

Ex-Ante Evaluation Report
Southeast Asia Division 3, Southeast Asia and Pacific Department
Japan International Cooperation Agency

1. Basic Information

- (1) Country: The Socialist Republic of Viet Nam (Vietnam)
 - (2) Project Site/Target Area: Lam Dong Province
 - (3) Project: Project for Upgrading Infrastructure for Agricultural Development in Lam Dong Province (Phase 1)
- Loan Agreement: July 4, 2023

2. Background and Necessity of the Project

- (1) The Current Status and Issues of Agricultural Sector Development in the Country and the Positioning of the Project

Agriculture is a major industry in the Socialist Republic of Viet Nam (hereinafter “Vietnam”) and its promotion plays a significant role in the development of the whole country. 36.23% of the total working population of Vietnam are employed in the agricultural sector (World Bank, 2020), and agriculture accounts for 12.6% of total GDP (World Bank, 2021). Agricultural exports also account for 5.7% of the total export value of Vietnam (General Statistics Office of Vietnam, 2020).

Lam Dong Province, as a model region for producing highly added value and international competitive products, was selected at the “Japan-Vietnam Agricultural Cooperative Dialogue” for piloting the development of food value chains, given the fact that the province is No. 1 vegetable (1.5 million tons/year) and flower (1.8 billion stems/year) production area. Also, the policy is to model success within this province and then expand this nationwide.

On the other hand, Lam Dong Province is required to provide fundamental infrastructures such as roads, irrigation facilities, and collection/distribution center, which is vital for creation of food value chains, production of high value added and advanced products, and development of sustainable supply systems to meet the competitive international qualities.

Under these circumstances, the Project aims to develop basic infrastructure for the promotion of agriculture in this Province, which has been designated as a model area by both governments, and is consistent with the development policies of the Vietnam for the agricultural sector and Lam Dong Province.

(2) Japan and JICA's Cooperation Policy, etc. for the Agricultural Sector/Lam Dong Province and the Positioning of the Project

In the “Japan-Vietnam Medium to Long Term Vision on Agriculture Cooperation (Phase 2: 2020-2024)” which was formulated at the “5th High-Level Meeting of the Japan-Vietnam Agricultural Cooperative Dialogue” in December 2020, priority was given to the development of agriculture-related infrastructure, promotion of investment by related private companies (introduction of advanced technologies), support for agricultural promotion policy and strategy formulation, and human resource development.

In addition, the Country Development Assistance Policy for the Socialist Republic of Viet Nam (December 2017) sets “Growth and Reinforcement of Competitiveness,” and “Achievement of Sustainable Development through Strengthening the International Competitiveness” as priority areas.

Furthermore, the JICA Country Analysis Paper for the Socialist Republic of Viet Nam (June 2020) analyzes that the priority issue is the development of a mechanism to promote private investment in the agricultural sector, including improving agricultural productivity and adding value to agricultural products, from the perspective of sustainable rural growth.

The project conforms with these policies and analyses.

(3) Other Donor's Activities

From 2015 to 2022, the World Bank has implemented the “Sustainable Agriculture Transformation Project” in 13 provinces including Lam Dong, providing support for construction of agricultural value chains and the improvement of administrative services in the agricultural sector

For Lam Dong Province, World Bank provided support to coffee farmers such as training and concessional loans for cultivation of high value-added crops.

From 2023 to 2026, the Asian Development Bank is implementing a technical cooperation called “Country Partnership Strategy” to strengthen the competitiveness of agricultural products, aiming to involve private sector and promote social equity. In addition, from 2014 to 2019, the “Productive Rural Infrastructure Sector Project in the Central Highlands Project” was implemented to improve aging irrigation facilities in five provinces in the Central Highlands area, including Lam Dong Province.

The project will not have any overlap with support from other donor agencies.

3. Project Description

(1) Project Overview

① Project Objective

The objective of the project is to increase the productivity of major crops and improve shipping and logistics by supporting basic agricultural infrastructure such as roads and irrigation facilities, etc., thereby building food value chains, adding value to agricultural products, and strengthening international competitiveness in Lam Dong Province.

② Project Components

1) Improvement of basic agricultural infrastructure leading to the establishment of a food value chain in Lam Dong Province.

A total of 15 sub-projects for basic agricultural infrastructure in Da Lat City (capital of Lam Dong Province) and four surrounding districts.

