

## Japanese ODA Loan

### Ex-Ante Evaluation(for Japanese ODA Loan) Southeast Asia Division 3, Southeast Asia and Pacific Department Japan International Cooperation Agency

#### 1. Name of the Project

- ( 1 ) Country: The Socialist Republic of Viet Nam (Viet Nam)
- ( 2 ) Project: Project for Disaster Resilient Rural Development
- ( 3 ) Project Site / Target Area: Lao Cai Province, Dien Bien Province, Tuyen Quang Province, Son La Province, Lai Chau Province

Loan Agreement: 1, May 2026

#### 2. Background and Necessity of the Project

- ( 1 ) Current State and Issues of the Regional Development Sector and the Priority of the Project in Viet Nam

The Socialist Republic of Viet Nam (hereinafter referred to as "Viet Nam") has maintained strong economic growth since the introduction of the Doi Moi (Renovation) policy in 1986, and its poverty rate declined from 37.4% in 1998 to 3.4% between 1998 and 2022 (2023, General Statistical Office; hereinafter "GSO"). Nevertheless, economic disparities between urban and rural areas persist: while the poverty rate in urban areas stands at 1.2%, that in rural areas remains at 4.8% (2023, GSO). From a regional perspective, the Southeast region, including Ho Chi Minh City, records the lowest poverty rate at 0.4%, whereas the Northern mountainous region shows the highest rate at 12.8% (2023, GSO).

The poverty rate in the five provinces targeted by the Project—Lao Cai Province, Dien Bien Province, Tuyen Quang Province, Son La Province, and Lai Chau Province (hereinafter referred to as "the Five Provinces"; combined population: approximately 4.39 million, 2022)—stands at 21.8% (2022, provincial annual statistical yearbooks), which is among the highest in Viet Nam. This situation can be attributed to the fact that the Project area is remote and mountainous, where insufficient and aging basic infrastructure, such as roads and irrigation facilities, limits access to social services and constrains agricultural production activities. At the same time, the area is highly vulnerable to natural disasters caused by climate change. As a result, the region has benefited only marginally from Viet Nam's economic growth since the 1990s. In particular, the Five Provinces experience numerous sediment-related disasters every year,

including typhoons, floods, landslides, and flash floods (sudden and intense flow events with relatively low sediment concentration occurring in mountainous watersheds) triggered by heavy rainfall. The scale and frequency of these disasters have been intensifying due to climate change. Most recently, in September 2024, a large-scale Typhoon No. 11 (Vietnamese name: Typhoon No. 3; commonly known as Yagi) caused widespread flooding, sediment disasters, and disruption to lifelines in Lao Cai Province, the former Yen Bai Province, and other areas. The human and economic losses caused by these natural disasters are severe, affecting the livelihoods of local residents through impacts on agriculture and other means of subsistence, and constituting a barrier to sustainable economic growth and the reduction of poverty and inequality in the region.

In response, the Government of Viet Nam, under the "Socio-Economic Development Strategy for 2021–2030" and the "National Target Programs (2021–2025)" formulated based thereon, has indicated its intention to prioritize narrowing regional disparities and reducing poverty through sustainable development in the Northern mountainous region, as well as improving livelihoods. Furthermore, the "National Target Program on New Rural Development (2021–2025)" positions the development of basic rural infrastructure (roads and irrigation) as a key priority. In addition, in May 2024, the Prime Minister approved the "Master Plan for the Northern Midland and Mountainous Region for 2021–2030 with a Vision toward 2050," which targets 12 provinces including the Five Provinces and sets forth goals to complete essential infrastructure connecting the region with the Hanoi Capital Region and the North Central Region by 2030, as well as to promote sustainable and inclusive regional development. Furthermore, under the Nationally Determined Contributions (NDCs), "improving infrastructure in areas vulnerable to climate change and disasters" is identified as a priority area for strengthening climate change adaptation measures.

