

終了時評価調査結果要約表（英文）

I. Outline of the Project	
Country : Socialist Republic of Vietnam	Project title : The Project for Institutional Capacity Development for Infrastructure Finance in Vietnam
Issue/Sector : Financial Sector	Cooperation scheme : Technical Cooperation
Division in charge : Vietnam Office	Total cost : 262,000,000 JPY
Period of Cooperation	(R/D): Sep, 2008-Sep, 2011
	Partner Country's Implementing Organization : Vietnam Development Bank
	Supporting Organization in Japan : Japan Economic Research Institute Inc.
Related Cooperation :	
<p>1. Background of the Project</p> <p>The Socialist Republic of Vietnam (hereinafter referred to as “Vietnam”) has been achieving a remarkably high economic growth during recent years. The country, however, requires a larger investment in its infrastructure and industrial development in order to maintain or extend its growth amidst the mega-trend of international integration among ASEAN countries, etc.</p> <p>Vietnam Development Bank (hereinafter referred to as “VDB”) has been established in 2006 by virtue of the Decision No. 108/2006/QD-TTg of Prime Minister by reorganizing the Development Assistance Fund (DAF). VDB succeeded the 61 branch offices of DAF spreading throughout the country with employees numbering 2,500 and loan assets amounting to the equivalent of US\$ 6 billion. It used to be recognized that VDB was in need to augment its institutional capability to become self-sustainable and autonomous institution through the strengthening of credit risk control, the establishment of the fund mobilization mechanism, the operation management of IT system and the human resource development. VDB has been making striving efforts by establishing and implementing the Long and Medium term Strategic Plan to 2020.</p> <p>Given the background as such, the Government of Vietnam made a request to the Government of Japan to provide the technical assistance for the development of institutional capacity for infrastructure finance in Vietnam.</p> <p>JICA dispatched a study team to conduct the ex-ante evaluation survey of the project requested by Vietnam in June 2008. As a result of the study, both Vietnamese and Japanese sides agreed to implement the Project for Institutional Capacity Development for Infrastructure Finance in Vietnam, signing the original M/M and R/D on June 12, 2008. VDB was appointed as the counterpart organization of the Project.</p> <p>For implementing the Project, JICA has dispatched a team of consultants covering the disciplinary areas of policy framework, credit risk management, IT system development, fund mobilization and human resource development, etc. to station at VDB and implement the Project at its headquarters and branch offices during the period from September 2008 till September 2011. With the remaining project</p>	

period of about three months, the JICA decided to conduct the terminal evaluation in Vietnam during the period from June 13 to June 24, 2011 for the purpose of evaluating the achievement of the Project, making recommendations for the remaining period and future continuation of the Project and obtaining lessons learned from the Project.

2. Project Overview

(1) Overall Goal

Sustainability of investment lending of VDB is strengthened in accordance with the VDB's strategic plan and socio-economic development objectives.

(2) Project Purpose

VDB's autonomous and effective operation of investment lending as a development bank are strengthened.

(3) Outputs

- 1) Framework of VDB's governance is strengthened with its clear mission.
- 2) Credit risk management is improved.
- 3) Knowledge of fund mobilization and ALM (Asset and Liability Management) is enhanced.
- 4) Human resource development system is strengthened.

(4) Inputs

Japanese side :

Expert:	13 Experts	Equipment:	None
Trainees received:	38 Trainees	Local cost:	None

Vietnamese Side :

Counterpart:	25 Officers & Staffs	Equipment:	Computer Server and software
Office Facilities:	Office space for the Project Team		

II. Evaluation Team

Members of Evaluation Team	Mr. Toshio NAGASE	Team Leader	Senior Representative, Japan International Cooperation Agency (JICA) Vietnam Office
	Ms. Tsuzuri SAKAMAKI	Credit Risk Management	Chief Advisor, JICA Project for Strengthening Functions of Banking Supervision of State Bank of Vietnam
	Mr. Takayuki HAYASHIDA	Coordinator	Senior Project Formulation Advisor, JICA Vietnam Office
	Mr. Yasuhisa KURODA	Evaluation Analysis	Director, OPMAC

Period of Evaluation	June 13, 2011 – June 24, 2011	Type of Evaluation : Terminal
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III. Results of Evaluation

1. Summary of Evaluation Results

(1) Relevance: Highly Relevant

The government of Vietnam maintains the socio-economic development plan in putting emphasis on the development of infrastructure. The Socio-Economic Development Plan (SEDP) 2006-2010 is succeeded by SEDP 2011-2015 which maintains the same policy with the preceding plan. The development of infrastructure requires a huge amount of funds for provision of which VDB plays a vitally important role. Such development involves the extra-large amount of funds that commercial banks will not be able to cope. The importance of the investment lending of VDB remains very valid. The Project is found relevant to the development policy of Vietnam, the needs of Vietnamese economy, the needs of the beneficiaries of investment lending and Japan's ODA policy.

