

Commissioned by the Ministry of Foreign Affairs of Japan

Seminar on Evaluation Study of Japanese
ODA for Vietnam
Report

2003 March

Prepared by
International Development Center of Japan (IDCJ)

Preface

This is the report of the 'Seminar on Evaluation Study of Japanese ODA for Vietnam' which was held in Hanoi on March 10, 2003, by the Embassy of Japan to Vietnam.

Country evaluation conducted by Ministry of Foreign Affairs of Japan aims to 1) review Japanese ODA for a recipient country as a whole, by sector and by region, 2) evaluate its effect, relevancy and etc., from an overall angle, and 3) make consolidated and sector-wide recommendations for working out revising on Country Assistance Program.

Vietnam is one of the most important countries for Japanese ODA. Vietnam is the fourth largest among all recipients of Japanese ODA in FY 2000 and Japan has been the top aid donor for Vietnam since 1995. The country evaluation conducted in FY 2001 has analyzed the effect of Japanese ODA by various aspects and made recommendations for improvement of Japanese ODA in future.

Since the evaluation study was conducted, some important developments have been witnessed, like approval of CPRGS (Comprehensive Poverty Reduction and Growth Strategy by the Board of the World Bank (June 2002), approval of the enlarged CPRGS at the CG meeting (December 2002), and holding of the Hanoi Regional Working on Harmonization (January 2003). Also, Japan has started the process of revising of the Country Assistance Program for Vietnam.

Taking account of the above-mentioned developments, this seminar was held to feed back the evaluation results to Vietnamese side, with expectation that it could deepen the understanding of Japanese ODA for Vietnam and facilitate more effective and efficient aid activities.

We thank for guidance given and cooperation extended by the Evaluation Division, the Economic Cooperation Bureau of Ministry of Foreign Affairs of Japan, the Japanese Embassy to Vietnam and others in holding the seminar and making this report. We, also, appreciate cooperation extended by the Government of Vietnam and the donor

agencies for making the seminar successful.

Finally, we would like to mention that this report was made under the full responsibility of IDCJ and does not represent the standpoint of the Government of Japan.

March 2003

Jinichiro YABUTA, President
International Development Center of Japan (IDCJ)

Contents

Pictures of the seminar	v
Chapter 1. Overview	1
Chapter 2. Presentations of the Japanese side	4
Chapter 3. Comments from the Vietnamese side on the evaluation results	8
Chapter 4. Discussion	12
 Appendix	
Appendix 1. List of attendants	15
Appendix 2. Presentation materials distributed at the seminar	17
Appendix 3. Remarks of Evaluation Division, Economic Cooperation Bureau, Ministry of Foreign Affairs, Japan	55



General View



Presentation by the study team



Comment by Vietnamese Official



Seminar attendants

Chapter 1. Overview

1-1. Importance of Country ODA Evaluation Seminar

Country evaluation conducted by Ministry of Foreign Affairs of Japan aims to 1) review Japanese ODA for a recipient country as a whole, by sector and by region, 2) evaluate its effect, relevancy and etc., from an overall angle, and 3) make consolidated and sector-wide recommendations for working out of revising of Country Assistance Program.

The country evaluation study conducted in FY 2001 has analyzed the effect of Japanese ODA from various aspects and made recommendations for improvement of Japanese ODA for Vietnam.

This seminar was held at Hanoi, Vietnam on March 10, 2003 with aim to feed back the evaluation results to Vietnamese side so as to deepen the understanding of Japanese ODA for Vietnam and to facilitate more effective and efficient aid activities.

1-2. Evaluation Seminar of ODA for Vietnam

This seminar was hosted by the Embassy of Japan to Vietnam and held at Hanoi Daewoo Hotel in Hanoi, on March 10, 2003. Attendants totaled 50 mainly consisting of Vietnam governmental officials and representatives of development partners.

The study team reported that overall evaluation results, survey results of Vietnamese business persons, results of quantitative analysis. Also the team presented the evaluation results and recommendations for each strategic area including human resource development and institutional building (support for transition into market-oriented economy), infrastructure development (electricity, transportation and others), agricultural and rural development, education sector, health sector and environmental sector. The team also reported the recommendations for Japanese ODA implementation system.

