

## Ex-Ante Evaluation (for Japanese ODA Loan)

Southeast Asia Division 3, Southeast Asia and Pacific Department,  
Japan International Cooperation Agency (JICA)

### 1. Basic Information

Country: The Socialist Republic of Viet Nam (Viet Nam)

Project: Maritime Security and Safety Capacity Improvement Project

Loan Agreement: July 28, 2020

### 2. Background and Necessity of the Project

#### (1) Current State and Issues of the Maritime Safety Sector in Viet Nam and the Positioning of the Project

The Socialist Republic of Viet Nam (hereinafter referred to as “Viet Nam”) is a narrow, long country lying along a north/south axis with a long coastline of approximately 3,200 km. The South China Sea that Viet Nam faces is one of the rich fishing grounds in Asia open for foreign fishing vessels and reserves large amounts of natural gas and petroleum. Moreover, it is a strategic marine transportation route for large tankers transporting crude oil and LPG from the Middle East to East Asian countries. Securing the safety of this marine area is essential not only for Viet Nam, other neighboring countries, and Japan, but for stability in Asia as a whole.

There has been an increasing risk of maritime accidents in recent years due to, (i) an increase in fishery activities and freight transportation, and (ii) a rise in natural disasters in the form of Typhoons in summer and tidal waves in the monsoon season. Regarding maritime incidents, according to Vietnam National Committee for Search and Rescue (VINASARCOM), every year, roughly around 400 people being killed or go missing in Vietnamese waters, and about 330 ships are damaged or sunk. In addition, there has been a rising risk of maritime crimes including smuggling and piracy. Regarding maritime crime, based on Vietnam Coast Guard (hereinafter referred to as “VCG”)’s information, approximately 5,000 cases of illegal fishing, 40 to 50 cases of smuggling, and approximately 20 cases of piracy incidents are occurring every year. In line with the above context, enhancement of maritime security and safety capabilities to carry out sea rescue and operation, safety management, maritime crime investigations, piracy countermeasures etc. are becoming increasingly important.

VCG is a governmental organization placed directly under the Prime Minister and responsible for maritime safety and security operations, such as securing and maintaining safety and security of the Vietnamese territorial sea and exclusive economic zone, the enforcement of associated laws, search and rescue, and marine environment conservation. While operating at its headquarters in Hanoi and four regional headquarters, VCG does not possess enough adequate vessels to operate in

the vast territorial waters. As a result, VCG is limited in its capability to conduct rescue activities to respond to emergencies in the event of maritime accidents as well as to monitor regularly where needed.

The Government of Vietnam formulated the “Masterplan for Vietnam Coast Guard Development by 2020” in 2014 to develop a structure to strengthen its capacity for maritime security and safety. The masterplan summarizes the plan for the development and enhancement of the institutional and human resource development and facilities, highlights the importance of possessing adequate number of newly-built vessels, including the deployment of 1,500-ton-class vessels which to be procured under the Project.

## (2) Japan and JICA's Cooperation Policy, etc. for the Maritime Safety and Security Sector in Vietnam

In Japan's Country Assistance Policy for the Socialist Republic of Viet Nam (December 2012), “strengthening of governance” was specified as a priority area; this entails providing cooperation to support efforts for improvements of governance capacity, such as legislation, judicature, and law enforcement. Moreover, in the Japan – Vietnam Joint Statement on the Establishment of the Extensive Strategic Partnership for Peace and Prosperity in Asia (March 2014), further strengthening of cooperation on maritime safety has been confirmed. In addition, in the Japan-Viet Nam Summit Meetings in July 2015, the Prime Ministers confirmed to mutually cooperate to comply with the international laws based on the “Rule of Law for Oceans,” and the Prime Minister of Viet Nam requested the provision of the Project to protect the Country's ocean and fishers. In the Japan-Viet Nam Summit Meetings in May and September 2016, the Prime Ministers confirmed to proceed with the Project.

The Project is also positioned as one of the flagship projects that contributes to pursuing regional peace and prosperity in the Indo-Pacific Region under Japan's foreign policy “Free and Open Indo-Pacific.”

In the JICA Country Analysis Paper for the Socialist Republic of Viet Nam (June 2020), the improvement of the maritime safety and security capacity of VCG was identified as an important issue. The Project is thus consistent with these policies and analysis. The Project will contribute to improving VCG's capacity of handling maritime accidents and crimes through providing VCG the offshore patrol vessels and to SDG's Goal 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development) and Goal 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels). In addition, the Project will contribute to enhancing freedom of navigation and the realization of a free and open Indo-Pacific.

