

Vietnam

Ex-Post Evaluation of Japanese Technical Cooperation Project
“The Project on the Improvement of Port Management System”

External Evaluator: Nobuyuki Kobayashi, OPMAC Corporation

0. Summary

This project aimed at capacity building of the counterparts and the participation of the non-government sector in the operation of a cargo terminal, leading to the improvement of port administration and port management. The implementation of this project was in line with Vietnam’s development policy and needs as well as with Japan’s ODA policy and, thus, its relevance is high. At the time of project completion, the capacity improvement of the counterparts had been confirmed. Due to delays of construction of Cai Mep-Thi Vai International Port, the documents for tender had not yet been utilized for the port. At the time of the ex-post evaluation, however, the selection of cargo terminal operators for the port was ongoing and reform of the port administration was also progressing. For these reasons, the effectiveness of the project is high. On the other hand, due to additional activities that were not in the original plan, both the project cost and period exceeded the plan and, therefore, its efficiency is low. Because of some financial restrictions, neither full-time staff allocation nor a large-scale research was implemented and the sustainability of this project is fair.

In light of the above, the project is evaluated to be partially satisfactory.

1. Project Description



Project Location



Cai Mep Terminal under construction

1.1 Background

Vietnam has a shoreline of approximately 3,300km as well as navigable rivers/canals of approximately 14,000km in length, and water-borne transport is an important mean of logistics. Along with the economic development of the country’s market together with greater market freedom, domestic freight volume in Vietnam has showed a rapid expansion. Freight volumes at the southern ports, centered around Ho Chi Minh, doubled between 1996 and 2000. The Vietnamese government has been working on port construction and rehabilitation in order to meet the increases in traffic demand, and Japan has supported the port infrastructures of Hai Phong port, Cai Lan port, and Da Nang port through the provision of loan (ODA loan) since the mid 1990s. In the early 2000s, Japan International Cooperation Agency (JICA) executed a study for the construction of Cai Mep-Thi Vai port, a deep seaport for the Southern Vietnam, and an ODA loan was approved for the project in March 2005 based on this study. The ODA loan

project, “Cai Mep-Thi Vai International Port Development Project”, provides assistance for the construction of the Cai Mep container terminal, the Thi Vai general cargo terminal and other infrastructures (Procurement and installation of cargo handling equipment and the dredging of a navigation channel).

In the mid 2000s, while the modernization of port infrastructure was progressing, the improvement of intangible aspects, such as the optimization of port management, had also started to be widely noticed. As a global trend, at international container ports, government sectors were taking on facility ownerships and operation monitoring while cargo terminal operation was entrusted to non-state operators. The attempt to separate the ownership holders (government sector) and operators (non-state sector) also started in Vietnam. During the construction of Cai Mep-Thi Vai port, the same policy of separating the two roles and optimizing cargo terminal operation was adopted.

With this background, the Vietnamese government requested technical cooperation in order to legislate towards the participation of the non-state sector in port operation, to prepare documents for the selection of operators, with Cai Mep-Thi Vai port as a model case, and to create a concession plan.

1.2 Project Outline

Overall Goal		Port administration and management system is improved.
Project Objective		Project Objective 1: Capacity of VINAMARINE on port administration and port management is strengthened. Project Objective 2: Terminal operating system for gateway ports is established.
Output(s)	Output 1	VINAMARINE prepares the draft policy on non-state sector’s participation in the operation of gateway ports & the draft plan on promotion of the gateway ports, taking CM-TV ports as a model case.
	Output 2	VINAMARINE drafts and proposes the rehabilitation of the roles (authorities, powers, etc.) on port management and operation among governmental agencies, other public sectors and private sector to promote the non-state sectors’ participation to the operation of gateway ports.
	Output 3	VINAMARINE prepares the draft regulatory framework to promote the non-state sectors’ participation to port operation.
	Output 4	VINAMARINE prepares the draft plan for port administration and management with the assistance and cooperation with JICA expert team.
	Output 5	VINAMARINE prepares the draft documents necessary for the selection of port operator and the concession plan of CM-TV Port as a model case.
Inputs		<p>Japanese Side:</p> <ol style="list-style-type: none"> 1. Experts 21 Persons 21 persons for Short-Term 2. 12 Trainees received (counterpart training in Japan) 3. 4 Trainees for Third-Country Training Programs (total) 4. Equipment 2.13 million yen 5. Local Cost 81.85 million yen 6. Others (incl. dispatch of relevant missions)

	Vietnamese Side: 1. 27 Counterparts 2. Facilities, except project office 3. Local cost VND 1 billion
Total cost	628.29 million yen
Period of Cooperation	February 2005 – November 2008
Implementing Agency	Ministry of Transport / Vietnam Maritime Administration (VINAMARINE)
Cooperation Agency in Japan	Overseas Coastal Area Development Institute of Japan
Related Projects	Japanese ODA Loan “Cai Mep-Thi Vai International Port Development Project” (planned in appraisal from March 2005 to November 2013)

1.3 Outline of the Terminal Evaluation

1.3.1 Achievement of Overall Goal

In the terminal evaluation report, efficient coordination among Vietnam’s relevant organizations was considered necessary in order to achieve the overall goal. Laws (including legislative bills) to improve port management were legislated as one of the project’s outputs. However, the report mentioned that the implementation of the laws required coordination among the relevant authorities, and that this coordination was time consuming as Vietnam’s maritime administration was not centralized.

1.3.2 Achievement of Project Objective

In the terminal evaluation report, it was considered that the project objective had been achieved since staff skills were definitely strengthened in regards to VINAMARINE port administration and port management. According to the terminal evaluation report, regarding the establishment of a system for the terminal operation in gateway ports, draft tender documents, draft policy and concession plans, those which could be applied to Cai mep-Thi Vai port were prepared. However, these documents had not been applied at the time of the ex-post evaluation due to delays in construction at the port.

