

**MANAGEMENT RESPONSE ON THE PROJECT PERFORMANCE AUDIT REPORT
FOR THE IRRIGATION AND FLOOD PROTECTION REHABILITATION PROJECT
(Loan 1259-VIE[Sf])**

On 13 December 2005, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. We find the OED Project Performance Audit Report (PPAR) evaluation objective in describing the implementation and outcomes of the Project. We appreciate that the report provides an insightful and balanced view of the Project. Although the project completion report (PCR) prepared in September 2003 rated the Project as partly successful, we support OED's re-evaluation of the performance for an overall successful rating. This improvement in rating by OED was largely due to a reassessment of the economic returns from irrigation activities.

2. We note that the OED considers the Project to be relevant, efficacious, efficient and likely to be sustainable. It is considered relevant since the safety of the population in Hanoi was paramount, even though the original project did not fully account for the use of the dykes roads for transport, and that the project did not directly address efficient water distribution and failed to meet the desired gains in full irrigation areas. Similarly, the Project is rated as efficacious, both in terms of providing flood protection and improving irrigation efficiency and increasing incomes. OED also rates the project as efficient, with substantially higher recomputed EIRRs. The Project is considered to be sustainable given the importance placed on flood protection and generally satisfactory maintenance by Hanoi City, and high levels of commitment by farmers to irrigation, including high irrigation service fee collection and independent development of tertiary distribution facilities.

3. Other notable development impacts (both direct and indirect) include the improved security and well-being derived from the dyke system, stimulating investment due to flood protection, and improved transport network using the dyke road system. An increase in the water supply for irrigation has led to an increase in fully irrigated areas, although less than anticipated at appraisal. Reduced pumping costs for farmers due to improved hydraulic efficiency, and reduced labor for water lifting are additional benefits. Indirectly, poverty levels in the project area have reduced from 30% to 5-10% since the mid-1990s.

4. We note that the three supporting TAs¹ have made a notable contribution to resettlement policy in Viet Nam, and have had considerable influence on the pilot testing of participatory irrigation management (PIM), which has been recently adopted by the Ministry of Agriculture and Rural Development (MARD)

¹ TA 1968-VIE: Operation and Maintenance Strengthening
TA 2869-VIE: Small Scale TA for Operation and Maintenance Development in the Irrigation Sector
TA 3064-VIE Strengthening of Resettlement Management Capacity

as the model to be introduced at the secondary canal level in large schemes in all provinces by 2010.

5. The PPAR correctly points out that the Project was prepared and approved in 1993 without the benefit of a project preparation technical assistance, largely in response to considerable concerns related to the risk of failure of Hanoi's flood protection dyke and the need to rehabilitate the headworks and main canal systems of the Song Chu and North Nghe An irrigation systems. The PPAR criticizes the preparation of the project suggesting that there was a lack of a holistic approach to irrigation development, and a lack of definition of the project. In retrospect, and in the light of experience elsewhere over the last decade, we would agree with this observation. However, in the context of the perceived urgency of the works at the time, we consider that the decision to process the project as approved was appropriate given the engineering information available at the time and the concerns regarding the integrity of the dyke system protecting the nation's capital from floods. The generally successful implementation of the project supports this decision. The fact that the rehabilitated dyke successfully protected the city from inundation during the 1996 and 2001 floods provides further support given the structural concerns and sand-boiling adjacent to the dyke observed at appraisal. Furthermore, the approval by ADB of the three supporting TA projects to assist in resettlement issues for the dyke and to improve irrigation operation and maintenance reflects an awareness of the need for a holistic approach to flood protection and irrigation development.

6. Many lessons have been learned through the implementation of the Project, and these have been presented in the PPAR in a constructive manner. Future projects will benefit from the lessons learned, and many similar lessons have already been incorporated into the design of ongoing and proposed projects. In particular, the observations relating to PIM, and how to improve it in future, the need for a holistic approach to irrigation (and flood control), as well as the observations that benefit monitoring and evaluation (BME) should support system management information, are relevant and well received. The appendices on physical infrastructure and PIM provide useful background information for future projects. With regard to follow-up, the actions proposed will be monitored in the context of ADB's future involvement in the irrigation sector.