

Third Party Evaluation Report 2013
Ministry of Foreign Affairs of Japan

**Evaluation of Assistance
for the Urban Transportation Sector
in Viet Nam**

February 2014
INGÉROSEC Corporation

Preface

This report under the title of Evaluation of Assistance for the Urban Transportation Sector in Viet Nam was undertaken by INGÉROSEC Corporation, entrusted by the Ministry of Foreign Affairs (MOFA) in fiscal 2013.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries and to finding solutions to international issues which vary with the times. Recently, more effective and efficient implementation of ODA has been required not only in Japan but also in the international community. MOFA has been conducting ODA evaluations every year mainly at the policy level with two main objectives: to improve the management of ODA; and to ensure its accountability. The evaluations are conducted by third parties to enhance their transparency and objectivity.

This evaluation study was conducted with the objectives of reviewing Japan's overall policies on Assistance for the Urban Transportation Sector in Viet Nam, drawing on lessons from this review to make recommendations for reference in policy planning on future assistance to Viet Nam by the Government of Japan and its effective and efficient implementation, and ensuring accountability by making the evaluation results widely available to the general public.

Yasutami Shimomura, Professor Emeritus at Hosei University, served as a chief evaluator to supervise the entire evaluation process, and Hironori Kato, Professor at Tokyo University, served as an advisor to share his expertise on Urban Transportation Sector. Both have made enormous contributions from the start of this study to the completion of the report. In addition, in the course of this study both in Japan and in Viet Nam, we have benefited from the cooperation of MOFA, the Japan International Cooperation Agency (JICA), and the local ODA Task Force, as well as government agencies in Viet Nam, donors, and non-governmental organizations (NGOs). We would like to take this opportunity to express our sincere gratitude to all who were involved in this study.

Finally, the Evaluation Team wishes to note that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

February 2014

INGÉROSEC Corporation

Note: This English version of the Evaluation Report is a summary of the Japanese Evaluation Report of Evaluation of Assistance for the Urban Transportation Sector in Viet Nam.

Evaluation of Assistance for the Urban Transportation Sector in Viet Nam (Brief Summary)

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Period of the Evaluation Study

July 2013 – February 2014

Field Survey Country

Socialist Republic of Viet Nam



Source: UNOCHA

Background, Objectives and Scope of the Evaluation

Japan has provided assistance for the urban transportation sector in Viet Nam, which continues to grow at a high rate, for the capacity development for plan formulation and operation, maintenance and management in the form of technical cooperation as well as a series of investment in infrastructure by means of ODA loans, and the need for this assistance continues to remain strong. In this evaluation, assistance for the urban transportation sector, which Japan provided mainly to Hanoi and Ho Chi Minh City from fiscal 2006 to fiscal 2012, was reviewed for the purpose of obtaining recommendations and lessons learned for the formulation of assistance policies for this sector and implementation of assistance in this sector in the future. Additionally, the evaluation had the objectives of fulfilling accountability to the people of Japan, and being put to use for public relations (PR) of ODA by means of feedback to the Government of Viet Nam and other donors.

Brief Summary of the Evaluation Results

An overall evaluation conducted based on the set indicators and standards provided results that are satisfactory to a certain extent. However, it is difficult to directly measure the diplomatic effects, with all that can be expected consisting of indirect synergistic effects resulting from the development of transport arteries which is an adjacent sector to the urban transportation sector.

• **Development Viewpoints**

(1) Relevance of Policies

Policies were formulated in accordance with the development objectives of Viet Nam, are consistent with the ODA Charter, Medium-Term Policy and Country Assistance Program and Policy for Viet Nam, and are likewise consistent with shared view of importance of assistance for Viet Nam among donors and in documents such as assistance policy / content of assistance by other donors. Furthermore, it can be recognized that Japan has comparative superiority in terms of technical issues,

assistance methods and in other areas. Therefore, the evaluation team judged that the relevance of policies is extremely high.

(2) Effectiveness of Results

The results have contributed to the development of infrastructure in Viet Nam, and have had a positive impact on foreign corporations expanding into Viet Nam. The benefits of projects related to transportation safety can also be recognized. In addition, it can be acknowledged that the drivability on roads has been improved, traffic congestion has been alleviated and other outcomes have been achieved, having an impact on logistics in the northern and southern areas, and it is expected that the effects will be manifested across the areas mainly in Hanoi and Ho Chi Minh City. Therefore, the results have had a certain level of achievement as of this evaluation, and further contribution will be expected in the future.

(3) Appropriateness of Processes

The Country Assistance Program and Policy for Viet Nam are formulated and projects are selected based on information that is collected by the Embassy of Japan in Viet Nam and JICA Viet Nam Office. Assistance projects are mainly managed by the JICA Viet Nam Office which maintains close communication with related agencies and stakeholders, and efforts are made to reflect requests and needs from the Vietnamese side for aid coordination. Consequently, the evaluation team judged that the processes have been implemented in an appropriate manner. However, the accumulation of data to measure the quantitative effects is a challenge. In addition, issues such as project delays due to the impact of land acquisition will be shared and discussed at the ODA Task Force and Infrastructure Policy Conference, and cooperation between donors will be requested.

• Diplomatic Viewpoints

The diplomatic importance of assistance in this sector is significant, but it is difficult to directly measure the diplomatic effects. However, the number of corporations entering the country and volume of foreign direct investment will increase due to the synergistic effects of development in urban transportation and transport arteries, and it is expected that this will have indirect diplomatic effects such as increasing the influence and negotiating power of Japan on the strategy of Viet Nam for industrialization. In order to conduct evaluation from a diplomatic viewpoint, review of assistance in the transportation sector as a whole for areas other than urban transportation needs to be conducted.

Main Recommendations

(1) Recommendations for Program Approach

More attention should be paid to the connection among projects in the program and the connection with adjoining programs, and the organic coordination among assistance projects should be recognized as an explicit indicator.



Nhat Tan Bridge under Construction

(2) Recommendations Concerning Sharing of Data

The data studied or used for each project should be efficiently managed within JICA. In addition, assistance plans concerning the collection of data related to

changes in commuting distances for jobs and school, as well as changes in retail and trading areas should be formulated in preparation for the completion of an urban railway system.

(3) Coordination Issues among Donors for Infrastructure Operation

In terms of operational issues, heightened problem consciousness and further understanding of technology needs to be promoted on the Vietnamese side and coordination among donors should be conducted in advance. Also, discussion concerning standards should take place from the master plan formulation stage and other such work should be included in the plan in order to review specific measures to cope with the various issues.

Lessons Learned

- There is no database for human resource development projects that enables a grasp of whether or not the field is appropriate, the persons being trained are suitable for operation of the organization, and to ascertain how many officers and managers have been trained during the project. Therefore, follow-up needs to be performed for the trained personnel and the database needs to be developed.
- Many Special Terms for Economic Partnership (STEP) projects end with a single bid, and there are quite a few cases in which the construction period has been delayed due to a lack of bids which results in rebidding. Involved persons from both Japan and Viet Nam need to make coordination efforts at a higher level in order to address problems in the system such as difficulties during contract negotiations after bidding and delay in acceptance inspection after project completion.

Table of Contents

Preface

Outline

Table of Contents

Chapter 1 Fundamental Outlook for the Evaluation	1
1-1 Focus on Linkage and Synergistic Effects among Projects in Sectors and with Other Sectors: “Program Approach” and Attempts to Make Improvements of the Approach	1
1-2 Utilization of “Problem Structuring Methods”	2
1-3 Reexamination of Diplomatic Effects	3
Chapter 2 Evaluation Policies	8
2-1 Objectives of Evaluation	8
2-2 Target of Evaluation	8
2-3 Framework of Evaluation	9
Chapter 3 Summary of Evaluation and Recommendations	15
3-1 Summary of Evaluation	15
3-2 Recommendations	17
3-3 Lessons Learned	20

Appendix

Photos

Chapter 1 Fundamental Outlook for the Evaluation

This evaluation was conducted in accordance with “ODA Evaluation Guidelines (8th Edition)” which is based on the evaluation criteria established by the Development Assistance Committee at the Organisation for Economic Co-operation and Development (OECD-DAC). At the same time, some efforts were made to the extent possible to conduct this evaluation with new viewpoints and introduce new and unique evaluation techniques in order to add a certain amount of knowledge to this evaluation work. The team, sharing the challenges mentioned above, adopted evaluation methodologies for this study which have following three points.

