

Project Name	Viet Nam-Community Based Rural (@)... Infrastructure
Region	East Asia and Pacific Region
Sector	Other Agriculture
Project ID	VNPE62748
Borrower(s)	GOV
Implementing Agency	Ministry of Planning and Investment
Environment Category	B
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1. Country and Sector Background

Vietnam has achieved remarkable progress in terms of economic growth and poverty reduction since beginning its comprehensive economic reform program in the 1980s. Agricultural GDP has grown at 4 to 5 percent annually and the number of people living in poverty has fallen from over 50 percent in 1992 to about 30 percent in 1999. (More definitive data on progress in poverty reduction should be available in mid-1999). But with GNP of about \$300 per capita, Vietnam remains a very poor country. Three quarters of all Vietnamese live in rural areas, including 90 percent of the poor. Without sustained rural growth, poverty will not be reduced, nor will growing income inequality be reserved. Seventy percent of Vietnam's surface is hilly or mountainous and many of the poorest people live in remote and mountainous areas. Many upland people belong to ethnic minority communities. In 1998, the Government undertook to reduce poverty by better targeting development programs at the poorest communes. In particular, the Government proposes to close gaps in public infrastructure in remote areas in order to improve rural living conditions, make poor communes accessible year-round by road, raise agricultural productivity, and strengthen human capital through improvements to schools and health centers.

2. Objectives

The project development objectives are to provide essential public infrastructure to selected provinces in the poorest communes in three regions (North Central Coast, Central Coast and Central Highlands) to enhance the capacity for decentralized and participatory planning and management of small-scale infrastructure works in these regions, and to create opportunities for paid off-farm employment.

3. Rationale for Bank's Involvement

4. Description

Building on capacity promoted by others, the project first strengthens the ability of local authorities (provincial, district and commune governments)

to support participatory planning and implementation of small-scale infrastructure works at commune level in response to locally identified demands. Eligible infrastructure could include improvements to commune and village access roads and tracks, small-scale irrigation, electrification, schools, health centers, and market places. Second, the project funds the construction of this infrastructure through grants to communes, preferably with labour-intensive methods and local materials, to create the maximum feasible income and employment effects in the poor communes themselves, and to enhance project sustainability. Third, the project strengthens the capacity of the Ministry of Planning and Investment (MPI) at the center, and the Departments of Planning and Investment (DPIs) at the provincial levels, to coordinate, monitor and evaluate the decentralized and targeted poverty reduction programs.

summary description
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5. Financing

	Total (US\$m)
Government	20
IBRD	
IDA	100
Total Project Cost	120

6. Implementation

The project will be implemented by MPI through provincial governments, supported by the DPIs. Cooperation with other government ministries, NGOs and an emerging private sector will be sought. Care will be taken to maximize complementarity among donors, avoid donor duplication, and not overtax the limited capacities of local authorities

7. Sustainability

Several factors are critical to project sustainability. First, a high degree of ownership of the planning and implementation process by local authorities, especially at the commune level. Second, the ability of the government to provide budgetary support to communes. Third, the ability of the communes to generate resources for effective operation and maintenance of local infrastructure. Fourth, the capacity of local authorities to do participatory planning and implementation. Each of these factors will require specific attention..

8. Lessons learned from past operations in the country/sector

The main lesson of on-going operations is that effective commune level development will require more effective targeting and reversal of the way in which projects are planned and implemented - from top-down to bottom-up - if poverty is to be reduced and the level of local ownership, and hence sustainability, is to be raised. Operations funded by donors in Vietnam, notably UNDP, UNCDF, IFAD, UNDCP and numerous NGOs, indicate that this is possible provided there is sufficient commitment at all levels of government and appropriate investments are made in capacity building for local development. Cumbersome and bureaucratic procedures that plague many development projects, and lack of confidence at the center in the ability local authorities effectively to take charge of local development, are obstacles that are capable of being overcome.

9. Program of Targeted Intervention (PTI) N

10. Environment Aspects (including any public consultation)

Issues : Major environmental issues are not expected
There is some risk that road construction in remote areas might improve access to forest resources and, hence, increase deforestation. However, the access improvements envisaged in remote will connect hamlets and villages to commune centers year-round and along existing alignments. Community access to the forest is not expected to change significantly as a result of the project. Infrastructure improvements should make some rural settlements more attractive residents, contribute to improved livelihoods and reduced pressure on forests by shifting cultivators.

11. Contact Points:

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Note: This is information on an involving project. Certain components may not be necessarily included in the final project.

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Annex

Because this is a Category B project, it may be required that the borrower prepare a separate EA report. If a separate EA report is required, once it is prepared and submitted to the Bank, in accordance with OP 4.01, Environmental Assessment, it will be filed as an annex to the Public Information Document (PID) .

If no separate EA report is required, the PID will not contain an EA annex; the findings and recommendations of the EA will be reflected in the body of the PID.