

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
2001 – 2003**

SAMOA

December 2000

CURRENCY EQUIVALENTS

(As of 30 November 2000)

Currency Unit	--	Samoa Tala
ST1.00	=	\$0.285
\$1.00	=	ST 3.508772

ABBREVIATIONS

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
AusAID	-	Australian Agency for International Development
CBS	-	Central Bank of Samoa
EPC	-	Electric Power Corporation
EU	-	European Union
FSPL	-	Financial Sector Program Loan
GDP	-	Gross Domestic Product
HPI	-	Human Poverty Index
IFC	-	International Finance Corporation
JICA	-	Japan International Cooperation Agency
MFA	-	Ministry of Foreign Affairs
NEMS	-	National Environmental Management Strategy
NPF	-	National Provident Fund
NZODA	-	New Zealand Overseas Development Assistance
PFTAC	-	Pacific Financial Technical Assistance Centre
RETA	-	Regional Technical Assistance
SCL	-	Samoa Communications Ltd.
TD	-	Treasury Department
UNCTAD	-	United Nations Conference on Trade and Development

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank (ADB) for Samoa covering the three-year period 2001-2003. It includes loan and technical assistance projects, as well as possible cofinancing from other donors. The CAP was prepared by the ADB between April and June 2000, in close consultation with the Government of Samoa, and other stakeholders, including non-government organizations. The CAP was discussed with the Board of Directors in October 2000 and has been revised by the ADB to incorporate recent developments. The assistance plan described in the CAP is only indicative and may be revised to reflect more recent developments.

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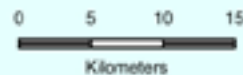
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172°40'W

171°30'W

SAMOA



13°30'S

13°30'S



SAVAI'I ISLAND

APOLIMA IS.
MANONO IS.



UPOLU ISLAND

PACIFIC OCEAN

172°40'W

14°00'S

14°00'S



171°30'W

- National Capital
 - Town
 - International Airport
 - Road
 - Ferry Route
 - River
 - International Boundary
- Boundaries are not necessarily authoritative.

SAMOA

I. Country Performance Assessment

A. Economic Performance Assessment

1. In 1999, the growth rate of the Samoan economy accelerated to 5.3 percent, from 3.4 percent in 1998. This reflected a 7.3 percent expansion in the tertiary sector, which accounted for 56 percent of gross domestic product (GDP); a 4.4 percent expansion in the secondary sector, which accounted for 23 percent of GDP; and a 2.4 percent expansion in the primary sector, which accounted for 21 percent of GDP. Within these broad sectoral categories, strong growth was recorded in commerce, hotels and restaurants; transportation and communication; government; construction; and fisheries. A 9 percent increase in tourist arrivals stimulated the commerce and transport sectors. The growth acceleration was accompanied by a drop in the inflation rate to 0.3 percent, from 2.2 percent in 1998. Declining local food prices more than offset a rise in prices of imports attributable to depreciation of the Tala and higher prices in Samoa's major suppliers.

2. The balance of payments remained in overall surplus of 0.01 million Tala in 1999, with a capital account surplus just exceeding a current account deficit of 58.3 million Tala (8.1 percent of GDP). The latter was more than double the 1998 deficit despite tourism growth and a 14 percent increase in private remittances, and reflected a 22 percent surge in imports driven by the growth in domestic demand and the one-off import of a government vessel. Merchandise export earnings were stagnant in aggregate: although domestic export earnings rose 10 percent, re-export earnings fell from the unusually high level of 1998. Net foreign assets reached 183 million Tala, providing 6.3 months of import cover. Government's external debt declined to 431.2 million Tala at the end of 1999, or 60 percent of GDP; while debt servicing costs as a percentage of merchandise exports reached 17.9 percent. During 1999, the currency depreciated against the Australian, Fijian, New Zealand and US dollars, the yen, and the Euro. The real effective exchange rate depreciated by 4.7 percent, which was a welcome boost to international competitiveness given the real appreciation of previous years.

3. Government finance statistics show that, for the fourth fiscal year in succession, government ran an overall budget surplus in 1998–1999, equivalent to 0.3 percent of GDP, although it had budgeted for an overall deficit of 1.3 percent of GDP. Revenue was slightly below the original budget estimate because of a shortfall in tax revenue, but the current balance was close to expectations because of below-budget current expenditure. Externally funded development expenditure was also below the budgeted level because of delays in commencement of some projects. As a result of the surplus, government increased its net deposits in the banking system, reinforcing the absence of crowding out pressure on the private sector. In the fiscal year 1999–2000, an overall deficit of 3.1 percent of GDP was budgeted, to be financed by external borrowing. Revenue and current expenditure were projected to rise by 8.2 percent and 6.6 percent, respectively, leaving a current surplus of 3.4 percent of GDP. Budget outturns for the first half of the fiscal year were broadly in line with budget estimates. However, it remained to be seen whether above-budget tax revenue collections would continue to offset a shortfall in non-tax revenue, and whether Government would be able to achieve the targeted improvement in its net credit position with the banking system. The probability of this last achievement was reduced by the delay in disbursement of the \$3.5 million second tranche of the Financial Sector Reform Program loan.

4. The broad money supply (M2) increased by 13 percent in 1999, compared with 5 percent in 1998. This expansion was entirely attributable to a rise in net domestic assets, with credit to the private sector growing by 17.6 percent. Credit extended to public institutions increased by 4.2 percent; while Government reduced its net credit position by 5.8 percent, partly to make advance payments on overseas debt in order to avoid possible Year 2000 computer problems. All categories of commercial bank loans to the private sector showed significant growth, including loans to the agriculture, forestry and fisheries sector. This last development demonstrated the impact of financial sector liberalization, which has allowed banks to include a risk premium in lending rates. The weighted average lending rate of commercial banks fell slightly to 12.6 percent in 1999, from 12.8 in 1998, while the weighted average deposit rate remained at 5.1 percent. The interest rate spread thus declined to 7.5 percent in 1999 – and it remained at that level in early 2000 as lending and deposit rates both fell by 0.2 percent. (Appendix 1, page 1).