1-1 Focus on Linkage and Synergistic Effects among Projects in Sectors and with Other Sectors: “Program Approach” and Attempts to Make Improvements of the Approach

Basic concept of the program approach applied to this evaluation of assistance for urban transportation sector is shown in Figure 1. This diagram described the interactions among goal (development objectives of the Government of Viet Nam), intermediate objectives (development objectives of urban transportation sector), immediate objectives (infrastructure development, human resource development, system development, etc.) and policy instruments (individual assistance projects).

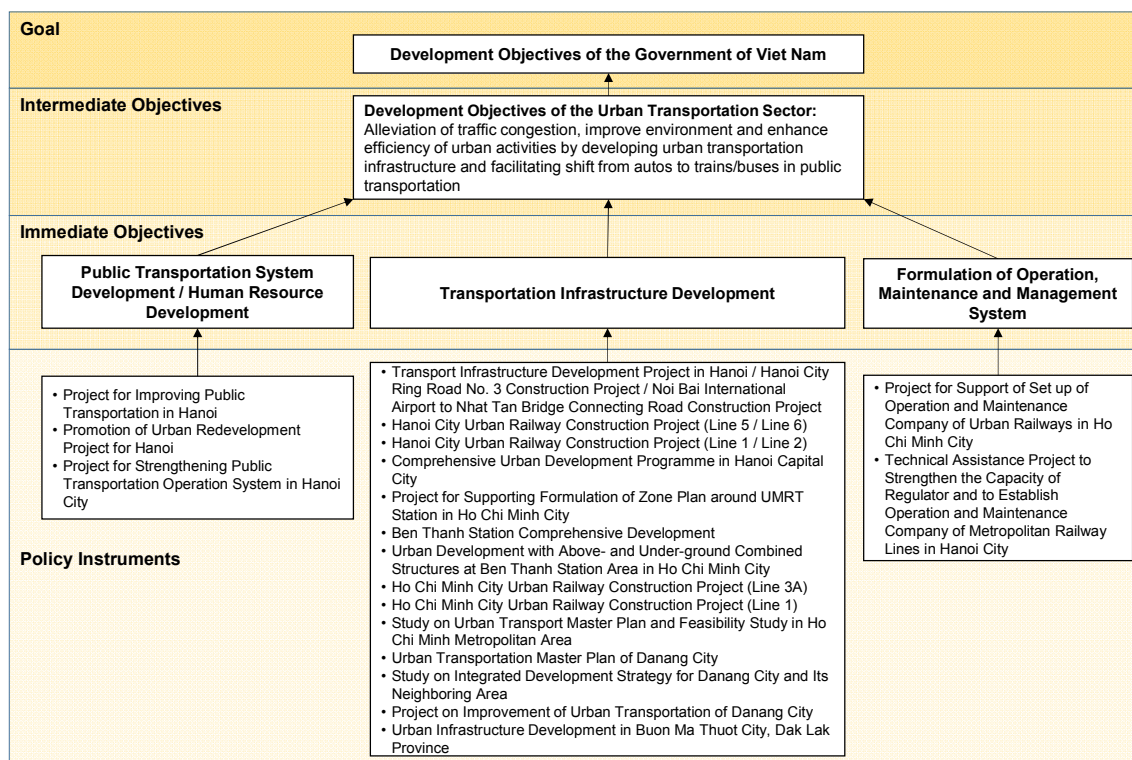


Figure 1 Mindset for “Program Approach”: Conceptual Diagram

Figure 2 describes modified diagram which improves practical application to the study. This introduces linkage among individual assistance projects which are the policy instruments in order to strengthen the urban transportation sector by means of synergistic effects among them.

Figure 1 and Figure 2 solely focus on the urban transportation sector, but there are quite a few other sectors that are connected to the urban transportation sector. Figure 3 introduces linkage among related sectors and the synergistic effects among them. This indicates that linkage among sectors, or in other words, intermediate objectives, contributes to the achievement of the goal.

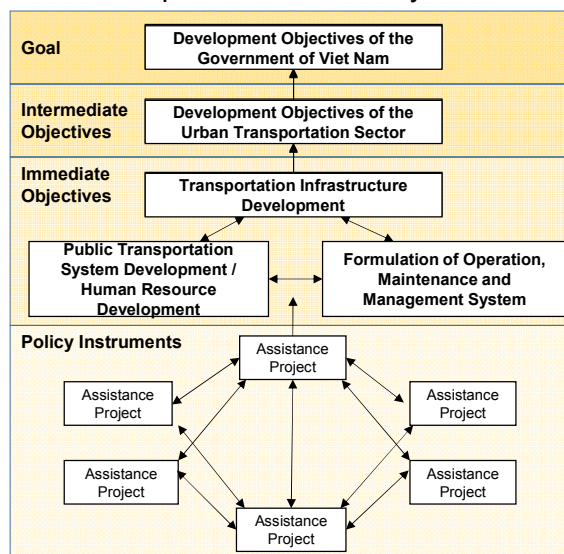


Figure 2 “Program Approach” Introducing Internal Links

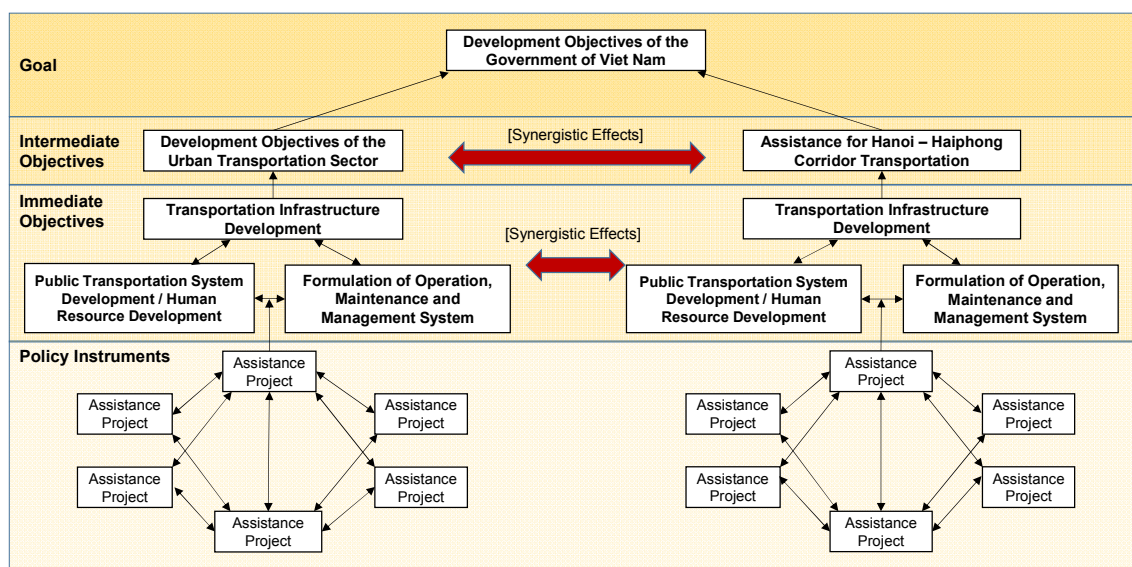


Figure 3 “Program Approach” Introducing Linkage among Sectors

1-2 Utilization of “Problem Structuring Methods”

We need to bear in mind, with the approach mentioned above, that it is difficult to capture an overall picture of problems since “plans”, “development”, “assistance” and “construction” in a sector are prepared individually from the perspective of each actor. During evaluation at the sector level in particular, since there are many related actors and the structure of problems is complicated, it is difficult to obtain an accurate grasp of the overall picture of problems and their positions. Consequently, during this evaluation,

the “Problem Structuring Methods”¹ were applied as an attempt to capture the overall picture of policy issues in a balanced manner.