(2) Effectiveness: Validly Effective

The Decree No. 151/2006/ND-CP stipulates that VDB finances the projects whose financial viability is confirmed by VDB. VDB is basically following the rule. The data of Non-Performing Loan (NPL) is not disclosed by VDB as there is no regulation from the government/SBV on the method of capturing the NPL covering VDB. Instead, VDB is disclosing in its annual report the amount of overdue loans and frozen loans. The ratio of overdue and frozen loans/total outstanding balance of investment lending is in the declining trend and has subsided to 3.8% in 2009.

The Outputs of the Project are found to be on its way for being produced out of the activities conducted with exception of the quantification function of the credit risk management system. Though it would take some time, long for some indicators or short for others, the Outputs produced are taking gradual effects in generating the Project Purpose.

(3) Efficiency: Efficient with a partial deficiency

Inputs of both sides are in line with the original plan and assessed appropriate. The Outputs of the Project are also found to be satisfying what has been originally planned with exception of the credit risk quantification function. The Project will be finished at the stage of completion of the internal rating system. It is assessed that the Project has been implemented in partially attaining the efficiency which the original Project plan anticipated. The partial deficiency is attributable to the non-availability of information critically indispensable for quantification function to be retrieved from the core banking system.

(4) Impact: Symptoms identified for positive impact

It is still pre-mature to evaluate the ultimate level of achievement of the Overall Goal as the Project is still in the developing stage of the internal rating system and it requires some time before generating the material effects. But the Project has started acknowledging the symptoms which will eventually

bring a positive impact onto the investment lending of VDB in such moves as; (i) the government's move towards revising the governance framework of VDB, (ii) VDB's move for institutionalizing the credit risk management system, and (iii) the employees' recognition on the framework of development financial institution forming a solid basis for VDB's approaching the government for the revision of the policy framework, etc.

(5) Sustainability: Sustainable beyond the termination of JICA's assistance

There have been no factors impeding on the decision making process and on the continuation of the Project after termination of the assistance by JICA. The Project is deemed sustainable, should a sufficient consideration and arrangement be made with particular attentions to the policy level and the technical aspects of sustainability.

2. Factors that promoted realization of effects

(1) Factors concerning to Planning

The four items of Outputs planned under the Project are generating a synergy effects among themselves and contributing to the realization of the effects. The steps taken to promote the governance framework have been driving the development of the credit risk management system, whereas the effectiveness of the credit risk management system depends upon the improvement of a solid governance framework to effectively function. The enhancement of the employees' recognition on the framework of development financial institution is forming a solid basis for VDB's approaching the government for the revision of the policy framework.

(2) Factors concerning to the Implementation Process

The Project has been working for constructing a corporate-based database and an internal rating system, starting actual upgrading in May 2010. The internal rating system has been developed simultaneously. The system will be completed in July 2011 and will be extended to all of the branch offices handling the investment lending covering all of their customers. The system will be interfaced with the core banking system at the headquarters and can retrieve the CIF information, data from loan books and overdue accounts from the host computer for processing at the internal rating system. The development of a web network is noteworthy as it will bring a significant benefit to the bank for its effective usage for risk management.

3. Factors that impeded realization of effects

(1) Factors concerning to Planning

Though this is not an issue directly impeding the realization of the effects, it is to be noted that many of the indicators established for Outputs, Project Purpose and Overall Goal are not expressed in the concrete terms enabling the Evaluation Team to conduct an objective assessment. Not only the quantitative targets but also the indicators for quality type of measurement should be enumerated with care in its concreteness so as to make sure for the reader to clearly understand what the state of condition being targeted is and what the baseline conditions are.

(2) Factors concerning to the Implementation Process

It has been reported that the Project has encountered with unexpected difficulties in obtaining the necessary data from the banking system stemming from the weakness of organizational and operational control in the course of system development in the areas such as; (i) insufficiency of the financial data and information of the customers, (ii) inaccurate file of customer information, and (iii) insufficiency of appropriate tools of collateral and guarantee management. The Project is to be terminated finding no solution to the critical ones of such weaknesses.