The Embassy explained that almost one year has passed since the evaluation study was conducted, and some important follow-up activities have been conducted including active participation of aid coordination, like engaging in the enlarged CPRGS (Comprehensive Poverty Reduction and Growth Strategy) by the Board of the World Bank, co-sponsoring of the Hanoi Regional Working on Harmonization (January 2003) and so on. Also, Japan has started the process of revising of the Country Assistance Program for Vietnam initiated by the Embassy and the local representative offices of the implementing agencies.

Vietnamese officials expressed their appreciations and asked further cooperation between Japan and Vietnam and also stressed the importance of harmonization of aid procedures.

Representative from the Ministry of Foreign Affairs of Japan introduced activities of ODA evaluation undertaken by Japan, especially by the Ministry and reported recommendations in each sector raised by this evaluation study be examined based on the revised Country Assistance Program for Vietnam.

Seminar on Evaluation Study of Japanese ODA for Vietnam

March 10, 2003 Hanoi Daewoo Hotel

09:00 ~ 09:10	Opening Speech	Mr. Hiroaki FUJIWARA, Counselor, Embassy of Japan
09:10 ~ 10:30	Presentation of Evaluation Results and Recommendations on Japanese ODA for Vietnam	Japanese Study Team
	➤ Overall evaluation	Mr. Ryo SASAKI, Economist, International Development Center of Japan (IDCJ)
	➤ Quantitative Impact analysis	
	➤ Human Resource Development and Institutional Development	Dr. Susumu WAKAI, Professor, Department of International Community Health, Graduate School of Medicine, University of Tokyo
	➤ Economic Infrastructure Development	
	➤ Agricultural and Rural Development	
	➤ Education	Dr. Naoto JINJI, Lecturer, Graduate School of Economics, Hitotsubashi University
	➤ Health	
	➤ Environment	
	➤ Overall Recommendation	
10:30 ~ 10:45	Remarks on ODA Evaluation: Feedback and Collaboration	Mr. Hideaki YAMAMOTO, Official, Evaluation Division, Bureau of Economic Cooperation, Ministry of Foreign Affairs of Japan
10:45 ~ 11:15	<i>Coffee Break</i>	
11:15 ~ 12:00	Comments on the Evaluation Results	Dr. HO QUANG MINH, Deputy Director General, Foreign Economic Relations Department, Ministry of Planning and Investment Dr. LAM DU SON, Vice President, Electricity of Viet Nam Mr. TRAN PHI TUOC, Deputy Director, General, International Relations Department, Ministry of Labor, Invalids and Social Affairs Ms. QUAN DUY NGAN HA, Deputy Director, International Relations Department, Ministry of Posts and Telecommunications Dr. BUI CONG THO, Deputy Director General, International Relations Department, Ministry of Education and Training Ms. DAO THI LOC, Senior Expert, International Relations Department, Ministry of Agriculture and Rural Development
12:00 ~ 12:35	Questions and Answers	
12:35 ~ 12:50	Closing Speech	Dr. HO QUANG MINH, Deputy Director General, Foreign Economic Relations Department, Ministry of Planning and Investment

Chapter 2. Presentations of the Japanese side

2-1. Opening Speech

Mr. FUJIWARA, Counselor of Japanese Embassy in Hanoi, explained in the opening speech that two main purposes of this seminar were to evaluate impact of Japanese ODA for Vietnam which was restarted in 1992 and to make recommendations for future Japanese ODA. He said that with these purposes field studies had been made in the outset of 2002 and then significant developments had been observed in the issue of Vietnam's development including those related to recommendations raised by the study team. Having said that, he referred to cooperation among donors about and Japan's contribution to drawing up of "Comprehensive Poverty Reduction and Growth Strategy (CPRGS)," harmonization of aid procedures and so on. He also explained that Japan's Country Assistance Programme to Vietnam was now under revision led by the Japanese team based in Hanoi. He also explained some details of Japanese efforts in aid coordination including harmonization of procedures.