The objectives of the problem structuring methods is to determine “What are the policy issues” in the midst of actual complicated circumstances, in other words, to establish specific policy issues, to create credible options, and to set policies. It is supported by recognition that “a group of problems recognized by the related parties is the source of policy issues”. With transportation policies, there are many stakeholders that have a direct or indirect vested interest such as the authorities responsible for policy and planning, operators and commuters. Expectation and purpose of each actor which determine their behavior in the sector should be surveyed through extensive communication with diverse stakeholders. The information obtained is summarized to identify policy value which is thought to be important by many of them and overall picture of structured inter-relations among problems will be captured. The causes of problems and the result from the problems are extracted as the causal correlation flow (“Problem Structure Diagram”), and the problem structure diagram is analyzed in order to organize the relationship between the objective of activities of the respective stakeholders and the means to achieve them, mutual interdependence among the stakeholders and the relationship among policies that are being implemented. This information is used to obtain a correct understanding of the positive and negative effects that can be expected as a result of policy implementation, and in turn find policy issues that should be added as necessary in the future.

Normally, in order to fully utilize problem structuring methods, it is necessary to formulate a hypothesis for the problem structure recognition diagram and hold stakeholder interviews over an extended period of time in advance. Due to time constraints of the study, however, full-scale interviews could not be conducted and analysis was attempted to the extent possible under these circumstances. It is nevertheless hoped that the experimental study conducted this time will provide a basis for the utilization of the problem structuring methods in the future.

1-3 Reexamination of Diplomatic Effects

It does not appear that a methodology has been established for the assistance evaluation on diplomatic perspectives yet. Accordingly, review needs to be attempted from a variety of angles.

(1) “Pursuit of National Interest” as an Objective of Assistance

Discussion in literature concerning the objectives of assistance² enables us to classify them into two, “Pursuit of International Public Good” and “Pursuit of National

¹ Kato, H., Shiroyama, H. and Nakagawa, Y. (Nov. 2005). Problem Identification and Structuring for Regional Transport Planning: Case Study of Strategic Transport Plan in the Kanto Region, *Sociotechnica*, Vol. 3, pp. 214-230, and Kato, H., Shiroyama, H. and Nakagawa, Y. (2014). Public policy structuring incorporating reciprocal expectation analysis, *European Journal of Operational Research*, Vol. 233, No.1, pp. 171-183.

² Shimomura, Y. (2011). Development Assistance Policy, International Public Policy Library 19. Nihon Keizai Hyouronsha Ltd., Chapter 3.

Interest". Many donor countries combine these two objectives when providing assistance though the balance of two varies in one donor to another. National interest comprises the "national political interest" and the "national economic interest" (Refer to Figure 4). The "pursuit of national political interest" has a much stronger association to diplomatic effects than the "pursuit of national economic interest". The points that are representative of national political interest include security, international influence, favorable image in international society, friendly relations with recipient countries, alleviation of external friction and retention of influence in former colonies.

In general, if the contribution of assistance in securing national political (or economic) interest and strengthening of diplomatic negotiating power is verified, it is possible to claim that there are diplomatic effects. Indeed, the strengthening of friendly relations between donor countries and partner countries is often cited as one such representative diplomatic effect. However, in order to verify the diplomatic effects, it should be possible to identify the cases of specific contribution to the diplomatic approach to the partner country rather than simply improve friendly relations. Even when a friendly relation is established with the partner country, the desired positive response to the approach aiming the pursuit of national interest of the donor country is not always obtained from the partner country.

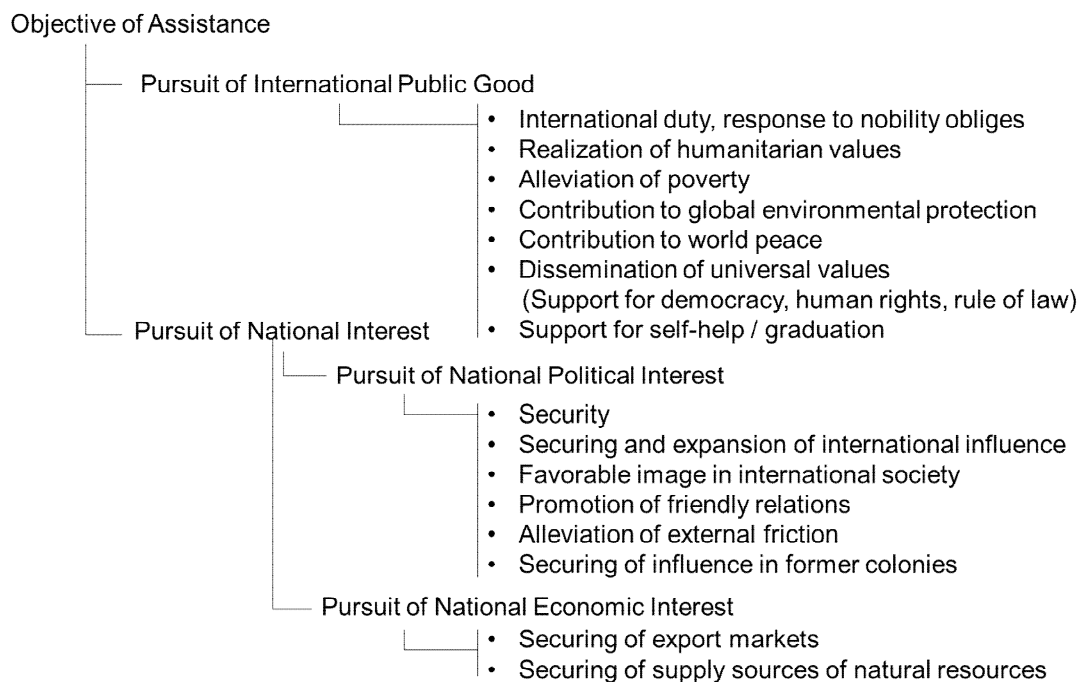


Figure 4 Objectives of Assistance
Source: Shimomura, Y. Development Assistance Policy,
Nihon Keizai Hyouronsha Ltd.

(2) Capturing Diplomatic Effects of Sector Assistance

The contribution of assistance to the national political interest is normally discussed³ with a focus on the total amount of bilateral assistance (and multilateral assistance in some cases) or the sustained provision of assistance over the long term. However, it is difficult to apply this standardized methodology without any modifications in the evaluation of assistance for a specific sector or a specific project. It is necessary to identify how such specific assistance (“Urban transportation sector in Viet Nam” for this evaluation) contributes to diplomatic negotiating power rather than assistance for a recipient country as a whole.

There are two ways of linking assistance for a particular sector or a particular project (or a group of projects) to diplomatic effects. The first consists of needs that are extremely strong or urgent in the recipient country when the assistance is provided, in which case it is easy to see the effects of the assistance provided in response to a request. There are a number of examples of emergency assistance that has been provided for economic crises, such as “Commodity Loan as Emergency Support” for India (1991). In terms of assistance to Viet Nam, the “Study on the Economic Development Policy in the Transition toward a Market-Oriented Economy in the Socialist Republic of Vietnam” (1995 – 2001, “Ishikawa Project”) falls into this category. It should be noted that there is a certain limit to the period that this effect can be sustained. The second way consists of assistance which has an extremely strong impact and is highly recognized in the recipient country. A representative example is assistance for export-oriented industrialization (coordination of assistance from Japan and direct investment) that was provided in response to strong requests⁴ from the Government of Thailand to correct the large trade deficit with Japan in the mid-1980s, and which brought about a rapid improvement in the “Anti-Japan” sentiment⁵ that had sustained over many years.

(3) “Assistance for the Urban Transportation Sector in Viet Nam”

Even though the importance of the urban transportation sector is recognized in Viet Nam, it cannot be said that the need for assistance for this sector is extremely strong or urgent in this context. In addition, it is difficult to claim that the outcomes of the group of assistance projects in the sector that are gradually emerging have a direct impact on diplomatic relations with Viet Nam. When attempting to evaluate the diplomatic effects with a view of the overall transportation sector which covers national trunk road network, ports and airports, these circumstances were considered. As shown in the example below, in assessing the positive diplomatic effects, it is important to focus on close coordination between the urban transportation sector and adjacent transportation sectors (especially “Hanoi – Haiphong Corridor” transportation sector) which leads to

³ Representative Documents: Kajima Institute of International Peace. ed. (1974). Foreign Economy Cooperation. Kajima Institute Publishing, Volume 1; Prime Minister Ohira’s Policy Research Group (1980). Report by Prime Minister Ohira’s Policy Research Group. Liberal Democratic Party Public Relations Committee Publishing Office; Lancaster, Carol. (2007). Foreign Aid: Diplomacy, Development, Domestic Politics. The University of Chicago Press, etc.

