

## Ex-ante Evaluation

### **1. Name of the Project**

Country: The Social Republic of Vietnam

Project: Rural Community Internet Use Development Project

(Loan Agreement: March 30, 2007; Loan Amount: 3,602 million yen; Borrower: The Government of the Socialist Republic of Vietnam)

### **2. Necessity and Relevance of JBIC's Assistance**

In recent years, information and communication technology (ICT) has been growing in importance as an indispensable foundation for economic and social activities. According to estimates by the Vietnamese government, the percentage of people using the Internet will reach 8% to 12% in 2010 (of which 30% will be using broadband Internet).

Meanwhile, differences in availability of necessary ICT infrastructures have created a striking digital divide between regions, and have further widened the economic and social disparities. The disparities are especially apparent between urban and rural areas. In communes (i.e., the small unit of local government below districts and provinces) in rural areas, it is not easy even for administrative officials to access the latest necessary and comprehensive information concerning prevention and treatment of epidemics, agricultural technology, and market conditions.

Recently, Vietnam's ICT business market has become increasingly open, henceforth allowing a greater degree of free competition in ICT markets such as mobile telephone and Internet services. At the same time, there is concern that this will further exacerbate the digital divide between the more profitable urban areas and the less profitable rural areas.

In response to this, in its 5-year Socio-Economic Development Plan and in its Master Plan for Vietnam Telecommunication and Internet till 2010 prepared in 2006, the Vietnamese government set the goal of raising the level of ICT service so as to equal that of neighboring countries (ASEAN+3), including improvement of broadband Internet access in rural areas, by 2010. Primarily in rural areas, the Vietnamese government plans to provide equipment and materials necessary for broadband Internet communications, develop contents and applications for creating electronic government system, and implement projects designed for training of human resources, etc.

In JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations, support for "rectification of regional disparities, poverty reduction, and improvement of life," are central, and priority areas for assistance are "development of economic infrastructure" and "training of human resources." The objective of this project is to improve access to information and to increase the efficiency of public services in rural areas by infrastructure development and conducting human resources training, thereby contributing to rectification of regional disparities as well as poverty reduction and improvement of life in rural areas.

Thus given the above, JBIC's assistance for this project is highly necessary and relevant.

### **3. Project Objectives**

The project aims at improving accessibility of the rural population to information, and streamlining the delivery of public services by (a) providing equipment necessary for development of broadband internet communication in Hoa Binh Province, one of the Vietnam's poverty-stricken areas, (b) developing contents and applications for creating electronic government system at the central and

local government levels, and (c) providing training of human resources training, and thereby contributing to the socio-economic development, poverty reduction, and good governance of the country.

#### **4. Project Description**

##### (1) Target Area

Hoa Binh Province

##### (2) Project Outline

(a) Construction the infrastructure needed to provide broadband Internet access services (wired and wireless communications facilities, servers, etc.) (for 195 communes in Hoa Binh Province)

(b) Equipment and materials for public Internet access points

(c) Development of contents and applications and supply of the required equipment and materials to three ministries, the Ministry of Health (MOH), Ministry of Agriculture and Rural Development (MARD), and Ministry of Posts and Telematics (MPT).

(d) Training in the use of the Internet, maintenance and management for employees of MPT, MOH, MARD, and Hoa Binh Province. Training will also be offered to commune residents.

(e) Consulting services: bid preparations and bid evaluations assistance, construction supervision, baseline study, monitoring, and evaluation

##### (3) Total Project Cost/Loan Amount

4,398 million yen (Yen Loan Amount: 3,602 million yen)

##### (4) Schedule

April 2007 – March 2012 (60 months)

The project will be completed when the consulting services are completed.

##### (5) Implementation Structure

(a) Borrower: The Government of the Socialist Republic of Vietnam

(b) Executing Agency: MPT, MOH, MARD

(c) Operation and Maintenance System: Responsibility for maintenance of the broadband access network will lie with the communications company that installs it. Maintenance of the contents and applications will be conducted by the agencies in charge under the respective executing agencies, MPT, MOH, and MARD, and by Hoa Binh Province People's Committee's Department of Posts and Telematics (a branch of MPT). Operation and maintenance of public Internet access points in each commune will be implemented by the communications company; however, in the case that more than two public Internet access points are set up, depending on their locations, communes may receive the necessary budgetary funds from Hoa Binh Province for conducting operation and maintenance. Responsibility at the central level for operation and maintenance of the training program developed as part of the human resources training component will lie with the agency in charge of implementation under MPT, and responsibility at the provincial level will lie with the vocational training school in Hoa Binh Province.