2-2. Overview of Evaluation Team Presentation

(1) Following the opening speech, Dr.WAKAI, professor of University of Tokyo, Dr. JINJI, lecturer of Hitotsubashi Univerisy and Mr. SASAKI, economist of International Development Center of Japan (IDCJ) presented the evaluation results and recommendations based on the following contents.

- 1) Overall evaluation
- 2) Quantitative Impact analysis
- 3) Human Resource Development and Institutional Building
- 4) Economic Infrastructure
- 5) Environment
- 6) Health

- 7) Agricultural and Rural Development
- 8) Education
- 9) Overall Recommendation

1), 7), 8), 9) : presented by Mr. Ryo SASAKI, Economist, International Development Center of Japan (IDCJ),

2), 3), 4), 5) : presented by Dr. Naoto JINJI, Lecturer, Graduate School of Economics, Hitotsubashi University, and

6) : presented by Dr. Susumu WAKAI, Professor Department of International Community Health, Graduate School of Medicine, University of Tokyo.

Presentation was conducted based on the distributed English materials and using Power Point screen presentation.

(2) Mr. Hiroaki FUJIWARA, Counselor of the Japanese Embassy, made some comments on the presentation of the evaluation team, as follows:

- Almost one year has passed since the evaluation study was conducted, and the follow-up activities on the recommendations have already been conducted.
- Japan has conducted the donor coordination activities, such as engaging in the expanded CPRGS and co-sponsoring of the Hanoi Regional Workshop on Harmonization. Japan will participate more actively in donor coordination.
- Reformulation of Country Assistance Program for Vietnam has been started with the Embassy's initiative in coordination of the local representative offices of JICA and JBIC.
- Japan has a willingness to continuously support Vietnam as a top donor.
- The recommendations for each development sector raised by the evaluation team will be sincerely considered for reflection in the future conduct of Japanese ODA.

2-3. Remarks by the Evaluation Division, Economic Cooperation Bureau, Ministry of Foreign Affairs of Japan

Mr. Hideaki YAMAMOTO, from Evaluation Division, Economic Cooperation Bureau, Ministry of Foreign Affairs of Japan presented his remarks, as follows:

- The role of ODA evaluation in building more efficient ODA implementation systems is becoming increasingly important.
- The Ministry is now focusing on policy and program-level evaluation. The Ministry in FY 2000 commissioned a study on methods of policy and program-level evaluation and in FY 2001 conducted the evaluation of Japan's ODA for Vietnam as policy-level evaluation.
- The Ministry has established its ODA feedback system (the Wise-men Committee for ODA Evaluation Feedback and the Ministry's Internal Feedback Liaison Meeting on ODA Evaluation Feedback) for reflecting evaluation findings and recommendations into planning and implementation of ODA.
- In case of the evaluation of Japan's ODA for Vietnam, the procedure of feedback has only recently been taken. Recommendations in each development sector, which have been mentioned in this seminar by the evaluation team, will be taken into consideration, during and after ongoing review of the country-assistance program for Vietnam, whether to be introduced in Japan's future ODA towards Vietnam. Feedback to recipient countries should not be neglected. That's why we are gathering here today to learn the results of the evaluation study from the Japanese team and listen to comments from the Vietnamese side.

-Collaboration between donor and partner countries for ODA evaluation is important. The Ministry of Foreign Affairs of Japan held the Second Tokyo Workshop for ODA Evaluation last year. (Mr. Yamamoto expressed his hope that this seminar be an important step toward developing and enhancing collaboration between Japan and the countries participating in Tokyo Workshop for ODA Evaluation including Vietnam.)

Chapter 3. Comments from Vietnamese side

Comments raised by the representative of each governmental ministry are as follows.