⁴ The White Paper on the Restructuring of Japanese-Thai Economic Relations (1985)

⁵ Shimomura, Y. (2011). Op. Cit. Chapter 8

increase of direct overseas investment. In addition, when thinking about diplomatic effects, it is necessary to consider the general perception, impression and memory of people in Viet Nam for the transportation sector as a whole not only the urban transportation sector. For example, it cannot be denied that assistance for construction of the Nhat Tan Bridge in the urban transportation sector may bring back memories of the collapse of Cần Thơ Bridge, a similar large-scale bridge construction project. These points were taken into consideration during this evaluation by taking a look at past experience in the transportation sector as a whole.

The rapid increase in direct investment from Japan is an “easy to see” contribution from Japan to the economy of Viet Nam and a high level of appreciation is observed in Viet Nam. The increase in direct investment is a reflection of the improvement in the investment environment. Interviews conducted as a part of this evaluation work in Hanoi and Ho Chi Minh with representatives of Japanese private sector corporations and they confirmed that improvements in the transportation infrastructure have had a large impact on improving the accessibility of the location. In northern Viet Nam, a study resulted that assistance for transportation infrastructure in the “Hanoi – Haiphong Corridor” which connects Hanoi with the port of Haiphong and is characterized by development and modernization of a port and national highways has dramatically reduced shipping costs⁶ although they are not target projects for this evaluation. It was confirmed during this evaluation work that the effects of coordination with development of urban transportation infrastructure in Hanoi have important implications to this effect. Similar effects have also been confirmed in Ho Chi Minh although the impact is relatively small. As stated above, a grasp of the diplomatic effects of “Assistance for the urban transportation sector in Viet Nam” can be seen through the indirect contribution to inducing direct investment. Regarding northern Viet Nam where the contribution is particularly remarkable, the path leading to diplomatic effects is shown in Figure 5.

When discussing the diplomatic effects of assistance for the transportation sector in Viet Nam, in parallel to the positive impact, the influence of problems related to this assistance in recent years also needs to be taken into consideration. Specifically, this consists of the “Collapse of the Cần Thơ Bridge” and “High Speed Railway Projects on Hanoi – Vinh and Ho Chi Minh City – Nha Trang Sections which was very controversial in Viet Nam” although these projects are not the target of this evaluation. Therefore, in order to obtain a grasp of the overall picture of diplomatic effects of Japanese assistance, a comprehensive judgment needs to be made that includes these negative aspects⁷.

⁶ Kuchiki, A. (2007). Theoretical Models Based on Flow Chart Approach to Industry Cluster Policy in Asia, Shosekikobo Hayama Publishing Co., Ltd., pp. 28-33, ADB, JBIC, World Bank (2005). Connecting East Asia A New Framework for Infrastructure, ADB, JBIC, and the World Bank, pp. 68-73

⁷ Although Cần Thơ Bridge and High Speed Railway Projects are not urban transportation sector projects, in order to conduct evaluation from diplomatic viewpoints, a review was performed of how support for the transportation sector (including adjacent sectors) as a whole is connected to diplomatic effects.

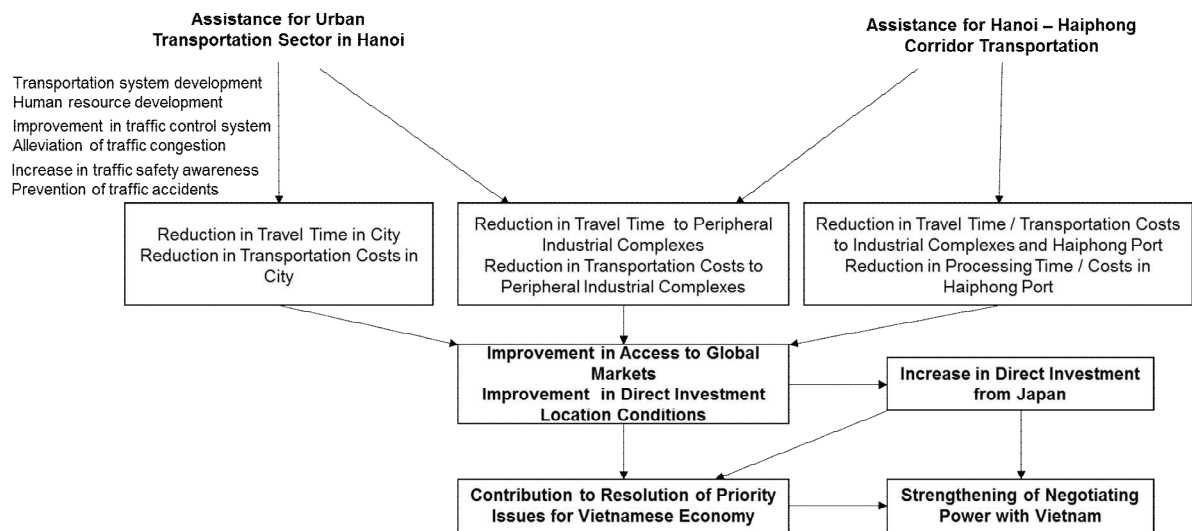


Figure 5 Indirect Effects from Diplomatic Viewpoints: Northern Viet Nam

Chapter 2 Evaluation Policies

2-1 Objectives of Evaluation

MOFA has been conducted ODA evaluation to improve management of ODA and ensure its accountability.

This evaluation survey was performed in accordance with the MOFA's ODA Evaluation Guidelines (8th Edition). The evaluation team evaluated the assistance provided for the Urban Transportation Sector in Viet Nam, taking into consideration the significance of such assistance in the Viet Nam. The objectives of this evaluation are as follows:

- Conduct review focusing on the implementation status of Japan's assistance for the urban transportation sector in Viet Nam.
- Derive recommendations and lessons learned for policy formulation and the program implementation of future assistance for the urban transportation sector in Viet Nam, and reflect them in the Country Assistance Policy for Viet Nam.
- Publish the results of evaluation and accomplish accountability to the people in Japan, and also provide it as feedback related to Vietnamese government and other donors in order to contribute to visibility of Japan's ODA and its improvement.

2-2 Target of Evaluation

Viet Nam has the third largest population in Southeast Asia (approximately 90 million) and a high average economic growth rate exceeded 7% since the year 2000 made it a lower-middle-income country (the per capita GNI of above 1,000 dollars in 2010). The demand for transportation and other economic infrastructure is increasing with the rapid economic growth in the country, however, development of infrastructure in Viet Nam is still inadequate, and the need for large-scale development in the future is expected.

In order to sustain economic growth in Viet Nam, it is essential to develop networks that respond to increasing demand for shipping and transportation capabilities and rapidly proceeding urbanization, and that are conducive to the smooth and safe flow of both goods and people. For this purpose, development of transportation infrastructure (roads, railways, etc.) needs to be promoted, and measures need to be taken to develop human resources with sufficient quality to facilitate operation, maintenance and management of transportation infrastructure, and deal with issues such as traffic safety measures. In addition, systems need to be developed to utilize the private sector and facilitate public-private partnerships (PPPs).

Japan is implementing assistance in urban transportation sector within the framework of "Promotion of Economic Growth and Strengthening International Competitiveness" as an integral part of the Country Assistance Policy for Viet Nam. Its assistance consists of a series of investment in infrastructure by means of ODA loans and in operational aspects such as the capacity development for formulation of plan and its implementation, maintenance and management by means of technical cooperation with the goal of developing urban transportation networks. The evaluation team evaluated assistance

for the urban transportation sector provided by Japan mainly in Hanoi and Ho Chi Minh City from fiscal 2006 to fiscal 2012 to obtain recommendations and lessons learned for the formulation of assistance policy and the implementation of assistance in this sector in the future. The results of evaluation are based on information available as of the end of December 2013.

