

Rehabilitation Loan

Report Date: March 2000
Field Survey: July 1999

1 Project Summary and Japan's ODA Loan

This loan aimed to alleviate the economic difficulties faced by Vietnam in its transition to a market economy, and particularly to promote the country's "Rehabilitation Program" for underdeveloped provincial roads and water supply.

The ODA loan covered the foreign currency portion of the cost of importing equipment and materials for road and water supply construction projects and the entire cost of consulting service.

Borrower	Government of Socialist Republic of Vietnam
Executing Agency	State Planning Committee (currently Ministry of Planning and Investment)
Loan Amount	¥2,500 million
Loan Disbursed Amount	¥2,479 million
Date of Exchange of Notes	January 1994
Date of Loan agreement	January 1994
Loan Conditions	
Interest Rate	1.0%
Repayment Period (Grace Period)	30 years (10 years)
Procurement	General Untied
Final Disbursement Date	February 1997

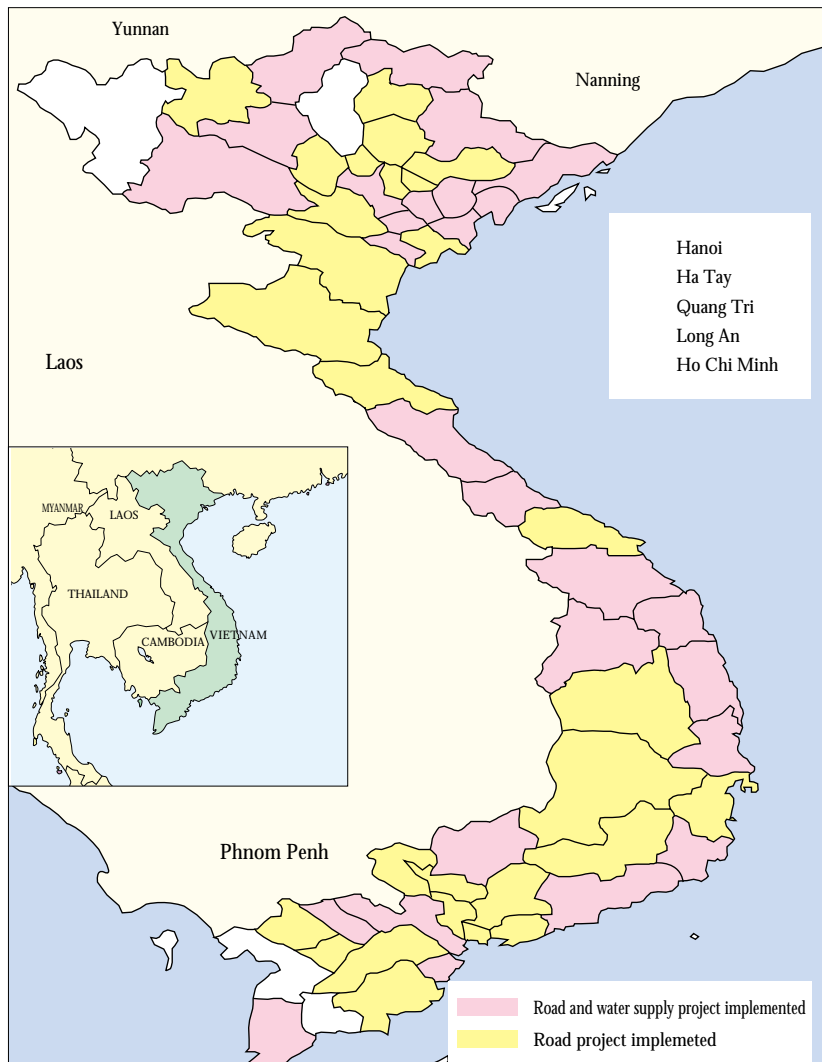
2 Analysis and Evaluation

(1) Project Scope

After the loan agreement was signed, MPI narrowed down the range of sub-projects and confirmed the project scope based on the "Rehabilitation Program (the original program)". As a result, bridge improvement was exempted from the project scope, and changes were made in matters such as the number of cities to be provided with water supply. Further changes were made later, such as removing eight of the 40 cities scheduled for water supply improvement from the project scope. The changes in the scope of the project were made to keep the project within its original budget. Considering the fact that a considerable proportion of the project cost was borne by the Vietnamese government, the changes appear to have been an unavoidable measure. However, to enhance the efficacy of the road improvement elements of this project, JBIC should follow up on the bridge improvement situation.