5. In the context of ongoing stability in the macroeconomic environment, and continued improvement in the microeconomic policy environment, an economic growth rate of around 4 percent is expected in 2000. Allowing for the seasonal downturn in economic activity that characterizes the first quarter of the year, tourism remained robust early in the year; and a substantial public investment program will stimulate the construction sector. Agriculture is likely to continue to depress the aggregate growth outcome by stagnating or declining for the fourth year in succession, underlining the importance of its prioritization in the *Statement of Economic Strategy 2000–2001*.

B. Poverty Assessment

6. In general, poverty has not been regarded as a problem in Samoa. GDP per capita is in excess of \$1,200; private remittance flows from Samoans living abroad have been substantial; and the extended family system has functioned as an effective means of redistributing income. Samoa's Human Poverty Index (HPI) is the fourth lowest among PDMCs after Tonga, the Cook Islands, and the Fiji Islands.¹ The HPI score of 5.9 reflects the relatively low percentage of people not expected to survive to the age of 40 (10.3 percent); a low illiteracy rate (4.3 percent); the low percentage of people without access to safe water (10 percent); a zero percentage of people without access to health services; and a relatively high percentage of children under 5 years of age who are underweight (17 percent).

7. A poverty analysis was undertaken as part of a UNDP Poverty Strategies Initiative (PSI) project in Samoa.² Studies were conducted to assess food poverty, basic needs poverty and relative poverty. Using a model diet formulated by the Department of Health's Nutrition Center, the food poverty analysis concluded that 48 percent of households did not have sufficient income to meet their estimated food requirements. Of these, the majority were in the rural areas of Savaii, and Upolu, with the household in the urban Apia area faring slightly better. The relative poverty analysis also highlighted the rural areas of Samoa as being most vulnerable to poverty, with Savaii as the region of most concern. However, the survey data were of questionable value because of sampling problems, and the food poverty line was set unusually high. The Government intends to conduct another survey in 2001 in order to provide reliable data for poverty measurement.

¹ United Nations Development Programme, Pacific Human Development Report 1999: Creating Opportunities, Suva, Fiji, 1999.

² Household Income and Expenditure Survey, UNDP 1997.

8. Although poverty may not be the severe problem as it is in other developing countries, Samoa is especially vulnerable to external economic shocks and natural disasters. Poverty and vulnerability are linked as the latter threatens the sustainability of livelihoods. The United Nation's Conference on Trade and Development (UNCTAD) has calculated a composite vulnerability index that places Samoa the 20th most vulnerable among 111 developing countries.³

9. The Government's economic strategy aims to encourage private-sector led, and broader-based growth in output and employment, as well as to facilitate social development, within a good governance environment. Accordingly, Government has given high priority to the education and health sectors, to provide people with greater opportunities to advance themselves. The Government also supports a rural development program to improve power distribution, transport infrastructure, and communications, in order to create more opportunities for those in Savaii and the rural areas of Upolu, where the lowest income levels tend to occur.

C. Assessment of Socio-Environmental Performance

1. Gender Issues

10. The Human Development Index for females in Samoa is three percent higher than that for males. This largely reflects a higher life expectancy of 67 years, compared with 65 years for males (see Appendix 1, page 2). Women's status as measured by the Human Poverty Index is the same as men's. The primary and secondary enrolment ratios for females are 94 and 75, respectively; while total and teenage fertility rates are relatively low by Pacific standards, at 4.2 and 26, respectively. Women constitute 32 percent of the workforce, but only 19 percent are in paid employment, although women occupy a number of senior positions in the public sector. There are 2 women in parliament and one female minister. In general, women play a significant role in community organization and management; and distinctions drawn on the basis of gender are relatively less common in Samoa compared to other Pacific Island countries. This partly reflects the high importance placed on gender issues by the Government. In 1991, the Government established the Ministry of Women's Affairs to promote the advancement of the social and economic position of the women of Samoa; and in 1994, Samoa endorsed the *Pacific Platform for Action*, making an international commitment to promoting the advancement of women in practical and strategic areas of development. Despite these favorable circumstances, economic participation by women is constrained by such factors as limited access to credit.

2. Human Development

11. According to the *Pacific Human Development Report 1999* Samoa's HDI is 0.59 which places the country in fourth place among PDMCs. The ranking is the result of a high adult literacy rate (95.7 percent), a high gross enrolment rate in primary and secondary school (85.7 percent), high life expectancy (66.6 years), and relatively high GDP per capita. However, as is the case for other PDMCs, there is a problem of lifestyle diseases arising from high fat diets, high cigarette and alcohol consumption, and reduced physical activity. The Government spends a relatively high 13 percent of GDP on health, and is committed to improving the efficiency of

³ The composite vulnerability index is a weighted aggregate of openness as measured by export dependence, economic diversification as measured by UNCTAD's diversification index, and susceptibility to natural disasters as measured by the proportion of population affected by disasters in the period 1970-1996. See Joint Commonwealth Secretariat/World Bank Task Force, Conference on the Small States, St Lucia, West Indies, February 17-19, 1999, *Small States: A Composite Vulnerability Index*.

service delivery. A *Strategic Health Sector Plan* has been prepared that focuses on strengthening health services through rationalizing operations, and upgrading of training for health personnel.