1.3.3 Recommendations

In the terminal evaluation report, short-term recommendations for pre-project termination up to 2008 and long-recommendation for post-project termination were made. The recommendations mentioned are as follows:

Short-Term Recommendations

- To finish preparing the necessary draft plans/proposals by the completion of the project and to continue with the technical transfer in relation to the preparation of the national port master plan at the end of the project.
- To start selecting terminal operators at Cai Mep-Thi Vai port at the earliest possible time.

Long-Term Recommendations

- To make a continuous effort to improve port administration and port management. Due to the rapid expansion of port activities, it is expected that the port management system will face the need for a reform because of more coordination among plans and port usage. It is recommended that efforts on reform continue, using the knowledge and skills obtained by the project.

2. Outline of the Evaluation Study

2.1 External Evaluator

Nobuyuki Kobayashi, OPMAC Corporation

2.2 Duration of Evaluation Study

Duration of the Study: September 2011 - October 2012

Duration of the Field Study: November 24, 2011 - December 21, 2011 and
April 2, 2012 - April 14, 2012

2.3 Constraints during the Evaluation Study

At the time of the ex-post evaluation, since the operation of Cai Mep Thi Vai port had not yet been initiated and since the establishment of the Port Management Body (PMB) had also been delayed, an investigation of the appropriateness of the activities and port operation efficiency, based on a specific case, was not available. In addition, personal expenses, training costs, and research expenses on port sector reform could not be obtained from VINAMARINE and so the evaluation of sustainability was carried out based on indirect evidence.

3. Results of the Evaluation (Overall Rating: C¹)

3.1 Relevance (Rating: ③²)

3.1.1 Relevance with the Development Plan of Vietnam

At the time of project planning in 2005, Vietnam's national development plan "The Five-year Socio Economic Development Plan 2001-2005 (SEDP2001-2005)" was in place, necessitating investment in the transport sector. In "The National Port Development Master Plan" published in 1999, the construction of deep seaports, container ports, and international hub ports in the main economic regions had been listed as a specific area for investment. The Vietnamese government also looked at the participation of the non-state sector for the better efficiency of port operation. From a global perspective, cases where private operators took charge of cargo terminal operation under concession agreements with the state sector were increasing, and this was becoming one of the most common models of non-state sector participation in port operation. However, the legal framework to conclude concession contracts for port operation with private or foreign operators had not been developed in Vietnam. Nevertheless, a pilot scheme for the separation of port ownership and operatorship was implemented based on the Prime Minister's decision, and the port infrastructure of Cai Lan port in Northern Vietnam was leased.

At the time of project completion in 2008, "The Five-year Socio Economic Development Plan 2006-2010 (SEDP2006-2010)" mentioned the enhancement of cargo handling capacity through modernization of the port system, the construction of deep seaports, and the renewal of cargo handling facilities. Leasing of the port infrastructure at Cai Lan port was continuing. The preparation of legislation to allow leasing of port facilities was accelerated. The MOT Decision No. 57/2005 made it possible for the existing Maritime Administration (MA) to lease the port facilities developed by the national budget. Decree No.71/2006 determined the framework for the selection of leaseholders (in principle, open tender in new ports) and the management of leasing fees.

During the implementation of the project, there was no change seen in the commitment of the Vietnamese for port infrastructure. During this time, the participation of the non-state sector in port operation was promoted as a measure to optimize port operation. System modernization

¹ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

² ③: High, ②: Fair, ①: Low

for efficient port operation had been acknowledged as a policy agenda by the end of the project. This project improved capacities and established a system to introduce the non-state sector, using Cai Mep-Thi Vai port as a model. This deep seaport is behind the country's biggest city Ho Chi Minh. For these reasons, its relevance to the development plan of Vietnam is high.

3.1.2 Relevance with the Development Needs of Vietnam

At the time of project planning in 2005, the Vietnamese port management/operation system did not include a clear distinction between facility owners and terminal operators in a cargo terminal, and port operations in Vietnam, such as cargo handling, were conducted by the relevant government agencies and state-owned companies. As described in *3.1.1 Relevance with the Development Plan of Vietnam*, if the system whereby private operators capable of carrying out more efficient port operation take charge of cargo terminals was implemented in Vietnam, it would be necessary to separate the ownership and operation of port facilities, set clear responsibilities for both parties and, then, finally, to introduce non-state sector participation in cargo terminal operation. However, such a system has not yet been fully established in Vietnam.

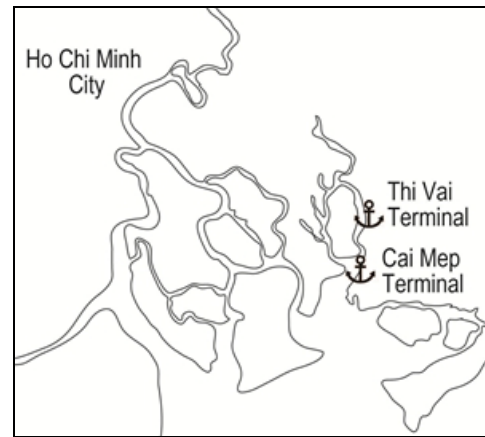


Figure 1: Location of Cai Mep Thi Vai Port

In addition, as a precondition for the participation of the non-state sector in port operation, it is necessary to clearly distinguish the state and non-state port management/operation roles and to prepare a set of regulations. In order to encourage the non-state sector to participate in port operation, it is crucial that sufficient cargo demand is attracted by comprehensive development of ports and their surrounding areas, marketing cargo owners and ship operators, guaranteeing appropriate maintenance of port facilities and a one-stop service for paper work. For this reason, it was desirable to establish a PMB, which integrates several functions of port management, as the main body to supervise operators. For the construction of the cargo terminal in Cai Mep-Thi-Vai port, it was planned that a PMB would be established at the port so that the operator from the non-state sector could continue to operate and maintain the terminal.