◆ Dr. HO QUANG MINH, Deputy Director General, Foreign Economic Relations Department, Ministry of Planning and Investment

- The Vietnamese government highly appreciates the seminar sponsored by the Embassy of Japan for Vietnam.
- The report of evaluation study presented is comprehensive and also objective because it uses econometric and simulation techniques.
- Japanese ODA projects in Vietnam are large-scale and they are effective and sustainable.
- Japanese ODA for Vietnam has made great contribution to economic and infrastructure development and has supported the national budget and various sectors including agriculture, education, human resource development, environment and health.
- Japanese ODA for Vietnam has facilitated investment by Japanese firms in Vietnam, and those investments have updated Vietnamese enterprises.
- However, some limitations and issues have been observed. These are the slow speed of disbursement and the issue of harmonization of aid procedures.

◆ Dr. LAM DU SON, Vice President, Electricity of Viet Nam (EVN)

- Highly appreciating the effectiveness of Japanese ODA for Vietnam, EVN thanks the Embassy of Japan, JICA, international donors/organizations as well as local organizations/agencies for creating favorable conditions for EVN to receive Japanese ODA.
- Since 1993, the electricity sector has received large-scale financial and technical assistance from Japan including Phu My thermal power plant project and Pha Lai thermal power plant project. These assistances have significantly

contributed to economic development of Vietnam. The technical assistance includes dispatch of experts and the sending of Vietnamese counterparts to study in Japan. Vietnamese counterparts have studied the process and techniques in construction of electric power plants, which have contributed to handling of power shortages in Vietnam. That assistance has taken the Vietnamese economy into a new stage.

- Some recommendations should be mentioned.
 - Improve construction procedures and project appraisal in order to achieve high effectiveness.
 - Further coordination among stakeholders is required.
 - According to the new Master Plan, 40 additional power plants are proposed and the total investment capital for the electric sector averages US\$ 2 billion per year. Therefore, it is necessary to have financial support for EVN's development and Vietnam's development in general.

◆ **Mr. TRAN PHI TUOC, Deputy Director, General, International Relations Department, Ministry of Labor, Invalids and Social Affairs**

- The Ministry of Labor, Invalids and Social Affairs highly appreciates Japanese ODA and the evaluation results conducted by the study team as well as the leading activities of Ministry of Planning and Investment.
- The Ministry thanks for the Japanese ODA, which has consolidated more than 100 primary schools. Also it should be mentioned that higher education and vocational training are assisted by Japanese ODA.
- The 7th national development plan gives strategic priority to seven areas in the education sector. Three among the seven areas have been assisted on a sustained basis by Japanese ODA.
- Further cooperation from Japan is expected in the following matters:
 - Vocational training system should be formulated throughout the country as soon as possible and this would significantly serve the industrialization and modernization process.
 - Human resource development should be specifically promoted in the period of transition toward market economy.

- Development of legal institutions should be proceeded further.
- Social security system for the disadvantaged people, such as street children and handicapped people, should be strengthened.
 - Speeding up of implementation of Japanese ODA projects is required.

◆ Ms. QUAN DUY NGAN HA, Deputy Director, International Relations Department, Ministry of Posts and Telecommunications

- The presented evaluation report is serious and objective.
- Ministry of Posts and Telecommunications thanks for assistance from Japan such as loan aids, development studies and project-type technical cooperation, and those assistance activities that have contributed to the development of the posts and telecommunication network.
- The process of loan assistance for optical fiber cable network is now underway and a project for Internet expansion has already been proposed for MPI. The Ministry desires to see Japanese ODA support to those new projects.
- Main challenge for ODA project is implementation is still the harmonization of procedures.
- It is recommended that Japanese government continues to provide ODA for the posts and telecommunication sector.

◆ Dr. BUI CONG THO, Deputy Director General, International Relations Department, Ministry of Education and Training

- Evaluation results presented by the Study Team and the comments made by Mr. Ho Quang Minh of MPI are appreciated.
- More than a hundred schools have been constructed under the framework of Japanese ODA projects, which help handle difficulties created by the lack of classrooms. Also the assistance from Japan for higher-level education and training has been extended in various sectors and universities. In addition, many scholarship programs are funded by Japanese organizations in Vietnam.
- Cooperation between Japan and Vietnam on education and training is very effective.
- Further harmonization of procedures between Vietnam and Japan for quicker

and more effective implementation of Japanese ODA is recommended.