12. In 1995 the Government published its *Education Policy and Associated Strategic Plan for 1995-2005*, reflecting the Government's commitment to improving the quality of education for all Samoans. The policy is based on four key concepts of equity, quality, relevance and efficiency of the public education system. In the *Statement of Economic Strategy 2000-2001*, Government emphasizes the importance of building a partnership with private institutions, and prioritizes upgrading of primary and secondary education through improved infrastructure and school management, developing vocational education, and improving teachers' service conditions. Also, at the post-secondary level, means of making public spending more cost-effective will be sought.

3. Environment

13. The islands of Samoa are volcanic and dominated by rugged mountains with a 4-5 kilometer fringe of gently sloping fertile land. They are bordered by fringing coral reefs and coastal lagoons. Samoa's natural resources are both fragile and scarce, and require careful management. A National Environmental Management Strategy (NEMS) was first formulated in 1993 and is now being reactivated. An environmental impact assessment legislation has been drafted and is being presented to Parliament for approval. In its SES, the Government reaffirms its commitment to sustainable development and environmental protection. Four policies on Land Use, Water, Population, and Waste Management are in final stage of preparation and expected to be presented to Parliament for approval. Draft policies for Biodiversity, Climate Change and Marine Resources will be completed shortly, and the existing Forestry Policy will be reviewed.

D. Governance: Sound Development Management

14. Important progress has been made in improving governance in Samoa, and the Government remains committed to achieving further gains. The SES contains a commitment to ensure full compliance with the Accountability Agenda agreed by the 1997 Forum of Economic Ministers Meeting. Enhancing accountability and transparency will require to open the public sector to external scrutiny through improved public reporting. The approach adopted by public sector management in Samoa is performance based, but non-performance does not always trigger appropriate sanctions, and stronger action may be required. In this respect, the priority is the SOE and utilities sector.

15. Predictability has been greatly enhanced by: the clarification in the output budget of each department's activities; the preparation of forward estimates; the preparation of the three SESs; the corporate and sectoral planning process; and the various guidelines and manuals on the 'rules' of public administration. This has built on a reasonably comprehensive legislative base and an independent judiciary and central bank (with respect to prudential supervision). Predictability can be expected to further improve as informal systems are formalized and the public and private sector gain confidence that rules will be adhered to.

16. A recent ADB financed economic report concluded that Samoa does not suffer from the same corruption problems as other countries in the region. But anti-corruption bodies can be justified even in a corruption-free environment because they can act as a deterrent to corruption. In this fundamental area of governance, prevention appears to be far more effective

than attempts to cure corruption once entrenched. Options for an anti-corruption agency include the creation of a separate body reporting to Parliament or to extend the powers of the existing Ombudsman. A proposal to extend the powers of the Ombudsman was first developed in Samoa in the late 1980s.

E. Implementation Assessment

1. The Portfolio

17. ADB has approved 26 loans totaling US\$97.4 million to Samoa. All loans, except the FSPL⁴ have been completed. Project completion reports have been prepared for 17 of the loan projects and 13 projects have been postevaluated (Appendix 2, pages 1 and 2). Four of the 13 projects were evaluated as generally successful, six were partly successful and the remaining three, covering the natural resources/agriculture sectors, were unsuccessful (Appendix 2, pages 1 and 2). Lessons learned in Samoa emphasize the need for institutional capacity strengthening, particularly for higher technology projects such as telecommunications. Postevaluation of power projects and agriculture projects similarly highlighted weak institutional capabilities, which need to be addressed in project design. There are 7 TAs currently under administration, including one associated with the Financial Sector Program Loan (FSPL). In support to the Government's public sector reform program, strengthening of Government financial institutions, implementation of privatization strategy, and strengthening capacity for macroeconomic analysis, planning, and policy formulation are being supported by ongoing ADB technical assistance.⁵ One TA for preparation of an Economic Report is nearing completion⁶ and one TA is for institutional strengthening of the Electric Power Corporation.⁷ The remaining TA is to assist in the preparation of the Small Business Development Project.⁸

2. Issues in Project Implementation

18. The FSPL is currently the only ongoing ADB-financed project in Samoa. Overall the program remains on track. The response of the financial sector to the liberalization measures carried out under the FSPL has been positive. A number of important achievements have been made, including: completion of the actuarial review of the National Provident Fund (NPF); establishment of a new accounting system by the Central Bank of Samoa (CBS); appointment of a new CEO at Samoa Communications Ltd. (SCL); progress in privatization of SOEs; and improvements in auditing of SOEs. There are still a number of outstanding issues however, concerning the release of the second tranche, particularly regarding the privatization of SOEs, the Amendment of Financial Institutions Act, and the restructuring of the SCL board of directors. The second tranche is now expected to be released around August 2000. The reform of the financial sector is part of a broader economic reform program characterized by strong public ownership, clear focus and well sequenced activities. Governance-improvement measures are formulated through an effective consultative process, and promoted through public information campaigns that improved transparency and accountability.

⁴ Loan 1608-SAM(SF): *Financial Sector Program*, approved 19 February 1998, in the amount of \$7.5 million

⁵ TA. 2788-SAM: *Implementation of Privatization Strategy*, approved on 7 June 1997, for an amount of \$600,000; TA 2989-SAM: *Institutional Strengthening of Government Financial Institutions*, approved on 19 February 1998 for an amount of \$950,000; TA 2985-SAM: *Strengthening Macroeconomic Policy and Planning Capacity*, approved on 2 February 1998, for an amount of \$960,000 and TA 3311-SAM, *Strengthening Macroeconomic Policy and Planning Capacity (Phase IV)*, approved on 25 Nov. 1999, for an amount of \$690,000.