At the time of project termination in 2008, although no port had selected a cargo terminal operator by public tender, Cai Mep-Thi Vai port sustained its port development policy to do this on the presupposition that the legislation would be in effect. Since PMB would be taking over the responsibilities of several government agencies, coordination was difficult with the relevant organizations. As a result, the PMB had not been established at the time of project completion. However, it is desirable that the development of the areas surrounding ports (warehouses, roads, etc.) is integrated in order to carry out efficient port operation, and thus the need for the establishment of a PMB which would coordinate with other agencies and plan comprehensive infrastructure development has continued to be high³. It is difficult for MA to carry out this task.

During implementation of the project, the cargo volume of Vietnam's eight major ports increased, from 38,328,000 tons in 2005 to 52,063,000 tons in 2008⁴. The overall cargo volume for all Vietnamese ports also increased during the same period, from 139,161,000 tons in 2005 to 196,586,000 tons in 2008⁵. The location of Cai Mep-Thi Vai port near Ho Chi Minh meant that efficient operation of the port was an urgent matter in order to ensure smooth freight distribution as the cargo demand rapidly increased.

³ The 2010 Prime Minister's decision, "Master Plan on Development of Vietnam's Seaport System" stated the intention for overall port development and its need were recognized by the Vietnamese government.

⁴ General Statistics Office "Statistical Year Book of Vietnam 2009"

⁵ Based on data provided by VINAMARINE.

During the project implementation period, the development of Cai Mep-Thi-Vai port progressed along with the policy of introducing the participation of the non-state sector in port operation. The project is responsible for promoting this participation in port management through the capacity building of VINAMARINE and improvements in the port system, and this necessary support is in line with the country's development needs.

3.1.3 Relevance with Japan's ODA Policy

Japan's Official Development Assistance Charter, which was a cabinet decision in 2003, identified Asia as a priority area for assistance, and stated the importance of strengthening Japan-Asia relationships through ODA, especially for prospective economic partnerships with the Eastern Asia region. The Country Assistance Program for Vietnam, established in 2004, included "Promotion of Growth" as one of its three main areas, and the importance of basic infrastructure in economic activities was stressed. In accordance with this policy, JICA's Country Assistance Strategy also stressed the establishment of economic infrastructure, and indicated that infrastructure development such as electrical power and transportations was a priority area,

The project contributed to trade promotion and the economic revitalization of Vietnam. For these goals, this project aimed at optimization of port operation in Asia region, specifically efficient operation in Cai Mep-Thi Vai port constructed with the provision of an ODA loan, and the institutional building for the basic infrastructure for economic activities.

This project has been highly relevant with the country's development plan, development needs, as well as Japan's ODA policy, therefore its relevance is high.

3.2 Effectiveness and Impact⁶ (Rating: ③)

3.2.1 Project Outputs

The Evaluation of effectiveness reflects two viewpoints: the achievement of the Outputs and Project Objectives at the time of project completion and the contribution of the Outputs in the achievement of the Project Objectives. As this project had two Project Objectives, this section shows which output contributed to which project objectives.

3.2.1.1 Project Output

In the Project Design Matrix (PDM⁷) at project completion, the project had five outputs as its immediate project effects. Capacity building for the Master Plan on the Development of Vietnam's Seaport System was added to the project scope and Output 6 was included in an implementation plan. For this reason, the Output 6 has been added in the ex-post evaluation⁸. Outputs 1-3, and 5 were highly relevant to the Project Objective 2 and they have directly contributed to the introduction of the non-state sector to cargo terminal operation. On the other hand, Output 4 was highly relevant to Project Objective 1, focusing on VINAMARINE's acquirement of the administrative capacities necessary to supervise and guide PMB as the central government agency during the process of achieving Output 4. Although the relationship between the Output 6 and the Project Objectives was not clearly documented, Output 6 can be presumed to be related to Project Objective 1. The followings are the outputs achieved upon termination of the project.

- 1) Output 1 "VINAMARINE prepares the draft policy on non-state sectors' participation in the operation of gateway ports and the draft plan on promotion of the gateway ports, taking CM-TV ports as a model case"

Two indicators were established for Output 1 (1. Development of a draft policy for the

⁶ To judge Effectiveness, the findings in Impact are also taken into consideration in the rating.

⁷ PDM is a summary sheet organizing and presenting the relationship between the project goals and means.

⁸ The reason that Output 6 was added is explained in 3.3.1.1 *Elements of Inputs*.

participation of the non-state sector in port operation, and 2. Development of a draft plan for the promotion of Cai Mep-Thi Vai port). Both indicators were attained by the end of the project, and thus Output 1 is considered to have been achieved. The draft policy of Indicator 1 showed the process of the selection of cargo terminal operator, from the expressions of interest to contracting, and suggested the formation of a tender evaluation team and a contract negotiation team based on the organizational structure of VINAMARINE. The draft of the promotion strategy from Indicator 2 was developed during the project. The draft estimated cargo demand and conducted SWOT analysis of Cai Mep-Thi Cai port through an overall port sector analysis in Vietnam and its SWOT analysis⁹. The recommendations for the promotion of Cai Mep-Thi Vai port were made based on these analyses.

- 2) Output 2 “VINAMRINE drafts and proposes the rehabilitation of the roles (authorities, powers, etc.) on port management and operation among governmental agencies, other public sectors and private sector to promote the non-state sectors’ participation to the operation of gateway ports”

One indicator (1. Development of draft guidelines for a public private partnership of port management and operation) was established for Output 2. The draft guidelines were developed during the project implementation, thus Output 2 has been achieved. The drafts showed a framework for a regulatory system for non-state sector participation; specifically dealing with responsibilities of the government and non-government sectors, the consultation procedures with relevant agencies, pricing methods, bidding methods, etc.