The "Project for Disaster Resilient Rural Development" (hereinafter referred to as "the Project") aims to improve access to public services and markets, enhance farmers' productivity through stable water supply, and reduce risks from natural disasters and climate change such as flooding, by developing small-scale basic infrastructure (roads, irrigation, and riverbank protection) in rural areas of the Five Provinces in the Northern mountainous region, where poverty is widespread. The Project is therefore positioned as a high-priority

initiative that is fully aligned with the policies of the Government of Viet Nam.

( 2 ) Japan's and JICA's Policy Cooperation Policy and Operations in the Regional Development and Agriculture and Rural Development Sector

Japan's Country Development Cooperation Policy for the Socialist Republic of Viet Nam (December 2017) identifies "addressing vulnerability" as a priority area, highlighting poverty reduction, correction of disparities, and responses to climate change, disasters, and environmental degradation.

Through its ODA loans, JICA has supported regional development by financing projects targeting urgent needs in local roads, electricity, and water supply, including the "Rehabilitation Loan (I) and (II)" (Loan Agreements signed in 1993 and 1994) and the "Rural Infrastructure Development and Living Standard Improvement (I), (II), and (III)" (Loan Agreements signed in 1995, 1996, and 1998). In addition, JICA has implemented infrastructure development assistance with a stronger focus on poorer areas through the "Small-Scale Pro Poor Infrastructure Development Project (I), (II), and (III)" (Loan Agreements signed in 2002, 2005, and 2009).

Furthermore, "Medium-to Long-Term Vision for Japan-Viet Nam Agricultural Cooperation" (Phase 2: 2020–2024) identifies the development of agriculture-related infrastructure as a priority area. JICA Country Analysis Paper for the Socialist Republic of Viet Nam (March 2025) also emphasizes support for sustainable economic development in rural areas and the correction of domestic disparities, while positioning responses to climate change as a key challenge.

Under the JICA Global Agenda (Thematic Strategies), the Project falls under 5. "Agriculture/Rural Development" and the priority cluster of "Food Value Chain Development," and is also consistent with the Cluster Strategy on "Approaches to Climate Change Measures in Agricultural and Rural Development Cooperation." Accordingly, the Project is well aligned with these policies, analyses, and strategies.

( 3 ) Other Donors' Activities

The Asian Development Bank (hereinafter referred to as ADB) is providing support for the implementation of the Master Plan "Socio-Economic Development of the Ethnic Minorities and Mountainous Areas 2021–2030," as well as financing projects in 11 provinces, including the provinces targeted by the Project. These projects aim to enhance agricultural productivity and develop

value chains, promote ecotourism, develop climate change-responsive infrastructure, improve sustainable livelihoods, and strengthen social services such as education and health.

### **3. Project Description**

#### ( 1 ) Project Description

##### ① Project Objective

The objective of the Project is to strengthen climate resilience and disaster adaptation, improve the livelihoods and living conditions, and close the disparities through improving accessibilities, increasing agricultural productivity, and reducing damages by natural disasters, by development and improvement of small-scale infrastructure such as roads, irrigations and embankments in six northern provinces, where there are many residents being vulnerable to the natural disaster, living in poverty and lacking of access to the market and public communities.

##### ② Project Components

At this stage, the scope of the subprojects currently envisaged (a total of 90 subprojects across the five provinces) is as outlined below. However, the subprojects to be financed under the Loan will be selected in accordance with the selection criteria agreed upon during appraisal and will be finalized at the implementation stage.

The subproject selection criteria primarily require that subprojects contribute to operational and outcome indicators. In addition, subprojects must be included in the provincial public investment plans, and must satisfy key conditions such as high necessity, urgency, and priority, as well as not being classified as Category A under JICA's Environmental and Social Considerations Guidelines. JICA will provide financing for the civil works component (a) below. While consulting services are not subject to JICA financing, it has been confirmed with the Executing Agency that due consideration will be given to ensuring that the design of subprojects does not exacerbate disaster risks during implementation.

##### 1) Civil Works (Local Competitive Bidding)

- Road subprojects: 41 subprojects  
(rehabilitation and construction of provincial and district roads, including small-scale bridges; pavement improvement; drainage works; installation of guardrails, etc.)