2-3 Framework of Evaluation

During this survey work, evaluation was conducted from a total of four criteria based on “ODA Evaluation Guidelines (8th Edition)”, namely, “Relevance of Policies”, “Effectiveness of Results”, “Appropriateness of Processes”, and “Evaluation from Diplomatic Viewpoints”.

(1) Relevance of Policies

In order to verify the relevance of policies for assistance in this sector, the assistance policy shown in the objective framework (Figure 6) was judged based on the viewpoints of whether or not it was consistent with (a) Development needs of Viet Nam, (b) Japan’s high-level policies (Japan’s ODA Charter and Japan’s Medium-Term Policy on ODA) and (c) International priority issues (Millennium Development Goals [MDGs] etc.). In addition, this study also analyzed the assistance with viewpoints of (d) Relevancy to assistance of other donors and (e) If comparative advantage of Japan is being utilized in formulation and operation of assistance policy.

Systemized Objectives

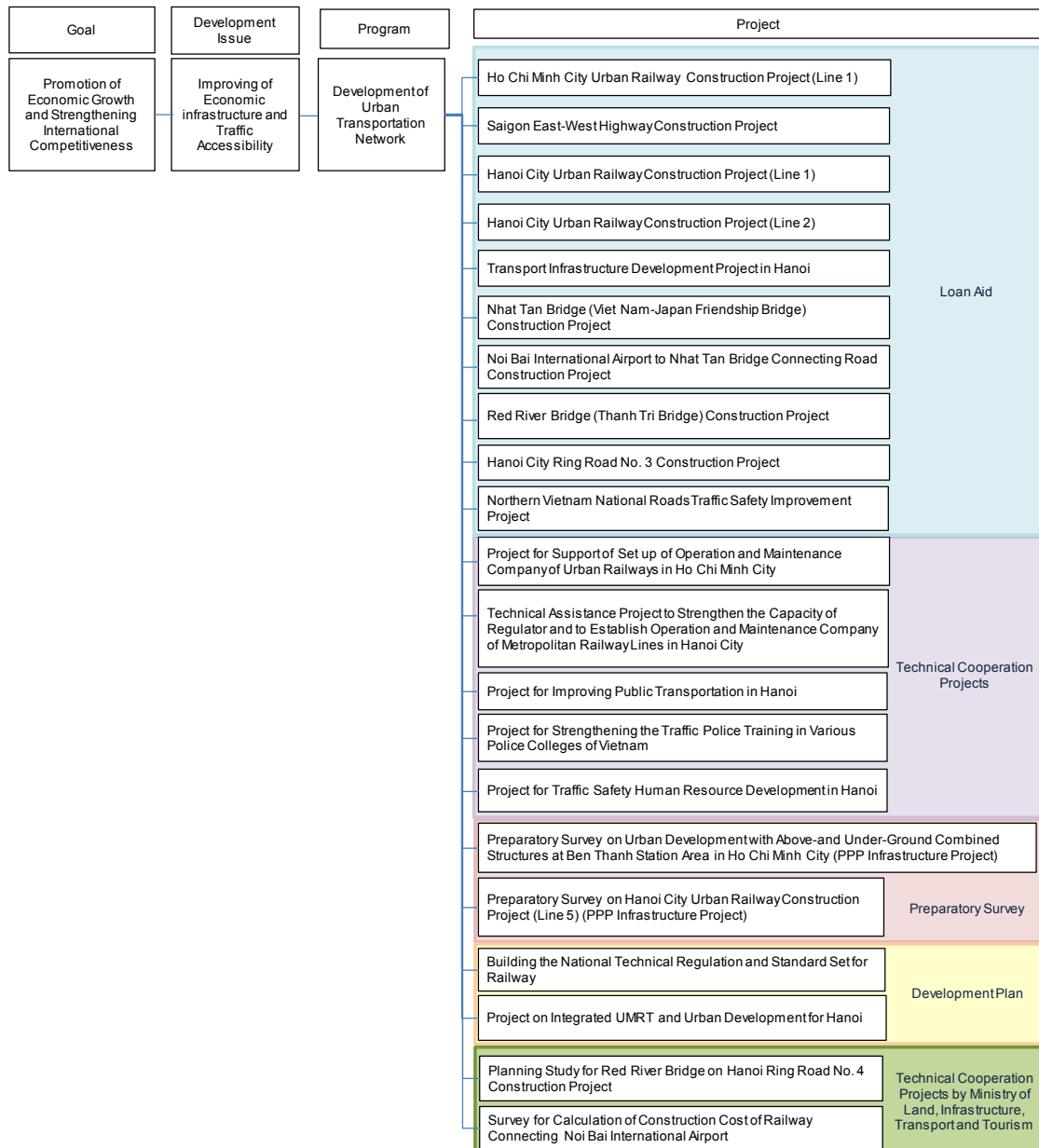


Figure 6 Objective Framework of Assistance for Urban Transportation Sector in Viet Nam (2006 – 2012)

(2) Effectiveness of Results

In order to verify the extent to which implementation of assistance in this sector achieved the objectives and priority issues set in advance, this study analyzed the information to (a) identify the effects (outcomes, impacts, etc.) of assistance by Japan in the urban transportation sector and (b) determine the level of contribution to achievement of initially-established goals for priority issues. Quantitative targets for the overall assistance of the urban transportation sector in Viet Nam have not been set in advance. In order to verify effectiveness of results, the evaluation team analyzed the level of achievement of individual projects referring to ex-ante evaluation reports and

other reference materials for studying how individual projects contribute the whole sector. The study also analyzed qualitative information obtained through interviews of involved persons in Japan and Viet Nam, to (c) review the effectiveness of results of assistance in this sector comprehensively.

In this evaluation, to determine the effectiveness of results, “Problem Structuring Methods” were applied. The causal relationship between problems related to urban transportation in Viet Nam and the causes of them was clarified by using these methods, and a comprehensive judgment of the effectiveness of assistance in this sector was made from the viewpoints such as connection among projects and synergistic effects by organizing and obtaining a grasp of the structure of the problems. Specifically, the main elements in the urban transportation master plans and other urban transportation plans for Hanoi and Ho Chi Minh City and information obtained from interviews were utilized to determine key words related to problems in urban transportation and to find the causes of them. The problem structure diagram shown in Figure 7 and Figure 8 were made by viewing the multiple causal relationships and the evaluation team analyzed them.

