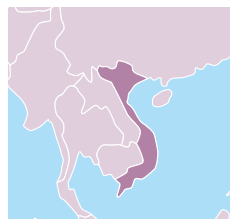




Asia Vietnam



Third, Fourth and Fifth Poverty Reduction Support Credit



Providing strategic support for poverty reduction and economic growth in Vietnam in partnership with other donors and in combination with other assistance schemes

[External evaluator]

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Rating		
Effectiveness, Impact	a	Overall rating A
Relevance	a	
Efficiency	a	
Sustainability	b	

Project Objectives

To help the Vietnamese government to press ahead with various reforms for the purpose of supporting the achievement of three policy issues identified by its Comprehensive Poverty Reduction and Growth Strategy (CPRGS): (i) a transition to a market economy, (ii) inclusive and sustainable development, and (iii) establishment of modern governance, thereby contributing to poverty reduction and economic growth in Vietnam.

Outline of the Loan Agreement

- Loan amount / disbursed amount: 7 billion yen / 7 billion yen (total)
- Loan agreement: December 2004 (Third)
- Terms and conditions: 1.3% interest rate; 30-year repayment period (including a 10-year grace period); general untied
- Final disbursement date: August 2007 (Fifth)
- Executing agency: The State Bank of Vietnam
- Website URL: <http://www.sbv.gov.vn/en/home/index.jsp>

Effects of Project Implementation (Effectiveness, Impact)

Vietnam's economy has been experiencing rapid growth; its real growth rate was over 7% between 2002 and 2004 and it has maintained the rate at more than 8% since 2005. The percentage of the poor in the total population fell from 58.1% in 1993 to 19.5% in 2004.

Apart from the financial sector, Vietnam has been moving ahead with reforms in most of the sectors on which the Japanese government and JICA place special emphasis: public financial management, planning processes, private sector development, and state-owned enterprise reform.

Regarding improvement of the investment climate, the increase in investment to Vietnam (from the world and from Japan) has coincided with the implementation of PRSC. Moreover, policy consultations under PRSC have culminated in specific projects for technical cooperation and project-type ODA loans, contributing to the realization of reforms.

Therefore, this project has largely achieved its objectives and its effectiveness is high

Relevance

This program has been highly relevant with Vietnam's national policies and development needs at the times of both appraisal and ex-post evaluation.

This program has been a useful tool to support Vietnam's reforms and has helped the implementation of CPRGS and other reform programs being conducted by the Vietnamese government. The program has responded flexibly to changes in the development objectives and priorities for Vietnam over the years. As a program that respects ownership by the Vietnamese government, it has also promoted donor alignment to Vietnam's development policies.

Contributions from the Japanese government and JICA in the form of expressing Japan's view and strategically combining traditional bilateral aid (technical cooperation, project-type assistance, etc.) with multilateral aid (e.g., PRSC) were evaluated highly by other donors

Efficiency

This program is considered to be implemented efficiently. PRSC funds have contributed to additional spending on various reforms promoted by the Vietnamese government. The program was implemented efficiently under certain pressures based on the PRSC cycle, although the government did not have total control of its implementation schedule due to political and other factors. To minimize transaction costs, an effective framework for coordination was in place within the Vietnamese government, between donors, and among Japanese institutions involved.

Sustainability

The sustainability of this program is fair. The PRSC mechanism itself will likely be terminated in 2011 when Vietnam is expected to "graduate" from the status of a low-income country. For the framework and functions developed through PRSC to be sustainable, it is important to develop the following three mechanisms:

- A mechanism that curbs coordination costs and ensures flexibility and efficiency
- A mechanism that can cope with rapidly changing trends of the international markets surrounding Vietnam
- A mechanism that enables the complementary implementation of technical cooperation to ensure the effectiveness of reforms

Conclusion, Lessons Learned, Recommendations

This program is evaluated to be highly satisfactory. Since the PRSC process builds on local initiatives and calls for sustained involvement, it is essential to develop local capacity. It is important to analyze and make recommendations from a mid-long term perspective to ensure consideration to overall, cross-sectoral issues for Vietnam. In the future, the development objectives of Vietnam should be addressed through a multi-dimensional approach that systematically combines bilateral and multilateral aid while taking account of the synergy between technical cooperation and PRSC.