(2) Implementation Schedule

The road improvement was completed nine



months late, but, considering the fact that this loan was the first to Vietnam after the resumption of ODA loans to the country, and the Vietnamese side took a certain time to complete unfamiliar procurement procedures, the timing appears to have been realistic.

The improvement of water supply system is greatly delayed and some sub-projects have not yet been completed in some provinces (as of July 1999). This major delay was caused by the detailed investigation of water supply works and the contract agreements for equipment procurement that aggregate took 22 months. The delay appears to have been unavoidable, because rehabilitation of water supply requires more detailed investigation than new construction, and because there were more than 30 sub-projects.

(3) Project Cost

As the scope of the project was changed after the loan agreement was concluded, the eventual project cost was largely as planned and the Vietnamese government's budgetary allocations were made without problems. The cost was kept within the planned amount by cutting back the scope of the project after the loan agreement was signed. The original program at the time of the loan agreement did not specify the details of project scope and cost, so it appears to have been unavoidable that the content of the project was changed somewhat for the main program.

Comparison of Original Plan and Actual

Item	Plan	Actual
1. Project Scope		
Road improvement		
· No. of targeted provinces	53	50
· No. of sub-project	221	211
· Extension of rehabilitation roads (km)	984	949
Water supply improvement		
· No. of targeted provinces	34	34
· No. of targeted cities	40	32
2. Implementation Schedule		
(start of procurement to completion of construction work)		
i) Road improvement	April 1995 to March 1996	January 1995 to December 1996
ii) Water supply improvement	April 1995 to March 1996	August 1995 to (completed in 30 provinces by 1997)
3. Project Cost		
ODA loan portion	¥2,500 million	¥2,479 million
Total project cost	¥8,635 million	N.A
Exchange Rate	¥1 = 110.8 Dong	¥1 = 84.7 Dong

(4) Project Implementation Scheme

At the time of the loan agreement (January 1994), the executing agency was the State Planning Committee (SPC), but SPC was reorganized in 1995, into the Ministry of Planning and Investment (MPI). MPI is an overall coordinating agency at the central government level with central authority over the drafting of development plans and the allocation of development budgets. It coordinated between the related central government ministries and ensured the generally smooth completion of the project.

(5) Operations and Maintenance

This project covered what were then all 53 provinces of the country with approximately 250 sub-projects. For this post-evaluation we chose six projects in three provinces at random as case studies. The evaluation confirmed that the maintenance position of all the sample sub-projects was good, but it also found that the omission of bridge improvement from the road improvement plans caused bottlenecks preventing growth in transport volume, and confirmed that some water supply equipment had not yet been installed. JBIC and MPI will have to monitor these points in future.

(6) Project Effects and Impacts

The findings of interviews with people who use the roads improved by this project showed that most thought that the quality of the roads was higher than before and, as a result, road usage had increased. The results of case studies in three provinces underlined this finding (see Table 1 on the next page).

Table 1 Changes of Traffic by Implementation of the Project

Province Name	Road Name	Traffic Volume (vehicles/day)		Difference	Journey time (minute)		Difference
		Before project implementation	After project implementation		Before project implementation	After project implementation	
Ha Tay	Road No. 430	500	1,000	+ 500	N.A	N.A	N.A
Quang Tri	Road No. 68	1,200	1,824	+ 624	24	12	△12
Long An	Tan An-Chau Thauh road	N.A	N.A	N.A	25	15	△10

Source: Executing agencies in each province

Note: Traffic volume does not include motorcycles and bicycles.

Most of the water supply improvements have only just been completed. Recorded data on impact indices for water supply improvements due to this project as a whole are to be reported later, but in the three provinces investigated as case studies, increased water supply diffusion rate and improved public health were confirmed (see Table 2 below).

Table 2 Changes in the Water Supply Diffusion Rate for Each Water Corporation

Province Name	Name of Water Supply Corporation	Water Supply Diffusion Rate (%)		Difference
		1997	1999	
Ha Tay	Ha Dong	70	70	±0
Quang Tri	Dong Ha	55	75	↑20
Long An	Tan An	65	80	↑15

Source: Materials of each Water Supply Corporation



Widened Road in Ha Tay Province



Large Pumps procured by this Loan



Laboratory next to Filtration Plant in Long An Province, where All Instruments were procured by this Loan