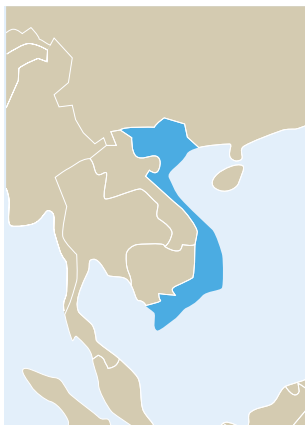


Overall Rating **B** Poverty Reduction
A Foundation for Sustained Growth



23 Vietnam
Rural Infrastructure Development and Living Standard Improvement (1)(2)

Contributing to poverty reduction by small-scale projects for rural roads, electricity distribution, and water supply

Loan Amount/Disbursed Amount 11 billion yen/10,363 million yen
Loan Agreement March 1996, March 1997
Terms & Conditions Interest rate 2.1–2.3%,
 Repayment period 30 year (grace period 10 years), General untied
Final Disbursement Date July 2002, September 2002
Executing Agency Ministry of Planning and Investment of Vietnam (<http://www.mpi.gov.vn/>)



Project Objectives

The project's objective was to improve basic infrastructure in rural and regional areas of Vietnam by constructing or rehabilitating the road network as well as water supply and electricity distribution systems, thereby ameliorating the living conditions and economic development in these areas.

Effectiveness & Impact

Rating **a**

This project targeted 57 provinces that lag behind cities in development. It carried out small-scale infrastructure improvement projects, such as construction and rehabilitation of the road network, electricity distribution systems, and water supply facilities. These were mostly implemented according to plan. It was confirmed that this project improved 10% of unpaved provincial roads and 2% of unpaved district roads in Vietnam. Also, the electricity distribution project electrified about 24% of non-electrified communes and about 9% of non-electrified households in Vietnam. This resulted in various impacts: revitalization of distribution system and improved living standards, increase in transport volume of agricultural products, industrial development, better access to information obtained through television, and lightened household workload. A number of water supply projects is limited, and a several of them did not reach planned figures of water supply volume. However, the beneficiary survey (targeted 300 households) revealed some effects compared to before project implementation: families' health has improved; time spent for drawing water has reduced, and clean water has been secured in the rainy season. Therefore, this project rates a highly satisfactory level of effectiveness since it has largely achieved its objectives.

Relevance

Rating **a**

Both at the time of the appraisal and at the time of the ex-post evaluation, this project has been highly relevant to Vietnam's national policies. At the

times of the appraisal and the ex-post evaluation, poverty reduction and development of rural and regional infrastructure are emphasized in the sixth and seventh five-year plans. Also, securing employment opportunities for the population in poverty and improved living standards are promoted as issues to be improved in the Comprehensive Poverty Reduction and Growth Strategy (CPRGS).

Efficiency

Rating **b**

Project cost was almost according to plan, but the period was much longer than planned (178% of plan); therefore the evaluation for efficiency is moderate. The project was extended due to delay in hiring consultants and delay in selecting sub-projects.

Sustainability

Rating **b**

It was confirmed that operation and maintenance budgets for these road and water supply projects are insufficient in some of the provinces. However, there are no major issues in the capabilities and the system of operation and maintenance of the executing agency for electricity distribution projects. Therefore, sustainability of the overall project is moderate.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be satisfactory. Lessons learned are: for water supply projects, higher quality surveys should be carried out at the time of planning, future water demand needs to be understood, and designs investigated; for road projects, basic traffic data collection (such as on traffic volume) should be improved. For better effects from this project, it is desirable to expand the service population receiving water supply, improve ability in operation and maintenance of related institutions, promptly repair damaged roads, and strengthen the monitoring and implementation system at the district and commune levels.

Third-Party Opinion

The relevance and effectiveness of this project were high. Various impacts can be seen, such as improved living standards, and promotion of economic development in the target district. The Vietnam government must take measures in future to expand the service population receiving water supply and strengthen ability in project supervision, evaluation, and operation and maintenance.

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 Obtained a doctoral degree (Economics and Finance) from Saint Petersburg University (Russia). Presently holds the post of Chairwoman of the State Capital Investment Corporation (SCIC) after working as the Vice Minister of Finance for 11 years.
 Specializes are economics and finance.

Subproject Results

	Projects Implemented	Impacts
Road projects	<Phase I> 154 projects, road length 1,140.82km (56 provinces) <Phase II> 142 projects, road length 1,056.25km (57 provinces)	Paved about 10% of provincial roads which were unpaved in Vietnam before the project, and 2% of unpaved district roads <Beneficiaries: about 14.3 million people>
Electricity projects	<Phase I> 168 projects, line length 8,381.3km, total capacity 221,546kVA (54 provinces) <Phase II> 191 projects, line length 3,632km, total capacity 71,952kVA (56 provinces)	359 communes electrified by the project (about 24% of all those not electrified in Vietnam); 297,000 electrified households (about 9%) <Beneficiaries: about 1.3 million people>
Water supply projects	13 sites (12 provinces)	Constructed or expanded 7% of 190 water supply stations nationally (as of 2000). <Beneficiaries: about 81,000 people>