

Third Party Evaluator's Opinion on Rural Infrastructure Development and Living Standard Improvement Phase I and Phase II

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Vietnam has pursued the comprehensive economic reform program called *Doi moi* since the mid 1980s to transform the centrally planned economy to a market oriented economy. After two decades of implementation, *Doi moi* has brought a new face to the economy with robust economic growth rate, rapid expansion of external economic relations, and significant improvements in the people's living standards. However, deteriorated socio-economic infrastructure due to wars and insufficient investments together with the increasing economic disparity between urban and rural areas as a result of the rapid economic growth make the gap of income distribution widen and the poor in rural areas vulnerable. Thus, to develop projects aiming at improving the basis of people's livelihood in these areas and promoting business including the agriculture sector is necessary and important in this regard.

With the above said purpose, the Rural Infrastructure Development and Living Standard Improvement Project, Phase I and phase II, have been completed and put in operation for 4 years. This project can be regarded as one of the most relevant and effective initiatives with significant impacts on the Vietnamese people's living standards in the rural areas.

Relevance

The project is relevant with the Vietnamese socio economic development strategy as poverty reduction and development of rural infrastructure have been repeatedly stated as principal objectives of the Five-year Socio-economic Development Plans for the period 2001-2005 and 2006-2010 as well as in the Comprehensive Poverty Reduction and Growth Strategy (CPRGS, 2002-2005). As Vietnam development strategy focuses on two-pillar growth and poverty reduction, the project has matched well the first priority in Vietnam in light of the plans mentioned above.

Effectiveness

The project has obtained its objective approved by the Government of Vietnam as demonstrated in the following main points:

- ✓ Increasing of traffic volume, reducing of travel time, and increasing in the coverage of electrification: The project improved a part of unpaved provincial and district roads. The traffic volume has increased and the travel time has reduced, especially in the rainy season. About 359 communes and 279,000 households, which account for 24% of the non-electrified communes and 9% of non-electrified households throughout the country, were newly electrified.
- ✓ Increasing the coverage of water supply: The water supply project was conducted through 13 sub-projects in 12 provinces in Vietnam. The contribution

of the project in term of facilitating access to water supply is not significant. Although the capacity of supply stations achieved 100% of the planned target, the serviced population achieved only 35% of the planned target. There were several factors attributed to this situation, including the affordability of households and the pipe system were not properly developed due to financial constraints and low level of urbanization.

Impacts

The project has produced bold impacts on the living conditions and economic development in the targeted areas, in particular:

- ✓ Improvements in the living conditions: Positive evidences may obviously be seen in: (i) road upgrade with improved access to schools, hospitals and markets, establishment of stores and factories, and generation of non-farm employment; (ii) higher coverage of electrification with better access to information, improved educational environment, and improved working and living conditions; and, (iii) greater access to clean water supply with positive impacts on the living standards and health conditions.
- ✓ Facilitating economic development in the targeted areas: The project has provided better infrastructure, namely the transportation system, electricity system, and water supply system, that would create preconditions for industrial development and rural economic structure changes, especially attracting investment in the new industries such as tourism, agricultural- linked and supporting industries. It is also a major factor for increasing the agricultural productivity and income of the people living in the targeted areas.

In order to enhance the efficiency and effectiveness of the project, the Government of Vietnam should consider and take some relevant measures, as follows:

- ✓ Expanding the serviced population in the targeted areas of the water supply project by expanding the pipe system and promoting PR activities; reducing the connection fee and water charge for the poor while ensuring the financial sustainability of the project.
- ✓ Enhancing the capability of government agencies at both central and local levels with sufficient capable staff and funding source so that they can proactively monitor and evaluate the project and strengthen the operation and maintenance capability.