

Japan News

JAPANESE ASSISTANCE TO VIETNAM

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Japan's New Country Assistance Program for Vietnam finalized

On April 28, Japan's new Country Assistance Program for Vietnam was approved by the Council of Overseas Economic Cooperation-Related Ministers. The new program is a revision of the previous Country Assistance Program for Vietnam adopted in 2000, and it will serve as a basic policy for future Japanese assistance here.

Unlike the previous program, which was drafted under the leadership in Tokyo, the new Country Assistance Program was formulated mostly under the leadership of the Japan's ODA Task Force (Japan Team) established locally. Since the summer of 2002, the Japan team made up of the Embassy of Japan and local offices of JICA, JBIC, and JETRO worked and cooperated for the creation of a "new age" Country Assistance Program. The team also kept close contact with related offices and personnel in Tokyo, including Professor Kenichi Ono, a member of the Board on Comprehensive ODA Strategy. In addition, the Japanese team engaged in successive discussions with the Vietnamese government, and held frequent opinion exchanges with related donors and agencies. In this way, the team advanced its work while maintaining the maximum transparency of Japan's aid policy and gaining the complete understanding of others.



(Three characteristics of Japan's New Country Assistance Program)

Alignment to the Vietnamese Development Vision

The new Country Assistance Program aligns itself to the development vision of Vietnam, and it stipulates three important pillars: "promotion of growth", "improvement of living and social conditions", and "institution building". Incorporated into these three pillars is an approach whereby Japan will tackle both economic growth and poverty reduction in Vietnam. Although Japanese assistance is sometimes mistakenly believed to have set priority in economic growth, the truth is that Japan has always been the top donor in Vietnam not only in assistance for large-scale infrastructure through loans, but also in grants that are directly addressed to improvement of social and living conditions. The new Country Assistance Program reconfirms that Japan will continue to pour its efforts into assistance for both areas. It should be noted that these three pillars correspond to priority challenges set in the Vietnamese government's development vision, which is presented in CPRGS. This is a clear indication of Japan's posture of providing assistance by respecting the ownership of the Vietnamese government.

Dialogue-based approach

The new program incorporates a shift toward dialogue-based project formation and selection that goes beyond the "request-based" approach used heretofore. Prior to the submission of project requests from Vietnam, a policy dialogue meeting is held where the medium-term aid vision for individual sectors is discussed. Through this dialogue, Japan's aid policy is presented to the Vietnamese side, and coordination between Vietnam's development policy and the aid policy of Japan would ensure that Japanese assistance is utilized to its full potential within Vietnam's development strategy. Such a dialogue is designed to support Vietnam's ownership for the project and enhance partnership between the two countries.

Linkage between size of ODA and institution/policy environment

The program clearly identifies five items that will be considered in deciding the scale of assistance. These five items are: 1) Japan's bilateral relationship with Vietnam, 2) development needs in Vietnam, 3) institution and policy environment in Vietnam, 4) Vietnam's aid absorption capacity, and 5) the situation related to "principles for aid implementation" in Japan's ODA Charter. Thus, after evaluating the conditions and level of achievement of these items, the results of evaluation are shared with the Vietnamese side and, while gaining a commitment from the Vietnamese side to take necessary measures, qualitative orientation of the size of assistance will be examined. Hereby, the Country Assistance Program is devised to secure effectiveness in development aid by embedding "institution and policy environment" as an item to be considered, and to ensure Japan's active participation in improving the institution and policy environment in Vietnam.

Strengthening Policy Dialogue

In order to move toward steady and practical application of this new Country Assistance Program, it will be necessary to change its traditional way of managing assistance. The key to doing this is to strengthen policy dialogue.

Traditionally, annual consultative meetings between Japan and Vietnam have been organized by respective aid schemes with a focus on the selections of new projects, rather than sectoral policy issues. From now on, policy dialogues should be carried out in a crosscutting manner that covers all aid schemes, and much time should be devoted to discussions of sectoral and cross-cutting policy issues.

In order to transform this idea into concrete actions, from May 2004, Japan team in Vietnam and concerned ministries of Vietnamese government initiated "field-level sector dialogues" with a view to discussing medium-term aid visions for individual sectors. Following this field level dialogues; a mission from Tokyo will come to Vietnam in order to discuss crosscutting policy issues.

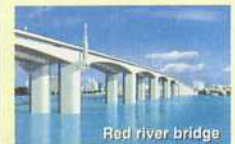
Through these policy dialogues, Japan intends to implement more effective aid that matches the development vision of the Vietnamese government, in line with the new Country Assistance Program.

- Embassy of Japan, JBIC, JICA, JETRO

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