◆ Ms. DAO THI LOC, Senior Expert, International Relations Department,
Ministry of Agriculture and Rural Development

- The study team achieved good and objective evaluation on ODA in terms of Vietnamese agriculture and rural development.
- Japan's ODA in the agriculture sector is negligible but its efficiency is noted.
- Why is its ODA to the agricultural sector so limited? Because:
 - There are no ODA loan projects implemented in the agricultural sector. The projects are focused mainly and only on the study phase.
 - The sector failed to receive high priorities in the Japanese country assistance program.
 - The sector failed to find suitable measures for transmission of strategy for agricultural development.
 - Since main focus of projects in the sector is usually made on poverty reduction and hunger eradication, it is observed that the period of time for conducting research and implementation becomes long.
- Recommendations are as follows:
 - Japanese ODA should be aligned further with Vietnamese agriculture in the reformulated country assistance program.
 - The study of ideal relationship in the agricultural sector between the two countries is important, and having talks on factors restricting Japanese aid to the agricultural sector is proposed.

Chapter 4. Discussion

4-1. Questions raised from the seminar participants

Two attendants raised questions and comments.

➤ Questions raised by an attendant from the Ministry of Transportation

It was observed in the study team's presentation that some infrastructure projects assisted by Japanese loan aid had been delayed in approval and implementation and have not been completed. According to the presentation, there are causes attributed to both Vietnamese and Japanese sides. What are they exactly? If that is the case, what should be improved to facilitate the implementation?

The Study Team responded to this question as follows:

- The presentation was based on our interviews with both Japanese and Vietnamese government's representatives. They pointed out that procedures for approval of proposed project were very complicated and time-consuming. The approval procedure on the Japanese side should be simplified. And on Vietnamese side, according to our interviews, procedures after project approval require a quite long time. Namely in the process of coordination within the government and of negotiation for transformation of habitats in project sites, the procedures should be facilitated.
 - It could be said that harmonization of procedures as well as strengthening the 'frontline' and decentralization will improve situations on Japanese side. As for Vietnamese side, the Study Team is not in a position to comment on it as the Vietnamese counterparts are expected to consider it.
- ### ➤ Comments raised by Dr. Arrensandro Pio, Senior Program Officer, ADB.
- ADB greatly appreciates Japanese ODA for Vietnam.

- Conducting evaluation on development cooperation prior to reformulation of the aid strategy is very important.
- The analysis and quantitative estimations give the better results. On what basis, analysis estimations are made, on growth GDP, ADB desires learning experiences from Japan following such methods.
- Supplementing the relationship between aid agencies is important by project type and by geographic area. Concerning the capacity of local people, everything should not be implemented at once. We should focus on the advantages of each donor agency.
- The sector-wide approach is now very common and it is important to continuously participate in donor coordination.
- ADB has conducted decentralization to the local office and it is suggested that Japan move toward this trend.

The study team responded that the comments raised by ADB representative are all agreeable and the Japanese ODA activities have been and should be improved in line with what was suggested.

4-2. Closing Speech

Lastly, Dr. HO QUANG MINH, Deputy Director General of Ministry of Planning and Investment, made a closing speech. Pointing out that the evaluation results and recommendations presented today are all very constructive, he stressed importance of harmonization of procedures and of capacity building on Vietnamese side, as follows:

- In fact, Japanese ODA for Vietnam has shown effectiveness and sustainability in the socioeconomic development of Vietnam. The Japanese ODA has also contributed to support of environmental conservation.
- Remaining issues/problems are harmonization of procedures and managerial capacity, etc
- Vietnam will try to improve harmonization of procedures, enhance capacity of the Vietnamese staff, promote coordination among organizations/agencies, enhance Vietnam's ownership in ODA projects and implement management decentralization.
- It is suggested that the improvement of procedures relating to Japanese ODA

projects should be implemented by both sides.