- Irrigation subprojects: 29 subprojects  
(rehabilitation and construction of intake facilities, canals, reservoirs, and related structures)
- Riverbank protection subprojects: 20 subprojects  
(rehabilitation and construction of riverbank protection facilities)

2) Consulting Services (Local Competitive Bidding)

Detailed design of subprojects, Construction supervision, Environmental monitoring and progress reporting, Support for the collection of baseline data for operational and outcome indicators, Preparation of audit reports

③ Project Beneficiaries (Target Group)

Expected direct beneficiaries (facility and equipment users): approx. 245,000 persons;

Final beneficiaries (regional population receiving benefits): approx. 810,000 persons.

(2) Estimated Project Cost

30,199 million Yen (Japanese ODA loan: 21,590 million Yen)

(3) Schedule

May 2026 - October 2030 (total of 54 months)

The Project will be deemed completed upon the commencement of operation of all facilities in October 2030.

(4) Project Implementation Structure

1) Borrower: The Government of the Socialist Republic of Viet Nam

2) Guarantor: None

3) Executing Agency:

- Supervising Agencies (Line Agencies):

- Lao Cai Provincial People's Committee
- Dien Bien Provincial People's Committee
- Tuyen Quang Provincial People's Committee
- Son La Provincial People's Committee
- Lai Chau Provincial People's Committee

- Executing Agencies (ODA Loan Project Management Units):

- Lao Cai Transportation Works Construction Investment Project Management Unit
- Lao Cai Construction Investment Project Management Unit No. 1
- Agriculture Works and Rural Development Project Management

Unit of Dien Bien Province

- Tuyen Quang Provincial Coordination Unit for Foreign Funded Projects
- Construction Investment Project Management Unit for Agriculture and Rural Development Project, Son La Province
- Construction Investment Project Management Unit for Agriculture and Rural Development Project, Lai Chau Province

4) Operation and Maintenance System :

- Roads:  
Provincial People's Committee (hereinafter referred to as "PPC") or Commune People's Committee (hereinafter referred to as "CPC") of the respective locations
- Irrigation:  
PPC or CPC of the respective locations
- Riverbank protection:  
PPC or the CPC of the respective locations

( 5 ) Collaboration and Sharing of Roles with Other Donors

1) Japan's Activity

2) Other Donors' Activity

None in particular

( 6 ) Environmental and Social Consideration

- ① Category: B
- ② Reason for Categorization: The project is not considered to be a large-scale road/ agriculture project, is not located in a sensitive area, and has none of the sensitive characteristics under the Japan International Cooperation Agency (JICA) Guidelines for Environmental and Social Considerations (April, 2010) it is not likely to have significant adverse impact on the environment.
- ③ Environmental Permit: Prior to the decision to implement each subproject, the Executing Agency will confirm whether an Environmental Impact Assessment (EIA) report is required. Where preparation of an EIA is mandated under the relevant domestic laws and regulations of the Country, the necessary environmental approvals and permits will be obtained prior to the decision to implement the subproject.
- ④ Anti-Pollution Measures: Prior to the decision to implement each

subproject, the Executing Agency will prepare an Environmental Management Plan (EMP), which includes measures to address air quality, water quality, noise, and other environmental impacts during the construction phase, such as water sprinkling, installation of filter fences, and restrictions on working hours. The Project will be implemented in compliance with the applicable national emission standards and environmental quality standards of the Country.

- ⑤ Natural Environment: The Project has been agreed with the Executing Agency not to be implemented in environmentally or socially sensitive areas.
- ⑥ Social Environment: Prior to the decision to implement each subproject, a Resettlement Action Plan (RAP) will be prepared in accordance with the relevant domestic procedures of the Country and JICA's Environmental and Social Considerations Guidelines. The subprojects will be implemented only after confirming social consensus in advance through stakeholder consultations and other appropriate processes.
- ⑦ Other/Monitoring: Under the Project, the Executing Agency will conduct environmental and social categorization for each subproject in accordance with the relevant laws and regulations of Viet Nam and the JICA Guidelines for Environmental and Social Considerations, and the necessary measures corresponding to the applicable category will be taken. It has been agreed with the Executing Agency that no Category A subprojects will be included under the Project.

