Ex-Ante Evaluation (for Japanese ODA Loan)

1. Name of the Project

Country: Socialist Republic of Viet Nam
Project: Small-Scale Pro Poor Infrastructure Development Project (III)
Loan Agreement: November 10, 2009
Loan Amount: 17,952 million Yen
Borrower: The Government of the Socialist Republic of Viet Nam

2. Background and Necessity of the Project

(1) Current State and Issues of Poverty Reduction in Viet Nam

The poverty rate in Viet Nam declined from 37.4 to 16.0 percent in 1998 to 2006 mainly due to the high economic growth in 90’s. However, the poverty rate in rural areas still remains high at 20.4%, on the other hand, the poverty rate in urban areas declined to 3.9% in 2006. Geographic (living in a topographically disadvantageous area) and social capital (insufficient infrastructure services) factors are considered to be main causes of the disparity.

(2) Poverty Reduction Policies in Viet Nam and the Priority of the Project

The Vietnamese government has set the national development target to promote basic infrastructure development (road, electricity distribution, water supply system, irrigation, etc.) in rural areas with high poverty rates in its “Ten year Socio-economic Development Strategy (2001-2010)”. Moreover, the “Eighth Five year Socio-Economic Development Plan (2006-2010)” (SEDP) also sets target to facilitate infrastructure development especially in rural areas, aiming the improvement of living standards, hunger elimination, and continuous reduction of the number of the poor. In accordance with these poverty reduction policies of Vietnamese government, this project carries out basic infrastructure development in poverty areas.

(3) Japan and JICA’s Policy and Operations in the Poverty-related Sector

Among the “four pillars” of Japan’s Country Assistance Program (CAP) for Viet Nam (July 2009), the “correction of social disparity and improvement of lifestyle and social aspects” puts emphasis on the importance of “agricultural and rural development, and regional development” through development and management of livelihood and production infrastructure (village roads, water supply system, electricity distribution, irrigation and water management, flood control, etc.) in poverty areas. Therefore, the project conforms to Japan’s assistance policy.

In response to the CAP, JICA is going to reduce poverty and vulnerability of the poor and near poor in order to correct the expanding social disparity caused by the economic growth in line with “Improvement of social and living condition and the reduction of disparity ”.
(4) Other Donors’ Activity
The World Bank and the Asian Development Bank have provided support in line with SEDP, and carried out projects aimed to improve access to fundamental social services for those in poverty in rural areas in order to achieve the “Reduction of Poverty and the Guarantee of Social Inclusion,” which is one of the four pillars of the plan.

(5) Necessity of the Project
In poverty areas in Viet Nam, it is expected that infrastructure development will reduce poverty by increasing agricultural income through diversification of agricultural product and improvement of productivity, enhancing employment through creating favorable environment to rural industry and improving the living environment of the poor.

Infrastructure development of the project aiming the reduction of poverty in rural areas implemented is expected to contribute to the correction of economic disparity between regions, reduction of poverty and elimination of absolute poverty, thus ensure social fairness, which the Vietnamese government is aiming to achieve. Therefore, the necessity and relevance of JICA's support of this project is high.

### 3. Project Description

(1) Project Objectives
The objective of the project is to improve accessibility to markets, public services and to increase agricultural productivity through rehabilitation, upgrading and construction of small-scale pro poor infrastructure and thereby contributing to poverty alleviation in rural area.

(2) Project Site/Target Area
36 provinces (in particular 14 provinces with high poverty rates in northern mountainous regions and the Development Triangle¹ are “prioritized provinces” which have intensive assistance from the project.)

(3) Project Components
1) New construction and improvement of the small-scale infrastructures such as roads, electricity distribution, water supply system and irrigation

   - Roads- 52 subprojects: Concrete pavement, bridge construction, etc. (total distance is approximately 890km)
   - Electricity distribution- 14 subprojects: New construction, improvement and restoration of medium and low voltage electricity cable, and installation of

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¹ The “Development Triangle” is the region which is greatly behind in development located in the mountainous region bordering three countries, Cambodia, Laos, and Viet Nam. In Viet Nam (CLV), it includes the provinces of Gia Lai, Kon Tum, Dak Lac, Dak Nong in the central highlands according to the Vientiane Declaration establishing the “the CLV Development Triangle” at the CLV summit in November 2004.
transformers for distribution
  • Water supply system- 16 subprojects: construction of water collection facilities, pumping facilities, water treatment and filtering facilities, and pipeline networks, etc. (approximately 270,000 people will have access to clean water)
  • Irrigation- 18 subprojects: Improvement of irrigation and drainage ditches, and construction of reservoirs (benefited area is approximately 64,000 ha)
  • Rural promotion centers, etc.- 4 subprojects: Construction of training facilities and others which will be the core of the pilot project²
2) Consultation services (Assistance in detailed design, construction supervision, etc.)

(4) Estimated Project Cost
21,605 million yen (Loan Amount: 17,952 million yen)

(5) Schedule
  September 2009 - October 2013 (in total 50 months). To be completed with the commencement of operations (October 2013).