- 3) Output 3 “VINAMARINE prepares the draft regulatory framework to promote the non-state sectors’ participation to port operation”

One indicator (1. Development of a regulation system for the promotion of the participation of the non-state sector) was established for Output 3. The regulatory system was developed during project implementation. The draft guidelines mentioned in Output 2 showed the framework of the regulatory system, and the participation policy draft mentioned in Output 1 outlined the selection procedures for cargo terminal operators. Thus, Output 3 has been achieved.

- 4) Output 4 “VINAMARINE prepares the draft plan for port administration and management with the assistance and cooperation with JICA expert team”

One Indicator (1. Development of a plan for port administration and management) was established for Output 4. During project implementation, the studies, proposals, and recommendations were instigated in 11 areas, and thus, Output 4 was achieved. The activities implemented for Output 4 were mainly relevant with the preparation of regulations on port management in general (such as the development of a long-term plan, maintenance/management, and statistical services). The followings is the investigation, planning and recommendations for Output 4.

1. Port facility security plan
2. Review and analysis of the present condition on management and operation of Vietnamese ports
3. Analysis of the roles and the classification of all ports in Vietnam
4. Proposal on the port management system by each category of the ports
5. Proposal of the basic policy on the port and navigation channel development and preservation
6. Proposal on the appropriate port statistics system
7. Proposal of the guideline for port planning and technical standards for port facilities

⁹ SWOT is an analysis method used in developing a management strategy. SWOT stands for Strength, Weakness, Opportunity and Threat.

8. Proposal of model rules and regulation on port water area and port land premise
9. Proposal on financial reporting and auditing system for PMB
10. Proposal of the system on compilation of port facilities ledger
11. Proposal of introduction of an Electric Data Interchange (EDI) system

The above items from 5-11 were not included in project planning. The items were added because their necessity became clear when project activities were reviewed in the mid-term evaluation. At the time of the ex-post evaluation, items 1, 3, and 11 were reflected in port administration and port management (see 3.2.2.2 *Other Impacts* for the actual use of these items).

- 5) Output 5 “VINAMRINE prepares the draft documents necessary for the selection of port operator and the concession plan of CM-TV Port as a model case”

Two indicators (1. Development of draft tender documents and draft contracts for the selection of cargo terminal operators for the Cai Mep-Thi Vai port, 2. Development of draft concession plans for the same purpose) were established for Output 5. During project implementation, a taskforce established within VINAMARINE completed the draft tender documents, draft contracts and a draft concession plan with the support of dispatched experts. Thus, Output 5 has been achieved. The draft tender documents and the draft contracts were important in order that public tender might be smoothly carried out and a draft concession plan was necessary for the approval process of the Vietnamese government preceding operator selection. The concession plan included port design, investment costs and a forecast for demand and profit and became the basic document for the decision making related to the lease contract.

- 6) Output 6 “Consistency between a nationwide port master plan prepared by VINAMRINE and basic policies and port management system introduced by this project is maintained”

As Output 6 was not included in the PDM, its indicators are not clear and, thus, it is difficult to assess the achievement of Output 6. Output 6 was not included at the project planning stage, but was added in May 2008. Preparation of the Master Plan for the Development of Vietnam’s Seaport System required capacity development at VINAMARINE. During project implementation, experts were dispatched to carry out the capacity development of VINAMRINE staff for demand forecast and estimations of the handling capacity of ports. VINAMARINE staff utilized the above capacity, selecting the ports to be developed during the period of the master plan, and drafting the master plan. After the completion of the project, the master plan, based on a draft plan prepared by VINAMARINE, was approved by the Prime Minister in December 2010.

3.2.1.2 Achievement of Project Objectives

The project established two project objectives in its PDM. There were two indicators for Project Objective 1 and one indicator for Project Objective 2, in order to measure the level of achievement. Project Objective 2 has one indicator only (the preparation of documents to be used in the tendering of cargo terminal operators) but the use of these documents relied on the legislation to allow the selection of a port operator. Therefore, “the status of the legislation relevant to the selection of a cargo terminal operator” was added as an additional indicator. The following is the achievement status of each Project Objective at the time of project termination.

Project Objective 1 “Capacity of VINAMARINE on port administration and port management is strengthened”

- 1) Indicator 1 “Results of the capacity-monitoring tests for the taskforce team reach to sufficient level”

The project matched capacities for port administration/port management and project

activities, periodically monitored the progress of activities and capacity development, and attempted to strengthen the activities of areas behind schedule (such as revising the curriculum). The Work Breakdown Structure (WBS) segmented the project activities into 5 monitoring categories¹⁰ at primary level, 17 at secondary level and 32 at tertiary level.

The project had specific administrative tasks for the participation of the non-state sector in the operation of Cai Mep-Thi Vai port and the establishment of PMB. In line with the above tasks, the administrative skills to be monitored were concretely refined. This allowed WBS-based monitoring.

For the verification of progress and skill improvement, dispatched experts conducted written and oral tests with the taskforce and evaluated them in 5 grade levels. The target was to obtain level 5 in all categories by the final year. Although most categories in the primary level only received 1-2 points during the first year of the project, they were receiving 4-5 points by the end of the project, and thus it was considered that the project objective had been almost achieved¹¹.

- 2) Indicator 2 “Necessary documents for the promulgation of the port administration and management plan are drafted”

During project implementation, a Draft Decree on the Management of Seaport Infrastructure Operation was developed mainly by the taskforce of this project. The draft determined the rights and obligation of a lessor (port ownership holder) and a lessee (operator), pricing, PMB establishment, etc., and was mainly based on the draft participation policy from Output 1 and the draft guideline from Output 2.