(6) Environmental and Social Consideration

(a) Environmental Impacts/Land Acquisition and Resettlement

(i) Category: B

(ii) Reason for Categorization: This project is not likely to have significant adverse impact on the environment due to the fact that the project sector and project characteristics are not likely to exert impact and the project is not located in a sensitive area under the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Consideration” (established in April 2002). Thus this project is classified as Category B.

(iii) Environmental Permit: The Environmental Impact Assessment report is not obligatory under the domestic laws of Vietnam.

(iv) Anti-Pollution Measures: This is a project to install infrastructure using existing facilities, and no particular negative impact is anticipated from this project. Some impact during construction, such as noise and vibration, is foreseen, and appropriate measures will be taken by the executing agencies and the construction company.

(v) Natural Environment : The project site does include some protected land, such as a national park, but given the nature of the construction wherein transmission lines can be installed next to existing lines, no particular negative impact is foreseen.

(vi) Social Environment: This project will be implemented on existing sites and on land owned by the executing agencies, and so it will involve no land acquisition or resettlement.

(vii) Other/ Monitoring: MPT will monitor the noise and vibration during construction as well as changes in the surrounding scenery at the completion of construction.

(b) Promotion of Poverty Reduction

This project fulfills the conditions of a poverty measures loan because the site is Hoa Binh Province, where the poverty rate exceeds the national average, and the project is to improve access to information and to increase efficiency of public services in rural communes, excluding urban areas.

(c) Promotion of Social Development (e.g. gender perspective, measures for infectious diseases such as AIDS, community-based development, considerations for handicapped persons, etc.)

Through development of contents and applications by MOH and MARD and two-way communication, this project will enable people to know more swiftly of infectious disease situation, etc., and to take countermeasures in the early stage, and this project will also provide health and hygiene information and useful information regarding farming to rural residents.

(7) Other Important Issues

None

**5. Outcome Targets**

(1) Evaluation Indicators (Operation and Effect Indicator)

Indicator	Baseline (2006)	Target (2012, at completion)
Internet usage rate in Hoa Binh Province (Internet)	N.A. <sup>1</sup>	10%

users/population) (%)		
% of government-related agencies with broadband Internet connections in Hoa Binh Province (%)	0%	50%
% of private companies with broadband Internet connections in Hoa Binh Province (%)	0%	10%
Central ministries/agencies and provincial agencies linked to the IFC Top Portal <sup>2</sup> (number of agencies)	0	15 (5 central ministries/agencies and 10 provincial government agencies)
Average volume of contents updated per day per Web developer (pages/Web developer/day)	N.A.	10 pages/Web developer/day
Fault ratio at public Internet access sites in Hoa Binh Province (annually) (%)	N.A.	3%
Daily average number of hits at the portal site set up by this project (hit/day/portal site)	N.A.	2,000 hits/day/portal site

<sup>1</sup> Scheduled for confirmation when baseline study is implemented.

<sup>2</sup> Internet for Community (IFC) portal site set up by MPT

## 6. External Risk Factors

Change in network configuration due to technological revolution.

## 7. Lessons Learned from Findings of Similar Projects Undertaken in the Past

In previous communications-related yen loan projects, it was learned that it is important to understand the entire information system as one “system.” Based on this lesson learned, consideration will be given in this project so that the entire system functions smoothly. This will be accomplished by installing infrastructure for broadband Internet that is capable of accommodating a wide range of data and also by assisting with contents and applications as well as human resources training.

## 8. Plans for Future Evaluation

(1) Indicators for Future Evaluation

(a) Internet usage rate in Hoa Binh Province (Internet users/population) (%)

(b) % of government-related agencies with broadband Internet connections in Hoa Binh Province (%)

(c) % of private companies with broadband Internet connections in Hoa Binh Province (%)

(d) Central ministries/agencies and provincial agencies linked to the IFC Top Portal<sup>2</sup> (number of agencies)

(e) Average volume of contents updated per day per Web developer (pages/Web developer/day)

(f) Fault ratio at public Internet access sites in Hoa Binh Province (annually) (%)

(g) Daily average number of hits at the portal site set up by this project (hit/day/portal site)

(2) Timing of Next Evaluation

After project completion