⁶ TA 3202-SAM *Preparation of an Economic Report*, approved on 9 Jun. 1999 for an amount of \$150,000

⁷ TA 3203-SAM *Institutional Strengthening of EPC*, approved on 9 Jun. 1999 for an amount of \$150,000

⁸ TA 3262-SAM *Small Business Development*, approved on 24 Sept. 1999, for an amount of \$150,000

II. Country Operational Strategy

A. The COS

19. The Government's development strategy, first enunciated in *A New Partnership: A Statement of Economic Strategy, 1996-97*, has been reaffirmed in a *Partnership for a Prosperous Society: A Statement of Economic Strategy 2000-2001*. The first Strategy emphasized the need to maintain macroeconomic stability and called for private-sector led economic growth based on a "new partnership" between the government and the private sector involving extensive consultation. The strategy also entailed improving the efficiency and accountability of the public sector, improving the performance of public enterprises through privatization and corporatization, human resource development, tax and tariff reforms, and financial sector reforms. The Strategy released in 2000 continues the emphasis on macroeconomic stability, public sector efficiency, improved education and health standards, and a strong private sector. In regard to private sector development, special emphasis is given to achieving sustainable growth in agriculture, fisheries, and tourism, and to revitalizing the village economy as a means of ensuring a better distribution of the economic and social benefits of the growth process.

20. ADB's strategy of assistance to Samoa is to support the Government's reform measures, which are aimed at making the economy more private enterprise based and competitively structured. The Bank will continue to support public sector reform, liberalization of the financial sector, promotion of private sector-led growth, corporatizing and privatizing state-owned enterprises, improving the management of power and infrastructure facilities, and addressing inefficiencies in education, including skills development. ADB's strategy in Samoa is considered to be sound and is being implemented satisfactorily. No strategic adjustments are therefore envisaged for Samoa during the current operational cycle.

B. Progress in Implementation

21. ADB has been assisting the Government's economic reform program for a number of years through technical assistance to the Treasury Department for capacity building in macroeconomic analysis, planning and policy formulation. This TA is now in its fourth and final phase, and significant progress has been achieved in macroeconomic management. The government has successfully implemented a performance based budgetary system, and the TA is moving gradually to capacity building at the line ministries level. ADB has also supported the reform in the Financial Sector and privatization of public enterprises through the FSPL. Two loans were approved in 2000 to assist in the reform of the education sector and another for small business development.

C. Poverty Partnership Agreement

22. The vision expressed in the *Partnership for a Prosperous Society: A Statement of Economic Strategy 2000-2001* aims at improving the quality of life for all Samoans. However, poverty is not mentioned in the SES, and there is no set of actions explicitly described as poverty-alleviating. This is because poverty is not seen, in the absolute sense, as a critical issue in the Samoan context. The community based socio-cultural system generally ensures that no one is completely destitute. However, the concept of relative poverty has applicability. Although it is difficult to make a rigorous assessment of the existing poverty situation considering the mix of traditional subsistence activities, modest cash income activities, and private remittances

encountered in the traditional Samoan society, household income and expenditure data for 1972 and 1997⁹ demonstrate an increasing inequality of income distribution. This is a common outcome in the early stages of development in market economies, and can change as growth becomes broader based and thus more inclusive. The Government of Samoa is seeking to facilitate the latter process through implementation of its current Strategy. In particular, high priority is given to greater access to education and health services, and to revitalization of the agriculture sector. The Government's rural development program aims at improving infrastructure (power, transport, and communications) throughout the country, thereby creating opportunities for those living in rural areas.

23. Sustainable improvements in livelihoods are always threatened by Samoa's vulnerability to external economic shocks and natural disasters, over which there is no control. The Commonwealth vulnerability index ranks Samoa in the group of countries characterized by high vulnerability.¹⁰ Soundly-based economic diversification may reduce the extent of aggregate export instability, and good economic management can prevent the translation of such instability into general macroeconomic instability. Measures can also be taken to improve preparedness for, and responses to, natural disasters. However, it must be acknowledged that cyclones like those experienced in 1990 and 1991 can, at least temporarily, derail the reform process and undermine the growth needed to improve living standards.

24. The Statistics Unit of the Samoan Treasury is tasked with the production and dissemination of macroeconomic data, and works closely with the Statistics Department in the production and analysis of socio-economic data. The Unit, in conjunction with the Statistics Department (SD), wishes to undertake a quality household income and expenditure survey in 2001. The last survey was conducted in 1997, but was flawed by sampling and non-sampling errors. The 2001 survey would generate the data for a poverty analysis, and would also permit the improvement of the national accounts and the refinement of the consumer price index. However, SD lacks specialist knowledge on the designing and implementation of household surveys for poverty analysis. A small-scale TA is intended to provide the means of filling this expertise gap.

III. Sector Strategies

A. Agriculture

25. In the SES, the Government has listed four of its key strategic outcomes to be: enhanced private sector growth; invigorated agriculture and fisheries; sustainable tourism development; and a revitalized village economy. It is clear that each of these strategies relies on sound management of the nation's environmental assets - its fisheries resources, agricultural land and natural beauty - and preservation of its strong culture. Agriculture plays an important role in the economy of Samoa with at least two-thirds of households reliant on a mixture of subsistence and cash income. Even those employed in the wages and salary sector often supplement their incomes with agricultural production. The agricultural sub-sector was also responsible for just under 30 percent of Samoa's export revenue in 1999. However, agriculture and the economy are vulnerable to the potentially destabilizing impacts of external shocks, such as fluctuating commodity prices, exchange rate movements and changes in the economic policies of major trading partners. Furthermore, the nation is vulnerable to natural disasters, as

⁹ UNDP Household Income and Expenditure Survey, 1997.

¹⁰ Small states: meeting challenges in the global economy. Report of the Commonwealth Secretariat /World Bank Joint Task Force on Small States, March 2000.

evidenced by major cyclones in February 1990 (Cyclone Ofa) and December 1991 (Cyclone Val), which caused massive long-term damage to the production of important commodities, particularly tree crops such as copra and cocoa. The taro leaf blight outbreak of 1993 was also catastrophic, destroying taro production and exports. Production of taro, the most important food staple in Samoa, as well as a significant export commodity, has only just begun to recover.