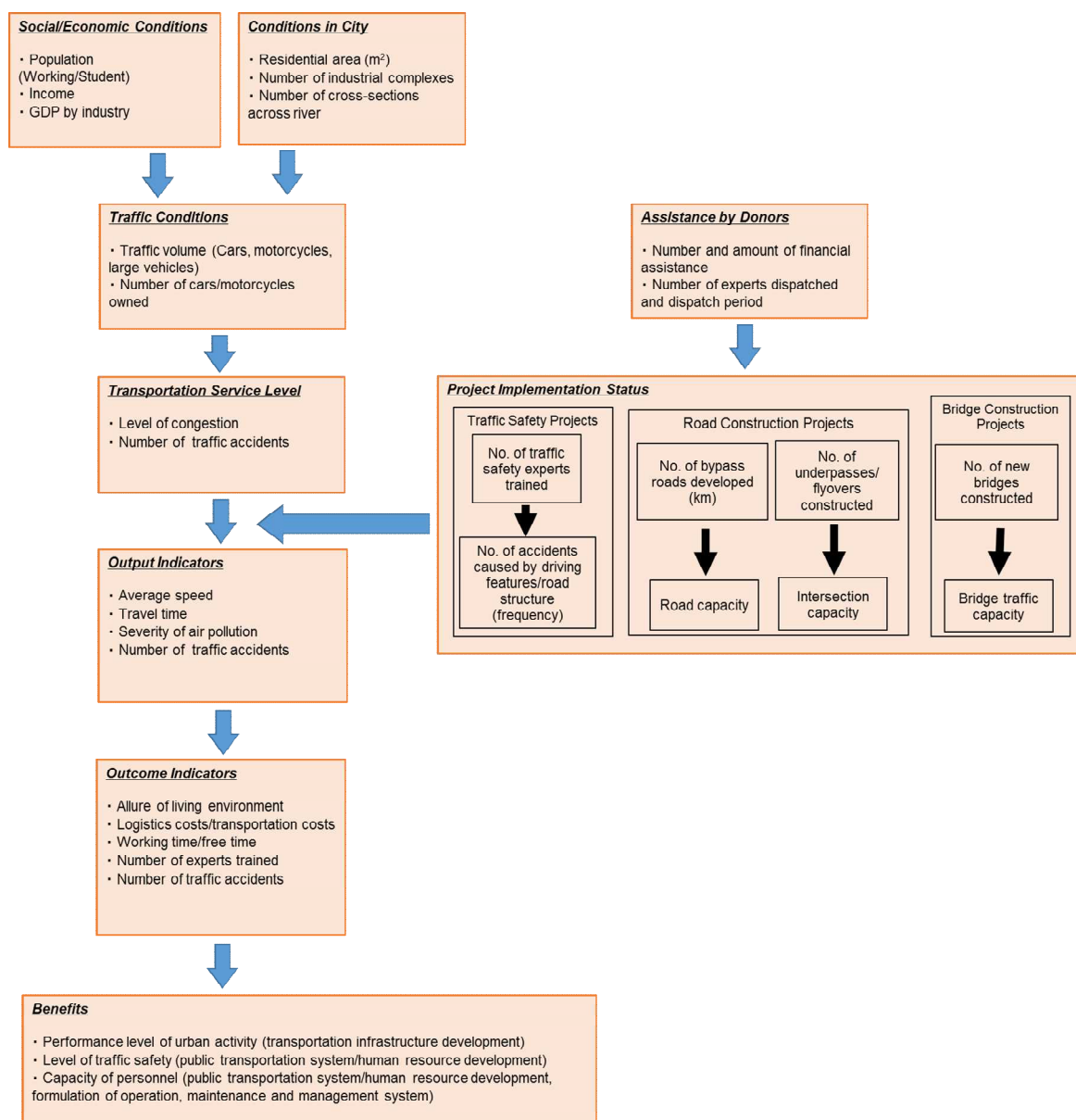


Figure 7 Problem Structure Diagram Concerning Road/Bridge Construction (Outline)

Source: Prepared by Evaluation Team

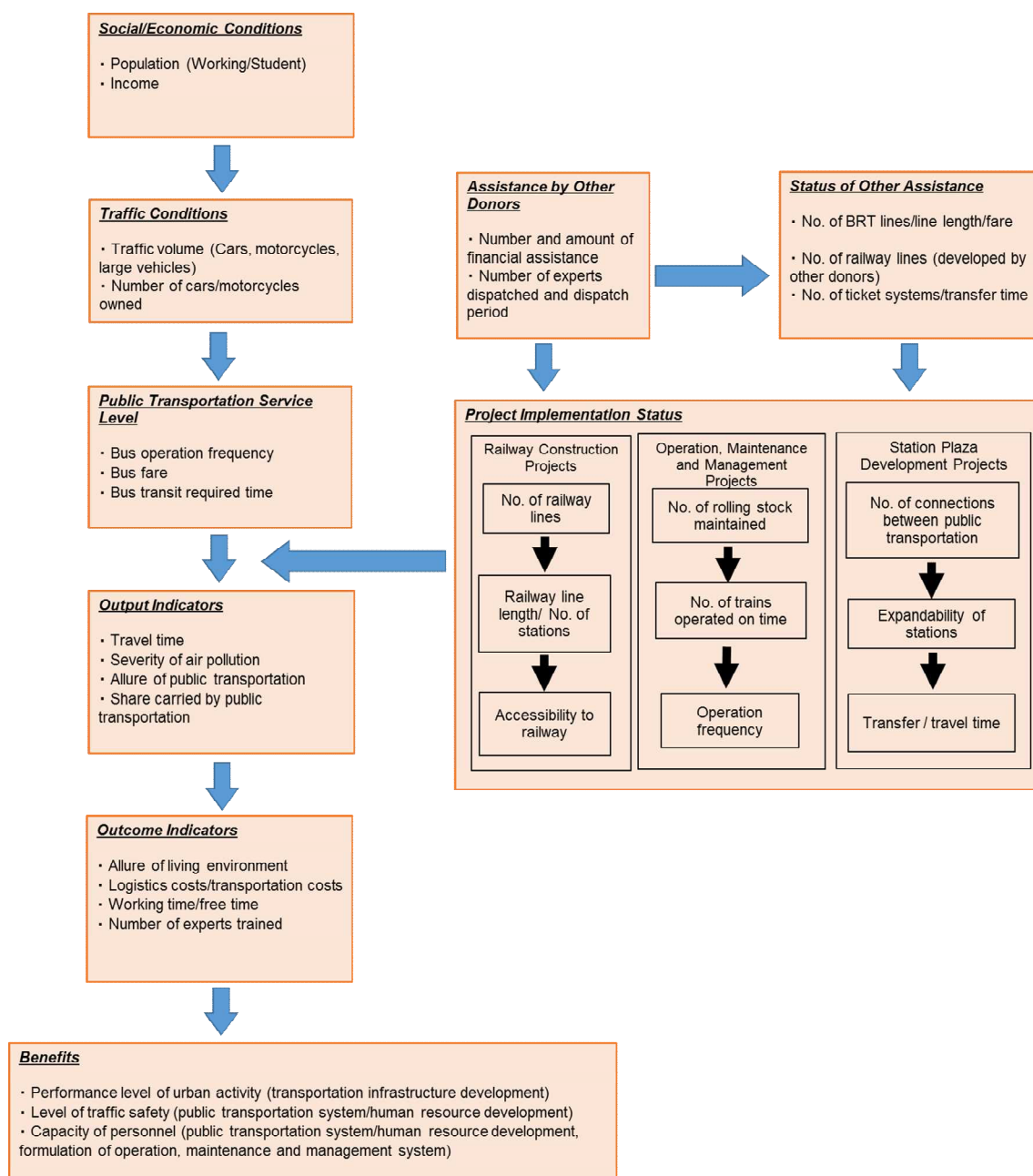


Figure 8 Problem Structure Diagram Concerning Railway Construction (Outline)

Source: Prepared by Evaluation Team

(3) Appropriateness of Processes

To make a judgment of the appropriateness of the processes adopted to ensure the relevance of assistance policies in this sector and the effectiveness of results, verifications were performed to determine if;

- (a) Specific issues indicated in Country Assistance Policy for Viet Nam (further development of physical infrastructure such as roads, railways, airports, etc., development and quality control of human resources to operate and maintain the increasing property for transportation, means for traffic safety, etc.) was addressed,
- (b) Efforts were sufficiently made to grasp recipients' needs continuously (holding of

policy dialogues comprised of local staff for assistance, etc. and holding of sector-based meetings) ,

- (c) Implementation system for the ODA Task Force in Viet Nam and within Japan (Ministry of Foreign Affairs and implementation agencies) was developed,
- (d) Appropriate processes were adopted to periodically obtain a grasp of implementation status of policies and to follow up the implementation, and
- (e) Appropriate coordination with other donors, international organizations and private sector (PPP projects etc.) was being conducted.

(4) Evaluation from Diplomatic Viewpoints

To evaluate the desirable effects provided by assistance in this sector that benefit the national interest of Japan, surveys / analyses were conducted to determine the (a) Diplomatic significance (importance of ODA in Viet Nam, importance of assistance for Viet Nam taking into consideration diplomatic philosophy established by Japan), and the (b) Diplomatic impact (improvement in friendly relations such as promotion of pro-Japanese sentiment, increased understanding of position of Japan in international society and strengthening the presence of Japan, etc.).

Furthermore, due to the fact that it is difficult to make a quantitative judgment of whether or not the ODA policy of Japan contributed to its national interest, interviews of involved persons and other surveys were conducted to make a qualitative evaluation.