According to hearings with VINAMARINE, the project taskforce was involved in the preparation of the original bill for Decree No.71/2006, while dispatched experts gave technical advice on the MOT Decision No.57/2005 (the improvement of the port management system assisted by these regulations will be mentioned in *Project Objective 2, Indicator 2* in the next section).

The taskforce members contributed to the draft preparation of various regulations which suggests the improvement of capacities in VINAMARINE and thus the objective can be considered to have been almost achieved.

Project Objective 2 “Terminal operating system for gateway ports is established”

- 1) Indicator 1 “The project drafts and proposes standard bidding and contract documents , and concession plan for the selection of terminal operator in Vietnam port system, that can be applied to Cai Mep-Thi Vai Port as a model case”

As mentioned in Output 5, the draft tender documents, draft contracts, and a draft concession plan that applied to Cai Mep-Thi Vai port were completed during implementation of the project. In the original plan, consultants hired for the ODA loan project “Cai Mep-Thi Vai International Port Development Project” were to select a port operator while this project would prepare these documents to be used for tender in the port. However, since the selection of the operators had not begun by the end of the project due to the delay in the ODA loan project,



Photo 1: Thi Vai Terminal under construction

¹⁰ Five monitoring categories (Promotion of gateway ports and the participation of the non-state sector , the establishment of PMB at CM-TV port and port management to realize PPP, a regulatory framework for the participation of the non-state sector in port operation, capacity for port administration and management, preparation of documents for the selection of port operators) were set at Level-1

¹¹ Based on the project ex-post evaluation.

no improvement was made on these documents via feedback coming from actual use. In the original plan, the consultants for the ODA loan project would have completed the selection of port operators by May 2009. However, in fact, the selection of the consultants was not completed, and the selection of the operators could not be initiated at the end of the project (November 2008). There was no opportunity to refine the quality of the draft tender documents, the draft contracts and the draft concession plan in order that they could be used as standard documents for gateway ports in general.

- 2) Indicator 2 “The status of the legislation relevant to selection of cargo terminal operators”

Regarding the achievement of Project Objective 2, it is necessary to consider the status of legislation, which is the basis for the selection of terminal operators in gateway ports. At the time of project planning, it was anticipated that a PMB would be established in Cai Mep-Thi Vai port and that management of leasing of the cargo terminal would be carried out by PMB. The Draft Decree on the Management of Seaport Infrastructure Operations mentioned in the *Project Objective 1, Indicator 2* was developed based on this anticipation, but it had not been approved by the completion of the project. Because there were a wide range of port ownership holders, including central government ministries and agencies, local government and state-owned enterprises, the port management function of which PMB was in charge could have been in collision with the administrative functions of other government agencies. For this reason, the establishment of PMB required coordination with the relevant organizations. This, however, was difficult and the establishment of PMB was therefore not allowed. Nevertheless, the project has strengthened the functions of MA under VINAMARINE and supported the institutional improvement for MA’s management of port facility leasing. The framework of leasing fee management was presented and MOT Decision No. 57/2005 approved MA leasing of port facilities developed by the national budget while Decree 71/2006 determined that these port facilities should be leased using open tender. As the result of project support for the legislation of port facility leasing, legal grounds for management of leasing contract by the MA was established. Thus, the indicator was considered to be almost achieved.

This project has largely achieved its objectives except the indicator 1 for the Project Purpose 2.

3.2.2 Impact

Through the project, attempts were made to improve port administration and port management systems, focusing on the participation of the non-state sector in port operation. For this reason, the evaluation of Impact attaches importance to the continuation and progress of the participation of the non-state sector in port operation bearing in mind the Overall Goal “Port administration and management system is improved.”

3.2.2.1 Achievement of Overall Goal

One indicator was established in order to measure achievement of the overall goal, “Improvement of port administration and management systems.” Achievement of this goal was measured based on the improvement of the port management system by the time of the ex-post evaluation. The achievement status of the indicator is as follows:

- 1) Indicator 1 “Port administration and management system in Vietnam is regulated and executed mainly based on the port administration and management plan to be prepared by the Project.”

At the time of the ex-post evaluation, the Draft Decree on Management of Seaport Infrastructure Operations developed by the taskforce had not yet been approved; therefore PMB had not been established. However, as the selection of the cargo terminal operators at Cai Mep-Thi Vai port progressed, more detailed regulations for port facility leasing was being

developed. Decree No. 21/2012 was approved in March 2012, and details of port facility leasing (such as pricing, conditions for the lessees, items of the leasing contract, expenditure of income from leasing facility) were determined.

Table 1: Port administration and management at Cai Mep - Thi Vai port (plan and actual)

	Situation of ports in general at project planning	Goal for Cai Mep - Thi Vai Port at project planning	Actual situation of Cai Mep - Thi Vai Port at project completion	Actual situation of Cai Mep - Thi Vai Port at the ex-post evaluation
Port administration	MA has limited responsibility such as for navigation, environment, etc.	It was expected that PMB would be responsible for daily administration, port promotion, etc.	It was expected that MA would have a wider range of responsibilities including management of the port facility leasing.	Same as left
Ownership holders of cargo terminal	Ministry, SOEs, Local government, JV of the Private and Public sectors	VINAMARINE (planned)	Same as left	Same as left
Operators of cargo terminal	Ownership holders or affiliated SOEs	Non-state sector selected by open tendering (planned)	Same as left	Selected from non-state sector by open tendering

Source: JICA internal documents and interviews with relevant agencies

At the time of the ex-post evaluation, the selection of the cargo terminal operators for Cai Mep-Thi Vai port was continuing as the port construction progressed. This was taking place with open tender as originally planned (*See Table 1*). As in the draft plan of the promotion strategy mentioned in Output 1, the selection process of cargo terminal operators allowed foreign operators to participate in the open tender. Although the draft tender documents, the draft contracts and the draft concession plan were already in use for the selection of operators, contract terms and preconditions were revised where necessary. The cargo demand of the port in the foreseeable future was not expected to reach the demand forecast in the project planning. In this environment, it was necessary to present conditions that were more advantageous to bidders.