(6) Project Implementation Structure
  1) Borrower: The Government of the Socialist Republic of Viet Nam
  2) Executing Agency: Ministry of Planning and Investment (MPI)
  3) Operation and Maintenance System:
      • Roads: Provincial or district People’s Committee Transport Department
      • Electricity distribution: Vietnam Electricity or Provincial People’s Committee Electricity Department
      • Water supply system: Water Supply Company
      • Irrigation: Irrigation Management Company
      • Rural promotion centers, etc.: Provincial or District People's Committee

(7) Environmental and Social Consideration/Poverty Reduction/ Social Development
  1) Environmental and Social Consideration
     a) Category: B
     b) Reason for Categorization
        This project is categorized as B because it does not apply to large-scaled projects of the road sectors under the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (April 2002), and will not include sensitive sectors, characteristics and areas under the guideline.
     c) Environmental Permit
        Environmental Impact Assessment (EIA) report required for some subprojects will be approved by the responsible agencies specified in the domestic law by
the time of Detail Design.

d) Anti-Pollution Measures
This project will satisfy the domestic standard for environmental consideration and emission with regard to the air quality, water quality, noise and vibration level, etc., by taking such measures as implementing civil engineering work in wet season (roads), guidance of the appropriate use of pesticides (irrigation), and mud disposal to solid waste dumping sites (water supply system), etc.

e) Natural Environment
The project site and its surroundings are not considered to be vulnerable regions, such as national parks or regions which require careful consideration. Therefore, negative effect on the environment is considered to be minimal.

f) Social Environment
Some subprojects may require small scale resettlement. Land acquisition, resettlement and compensation will be implemented in line with Vietnamese domestic regulations.

g) Others, monitoring
Central, provincial and district PMUs implement subprojects with appropriate environmental social consideration. For monitoring, the District People’s Committee will monitor the physical effect on air quality, water quality, noise and vibration, and the social effect to the connection rate of water supply system or electricity distribution rate.

2) Promotion of Poverty Reduction: This project is for the improvement of the access to public services of the poor by developing the small-scale infrastructure as roads, electricity distribution, water supply system, and irrigation. At the same time, the project introduces the pilot projects for industrial development and employment enhancement in poverty areas through implementation of the infrastructure development plan prepared by Provincial Peoples Committee’s for regional development. Therefore, the project corresponds with the Poverty Focused Projects defined by JICA.

3) Promotion of Social Development (e.g. Gender Perspective, Measures Infectious Diseases Including HIV/AIDS, Participatory Development, Consideration for the Handicapped, etc.): All subprojects have already had consultation with residents at planning stage in accordance with the ordinance “Implementation of Democracy at the Commune Level” (34/2007/PL-UBTVQH11) as of April 20, 2007. In addition, another consultation meeting with residents will be held before implementation of the project regarding details of the plans.

(8) Collaboration with Other Donors: None

(9) Other Important Issues: Regarding coordination with the technical cooperation, this project is based on the JICA development survey “Master Plan Study on Improvement
of Rural Living Conditions in Nort-western Mountainous Region in Vietnam” (January 2007–September 2008), and focuses on the provinces in the northwestern region.

4. Targeted Outcomes

(1) Performance Indicators (Operation and Effect Indicator)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline*** (Actual Value in 2009)</th>
<th>Target (2016) *** (Expected value 2 years after project completion)</th>
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</thead>
<tbody>
<tr>
<td>District poverty rate</td>
<td>Set for each subproject</td>
<td>Set for each subproject</td>
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<tr>
<td>Roads- Time Saving (time required for moving 1 km during the rainy season)</td>
<td>100*</td>
<td>45*</td>
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<tr>
<td>Electricity- Electrification rate of households (%)</td>
<td>54.7**</td>
<td>97.9**</td>
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<tr>
<td>Sales volume (MWh)</td>
<td>77,332</td>
<td>201,215</td>
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<tr>
<td>Water supply- Service population (persons)</td>
<td>16,437</td>
<td>289,343</td>
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<tr>
<td>Irrigation- Benefited area (ha)</td>
<td>28,370</td>
<td>30,738</td>
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</tbody>
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*Described in index (100 for baseline).

**Subproject average value. Other figures except * and ** are sum of subprojects (including improvements and new construction).

*** Baseline data and target figure are set at the time of SAPROF. These figures shall be reviewed at the time of the detailed design.

(2) Internal Rate of Return

Not calculated.

5. External Factors and Risk Control

None.

6. Lessons Learned from Past Projects

A lesson learned from the post-evaluation results of the Rural Infrastructure Development and Living Standard Improvement Project (I) and (II) indicates the importance of careful project supervision. In particular, subprojects in water supply sector needs appropriate quality control in designing, construction works, and operation and maintenance phases. Considering the lesson, consulting services will provide such services as implementation of a detailed design review, capacity improvement of construction supervision, strengthening of operation and maintenance capacity. As well, it is planned to provide training to distribute the
detailed design manual prepared by SPLV and know-how about the problems/countermeasures in operation and maintenance stage.

7. Plan for Future Evaluation

(1) Indicators to be Used
   1) District poverty rate
   2) Time saving (time required for moving 1 km during the rainy season)
   3) Electrification rate of households (%)
   4) Sales volume (MWh)
   5) Service population (persons)
   6) Benefited area (ha)

(2) Timing
   Two years after project completion.

End