



<b>1. Project Data:</b>		<b>Date Posted :</b> 01/30/2004	
<b>PROJ ID:</b> P004834		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Irrigation Rehabilit	<b>Project Costs (US\$M)</b>	135.7	102.3
<b>Country:</b> Vietnam	<b>Loan/Credit (US\$M)</b>	100.0	79.3
<b>Sector(s):</b> Board: RDV - Irrigation and drainage (95%), Central government administration (5%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> C2711			
	<b>Board Approval (FY)</b>		95
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/2001	06/30/2003
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
John R. Heath	George T. K. Pitman	Alain A. Barbu	OEDST
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
<p>"The project aims to restore or establish sustainable irrigation service by rehabilitation and completion of infrastructure and improvement of operation and maintenance in selected irrigation schemes . The objectives of the project therefore are to <i>increase agricultural production</i> (primarily of rice for food), <i>and farmers incomes</i>, and <i>reduce poverty</i> in selected rural areas of Viet Nam" (Staff Appraisal Report, p. 12, italics added).</p>			
<b>b. Components</b>			
<p>(i) Rehabilitation and completion of seven irrigation schemes (estimated cost, US\$108.1million; actual cost US\$95.3 million);  (ii) Institutional development, including strengthening of irrigation management companies and farmer user groups (estimated cost, US\$4.6 million, actual cost US\$7.0 million);  (iii) Resettlement and rehabilitation (estimated cost, US\$7.4 million, actual cost, US\$3.9 million---although the number of households receiving compensation for loss of land was 262 percent of the appraisal estimate).</p>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
<p>Actual costs of civil works and goods were substantially less than expected, owing mainly to the introduction of competitive bidding. Cost savings made it possible to (i) extend the scope of the rehabilitation work within some of the original subprojects, (ii) include new subprojects in the same regions, and (iii) respond to urgent requests for repair of flood damage. Despite this expansion of the project's scope the actual cost overall was only 75 percent of the original estimate. The project closed 18 months later than expected, mainly owing to the Borrower's unfamiliarity with Bank procedures.</p>			
<b>3. Achievement of Relevant Objectives:</b>			
<p>Objectives were achieved. <i>Agricultural production increased</i>. An irrigated area of 134,000 ha was developed or rehabilitated, representing 103 percent of the target. The increment in annual rice output was 407,000 tons, or 144 percent of the target. Rice productivity increased from 3.0 to 4.8 tons/ha. An additional 57,000 tons of maize were produced (150 percent of the target). <i>Farmers incomes were increased</i>.The project benefited 338,000 families (108 percent of the target). The net annual income per farm household was US\$ 67, compared to the estimated US\$59. The amount of poverty reduction achieved was not estimated but is potentially significant . But the increase in income varied substantially between the seven subprojects : targets were amply exceeded in three subprojects; in three other subprojects there was a significant shortfall; and for one subproject no data is available .</p>			

**4. Significant Outcomes/Impacts:**

This was the first Bank-assisted irrigation project in Vietnam since the 1970s and, given the Borrower's unfamiliarity with Bank procedures the challenge of managing a number of geographically -dispersed subprojects was substantial. The success in extending the scope of the project and achieving substantial cost savings reflects well on the performance of both Borrower and Bank. The overall economic rate of return was 19 percent (compared to the 17 percent forecast at appraisal). Twelve provinces were served, compared to the seven originally envisaged. A Resettlement Action Plan (the first of its kind to be executed by the Ministry of Agriculture) was successfully implemented. An Environmental Action Plan was also satisfactorily complied with. The project financed construction of 25 district-level agricultural extension centers and improved services to farmers.

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

One of the subprojects was located on the periphery of Ho Chi Minh City and it is likely that the irrigated area that was developed will be lost to urban expansion. Institutional development was hindered by the lack of cooperation between the Ministry of Agriculture's construction and irrigation departments, the poor coordination between the provincial Irrigation Management Companies and the Ministry, and the failure to install an effective performance monitoring system. The scope of the resettlement action plan was greatly underestimated: 22,1004 families were ultimately served, compared with the 8,451 projected at appraisal.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

NOTE: ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

- The authority, responsibility and accountability of the implementing agencies needs to be well -defined before project startup.
- Water user associations and irrigation management companies need training in accounting and financial management if they are to function effectively.
- Giving the water user association the authority to contract operation and maintenance works is positive when it leads to selection of the most competent local contractors; but the selection process is often not competitive or transparent and may lend itself to abuse: some oversight is needed.

**8. Assessment Recommended?**  Yes  No

**Why?** This is a relatively new client with a thin evaluation record. The project should be assessed about five years from now to see if its promise has been fully realized (and to assess the adequacy of the institutional framework).

**9. Comments on Quality of ICR:**

A thorough, internally-consistent account with a detailed and well-presented annex on economic costs and benefits.