Chapter 3 Summary of Evaluation and Recommendations

3-1 Summary of Evaluation

(1) Relevance of Policies

Assistance for the urban transportation sector in Viet Nam by the Government of Japan matches the development objective of Viet Nam of “the industrialization of the country by 2020”, and is consistent with Japan’s ODA Charter, Japan’s Medium-Term Policy on ODA and the Country Assistance Program and Policy for Viet Nam which are Japan’s high-level policies. In addition, this assistance is also consistent with shared view of importance of assistance for Viet Nam obtained in discussions among donors, and in documents such as assistance policy / content of assistance by other donors and assistance trends. Furthermore, the comparative advantage of Japan is being utilized for technical issues, assistance methods and in other areas, and there is mutual relevance and complementarity with assistance by other donors. Accordingly, the evaluation team judged that the relevance of policies is extremely high.

(2) Effectiveness of Results

During this evaluation, “Problem Structuring Methods” were utilized in order to make a comprehensive judgment of the effectiveness of assistance in this sector from the viewpoint of the connection among projects, synergistic effects and other areas. In addition, while many projects are being implemented in the target area for this evaluation, the problem structure diagram was used to observe and evaluate effects indirectly which have not yet been manifested.

In addition to contribution to the development of infrastructure in Viet Nam, assistance in this sector responds to issues and demands of Japanese and other foreign corporations expanding into Viet Nam. Projects covering traffic safety have achieved the most part of initially established objectives.

The outcome consists of improving the drivability on roads, alleviating traffic congestion by increasing traffic capacity at intersections and on roads and a modal shift by constructing an urban railway system.

The impact of assistance in this sector is well manifested in Hanoi and Ho Chi Minh City and surrounding areas, while positive impact is also observed on the distribution of goods in the respective northern and southern regions. This assistance will connect both cities and roads that go to coastal cities and ports and will induce the development of industrial complexes, commercial facilities and new residential areas in coming years.

Taking the above points into consideration, assistance in this sector has made progress toward the achievement of objectives for priority sector issues that have been specified in the Country Assistance Policy for Viet Nam and Rolling Plan, and the evaluation team expects this assistance to make a large contribution in the future.

(3) Appropriateness of Processes

Surveys conducted in Japan and in Viet Nam have confirmed that assistance in this sector has been formulated and implemented in appropriate processes. Based on the

field surveys and extensive dialogue with government agencies and beneficiaries, the Embassy of Japan in Viet Nam and JICA Viet Nam Office jointly analyze information and the Ministry of Foreign Affairs in Japan formulates the Country Assistance Policy for Viet Nam. Under the Country Assistance Policy, projects in priority sectors will be formulated based on the results of studies in detail design. The JICA Viet Nam Office is responsible for formulation, implementation and management of these projects and programs and is serving a leading role of maintaining close communication with related agencies and stakeholders. The evaluation team observed that Japanese side was held meetings with the Government of Viet Nam and other donors periodically or as necessary in order to share information and make various adjustments to adequately reflect requests and needs of Viet Nam and coordinate assistance of all major development partners.

However, the progress of some projects has suffered due to delays in land acquisition and inadequate allocation of human resource by the Vietnamese side. Delays in payment to contractors by the Vietnamese side have been also observed and it was caused by delays in acceptance of inspection proceedings. Therefore, mutual consultation with the Vietnamese side needs to be strengthened before and during the implementation of projects.

It is noted that the introduction of Automatic Fare Collection (AFC) and other such systems is a point of controversy among interested donors with a vested interest while investment to the construction of infrastructure which requires the fare collection system proceeds. In order to avoid this type of circumstance in implementing of similar assistance in the future, mutual consultation regarding the assistance for operational aspects that go along with the development of physical infrastructures needs to be concluded well in advance.

During surveys for this evaluation in Japan and in Viet Nam, it took some time to obtain requested data of past projects. This type of data is useful in order to obtain a quantitative grasp of circumstances and enhance the efficiency of work when formulating and evaluating plans for individual projects. Therefore, it is necessary to manage the data and information efficiently and to consider the way of utilize them.

(4) Evaluation from Diplomatic Viewpoints

The Government of Japan has judged that the Mekong region would serve the role as the driving force behind development in Viet Nam, and places high importance on Viet Nam in the integration of the economy in this region and the promotion of coordination among nations sharing the watershed. The Viet Nam-Japan Joint Initiative which has been in operation since 2003 and the Japan-Viet Nam Economic Partnership Agreement (EPA) which came into effect in 2009 have strengthened the relationship between the two countries. According to a survey conducted by Japan External Trade Organization (JETRO) in 2012, a total of 1,783 Japanese corporations have invested into Viet Nam. Leading figures of both countries frequently visit each other in recent years, and an agreement has been reached at a summit meeting to expand the “strategic partnership” and further increase cooperation in the fields of trade, investment, infrastructure development, politics and security. ODA is a diplomatic tool, and due to

the fact that the amount of money and the ratio of assistance by Japan for the urban transportation sector in Viet Nam by means of ODA are large, the diplomatic importance for assistance in this sector is considerable.

However, it is difficult to directly measure the diplomatic effects. Although the evaluation team observed friendly relations between both countries and the pro-Japanese sentiment, it was difficult to verify the direct effects as of the point of this evaluation. However, transportation arteries development which is an adjacent sector to urban transportation development to which the urban transportation sector belongs creates correlated synergistic effects, increasing the number of foreign corporations that expand their business into Viet Nam and the volume of foreign direct investment, with opinions being voiced that indirect diplomatic effects can be expected such as Japan gaining a greater influence and increased negotiating power in Viet Nam which has established industrialization as a national strategy.

On the other hand, opinions were observed that the possible negative impact on diplomatic effects of assistance for the transportation sector, adjacent to urban transportation should be paid attention to. ODA loans for the High Speed Railway Projects on Hanoi – Vinh and Ho Chi Minh City – Nha Trang Sections could be one of the cases, as the project itself which has been very controversial in Viet Nam. Collapse of the Cần Thơ Bridge which caused many fatalities should be another case we need to keep in mind.

3-2 Recommendations

3-2-1 Recommendations Related to Assistance Policy / Assistance Strategy

(1) Recommendations for Program Approach

The current program approach is focused on the relationship of a goal and individual assistance projects, and is significant. In addition, by focusing further attention on the organic relationship among projects in the program, as well as the connection with other adjacent programs, it will be possible to formulate efficient and effective assistance plans that take into consideration organic coordination among assistance projects.

The Hanoi City Ring Road No. 3 Construction Project will be considered as one example. Coordination with the Thanh Tri Bridge is indispensable to facilitate manifestation of outcomes with this project, but in addition, construction of other infrastructure including the urban railway which does not exist yet, proceeding with human resource development, and the formulation of management systems and development of other such operational aspects in parallel are all important. Figure 2 shows that coordination among assistance projects and coordination among immediate objectives are important in order to achieve intermediate objectives and goal.

Key projects in urban transportation sector have significant potential to materialize synergistic effects for better impact on the economic growth with other infrastructure investment. Construction of Ring Road No. 3 will result in shortening of the commuting time to industrial complexes in the Hanoi – Haiphong Corridor, and makes it easier for middle managers reside in Hanoi to commute. This development will benefit

corporations situated in the industrial complexes. In order to materialize this benefit, as shown in Figure 3, coordination between assistance for Hanoi – Haiphong Corridor transportation and urban sector (between intermediate objectives) is key, or in other words, coordination among immediate objectives / assistance projects in two sectors is essential to facilitate the manifestation of aid effectiveness.

By thinking of the urban sector as an “Open circle” rather than a “Closed circle”, it should be possible to contribute to achieving the objectives of the program approach. This type of organic coordination has been taken into consideration so far at the planning, assessment, implementation and evaluation stages with assistance projects, but the Evaluation Team would like to recommend that this approach should be recognized as a more explicit guideline.

3-2-2 Recommendations Concerning Aid Modalities / Aid Procedures

(1) Recommendations Concerning Sharing of Data

Projects that provide assistance for the urban transportation sector are planned and implemented using road traffic volume and other such basic data. Survey results collected in past projects can be important source of information for planning and implementation of subsequent projects.