Port administration by MA is feasible in the current situation. However, the Master Plan on the Development of Vietnam's Seaport System (Prime Minister Approval in 2010) recognizes the necessity to integrate port development/management with that of surrounding areas and recommends experimental efforts for the reform of port management systems. In line with the policy of the Vietnamese government, VINAMARINE established a task force to study the establishment of PMB at Van Phong port and then to continue with efforts to establish a PMB.

Overall goal was largely achieved for its target indicators, therefore its impact is high.

3.2.2.2 Other Impacts

The results of the questionnaire answers from VINAMARINE and interviews with relevant personnel revealed no negative impacts on the natural or social environments. It was conjectured that the following positive impacts were emerging:

(1) MA Functional Enhancement

As mentioned in *Project Objective 2, Indicator 2* in 3.2.1.2 *Achievement of Project Objectives*, the project worked on the improvement of port management systems in order to enhance MA functions. At the time of the ex-post evaluation, this attempt to expand MA functions was continuing, allowing MA to possess the functions necessary to manage the

facilities. Based on interviews at the counterpart agency, Seaport Infrastructure Management Divisions were established in three places; Quang Ninh MA managing Cai Lan port, Hai Phong MA managing Hai Phong port (including the outer port, Lach Huyen port), and Ha Tinh MA managing Vung Anh port. Quang Ninh MA and Ha Tinh MA are either currently involved in the management of port facility leasing, or planning to be so in the future. The Quang Ninh MA was engaged in the management of port facility leasing at Cai Lan port, and a joint venture in charge of cargo terminal operation at Vung Anh port was established by state-owned enterprises in both Vietnam and Laos.

(2) Reflection on port administration and port management

At the time of the ex-post evaluation, some of the activities from Output 4 were reflecting on port administration and port management. Based on VINAMARINE's answers in a questionnaire, the Project Completion Report, interviews with counterpart staff and dispatched experts, the following changes in port management was confirmed:

- Analysis of the roles and the classification of all ports in Vietnam: Port classification proposed by this activity was reflected in PM Decision No.16/2008. Before the preparation of this classification, mismatching between port class and allocation of investment budget occasionally occurred. The port classification is adapted to the sector's investment planning, and contributes to investment planning and allocation of capital in accordance with port class.
- Proposal of introduction of an EDI system: The introduction of the EDI system makes it possible to submit at one time several documents that various government agencies request when a ship calls at a port. The EID system is mainly introduced to container terminals. It contributes to improvements in the operation of shipping companies and ports as anchoring time becomes shorter due to the improvement in administrative efficiency. According to VINAMARINE, the formats and processing procedures developed by this proposal for the submission of application documents are now in routine administrative work. In consideration of this proposal, JICA has collected relevant information by a study on Port EDI System since 2012.
- Port facility security plan: The International Convention for Safety of Life at Sea (the SOLAS convention) was revised in 2002 and the revised convention became effective in 2004. Based on the revised convention, international regulations, the "International Security Port & Shipping Code (ISPS Code)", were prepared and it became necessary for signatory countries including Vietnam to comply with the regulations. In accordance with the plan prepared by this project, regulations for port security in Vietnam were revised so that these regulations could have been consistent with ISPS Code.

The project has largely achieved its Project Objectives such as improvement of VINAMARINE capacity for port administration and management and the establishment of terminal operation systems for gateway ports. Although PMB had not been established at the time of the ex-post evaluation, the project enhanced the function of MA and enabled the leasing of port facilities. After project completion, legislation for the leasing of port facilities was continuously improved and the selection of cargo terminal operators is on-going at Cai Mep Chi Vai Port. As for the Overall Goal, port management systems have been improved and this suggests that project effects are emerging as planned. Therefore, its effectiveness/impact is high.

3.3 Efficiency (Rating: ①)

3.3.1 Inputs

Inputs	Plan	Actual Performance
(1) Experts	12 persons for Short-Term ¹²	21 persons for Short-Term ¹³
(2) Trainees received	Field(s) of training: N/A	Field(s) of training: Management and operation of gateway ports, Planning for port development and preservation, Port security, etc.
(3) Third-Country Training Programs	Field(s) of training: N/A	Field(s) of training: Port operation procedures in major port in Asia, and Roles of port management in Asia
(4) Equipment	N/A	Office equipment (PCs, printers, projector, etc.)
Total Project Cost	350 million yen	628.29 million yen
Total Local Cost	N/A	6.98 million yen ¹⁴

3.3.1.1 Elements of Inputs

Regarding the items for which the input amount was clearly stated at the time of project planning, it has been revealed that the actual input amount has largely exceeded the planned amount. While the M/M of experts was planned as 100M/M, the actual figure increased to 157.59 M/M. The number of trainees to be received in Japan was 8 in the plan, but the actual number was 12 in Japan and 4 in a third-country. According to interviews with dispatched experts, the difference between “administrative tasks and capacities to supervise PMB as a central government agency” and “PMB’s tasks and capacities relevant to the administration and operation of individual ports and terminals” was not sufficiently acknowledged by VINAMARINE at the time of project planning. The later capacity was not reflected in a cooperation request by VINAMARINE. For this reason, additional activities were requested by VINAMARINE in order to improve their capacities in supervising and providing guidance as a central government agency, and this led to the increase in inputs (Output 4, Item 5-11). In addition, some activities were added for the preparation of the Master Plan on the Development of Vietnam’s Seaport System and dispatched experts carried out capacity development in skills for the selection of port development projects for VINAMARINE staff for Output 6. So that VINAMARINE staff could prepare investment plans, skills in demand forecast, estimation of port handling capacity, and project evaluation were enhanced. In accordance with a direction of the Prime Minister’s Office, VINAMARINE was preparing a draft for the master plan by the end of 2008 and this project attempted the capacity development necessary for an earlier preparation of the master plan. The counterpart agency considered that the input contents (experts and machineries provided) were appropriate.