#### (7) Cross-Sectoral Issues

##### ① Climate Change–Related Project

The Project contributes to both climate change mitigation and adaptation through measures such as stabilizing and improving the efficiency of agricultural water supply, preventing water-related disasters through the rehabilitation of reservoirs and related facilities, reducing greenhouse gas emissions by improving traffic conditions and travel times through road development, and implementing disaster prevention measures through the improvement of provincial and district roads that are prone to flooding during the rainy season, as well as riverbank protection works.

##### ② Poverty Reduction and Consideration for the Poor

The Project targets four provinces in the Northern mountainous and hilly region, where poverty rates are high, and aims to improve living conditions and enhance agricultural productivity through the development of small-scale basic infrastructure (roads, irrigation, and water supply). Through these efforts, the Project contributes to the improvement of socio-economic conditions and the reduction of regional disparities in the target areas, thereby supporting poverty reduction. HIV/AIDS and Other Infectious Disease Measures Under the Project, HIV/AIDS prevention measures are planned to be implemented by contractors.

③ Participatory Development

The selection of subprojects under the Project will be carried out in accordance with established selection criteria, while sufficiently incorporating the opinions of local residents. In this manner, the Project contributes to participatory development.

④ Consideration for Persons with Disabilities

Viet Nam ratified the Convention on the Rights of Persons with Disabilities in 2015, and compliance with the Convention is required. Under the Project, relevant provisions of the Convention will be observed, and the following measures are planned: (a) provision of reasonable accommodation in resettlement and land acquisition; (b) provision of reasonable accommodation with respect to employment in construction works and operating entities; and (c) identification and consideration of the needs of persons with disabilities.

( 8 ) Gender Category: ■ GI (S) (Gender-Integrated Project)

<Details of Activities/Reason for Categorization> Based on the results of field surveys and interviews with the Executing Agency, a large number of women in the project area are engaged in agricultural activities. Due to the insufficient and deteriorated condition of basic infrastructure such as roads and irrigation facilities, women are required to spend long hours on travel and water collection, which limits their opportunities for employment and participation in social activities. Improvements brought about by the implementation of the Project are expected to increase women's employment opportunities and the time available for participation in social activities, and these effects will therefore be set as qualitative outcome

indicators. In addition, agreement has been reached with the Executing Agency on (i) consideration of gender-specific needs at construction sites (e.g., provision of separate toilets for men and women), and (ii) ensuring fairness in women’s employment opportunities, promotion, and appointment to managerial positions at each stage of project implementation.

( 9 ) Other Important Issues

Under the Project, multiple provinces serve in parallel as supervising and executing agencies, and civil works are procured through local competitive bidding. As noted above, while each provincial executing agency bears responsibility for its respective provincial subprojects, the overall project progress is mutually reviewed through regular joint meetings, complemented by a monitoring framework involving central government agencies. Consulting services are financed by counterpart funds.

**4 . Targeted Outcomes**

( 1 ) Quantitative Effects

1) Outcomes (Operation and Effect Indicators)

Indicator	Baseline (Actual value in 2024)	Target (2032) [2 years after project completion]
Roads		
(1) Length of newly constructed roads (km) (2) Area of paved/rehabilitated roads (ha) (3) Average annual daily traffic (pcu/day) 1. Newly constructed roads 2. Rehabilitated roads (4) Travel time – dry season (minutes/km) Travel time – rainy season (minutes/km)	To be determined after subprojects are finalized	To be determined after subprojects are finalized
Irrigation		

(1) Irrigated area (ha)	To be determined after subprojects are finalized	To be determined after subprojects are finalized
(2) Cultivated area (ha)		
(3) Yield of major products (rice, etc.) (tons)		
(4) Cropping intensity (%)		
(5) Number of beneficiary households (households)		
Riverbank Protection		
(1) Maximum annual flood inundation area (km <sup>2</sup> )	To be determined after subprojects are finalized	To be determined after subprojects are finalized
(2) Maximum annual number of inundated households (households)		