4. Conclusion

The Project has been verified to have achieved or on the way to achieve the originally established target in attaining effectiveness, efficiency, impacts and sustainability while maintaining a strong relevance. There exist convincing developments that the Project would increase its contribution to enhance the autonomous and effective operation of investment lending at VDB.

In conclusion, the Project has achieved the objectives set by the R/D, i.e. the Project has completed its mission. Therefore, the Joint Evaluation Team hereby concludes that JICA technical cooperation can be terminated on the prescribed date of expiry specified in the contract as has been scheduled.

5. Recommendations

(1) Institutionalization of Credit Risk Management Policy

The internal rating system is to be completed and scheduled to be handed over to VDB. In order for the system to be smoothly installed at each branch and put into an effective use, VDB needs to establish a solid policy guiding all the parties concerned with clear-cut policy in enforcement of the credit risk management. It is hereby recommended that VDB makes the utmost efforts in accelerating the institutionalization of the policy.

(2) Accumulation and Storing of Customer Information

It has been reported that the Project has encountered with unexpected difficulties in obtaining the necessary data from the banking system stemming from the weakness of organizational and operational control. It is hereby recommended that VDB takes actions to resolve those weaknesses and solidify the business infrastructure for investment lending.

(3) Upgrading of the Credit Risk Management System

The internal rating system is to be completed while a part of the originally designed system will not be finished when it will be handed over to VDB. VDB is expected, on its own efforts, to complete the project by developing the risk quantification module for the system in accordance with the roadmap to be prepared by the Project. It is recommended that VDB to make due efforts in enhancing the effective utilization of the developed system.

(4) Coordination with Donors for Synergy

The Project has established collaboration with other donors. Having a relation of collaboration with

those development partners may help VDB to sustain and enhance the results of the Project. It is hereby recommended that VDB establishes or maintains collaborating relationship with donors in looking for an opportunity of synergy effects.

(5) Needs for Post-Delivery Support of the Internal Rating System

With regard to the transfer of the internal rating system to VDB, there exists a certain concern over if the system could be brought up to the stabilized operating condition smoothly. It is customary for any of the system development case that it encounters numerous problems, major or minor, that needs to be attended for remedial solution. It is hereby recommended that both Vietnamese and Japanese sides make efforts for causing preventive measures for solution. It is imperative to have sufficient measures of safeguarding for such events so as to avoid the situation in which any occurrence of local problem leads to the complete standstill of the system.

6. Lessons Learned

(1) Training through the Discussion Seminar – Good Practice

In anticipation of the trial run of the internal rating system at branch offices, the Project adopted the approach of establishing a working team as early as in January 2011 nominating 11 members from the departments concerned. The Project worked together with the working team to identify the financial indicators that could be used as the screening criteria for the screening system. The working group met six times since its start-up and successfully reached the target of selecting the appropriate indicators. The discussion process gave good opportunities for learning and experiencing financial analysis. Those 11 members are now appointed as the official trainers for training the branch offices in installing and running the operation of the system. The process of training appears to be effective in placing the participants to learn, think, do, and disseminate of specific knowledge. The process may be of help remedying the weakness of TOT training in which the trained trainers often lack the experience and actual practice of the subjects taught and cannot manage his/her training course well. This experience of the Project can be noted as a good practice case for which a close monitoring is worth doing.

(2) Baseline data

A lesson can be learned from the result of the Project that is ending up while leaving a part of the originally designed function incomplete. The reason for such case has been referred to as the non-availability of the credit related data and information that should have been accumulated and stored in the core banking system. For any project involving the system development, there must be a careful study of the baseline condition. It is also critically important that different solutions should be made ready just in case the bottleneck surfaces during the course of development. This Project is about to leave a lesson for similar projects in future reminding the importance of baseline study.

(3) Verifiable Indicators failed to be expressed in the terms that can be verified

Another lesson is learned about the expression of the verifiable indicators. It has been noted that many of the indicators established for Outputs, Project Purpose and Overall Goal are not expressed in

the concrete terms enabling the Evaluation Team to conduct an objective assessment. Not only the quantitative target but also the indicators for quality type of measurement should be enumerated in concrete terms with care so as to make sure for the reader to clearly understand what the state of condition being targeted is and what the baseline conditions are.