3.3.1.2 Project Cost

The project cost was significantly higher than planned (180% of the original plan). As described in *3.1.1.1 Elements of Inputs*, (1) Improvement of the capacities on for supervision and guidance of PMB, which was not included in the original plan, and (2) Improvement of capacities for the preparation of the port system development master plan were both implemented, and these were the two causes of the increase in project cost. Inflation in Vietnam, especially labor costs, was also one of the factors behind the increase in the project costs.

¹² The ex-ante evaluation shows 12 fields: Chief advisor, Non-state sector’s participation, Port management, Port operation, Port facilities maintenance and management plan, Maritime business administration, Financial analysis/project finance, Concession contract, Legal system, Port information system, Port security, and Coordinator

¹³ Four fields (Port planning, Port engineering, Port statistics, and Port accounting system) were added during project implementation.

¹⁴ Converted according to the monthly average exchange rate (143.2 VND/JPY) during the project period.

3.3.1.3 Period of Cooperation

The period of cooperation was slightly longer than planned (110% of the original plan). Upon the preparation of the draft tender documents, the draft contract documents and the draft concession plan for the selection of cargo terminal operators at Cai Mep-Thi Vai port, it was necessary to clearly define the preconditions. This task resulted in a delay in the progress of Output 5. For this reason, an extension of 4 months was decided on at the time of the mid-term evaluation. At the time of the final evaluation (September 2008), all the documents relevant to the above tender had been completed.

Given the production of the Outputs of the project, the element of the inputs was appropriate. However, the project cost significantly exceeded the plan and the period of cooperation slightly exceeded the plan, therefore efficiency of the project is low.

3.4 Sustainability (Rating: ②)

3.4.1 Related Policy towards the Project

The sector's long-term plan at the time of the ex-post evaluation, the Master Plan on the Development of Vietnam's Seaport System, laid out the sector investment plan from 2010 to 2020 as well as development policy up to 2030. The plan focused on the development of deep seaports in the northern, middle and southern areas of Vietnam, and it came up with a policy for the development of an international port attractive to other neighboring countries. It also laid out a policy to continue with research relevant to port management systems and to carry out experiments of the new system in ports with the necessary conditions. In addition, in terms of the legislative system, details of the regulations of port facility leasing will be determined as mentioned in *3.2.2.1 Achievement of Overall Goal*. The selection of the terminal operators at Cai Mep-Thi Vai is progressing in line with this regulation.

At the time of the ex-post evaluation, the Master plan on the Development of Vietnam's Seaport System explicitly suggested efforts towards the reform of deep seaport development and port management systems. Cai Mep-Thi Vai port, which is the model port for this project, is a deep seaport in the southern region, and its importance from the aspect of policy is acknowledged. It is expected that reform of the port management system will be sustained. The establishment of regulations for port facility leasing supports the non-sector participation in port operation that was aimed at by the project.

3.4.2 Institutional and Operational Aspects of the Implementing Agency

At the time of the ex-post evaluation, VINAMARINE superintended the overall administration of maritime transportation and was also involved in port management and operation through the relevant organizations. VINAMARINE is under the supervision of the Ministry of Transport, and its organization roughly consists of a head office (including a financial planning department, an investment planning department, a human resource department, etc.), local offices (Hai Phong City, Ho Chi Minh City, etc.), subsidiary organizations (relevant state-owned companies), and the MA of each port. No PMB had been established in Vietnam at the time of the ex-post evaluation.

The number of staff in VINAMARINE staff increased from 112 in 2008 (the final year of the project) to 120 in 2011 (at the time of the ex-post evaluation) (*See Table 2*). According to interviews with the counterparts, out of all the taskforce members of the project (27 in total), 21 persons still worked at VINAMARINE at the time of the ex-post evaluation. Ten of these participated in the taskforce of the development of Cai Mep-Thi Vi port, which was established in May 2011. In March 2012, a new taskforce was organized within VINAMARINE to research on the establishment of PMB at Van Phong port¹⁵ and 12 staff member were selected as

¹⁵ Van Phong port is located in Khanh Hoa province and it is planned that an international container transship port will be developed there.

members. According to the counterparts, VINAMRINE recognizes the necessity for comprehensive port development including that of the surrounding areas to be administrated by PMB. However, although the members of the taskforce for the embellishment of PMB in Van Phong port are involved in studies on the establishment of PMB, their commitment is not on a full-time basis. There are no full time staff assigned for the reform of the port management system.

Table 2: Number of employees in VINAMARINE

2008	2009	2010	2011
112 persons	115 persons	120 persons	120 persons

Source: VINAMARINE

At the time of the ex-post evaluation, no change had been observed from the institutional aspect that may impede the sustainability of the project. VINAMARINE has been in charge of the overall port administration as well as individual port administration since the completion of the project. The number of staff is stable and some of the taskforce members of the project are now involved in the development of Cai Mep-Thi Vai port.

3.4.3 Technical Aspects of the Implementing Agency

As described in *Project Objective 1, Indicator 1 of 3.2.1.2 Achievement of Project Objectives*, taskforce members of the project improved their capacity for port administration and port management in general and, thus, the targets set at the time of planning were almost achieved.