26. The inherent uncertainty of agricultural production has a number of potential outcomes, including reduced export earnings, but it also serves to highlight the prudence of the government's intention to "promote the development and *diversification* of cash crops" (Treasury Department 2000, p.4; emphasis added). Diversification is one strategy for combatting uncertainty in production and markets. ADB will assist in the preparation of a study of the agro-processing sector and financial assistance aimed to assist export growth and diversification, for meat, food crops, and horticultural produce.

B. Infrastructure

1. Energy

27. Progress has been made in the policy dialogue with the Government and the Electric Power Corporation (EPC) regarding financial management and commercial viability of the utility. The ADB's ongoing support for further development in the energy sector includes assistance in designing an action plan for strengthening of the Electric Power Corporation's (EPC) managerial and financial control capacity. The TA builds on recommendations of previous ADB TAs and other studies in the sector and aims at preparing a concrete action plan to implement measures designed to improve the overall efficiency of the Utility. Proposed financial assistance has been included in the program for Afulilo Power Augmentation which is becoming a priority for the Government. The project will reduce dependency on fossil fuel and improve the efficiency of the utility.

2. Finance

28. Under the ongoing Financial Sector Program Loan (FSPL), the ADB will continue to support the Government's efforts to promote the development of financial institutions. Building on institutional strengthening efforts of Government's Financial Institutions carried out under the framework of the FSPL, a TA has been included in the program for 2001 to further enhance institutional capacity of DBS, NPF, Samoa Life Assurance Corp., and other Non-Bank Financing Institutions. The TA will also review the impact of financial liberalization and suggest further policy measures to develop the sector. The ADB will also continue to support deepening of financial sector through the proposed Small Business Development Project, which will include the following components (i) equity investment in venture capital fund; (ii) credit line; (iii) a pilot microfinance project; and (iv) capacity building in business advisory services.

C. Social Infrastructure and Environment

29. Development of social infrastructure will be assisted in part through a loan for improvement in the education sector, which is being developed in parallel and in close coordination with other donor assisted initiatives for development of policies and institutional capacity in the education sector.

D. Governance Dimensions of ADB Operations

30. Good governance is one of the major objectives of the Government's reform program as stated in the SES. The program aims at redefining the role and responsibility of the public service to become more focussed and consumer oriented. Under the Bank assisted Financial Sector Program, the Government is examining the most appropriate governance arrangements for state-owned enterprises, to ensure greater accountability of their management and their respective boards of directors. Improvement of the management, autonomy and financial viability of state-owned utilities, notably the Samoa Water Authority and the Electric Power Corporation, are being addressed. Governance issues will continue to feature prominently in future policy dialogue with the Government, and the proposed program includes an important focus on corporate governance in the utilities sector.

E. Gender Dimensions of ADB Operations

31. During the operational cycle, the main gender oriented activity is proposed to be provided under the small business development project, which will provide particular attention to the needs of women entrepreneurs, including through microcredit and business advisory services. The Ministry of Women Affairs and the Women in Business NGO are closely involved in project formulation and implementation.

F. Private Sector Development

32. The Bank has been supporting private sector development through several initiatives. FSPL has been instrumental in the promotion and development of financial markets and reforms of the state-owned enterprises, thereby promoting private sector-led growth and employment generation. Furthermore, Samoa has been a significant beneficiary of the assistance provided by the South Pacific Project Facility, which has been co-financed by the ADB through Regional Technical Assistance (RETA) No. 5683-REG: South Pacific Project Facility. For 2000, the proposed Small Business Development Project will further contribute to private sector development through (i) improving access to debt financing by small and micro-enterprises; (ii) developing institutional sources of equity financing; (iii) microfinance pilot scheme; and (iv) improving business advisory services.

IV. Regional Economic Cooperation

33. In parallel with its Samoa-specific program, the ADB will also continue to support a substantial RETA program for the Pacific. Samoa is benefiting, and will continue to benefit, from this program, which is aimed at encouraging regional approaches/solutions to economic and sector work, and capacity building initiatives, as well as supporting the sharing of experiences and knowledge between countries in the Pacific region. Regional approaches have also the benefit of lowering the high transaction cost associated with external assistance flows to the small states in the region.

34. The ADB currently provides RETA to support activities which are relevant to Samoa: judicial training; financial sector review (draft regional report and Samoa Country Report are expected to be submitted to the Government for review in the near future); Assistance for management of the region's fisheries resources; long term ongoing support to the Pacific Finance Technical Assistance Centre (PFTAC); support to regional NGO's; capacity building of the region's Supreme Audit Institutions; assessment of poverty in the Pacific region;

management training for senior public sector managers; management of coastal reefs; and assessment of options for cooperative arrangements in civil aviation.

V. Donor Activities and Aid Coordination

35. The aid programs in the Pacific remain largely donor-driven, are often uncoordinated, and place pressure on the absorptive capacities of PDMCs. This has led to a culture of aid-dependence for financing of the capital budget and associated downstream problems, particularly inadequate recurrent budgeting for operations and maintenance. The challenge for governments is to take over the driver's seat by formulating public investment programs that are meaningfully integrated with annual budgets, and which provide effective guidance to external funding agencies on how each can fit into the national "game plan". The challenge for donor agencies is to communicate effectively, sharing knowledge and plans, and thus turning the rhetoric of external agency coordination into reality. In this regard, ADB is further strengthening its ties with other donors – particularly with the UNDP, the World Bank, Australia, and New Zealand -- in the areas of overall aid coordination and cofinancing activities. Samoa is very efficient in coordinating and managing a large amount of external assistance. A three-year public sector investment program has been formulated and integrated into the budgetary process; and two departments share the management/coordination role. Treasury Department (TD) is responsible for all ADB, World Bank and EU assistance, while the Ministry of Foreign Affairs (MFA) is responsible for coordination of all bilateral and other multilateral assistance. The two departments routinely work together to organize major donor coordination meetings in various sectors, such as the one held in 1999, following the mini-summit for Education and Health.

