMC Project*.

V. ANNUAL WORK PLAN - 2017-2018

OSP Outcome (3.1): New economic growth model - By 2021, Viet Nam's growth policies and institutions support a new economic model, which is inclusive, sustainable and more productivity-led.

CPD Outcome 1: Poverty eradication and greater socio-economic equity - (1.1.2) National and sub-national systems, institutions and policies better address multidimensional poverty, exclusion and inequality, particularly for urban settings

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q2 2017	Q3 2017	Q4 2017	2018 (*)		Funding Source	Budget Description	Amount
(1) The future (main) <i>Liveable HCMC</i> project's structure is established and becomes operational	Support completion of project approval processes (HCMC/GOVN and UNDP), workshops, additional national consultancies	X	X			UNDP/ HCMC	UNDP/ HCMC in kind	Workshops, National consultants	6,000
	Conduct micro-assessment and technical/ capacity assessments for recommending the project implementation/management, financial management/cost sharing and cash transfer modalities; and finalization of the project document.			X				National consultants	5,000
	Set-up project delivery arrangements: premises/equipment (if required), staffing/project management, training of the project staff on project management (planning, M&E, financial management, reporting, HPPMG/UNDP policies, etc.) , setting up project board and M&E framework, undertaking activities for building partnership and resource mobilization for the full-scale project, etc.			X		UNDP/ HCMC	UNDP/ HCMC in kind	Workshops, National consultants, equipment	8,000
	Recruit and place a national technical specialist, in HCMC to provide technical support to the IP implementation and partnership building/ coordination and resource mobilization.		X	X	X	UNDP	UNDP	Project Technical Staff	25,000
(2) Core project resources/ processes, specifically analytical work and data sources, are ready when the main project is initiated	Map SDGs/ targets against goals and targets of HCMC SEDP (SEDS); Master/Action Plans and BPs; Reviewing interlinkages between the goals/targets and identifying feasible linkages [from 1.1.1 of the main project]		X	X	X	HCMC/ UNDP	UNDP	National Consultants,	5,000
	Refine City Vision measurement framework and metrics (targets), including SDG and MDP measurements, their linkages and link to decision making [from 1.3.1 – based on completed global study]. This will be done also by engaging HCMC/HIDS' experts in the UNDP-UNDESA work on modelling for integrated decision making at the national level (on SDGs).		X	X	X	HCMC (HIDS)/ UNDP	UNDP/ HCMC in kind	National/ International Consultants and possible travel costs of HCMC/HIDS' experts to Ha Noi to attend trainings.	15,000

[Under main project output 1]	Develop indicators, integrated result based M&E system for monitoring City's Vision framework and contribution to SDGs, including mapping SDGs against City's indicators and data availability [from 1.3.2] to define the data gaps and develop plans (including designing major surveys/innovative data collection tools) to close the data gaps.		X	X	X	HCMC (HIDS)/ UNDP	UNDP/ HCMC in kind	Workshops, consultations, consultants	National	26,000
	Conduct further study on MDP (on social protection dimension); refine the MDP household listing/monitoring tools (including possibly conducting a new MDP survey in HCMC); develop a roadmap for HCMC MDP Hub to become a national and regional center of excellence on MDP (in connection with the work on MDP at the national level).		X	X	X			Workshops, consultants	National	25,000
	Facilitate HCMC participation in global/ regional urban networks, twinning arrangements and link HIDS to national/ international think tanks and other cities' research functions, including MDP Hub [from 1.4.2] and VELP2 (in partnership with Harvard/Fulbright program)		X	X	X	HCMC (HIDS)/ UNDP/ Fulbright Program	UNDP/ HCMC	International expert(s), workshops, travel costs		15,000
[Under main project output 2]	Support technical discussions and high level dialogues [2.1.2] – specifically sharing national P&C studies' findings			X	X	UNDP (PCP)	UNDP	Workshops, consultants	National	5,000
	Share international experiences and bringing high quality international experts to support HCMC's in defining solutions and actions [2.2.2] – one session in HCMC (in connection with the sharing national P&C studies' findings (above) or as the follow up of the VELP2 (above).			X	X	UNDP (PCP)/ HCMC (HIDS)	UNDP, HCMC in kind	Travel, Consultants	International	15,000
	Build city level evidence base on productivity & competitiveness (linking to and cost-shared with the work on P&C at national level) disaggregated by area/ sector, conducting in-depth studies on bottlenecks (and causes) for firms, cross-sector, sectors/subsectors in increasing their productivity and competitiveness in HCMC [from 2.1.1]				X	UNDP (PCP)/ HCMC	UNDP/ HCMC	National/ International Consultants, survey costs		25,000
Other	UNDP's development effectiveness support, management, implementation and M&E, QA services (DPC).	X	X	X	X	UNDP	UNDP	Staff		50,000
TOTALS										225,000

(*) Activity implementation in 2018 will only take place if it will be absolutely necessary (as the result of delays in the main project appraisal and approval/new project becoming operational); therefore the budgeted amounts are only for spending in 2017.