

(Private Sector Investment Finance)

Ex-ante evaluation report

1. Name of the project

Country:	Socialist Republic of Vietnam
Project:	Industrial Human Resources Development Project (Loan project under the Private Sector Investment Finance)
L/A signed on:	November 11, 2011
Borrower:	Asia Commercial Joint Stock Bank (ACB)
Project Company:	Esuhai Co., Ltd.

2. Background and necessity of the project

It has been pointed out that, in Vietnam, promoting human resources development in manufacturing industry is essential for its economic development. It has been an urgent issue for Vietnam to develop engineers and business persons who have knowledge of, for instance, production control and business management in order to further increase direct investments from overseas countries and expand employment opportunities for its people. One of the priorities of the development policy announced by the government of Vietnam is to enhance knowledge and skills of workers through vocational training and/or dispatch to overseas countries. The Japan's Country Assistance Program for Vietnam lists, as one of priority assistance areas, the issue of enhancing its economic growth and strengthening international competitiveness including the development of industrial human resources. In parallel, Japan has been accepting a number of workers through the Industrial Training and Technical Internship Program (hereinafter referred to as the Technical Internship Program).

This project contributes qualitatively and quantitatively to developing industrial human resources within Vietnam by teaching the Japanese language and by providing vocational training in Vietnam, to technical trainees to be dispatched to Japan for a given period of time. Likewise, it responds to the local needs for human resources by providing post-return retraining and fostering skilled engineers for domestic markets and at the same time offers post-return placement services to those who have acquired skills, thereby supporting the employment of skilled workers and business persons in managerial positions and their increased incomes in Vietnam. The development of industrial human resources who serve as a bridge between Japan and Vietnam indeed contributes to their economic exchanges and growths. In light of both

the development policy by the government of Vietnam and the Japan's Country Assistance Program, this project has great necessity.

3. Overview of the project

(1) Objective

This project is implemented in the city of Ho Chi Minh in Vietnam and targets technical trainees to be dispatched to Japan and engineers who want to work for companies in Japan. It provides loan assistance for human resource development through basic vocational training including Japanese language education and development of human resources with the aim of upgrading technical levels and increasing incomes of industrial human resources and developing skilled persons employable, thereby contributing to strengthening the industrial foundation of Vietnam and promoting economic exchanges between Japan and Vietnam.

(2) Site of the project's implementation: Ho Chi Minh, Vietnam

(3) Summary of the project

1) Outline

The project constructs a new building that will be used as facilities for the headquarters and classrooms of the Kaizen Yoshida School, that offers Japanese language education and vocational training run by Esuhai Company in the central part of Ho Chi Minh. At the same time, assistance will be provided for improving its curricula and developing the capacity of its teaching staff through technical assistance, thereby upgrading the quality of education as well as increasing the numbers of students and courses. Its students will be dispatched to Japanese companies in Japan as technical trainees or engineers through cooperation from Japanese related organizations and the intermediation of Esuhai Company. After their return, they will be introduced to private companies in Vietnam.

2) Outline of loan by JICA

Amount: ¥191,000,000

JICA makes a loan of the above amount as a bank loan via the borrower (Asia Commercial Joint Stock Bank or ACB) to the project company (Esuhai Co., Ltd.).

(4) Project implementation schedule

The loan will be made during 2011 and 2012 up to the completion of the construction. The project will be brought to an end when the management system is established at the new school building in two years after the building's

completion.

(5) Borrower: Asia Commercial Joint Stock Bank (ACB)

(6) Project Company: Esuhai Co., Ltd.

(7) Necessity of assistance by JICA Private Sector Investment Finance (PSIF)

The project of Esuhai Co., Ltd. is not purely a profit-making business. Hence, what is strongly required is a long-term and low-interest loan through PSIF. At the same time, it is a private enterprise engaged in the development of persons who act as a bridge between Japan and Vietnam. Thus, assistance by overseas investment/loan is of great significance. (JICA's loan is made to the project's executing organization as a bank loan via the borrower (ACB) from the perspective of credit assurance.)

(8) Environmental and social considerations, poverty reduction and social development

1) Environmental and social considerations

a) Category: C

b) Reason: It is judged based on the JICA Guidelines for Environmental and Social Considerations (pronounced in April 2010) that an adverse effect inflicted upon environment by this project will be kept at minimum.

2) Promotion of poverty reduction

It is expected that the project will produce an effect to increase earnings among technical trainees who have undergone training after their return.

3) Promotion of social development

Female students constitute 40% of the total enrolled students. It is expected that this project will support the self-reliance of women.

(9) Collaboration with other schemes and other donors

None in particular

(10) Technical assistance

In order to respond to the expanding business in the future, it is planned to implement technical assistance including the dispatch of experts for capacity building of the teaching staff and for improving curricula.

4. Project output

Increases in the numbers of students and technical trainees to be dispatched

Increases in the number of persons to be employed by local companies and in the mean income after the post-training return of technical trainees

Strengthening of the industrial foundation of Vietnam: enhancement of economic exchanges between Japan and Vietnam .

5. External conditions and risk control

None in particular

6. Feedback issues from ex-post evaluation of the past similar projects and the way in which they are reflected

The ex-post evaluation reports of the past two-step loan projects under the Private Sector Investment Finance recommend that JICA establishes a monitoring system that enables it to grasp accurately the status of a project even in a case in which the borrower is not a project executing organization. In this project a monitoring mechanism which enables JICA to receive project implementation reports directly from the project project company will be established.

7. Future evaluation plan

(1) Indicators to be used in the subsequent evaluation

- 1) The number of enrolled students
- 2) The numbers of technical students to be sent out and the number of engineers to be introduced
- 3) The number of persons to be employed by private companies after the completion of technical training
- 4) Post-dispatch growth rate of the mean income of technical trainees *vis-à-vis* pre-dispatch

(2) Time of future evaluation

Two years after the completion of the project