VI. Cofinancing and Catalyzing External Resources

36. The ADB has played and continues to play a strong catalytic role in strengthening of macroeconomic analysis, planning, and policy making capacity of Government institutions through its program with the TD (with parallel AusAID financing). As such, the ADB is providing critical support at the focal point of Samoa's reform program with consequent impact on both macro-economic and sectoral efficiencies which in turn provides an improved policy framework for donors' aid programs in Samoa.

37. The proposed education sector loan will also be coordinated with Australian assistance to the Education Department for institutional capacity building and policy formulation. There is a good opportunity for additional cooperation between donors in the education sector. To this end, close coordination with JICA, NZODA, and the EU will be maintained during processing and implementation of this loan and efforts will be made to increase the level of official cofinancing in this area.

38. There is also an opportunity for cofinancing with the IFC under the proposed Small Business Development project as IFC has been identified as a possible source of funds for setting up a venture capital fund under this project.

VII. ADB's Operational Program

39. During the period 2001 - 2003, the ADB has programmed three loans totaling \$16.5 million and 9 TAs totaling \$2.6 million. Priority is being given to developing the education sector, to support policy reforms that will improve the quality of education at primary and secondary levels, as well as improving vocational training. Loans will also be made available for small

business development, augmentation of power supplies, agriculture development and agro-processing and telecommunications. The proposed lending level to Samoa over the next three years is considered appropriate given: (i) the country's very credible performance in pursuing its economic reform program with a strong degree of ownership; (ii) the satisfactory institutional and fiscal absorptive capacity; (iii) the fact that the ADB is one of the leading donors in Samoa and that its ongoing and proposed program will continue to have a major impact on the sustained implementation of the Government's reform program both at the macro and sector levels; and (iv) the Government's strong ownership of the program and its commitment to significant policy dialogue. The proposed lending program for the period is summarized in Table 1. A detailed listing of proposed projects in the pipeline is found in Appendix 4 and a breakdown by poverty classification, cross cutting and operational priorities and sector is in Appendix 5. The project profile of the 2001 project is in Appendix 6.

Table 1. Lending and Technical Assistance Program, 2000-2003: An Overview

A. Public Sector Lending Program

	1999 (Actual)		2000		2001		2002		2003	
	(No.)	(\$million)	(No.)	(\$million)	(No.)	(\$million)	(No.)	(\$million)	(No.)	(\$million)
Lending Program ^a	-	-	2	10.5	1	5.0	1	4.0	1	7.5
ADF	-	-	2	10.5	1	5.0	1	4.0	1	7.5
OCR	-	-	-	-	-	-	-	-	-	-
Lending Pipeline ^b	-	-	-	-	1	4.0	1	7.5	1	5.0
ADF	-	-	-	-	1	4.0	1	7.5	1	5.0
OCR	-	-	-	-	-	-	-	-	-	-

B. Technical Assistance Program

	1999 (Actual)		2000		2001		2002		2003	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program ^a	5	1.29	3	1,820.0	5	1,000.0	2	900.0	2	700.0
TA Pipeline ^b	-	-	3	1,820.0	1	400.0	-	-	-	-

^a The Program is comprised of the firm projects.

^b The Pipeline consists of the Program (firm projects) and standby projects.

VIII. Economic and Sector Work Program

40. Economic and sector work will continue to be carried out under the ongoing FSPL and associated technical assistance as well as the TA for Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation (phase IV). Additional sector work will be undertaken as part of the preparation of the proposed sector studies in agriculture and agro-processing and in telecommunications.

IX. Local Cost Financing

41. In line with the ADB's new Graduation Policy, Samoa remains a Group A country and as such, continues to be eligible to borrow from the ADB's Asian Development Fund (ADF) resources. The percentage of local financing, however, will be subject to proper justifications based on country performance in domestic resource mobilisation, the balance of payments situation, and the sectors of ADB involvement. In this regard, the Government's considerable progress in the efficient management of public resources deserves recognition.

TUVALU
COUNTRY PERFORMANCE INDICATORS

Item	1995	1996	1997	1998	1999	2000 ^a
ECONOMIC INDICATORS						
A. Income and Growth						
1. GDP per Capita (dollars, current)	1,237	1,442	1,416	1,378	--	--
2. GDP Growth (% in constant prices)	-5.0	10.3	3.5	14.9	3.0	--
Agriculture	0.6	-16.2	5.8	0.7	--	--
Industry	-13.1	85.6	9.0	21.5	--	--
Services	-4.8	2.6	2.7	16.0	--	--
B. Saving and Investment (current market prices)						
1. Gross Domestic Investment	67.6	68.0	48.1	--	--	--
2. Gross Domestic Saving	--	--	--	--	--	--
C. Money and Inflation						
1. Consumer Prices (annual average)	5.0	0.9	1.6	0.7	7.0	--
2. Broad Money (M2)	--	--	--	--	--	--
D. Government Finance (A\$m)						
1. Revenue (recurrent)	8.7	9.2	11.6	16.3	20.5	--
2. Expenditure (recurrent)	8.0	9.2	10.2	11.3	12.2	--
3. Surplus/Deficit (-)	0.7	0.0	1.4	5.0	8.3	--
E. Balance of Payments						
1. Merchandise Trade Balance (% of GDP)	-62.9	-54.1	--	--	--	--
2. Current Account Balance (% of GDP)	4.7	2.3	--	--	--	--
3. Export (\$) growth (annual percent change)	4.3	9.8	--	--	--	--
4. Import (\$) growth (annual percent change)	6.4	9.8	--	--	--	--
F. External Payments Indicators						
1. International Reserves (billion dollars, end of period)	--	--	--	--	--	--
- months of imports	--	--	--	--	--	--
2. External Debt Service (% of exports of goods & services)	--	--	--	--	--	--
3. External Debt (% of GDP)	--	--	--	--	--	--
Memorandum Items:						
GDP (current prices, million <i>local currency</i>)	11.76	15.02	--	--	--	--
Exchange Rate (A\$ per US\$)	1.3490	1.2773	1.3440	1.5920	1.5920	--

^a Estimate

Source: Government and POHQ staff estimates.