## 2) Impact

### (2) Qualitative Effects

- Improved access to markets and public services, and reduced travel time and enhanced safety for schoolchildren
- Increased shipment volumes of agricultural products and higher sales value in markets
- Increased employment opportunities for women and increased time available for participation in social activities
- Enhanced climate change adaptation, including improved mobility and evacuation during extreme weather events\*, and reduced flood and inundation damage

\* As quantitative measurement of effects is possible for some subprojects, baseline and target values will be established after subprojects are finalized. In addition, other socio-economic indicators expected to contribute to project effects and impacts will be further identified, confirmed, and collected as appropriate.

### (3) Internal Rate of Return

As the Project consists of a large number of small-scale subprojects, it would be inefficient to calculate a reliable internal rate of return for all subprojects. Accordingly, no internal rate of return will be calculated for the Project.

## 5. External Factors and Risk Control

(1) Preconditions: None in particular

( 2 ) External Factors: None in particular

## **6 . Lessons Learned from Past Projects**

In the “Small-scale Infrastructure Rehabilitation and Upgrading Project (II)” for the Democratic Socialist Republic of Sri Lanka (evaluation year: 2009), subprojects were implemented by the Project Implementing Agencies (PIAs), while a separate Project Management Unit (PMU) was established under the Ministry of Finance and Planning. However, the PMU faced challenges due to an insufficient number of staff, which led to delays in administrative procedures and limited capacity to carry out monitoring activities. Consequently, it was pointed out that it was necessary to establish a robust implementation, project management, and monitoring framework at the planning stage, as well as to allocate an appropriate number of dedicated staff for each region. In the Project, as local competitive bidding is applied, the civil works are comparable to public works that have already been implemented within each province, and the provincial executing agencies possess sufficient experience and human resources. In addition, to ensure smooth implementation and effective project management, the Project requires the designation of a lead province and the convening of regular and autonomous joint monitoring meetings among the provincial executing agencies. Furthermore, a mechanism has been introduced to enable autonomous confirmation of project progress within a framework that includes JICA and the central government. According to the ex-post evaluation of the “Small-Scale Pro Poor Infrastructure Development Project (III)” in Viet Nam (evaluation year: 2017), project implementation was delayed due to shortages of counterpart funds on the Vietnamese side, resulting in a project period that significantly exceeded the original plan. In addition, the ex-post evaluation of the Small-Scale Infrastructure Development Project for Poor Regions (II) in Viet Nam (evaluation year: 2014) indicated that, during the operation and maintenance phase after project completion, some subprojects suffered from insufficient allocation of maintenance budgets, which adversely affected the sustainability of project effects and impacts. For the Project, sufficient prior consultations have been conducted with the Executing Agency, and confirmation has been obtained from both the provincial executing agencies and the central government that adequate budgets will be appropriately allocated for construction as well as for operation and maintenance.

## **7 . Evaluation Results**

The Project is consistent with the development challenges and development policies of the Country, as well as with the cooperation policies and analyses of the Government of Japan and JICA. Through the development of basic infrastructure, the Project contributes to improvements in living conditions, including enhanced access, increased agricultural productivity, reduction of regional disparities, and strengthened climate change adaptation. In addition, the Project is expected to contribute to the achievement of the Sustainable Development Goals (SDGs), particularly Goal 1 (No Poverty), Goal 2 (Zero Hunger and Sustainable Agriculture), Goal 3 (Good Health and Well-being), Goal 10 (Reduced Inequalities), and Goal 13 (Climate Action). Accordingly, there is a high necessity to support the implementation of the Project.

## **8 . Plan for Future Evaluation**

### ( 1 ) Indicators to be Used

As indicated in Sections 4.

### ( 2 ) Future Evaluation Schedule

Ex-post evaluation:3 years after the project completion

END