During this evaluation study, it took some time for JICA to respond to the inquiring for data made by the Evaluation Team. The efficient management and utilization of data that has been acquired and used in past projects are important and they are useful in predicting the future status from the transition in data, comparing the past status and current conditions, obtaining a quantitative grasp of conditions when formulating and evaluating plans for individual projects and enhancing the efficiency of work.

Consequently, the survey results, materials and data that have been collected during road construction, railway construction, and construction of other transportation facilities by JICA to date should be managed in an efficient manner. For example, the data format (setting of survey year, project name, code number of transportation network and other such items) should be determined at the time of the master plan study and project implementation, and a structure should be introduced to facilitate collection and organization of data based on a shared format for subsequent surveys and projects to be implemented.

In addition, the future development of urban railway systems and advancements in the usage of bus routes will bring about a modal shift and suburbanization of residential areas, and this is expected to bring about a change in traffic conditions, travel time and other conditions. Obtaining a quantitative grasp (collecting data) of the change in socioeconomic conditions brought about by this such as the commutable area for jobs and school, commercial areas and other such items are important indicators of the outcome and impact of urban transportation sector evaluation. This viewpoint is useful when the overall effect of program approach is evaluated. In addition, when such data is accumulated, it becomes an important source of information when reviewing each urban transportation master plan. Due to the fact that the completion of an urban railway system has the potential to bring about a large change in urban transportation in Hanoi

and Ho Chi Minh City, the formulation of plans and implementation of surveys related to the collection of this data should be reviewed at the current point in time before the urban railway systems are completed.

There are two points that should be taken into consideration. The first point is that it is impossible to collect and manage all data related to transportation sector in Viet Nam with assistance from Japan. The second point is the fact that normally, this data should be collected and managed on the Vietnamese side. However, the Vietnamese side is still under developed in the capability to collect and manage data over time that provides a grasp of traffic conditions, and is underway to understand the importance of data management. In the Project for Traffic Safety Human Resource Development that was the target project of this evaluation, collection and management of traffic accident data was performed, which resulted in the ability to show the transition in the number of traffic accidents. Therefore, it is important to use this successful case study as a stepping stone, and to provide technical assistance for data collection and management so that the Vietnamese side can collect and manage data by themselves. During this process, with taking into consideration the possibility that the budget in Viet Nam may be limited, Japanese side should in cooperate with them in the efficient way of collecting data such as measuring the traffic volume and the number of passengers after picking up important road routes and central bus stops or stations as survey locations.

(2) Issues Concerning Coordination among Donors for Infrastructure Operation

Assistance for development of railways, roads and other infrastructures in Viet Nam is being implemented by multiple donors including Japan. It is a fact that coordination among donors on operational aspects is an issue although outcomes for coordination on the assistance for physical infrastructure have been manifested. A typical example of the issue is Automatic Fare Collection (AFC). As of this evaluation, Japan, France and China have respectively urged the Vietnamese side to introduce their own AFC system and the type of system that is to be introduced is a matter of competition among the donors. With taking into consideration the utilization of private funding such as PPPs, Japanese side should consider the concrete plans such as coordination beforehand among the donors on the type of system to be introduced, or discussion on the standards of operational aspects at the stage of master plan formulation.

Table 3 Recommendation Content / Priority / Recommended Party

Recommendation Content		Priority	Responsible Agencies
Assistance Policy / Strategy Direction Level			
Considerations relating to direct effects, indirect effects, synergy effects between sectors with program approach		Implement at early stage	Section in charge at Ministry of Foreign Affairs, JICA
Aid Modality / Aid Procedure Level			
Recommendations concerning sharing of data	Efficient management of data within JICA	Implement at early stage	JICA
	Assistance concerning collection of data in recipient country		
Issues concerning coordination between donors for infrastructure operation		Implement in mid-term	Section in charge at Ministry of Foreign Affairs, JICA

Note: Early stage is within one year, Mid-term is within 2 – 3 years

3-3 Lessons Learned

A variety of items to be taken into consideration that can be applied in a wide range of other countries as well as in Viet Nam were extracted from the results of this evaluation.

(1) Follow Up for Human Resource Development

During a human resource development project, while the evaluation indicators consist of how many expert personnel or experts in what type of technical field were trained, there is no systematic and quantitative database that organizes the number of experts dispatched under a project, the number of engineers trained, pathway and job position of personnel after their training and other such data. The evaluation team observed that it is difficult to capture the outcomes of human resources development with concrete data, in particular, in establishment of an urban rail way operation organization⁸. Accordingly, monitoring the status of how students who have come to Japan to study under the Japanese Grant Aid for Human Resource Development Scholarship (JDS) program and persons that have attended JICA Training and Dialogue Programs in Japan are active as management personnel in related organizations is important in order to review future assistance for human resource development. Appropriate follow-up of human resources and establishment of database should be promoted.

(2) Issues Concerning Bidding and Construction Contracts

A feature of assistance by Japan in recent years consists of attempts to facilitate Special Terms for Economic Partnership (STEP) which resulted in achievement of the adoption of SPSP technology for bridge construction and so on. Due to the fact that it is technically difficult for Viet Nam alone to construct with this type of technology,

⁸ In contrast, it is comparatively easy to capture the outcomes in enhancing traffic safety, as its database consists of the number of traffic accidents before and after the project.

assistance by Japan is required. For this purpose, the STEP program is actively introduced by the Japan's tide loan, but some challenges have been observed recently.

The evaluation team learned with field interviews that many cases of STEP have been ended in a single bid, differing from normal international competitive bidding, or no bids being submitted. Subsequently, rebidding was required and these cases often resulted in delay in construction. The Vietnamese side naturally would like to avoid single bid not only because of delay but also of unnecessarily raising the suspicion of collusion.

Regarding bidding for the urban transportation sector, due to the fact that no bids were submitted for the Ho Chi Minh City Urban Railway Project (Line 1) [Package 1], the project was divided into package 1A and 1B, and bids were asked for again. Only a single bid was submitted for package 2. Since construction would be delayed if rebidding is conducted, rebidding is difficult from a practical standpoint when the financing period is taken into consideration.

The team also learned during a field study that there were cases where construction contract negotiations delayed after bidding, and there were frequent several cases of delayed acceptance of inspection after construction was completed. These problematic cases are not likely caused by misunderstanding on cost component of the construct expense and on rules governing contracts. Regarding construction expenses, there is a difference in awareness between Japan and Viet Nam concerning indirect construction expenses and general management expenses. For example, expenses for safety issues cover a diverse range of areas, such as temporary safety facilities and insurance, and these expenses are often listed as direct construction expenses or indirect construction expenses, and this has an impact on total construction expenses. In addition, delays in acceptance inspections are most likely caused in part by inadequate understanding of the FIDIC Red Book⁹ and other such agreements on the Vietnamese side. Although the Vietnamese side has incorporated a portion of the construction quality standards into Vietnamese standards, it takes a certain amount of time on the Japanese side to acquire an understanding. This type of problem is a structural problem with the system, and a higher level of efforts needs to be made by involved persons on both the Japanese and Vietnamese sides in order to solve the problem.

⁹ The FIDIC Red Book is group of contract clauses for international construction projects called "Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer" that was prepared by the International Federation of Consulting Engineers (commonly known as FIDIC, acronym for its French name *Fédération Internationale Des Ingénieurs-Conseils*). Due to the fact that it has been adopted and is used as the contract template by the World Bank, other international financial institutions and for ODA loan projects, it is used for international construction project contracts by many developing and various other countries.

Photos



Transport Infrastructure Development Project in Hanoi (View at Kim Lien Intersection)



Transport Infrastructure Development Project in Hanoi (Tran Khat Chan Street Improvement)



Transport Infrastructure Development Project in Hanoi (At Nga Tu So Intersection)



Nhat Tan Bridge (Vietnam-Japan Friendship Bridge) Construction Project (Hanoi)



Ring Road No. 3 (Hanoi)



Hanoi City Urban Railway Line 2 Site (Visit to Location Where Trains Pass Through)



East-West Highway (Ho Chi Minh)



Tunnel on East-West Highway (Ho Chi Minh)



Sign at Urban Railway Line 1 Construction Site (Ho Chi Minh)



Visit to Urban Railway Line 1 Construction Site (Ho Chi Minh)