Note: (--) means no data available

TUVALU
COUNTRY PERFORMANCE INDICATORS

	1985	1990	1998	
POPULATION INDICATORS				
Total Population (thousands)	8.2	8.93	11.0	1999
Annual Population Growth Rate (% change)	0.37	1.27	3.00	(1990-99)
SOCIAL INDICATORS				
Total Fertility Rate (births per woman)	...	2.5	3.0	...
Maternal Mortality Rate (per hundred thousand live births)	0.0	...
Infant Mortality Rate (below 1 year; per '000 live births)	54.0	...	51	...
Life Expectancy at Birth (years)
Female	67	...
Male	70	...
Adult Literacy (%)	64	...
Primary School Enrollment (% of school age population)	95	...
Female	88	...
Secondary School Enrollment (% of school age population)	34	...
Female	35	...
Child Malnutrition (% of under age 5)	0	...
Population Below Poverty Line (%)
Income Ratio of Highest 20% to Lowest 20%
Population with Access to Safe Water (%)	85	...
Population with Access to Sanitation (%)	49	...
Public Education Expenditure as % of GNP	...	15.7	n.a.	...
Public Health Expenditure as % of GDP	...	5.1	n.a.	...
Human Development Index	0.583	...
Human Development Ranking	118	...
Human Poverty Index	7.3	...
ENVIRONMENTAL INDICATORS				
Forestry
Deforestation
Total Area
Annual deforestation
Biodiversity
Nationally protected area
Area
Number
As % of land area
Biosphere reserves
Area
Number
World Heritage sites (number)
Wetlands of international importance
Area
Number
Land Use
Cropland; permanent pasture
Air Pollution (Ambient concentrations)
Particulates
SO ₂
Water Pollution (concentration of pollutants in water bodies)
Biochemical Oxygen Demand (BOD)
Chemical Oxygen Demand (COD)
Global Environmental Problems
CO ₂ emissions (total and per capita)

Source: UNDP 1999, Pacific Human Development Report; WB, World Development Report

TUVALU

PORTFOLIO PERFORMANCE

**Table 1 : Implementation, Disbursement Performance and Postevaluation Results
Public Sector Projects only
(as of 31 December 1999)**

A. Project Portfolio	Net Loan Amount \$ million %		Rating (No.) ^a											
			Total		Implementation Progress				Development Objectives					
			No.	%	HS	S	PS	U	HS	S	PS	U		
Agriculture and Natural Resources	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Energy	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Finance and Industry	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Social Infrastructure	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Transport and Communications	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Others/Multisector	4.09	100.0	1	100.0	0	1	0	0	0	0	1	0	0	0
Total	4.09	100.0	1	100.0	0	1	0	0	0	0	1	0	0	0

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	0.0	1.2	1.2
(2) Disbursed amount (\$ mn, cumulative, active loans only)	0.0	2.8	2.8
(3) Percentage disbursed [(2)/(1)] (%)		233.00	233.00
(4) Disbursements (\$mn, active loans only, latest year)	0.0	2.8	2.8
(5) Disbursement ratio (%) ^b		0.00	0.00

C. Net Transfer of Resources ^c (\$ million)	OCR	ADF	Total
Net transfer in 1995	0.0	0.0	0.0
Net transfer in 1996	0.0	0.0	0.0
Net transfer in 1997	0.0	0.0	0.0
Net transfer in 1998	0.0	0.0	0.0
Net transfer in 1999	0.0	2.8	2.8

D. Post-Evaluated Projects (By Year of Approval)	1968 - 1977		1978 - 1987		1988 - 1999		1968 - 1999	
	No.	%	No.	%	No.	%	No.	%
1. Postevaluation Rating (as of 31 December 1999)								
Rated Generally Successful (GS)	0		0		0		0	
Rated Partly Successful (PS)	0		0		0		0	
Rated Unsuccessful (US)	0		0		0		0	
No Rating	0		0		0		0	
Total	0	0.0	0	0.0	0	0.0	0	0.0
2. Postevaluation Rating by Sector 1968-99 (as of 31 December 1999)								
	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	0		0		0		0	
Energy	0		0		0		0	
Finance and Industry	0		0		0		0	
Social Infrastructure	0		0		0		0	
Transport and Communications	0		0		0		0	
Others/Multisector	0		0		0		0	
Total	0	0.0	0	0.0	0	0.0	0	0.0

^a HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

^b Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

^c Includes private sector projects for countries with private sector operations.