At the time of the ex-post evaluation, trainings in the technical field was continuously provided for VINAMARINE staff, and trainings on routine works such as the procurement of equipment, the EDI system were held regularly. Staff have the chance to join in training programs at the World Maritime University. However, there is no training provided in fields directly relevant to port system reform (such as the development of draft concession plans, the selection of cargo operators and leasing contract administration). As contract management of leasing at Cai Mep-Chi Vai port will be required consistently, this area requires further capacity development for the efficient management of the port.

VINAMARINE has been involved in the overall port administration, port management and operations since its establishment in 1992. Its staff members are considered to be proficient in the routine works of port management and operations. They have attended training programs and have been in charge of relevant tasks. It is expected that their work on the contract management (such as the tender process, the conclusion of contracts, monitoring of commissioned assignment) will increase together with the promotion of the participation of the non-state sector in port operation. However, the training opportunities for the contract management have been limited after project completion. For this reason, maintenance of capacities in the future is a subject for concern.

3.4.4 Financial Aspects of the Implementing Agency

The terminal evaluation report mentioned the project's sustainability and its chronic shortage of workers, stating that budgetary measures are necessary in order to allocate full time staff to work on this matter so that the project can develop independently in the future. The report also said that if no budgetary measures were taken, there would be no full time staff allocated for the participation of the non-state sector in port management following project termination. The implementation of this project revealed that coordination with relevant government agencies is unavoidable for reform of the port management system. It is considered that the enhancement of resources, such as the number of staff in charge of the coordination and research budget, is appropriate.

The ensured budget is not large enough to cover the allocation of full time staff and to conduct a large-scale research on the reform of port management systems. VINAMARINE thus faces financial restrictions on its task on the port sector reform such as the establishment of PMB, which requires complicated coordination among government agencies. As mentioned in 3.4.2 *Institutional and Operational Aspects of the Implementing Agency*, no full time staff have been allocated for the reform of port management systems. The budget for the taskforce for the study on the establishment of PMB has been approved, but not the budget for the large-scale research necessary to hire consultants.

The ex-post evaluation could not obtain financial data (allocation of general budget, training fees). Although there is no direct proof of the budget amount, the allocation of general budget is considered to be relatively stable as far as what can be seen from the transition of staff.

Some problems have been observed in the technical and financial aspects of the executing agency, therefore, sustainability of the project effects is fair.

4. Conclusion, Lessons Learned and Recommendations

4.1 Conclusion

This project aimed at capacity building of the counterparts and the participation of the non-government sector in the operation of a cargo terminal, leading to the improvement of port administration and port management. The implementation of this project was in line with Vietnam's development policy and needs as well as with Japan's ODA policy and, thus, its relevance is high. At the time of project completion, the capacity improvement of the counterparts had been confirmed. Due to delays of construction of Cai Mep-Thi Vai International Port, the documents for tender had not yet been utilized for the port. At the time of the ex-post evaluation, however, the selection of cargo terminal operators for the port was ongoing and reform of the port administration was also progressing. For these reasons, the effectiveness of the project is high. On the other hand, due to additional activities that were not in the original plan, both the project cost and period exceeded the plan and, therefore, its efficiency is low. Because of some financial restrictions, neither full-time staff allocation nor a large-scale research was implemented and the sustainability of this project is fair.

In light of the above, the project is evaluated to be partially satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agency

Progress has been made towards efficient port operation as this project contributed to the strengthening of the MA function and the legislation for the participation of the non-state sector in port operation. However, some restrictions (for example, the port administration of MA does not allow comprehensive port development including that of surrounding areas) has remained and it is difficult to carried out comprehensive port promotion. The port ownership holders are diverse and include government agencies. In addition, port management functions that should be managed by PMB conflict with the administrative functions of other government agencies. For these reasons, more time is required for coordination among the relevant government agencies. However, it is appropriate that PMB is established for effective port promotion in the long run.

Under these circumstances, it is recommended that efforts are continued for the improvement of contract management on leasing of port facilities by MA within the existing system, while maintaining the administrative capacities necessary for the reform of port management systems. The establishment of PMB requires cooperation among the relevant government agencies. It is advisable that an on-going study on the establishment of PMB

introduces a mechanism to encourage the participation of other agencies in the study.

4.2.2 Recommendations to JICA

None

4.3 Lessons Learned

(1) Refining the scope of institutional and capacity building

In order to promote the participation of the non-state sector in port operation, the project required not only the preparation of regulations in the field relevant to port facility leasing, but also capacity development for supervising and guiding PMB and the preparation of regulations for overall port management. Nevertheless, these needs were not sufficiently recognized by the relevant government agencies. Fair supervision of PMB and institutional design for that purpose were not well reflected in the project scope. For this reason, activities were largely extended during implementation of the project and this resulted in an increase in the project cost. Through a case study on deregulation in other countries, it was pointed out that when new market-entry and competition are promoted in highly regulated industries, regulations contrarily increase and a supervising agency may take a more important role¹⁶.

In a similar project promoting new market-entry for port operation, it is recommended that consideration is made not only of institutional arrangements or capacity development directly relevant to market-entry, but also of the possibility that more extended institutional building and broader capacities need to be assessed at the time of project planning.

(2) Timely revision of PDM

In the preparation of the Master Plan on the Development of Vietnam's Seaport System, this project improved the capacity of VINAMARINE staff in the area of the assessment and selection of port development projects. Output 6 and its relevant activities were added to the implementation plan dated on May 2008, but not to the PDM. The terminal evaluation, which was held in September 2009, did not assess this output. PDM is essential for assessing the achievement of a project and for coordinating activities. For this reason, it is desirable that the PDM is revised in timely manner for better project management.

¹⁶ Emmons III, William (2000), *The Evolving Bargain: Strategic Implications of Deregulation and Privatization*, Harvard Business Review Press.