

**MANAGEMENT RESPONSE TO THE PROJECT PERFORMANCE EVALUATION  
REPORT FOR THE SECOND PROVINCIAL TOWNS WATER SUPPLY  
AND SANITATION PROJECT IN VIET NAM  
(Loan 1514-VIE[Sf])**

On 26 January 2009, the Director General, Independent Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. We appreciate OED's evaluation of the Second Provincial Towns Water Supply and Sanitation Project. We are pleased with the overall Project rating of "successful". We also agree with the PPER's assessment that the Project is highly effective since it achieved all envisaged outcomes and contributed to the reduction of water borne diseases. The project is likely to have a positive impact on public health and the urban environment in the project area.

2. The PPER does not have any recommendations for ADB to follow-up. However, it suggests four issues that require follow-up actions by the Government, namely, (i) Tuyen Quang's water quality problems, (ii) lack of national sanitation targets, (iii) absence of a long-term strategy, and (iv) cumbersome approval procedures on externally funded infrastructure projects. We support all these follow-up actions by the Government and remain committed to facilitate these follow-up actions by them.

3. Regarding the long-term water supply and sanitation strategy, we note that the Government, assisted by its international development partners including ADB, is currently undertaking the Viet Nam Water Sector Review, which will result in clear and detailed agreements on the scope and development process of such a strategy. We also note that although approval processes in Viet Nam are still cumbersome and lengthy, the introduction of Government Decree 131 (2006) has led to some improvements. In addition, the capacity of the Water Supply Companies management and staff has recently improved and it has resulted in faster preparation and approval of technical design and procurement reports, as demonstrated in ongoing ADB-financed water supply projects in Viet Nam.