### (3) Other Donors' Activities

South Korea provided used 1,000-ton-class vessel and two used 200-ton-class vessels to VCG in 2013 (all over 30-year-old). The United States transferred patrol boats in the past.

## **3. Project Description**

### (1) Project Objective

The objective of the Project is to develop capacity of VCG to properly conduct maritime security activity, such as search and rescue, maritime law enforcement, etc., in Vietnamese waters, by providing VCG with six offshore patrol vessels (hereinafter referred to as "OPVs"), thereby contributing to maritime safety of the Country.

### (2) Project Site/Target Area

Nationwide

### (3) Project Components

- 1) Procurement of six OPVs (79m-class)
- 2) Consulting Services (Basic Design, Tendering support, Construction supervision, etc.)

### (4) Estimated Project Cost

42,542 million Japanese Yen (including Japanese ODA Loan of 36,626 million Japanese Yen)

### (5) Project Implementation Schedule

July 2020 – October 2026 (76 months in total). The Project will be completed upon the handover of sixth vessel (October 2025).

### (6) Project Implementation Structure

- 1) Borrower: The Government of the Socialist Republic of Viet Nam
- 2) Executing Agency: Vietnam Coast Guard (VCG)
- 3) Operation and Maintenance System: VCG

### (7) Cooperation and Sharing of Roles with Other Schemes and Donors

#### 1) Japan's Assistance Activities

JICA has been accepting around five participants every year under training program of "Maritime Law Enforcement", "Search and Rescue, Disaster Prevention and Environment Protection Course for Maritime Safety Officials at the Operational Level", "Maritime Safety and Security Policy Program", and others. In addition, Japan provided used vessels and equipment related to maritime safety through Non-Project Grant Aid (Exchange of Notes signed in August 2014 and September 2015).

#### 2) Other Donors' assistance activities

As indicated in 2.(3) above. The Project has no overlap with the assistance extended by other donors.

(8) Environmental and Social Consideration/Cross-cutting issues/ Category of Gender

1) Environmental and Social Consideration

① Category: C

② Reason for Categorization: The Project is likely to have minimal adverse impact on the environment under the Guidelines for Environmental and Social Considerations (April 2010)

2) Cross-Cutting Issues

None in particular

3) Gender Category:

Not Applicable

<Reason for Categorization> The Project's activities are likely to have less direct relevance on gender.

(9) Other Important Issues

Japanese technology including clad steel bonding (hybrid-structure bonding technology of high-tensile steel and aluminum alloy) is expected to be utilized.

**4. Targeted Outcomes**

(1) Quantitative Effects

1) Performance Indicators (Operation and Effect Indicator)

Indicator	Baseline (Actual value in 2019)	Target (2027) [Expected value two years after project completion]
Total time of deployment in patrolling area of the newly procured 6 OPVs (hrs/year)	0	3,600
Voyages for maritime security (including patrol, search and rescue, maritime law enforcement, and environmental conservation activities) per year of the newly procured 6 OPVs (#/year)	0	42

(2) Qualitative Effects

Improvement of operations of VCG to extend duties for maritime safety and security; and sea areas covered by increased marine patrol and surveillance.

(3) Internal Rate of Return

It is not estimated because it is difficult to calculate monetary values of human life.

## **5. Preconditions and External Factors**

(1) Precondition

No abrupt change occur in Japan's shipbuilding ability.

(2) External Factors

Same as above 5. (1).

## **6. Lessons Learned from Past Projects**

From the ex-post evaluation of the Disaster Prevention Ships Procurement Project (a Japanese ODA loan project for the Republic of Indonesia) (evaluated in 2009), we learned the lesson that consideration needs to be given to secure adequate number of crews who possess seafarers license and to provide educational training opportunities, such as on-site training, both in Japan and locally. The other lesson we learned is that appropriate operation and maintenance cannot be conducted when there is difficulty to acquire necessary spare parts.

In the Project, necessary trainings for instance to conduct onboard operations shall be considered and conducted. Furthermore, Preventive Maintenance Policy will be introduced to exchange necessary parts in schedule, increasing the durability of the vessels by proper maintenance at an appropriate timing.

## **7. Evaluation Results**

The Project is consistent with Vietnam's development issues and policies, and with Japan's and JICA's cooperation policies and analysis. It contributes to the maritime safety of Vietnam through improving the capacity of VCG to conduct maritime security activities in Vietnamese waters by providing offshore patrol vessels. The Project is expected to contribute to achieving SDGs Goal 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development) and Goal 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels). Thus, the necessity to support implementation of the Project is substantial.

## **8. Plan for Future Evaluation**

(1) Indicators to be used

As indicated in section 4. (1) to (3).

(2) Timing

Two years after project completion (ex-post evaluation)

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