

JBIC's Efforts in the Harmonization of Loan Procedures

The five banks ADB, AfD, JBIC, KfW and WB have endeavored to make further progress in the harmonization of loan procedures this year. Five banks' joint effort has begun to bear results and is considered as being among the leading examples of donor harmonisation in the world.

JBIC, WB and ADB announced a joint statement on harmonization at the mid-term Consultative Group meeting in May, 2002. In the statement, three banks have agreed to take a selective approach aiming at increasing ODA efficiency and effectiveness by harmonizing procedures in the areas where reducing transaction cost

would: (1) have great impacts; (2) attain tangible results over a short term; and (3) benefit both Vietnam and its donor partners. Based on this policy, three banks have been pursuing harmonization efforts in the areas of procurement, financial management, environmental consideration and resettlement, and portfolio management. Results of such efforts have been presented at various occasions, including the Consultative Group meeting in December, 2002, Regional Workshop on Harmonization in Hanoi in January, 2003, High Level Forum in Rome in February, 2003, and mid-term Consultative Group meeting in June, 2003.

The international donor community has highly appreciated these efforts as a leading pilot initiative. With KfW (Germany) and AfD (France) announcing their participation in March 2003, five banks are currently engaged in the harmonization efforts. In May, 2003, the Vietnamese government and the five banks held a Joint Portfolio Performance Review meeting to identify issues that are affecting the smooth and timely implementation of ODA projects, and find ways to improve overall portfolio performance. In the meeting, the five banks agreed on specific action plans to address these issues for further measures

to be taken. One of the most advanced activities that both the Vietnamese government and the five banks are actively involved is the preparation of draft standard bidding documents for local competitive bidding. They are also working on a common format of the progress report, and harmonization in the area of project preparation including feasibility study is underway. Since the five banks now cumulatively accounts for over 70% of all concessional lending in Vietnam, their joint efforts have largely contributed to greater ODA efficiency and effectiveness.



Kien Bridge

Japan-UK Collaboration

One of the basic stances of Japan in providing development assistance in Vietnam is to give great significance to partnership and collaboration with development partners. Japan has extensive cooperative relations with the WB, ADB and UN agencies, and, at the same time, pushed forward cooperation with bilateral donors. Recently, a major progress has been made in the cooperation with UK (DFID). It has been considered that Japan and U.K. have different views on priority areas and modalities in undertaking development assistance. However, after conducting a dialogue with each other, both have found many common grounds.

Since December 2002, Japan and UK have strengthened dialogue and cooperation in the following areas in Vietnam.

- CPRGS and the role of large-scale infrastructure for economic growth and poverty reduction
- Linkage between CPRGS and the resource allocation mechanism
- Aid effectiveness
- Basic education
- Rural transport
- Foreign investment environment and private sector development

In October, Mr. Hajime Furuta, Director General of the Economic Cooperation Bureau in the Ministry of Foreign Affairs in Japan and Mr. Suma Chacrabarti, Permanent Secretary of DFID of the United Kingdom made a joint visit to Vietnam to tour the frontline of Japan-U.K. cooperation. They confirmed that cooperation between Japan and U.K. have brought a number of benefits arising from differences in comparative advantages of the two countries, led to stronger positions for both countries, and have had catalytic effect on the wider donor community, in addition to its bilateral significance. As the last point suggests, collaboration between Japan and U.K. is not of exclusionary nature but open to other development partners, being consistent with pushing for overall collaboration with the donor community.