- Construction of flower collection center (1 project)
- Construction and renovation of roads and bridges (9 projects)
- Construction and renovation of irrigation facilities (5 projects)

2) Consulting services (detailed design, construction supervision, etc.)

(2) Estimated Project Cost

JPY 7.205 billion (including JPY 4.739 billion in Japanese ODA loan)

(3) Project Implementation Schedule (period of cooperation)

Scheduled for May 2023 to March 2026 (total of 35 months). Project completed at the completion of all construction (March 2026).

(4) Project Implementation Structure

1) Borrower: The Government of the Socialist Republic of Viet Nam
Represented by the Ministry of Finance of the Socialist Republic of Viet Nam

2) Guarantor: None

3) Executing Agency:

① Line Agency: Lam Dong Provincial People's Committee (hereinafter "Lam Dong PPC")

② Executing Agency: Lam Dong Civil and Industrial Investment and Construction Project Management Unit (hereinafter "Lam Dong-PMU")

4) Operation and Maintenance Agency: (Flower Collection Center) Da Lat City,

(Roads and Bridges) Public Project Management and Exploitation Center of each district, (Irrigation Facilities) Public Project Management and Exploitation Center of each district and Irrigation Project Investment Management and Exploitation Center of Lam Dong Province

(5) Collaboration and Sharing of Roles with Other Projects and Donors

1) Japan's Assistance Activities

So far, 15 projects have been adopted, including the following, in the agriculture-related private partnership schemes (SME/SDG business support projects, etc.) in the Province. Supporting the construction of value chains and the introduction of private investment and technologies is expected to improve productivity and add value to agricultural products.

a) "Verification Survey with the Private Sector for Disseminating Japanese Technologies for Development of High-quality Flower Production Areas through Modernization of Nursery and Production"

b) "Collaboration Program with the Private Sector for Disseminating Japanese Technology for Establishment of a Flower Auction Market and Improvement of distribution of flowers"

c) "Feasibility Survey for Total Practice Coordination of Freshness-keeping Distribution of Cut Flower"

2) Other Donor's Assistance

None in particular

(6) Environmental and Social Considerations

1) Environmental and social Considerations

① Category: B

② Reason for Categorization:

The project does not fall under the scale of major roads, bridges, agriculture and reservoir sectors as raised in the "JICA Guidelines for Environmental and Social Considerations" (published in April 2010) and there is determined to be no significant impact on the environment. This is due to the fact that the area is not considered to have characteristics that are likely to be impacted as specified within these Guidelines. In addition, it was agreed during the review that in case a new sub-project is to be added, it needs to be chosen from the original long-list except for the projects categorized as A on "JICA

Guidelines for Environmental and Social Considerations” (published in April 2010).

③ Environmental Approval and License

Under local laws, some sub-projects require an Environmental Impact Assessment (EIA) report, and with the confirmation of the sub-projects, EIA reports have been prepared in line with the environmental and social management framework. Their permits and approvals have already been acquired in January 2018 from the Ministry of Natural Resources and Environment. Before implementing the project, review of EIA is needed under the environmental and social management framework. It has also been agreed that it is required to prepare and approve the amended EIA if any changes to the sub-projects, and submit additional reports to JICA in the event of any insufficient information in the reports, even if there are no changes to the sub-projects.

④ Pollution Control:

Under the environmental and social management framework, measures have been proposed for air pollution, water pollution, noise, vibration, and waste, etc. during the construction period, such as watering during dry seasons, introducing a drainage system, preventing the use of heavy machinery at nighttime, and the proper classification and disposal of waste, and for water pollution and odors, etc. For measures during operation, the installation of wastewater treatment facilities and the proper classification and disposal of waste are proposed. With the confirmation of the sub-projects, mitigation measures will be implemented in accordance with an environmental management plan prepared in line with the environmental and social management framework.

⑤ Natural Environmental Aspects:

Among the priority projects of Lam Dong Province, there are plans for the improvement of roads in the Bidoup Nui Ba National Park Service Administrative Sub-zone. However, the construction of facilities for the management, research, and tourism, etc. in the protected area of this sub-zone are permitted under domestic laws. In addition, the other target areas of the project do not correspond with sensitive areas such as national parks or surrounding areas, so any undesirable impacts on

the national environment are expected to be minimal.

⑥ Social Environmental Aspects:

With the confirmation of the sub-projects, land acquisition and resident relocation, are conducted, if required, according to resettlement plans prepared under an environmental and social management framework.

