

Country: Vietnam

Project Name: Second Rural Transport Project (P059864)

Date effective: May 24, 2000

Date closed: June 30, 2006

Project Description: In 1999, a Transport Sector Review Report recognized the massive effort needed to restore the country's rural road network to adequate standards. It identified needs for investment in rural transport and strengthening local and central government capacity in the road sector. This project was designed to address these needs and set out to: provide lowest cost, basic road access to all communes and rehabilitate other district and commune roads in 40 project provinces; to build the capacity of provinces, districts and local communes to plan and implement rural road maintenance in a sustainable way; to train private contractors; and to support the Ministry of Transport in formulating and implementing rural transport policies.

Impact: *Based on a number of quantitative and qualitative research reports, the project helped lift around 210,000 people out of poverty. It improved access to all-weather roads for approximately 16 million rural people -- 950,000 of whom were poor.*

Some Highlights:

- Around 7,600 kilometers of roads and 26 kilometers of bridges have been rehabilitated. The 1,816 roads supported under the project have shown a 70 percent increase in usage between 2002 and 2004. Travel times dropped by 12 percent between 2002 and 2004.
- There is evidence of increases in health visits, higher school attendance in project areas and improved quality of life of households. The project allowed people to have greater access to local government and gender impacts have been found to be largely positive
- Some beneficiaries noted that before the road improvements, pigs sold in local communes for 500 Vietnamese Dong per kilogram lower than at markets near the national highway. Now there is no such difference
- Over 14,000 government staff were trained in rural road maintenance. The project also supported research into the performance of rural road surfaces, examining 750 sections of road built throughout the project and trialing alternative surfaces in over 150 sections of rural road.

Total Financing: The total project costs at appraisal were US\$145.3 million, of which US\$103.9 million came from IDA. The UK Department for International Development (DfID) provided a total of \$36.2 million.

IDA Contribution:

IDA's combined technical expertise and large-scale support enabled the Government of Vietnam to maximize the poverty reduction impacts that rural roads can provide. IDA

was the only institution able to work with the government to successfully manage the large number of contracts (over 2,000) necessary to have an impact in the sector. The project also attracted high levels of grant finance. DfID, provided \$36.2 million in co-financing and is aiming to provide a further \$25million for the next phase. This partnership has been cited as an excellent example of IDA collaboration, supporting harmonization with government and other donors.

Linkages:

- The project helped develop the fledgling private sector by ensuring access to the rural road construction market where State provision has, until recently, been the norm. Participation of small private contractors increased from 35 percent of contracts awarded in the first year to 100 percent in the final year.
- The project's technical assistance has helped increase the effectiveness of public spending in the sector and assisted the government to make best use of the \$3 billion of investment expected in the sector over the next five years.

Next Steps:

The World Bank is moving away from project support for financing rural roads to approaches that support broader government programs and policy reform. The next phase of support will focus on the national and provincial program for rural transport using government systems as much as possible. Consequently, provinces that have proved capable of managing their rural transport programs efficiently and transparently are rewarded with full decentralized authority. Those that have not reached this stage are provided additional technical assistance to develop the capacity to manage their investments. This approach includes incentives for performance and increased post-implementation reviews to ensure that procurement is carried out transparently.