⑦ Other/Monitoring:

Under the direction of Lam Dong-PMU, air quality, water quality, and noise, etc. of each sub-project will be monitored by environmental monitoring organization appointed by the sub-PMU of each sub-project during construction.

After the start of service, under the direction of Lam Dong-PMU, water quality and waste, etc. will be monitored by an environmental monitoring organization appointed by the management agency.

(7) Cross-Sectional Issues

1) Poverty Reduction and Improvements in Disparities

This project is aimed at supporting the development of agricultural infrastructure for the improvement of logistics and productivity, and added value for agricultural products, and contributes to poverty reduction and improvements in disparities among agricultural producers by promoting fair market prices and stable transactions.

2) Participatory Development

The Flower Collection Center Steering Committee, etc. encourages the voluntary participation of residents in management and provides OJT technical training for maintenance and management, etc. contributing to participatory development.

(8) Gender Category: Gender Informed (Significant) (GI (S))

<Details of activities/reasons for classification>

A gender analysis was performed on a data collection survey to establish the project plan that implements initiatives to promote gender equality in employment and has a qualitative effect of "Creating Employment Opportunities for Women."

(9) Other Important Issues:

Several Japanese companies are interested in the operation and maintenance of the flower collection center, so may take part the project.

4. Targeted Outcomes

(1) Quantitative Effects

1) Outcomes (Operation and Effect Indicators)

	Indicator	Baseline	Target
		Actual value in 2022	2027 (2 years after project completion)
Flower Collection Center	Number of flowers handled (1 million stems/year)	0	110*1
Road*2	Annual average daily traffic volume (cars) (vehicles/day)	123	436
	Annual average daily traffic volume (motorcycles) (vehicles/day)	213	615
	Improved traffic speed (mins/km)	5	2
Irrigation*3	Beneficiary area (ha)	700	1,075
	Cultivated area (ha)	360	775
	Crop production (tons/year)	100	219
	Number of beneficiary farmers (number of households)	3,214	3,976

*1 To be determined after the selection of operating and maintenance companies

*2 Total or average of each road sub-project

*3 Total value of each irrigation sub-project. For the beneficiary area, the baseline is given based on the actual irrigated area, and the target indicates the planned irrigation area.

(2) Qualitative Effects

Promotion of increased income for farmers and agribusinesses, and private investment is expected. Creation of employment opportunities for women is anticipated.

(3) Internal Rate of Return

Not calculated due to the nature of this project with several sub-projects.

5. Preconditions and External Factors

- (1) Preconditions: None in particular
- (2) External Factors: None in particular

6. Lessons Learned from Past Projects and Application to this Project

In a prior sector loan project in this country, the “Power Transmission and Distribution Network Development Project,” multiple sub-projects were implemented in parallel, and it was difficult for the executing agency to properly monitor the status of the individual sub-projects. Also, the local provincial government that served as the executing agency of the multi-sector project (road, electric power, sewage, etc.) had no experience with Japanese ODA loans, and there were significant delays in the procurement stage due to the lack of ability to execute each project. For the above reasons, the lesson was learned that when implementing a multi-sector project, the capabilities of the executing agency is important.

While the executing agency of the project, the Lam Dong PPC, has limited experience in implementing an Japanese ODA loan project, they do have experience in implementing a World Bank project, and they have a certain level of understanding of the project procedures of overseas aid agencies. Also, the Lam Dong-PMU has already been established for the project with the purpose of strengthening the systems and capacity of the provincial government. In addition to measures such as holding study sessions about the procedures for Japanese ODA loans, the personnel structure will be increased from 10 people to 22 people prior to the start of the project and appropriate training will be carried out as measures to ensure the monitoring of the various sub-projects.

Moreover, for the procurement stage, not only has a smooth procurement process been implemented previously for other similar agricultural infrastructure projects by Lam Dong Province, but it is also planned to provide technical support for procurement through the consulting services provided in the project.

7. Evaluation Results

The project is consistent with Vietnam’s development issues and policies and the cooperation policy and analysis of JICA and Japan. By supporting the development of basic agricultural infrastructure such as road and irrigation facilities, the project aims at improvement of productivity of major crops and improvement of shipping and logistics, and, thereby, contributes to building food value chains, adding value to agricultural products, and strengthening

international competitiveness. Therefore, there is a strong need for supporting the project.

8. Plan for Future Evaluation

(1) Indicators to be Used:

As indicated in Section 4.

(2) Future Evaluation Schedule

Ex-post evaluation two years after the project completion

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