Source : Programs (A), CTD (B & C), OEO (D)

TUVALU
PORTFOLIO PERFORMANCE
Table 2: Status of Project Implementation
Public Sector Projects Only
(As of 31 December 1999)

Sector ^a	Project Title	Net Loan Amount		Approval Date (mm/yy)	Effectivity Date (mm/yy)	Closing Date		Project Progress (% complete)	Cum Contract Awards (\$ million)	Cummulative Disbursement (\$ million)	Project Performance Rating ^b	
		OCR (\$ million)	ADF			Original (mm/yy)	Revised (mm/yy)				Implementation Progress	Development Objective
OTH	Loan 1693-TUV Island Development Program (IDP)		4.0	Jul-99	Nov-99	Jul-02		-	2.8	2.8	S	S
	Total	0.0	4.0						2.8	2.8		

^a Sector:

AGR: Agriculture & Natural Resources

ENE: Energy

F&I: Finance and Industry

SOC: Social Infrastructure

T&C: Transport and Communications

OTH: Others/Multisector

^b HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

TUVALU
OVERALL EXTERNAL ASSISTANCE
(in \$ million)

External Source	Past 3-5 Years (annual average)		1999 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
A. Multilateral Assistance				
ADB	--	0.3	4.0	0.6
EU	--	0.4	--	0.3
UNDP	--	0.3	--	0.3
Others	--	0.2	--	0.2
Subtotal	0.0	1.2	4.0	1.4
B. Bilateral Assistance				
Australia	--	1.5	--	1.4
Taipei,China	--	0.4	--	3.0
France	--	0.2	--	0.4
Japan	--	2.3	--	1.0
New Zealand	--	0.9	--	1.6
United States	--	0.4	--	0.8
Subtotal	0.0	5.7	0.0	8.2
Total	0.0	6.9	4.0	9.6
Memo Items:				
External Assistance as % of Current Expenditures				
		85	55	
External Assistance as % of Capital Expenditures				

Sources: Government and Bank staff estimates

TUVALU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2001-2003

Sector/Project Name	Poverty Classification ^{a*}	Crosscutting Operational Priority ^b	Responsible Division	Year of PPTA	PROJECT COST (in \$ million)					
					TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
2001 FIRM LOANS										
NONE IDENTIFIED										
2002 LOAN PIPELINE										
Social Infrastructure										
Tuvalu Maritime School Upgrade	PI	HD	POHQ	2000	2.0	2.0	2.0			
Subtotal					2.0	0.0	2.0	2.0	0.0	0.0
Total					2.0	0.0	2.0	2.0	0.0	0.0
2003 LOAN PIPELINE										
NONE IDENTIFIED										

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

TUVALU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2001-2003

Sector/Project Name	Responsible Division	Type of TA	Amount (\$ '000)		
			ADB	Others	Total
2001 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 PIER 2001	POHQ	AD	150.0		150.0
	Subtotal		<u>150.0</u>		<u>150.0</u>
Finance and Industry					
1 Microfinance Institutional Enhancement	POHQ	AD	250.0		250.0
	Subtotal		<u>250.0</u>		<u>250.0</u>
	Total		400.0		400.0
2002 TECHNICAL ASSISTANCE PROGRAM					
Vocational Training					
1 TMS Strengthening	POHQ	AD	200.0		200.0
	Subtotal		<u>200.0</u>		<u>200.0</u>
	Total		200.0		200.0
2003 TECHNICAL ASSISTANCE PROGRAM					
NONE IDENTIFIED					

TUVALU
LENDING PROGRAM, 2001-2003
BY POVERTY CLASSIFICATION, CROSSCUTTING OPERATIONAL PRIORITY AND SECTOR

Classification	2001 (Firm)		2002-2003	
	No.	%	No.	%
I. By Poverty Classification*				
A. Core Poverty Intervention		-		0.0
B. Poverty Intervention (Non-core)		-	1	100.0
C. Other Development Interventions		-		0.0
Total	0	0.0	1	100.0
II. By Crosscutting Operational Priority				
A. Environment		-		0.0
B. Gender and Development		-		0.0
C. Good Governance		-		0.0
D. Human Development		-	1	100.0
E. Private Sector Development		-		0.0
F. Regional Cooperation		-		0.0
Total	0	0.0	1	100.0
III. By Sector				
A. Agriculture and Natural Resources		-		-
B. Energy		-		-
C. Finance and Industry		-		-
D. Social Infrastructure		-	1	100.0
E. Transport and Communications		-		-
F. Others/Multisector		-		-
Total	0	0.0	1	100.0

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

[NAME OF DMC]

PROJECT PROFILE					
1. Project Name:			2. Sector/Subsector:		
3. Poverty Classification: ^a			4. Crosscutting Operational Priority: ^b		
5. Rationale & Objectives:			6. Beneficiary Participation/Consultation Needs:		
7. Scope:					
8. Estimated Cost & Financing Plan:			Remarks:		
Loan Project Cost (\$m)					
Financing (Source)	FC	LC			Total
ADB					
Co-financing					
Borrower					
Sub-borrowers					-
Total			0.0		
9. Estimated Benefits and Beneficiary Groups:					
10. Executing Agency:			11. Project Implementation Period:		
			Start:		
			End:		
12. Environment Category:			13. Processing Year:		

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; PG = Pro-poor Growth

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD=Private Sector Development and RC = Regional Cooperation

Note: For 2001 loan projects only.

VIET NAM

PROJECT PROFILE					
1. Project Name: Central Region Poverty Reduction Project			2. Sector/Subsector: Agriculture and Natural Resources/ Irrigation and Rural Development		
3. Poverty Classification: ^{a*} CPI			4. Crosscutting Operational Priority: ^{b*} ENV		
5. Rationale & Objectives: The incidence of income poverty in the Central Region is about 45 percent, with a food poverty line of 20 percent. It is the least developed region of the country with a per capita GDP of \$218, which is about 62% of the national average of \$350. The highest incidence of poverty can be found among the region's farmers. These poor households generally have limited land holdings, suffer from low agricultural productivity, lack outside employment opportunities for surplus labor and, for the most part, have no ready access to savings and credit. The highest levels of underemployment in the country are also found in this region.			6. Beneficiary Participation/Consultation Needs: The Project is being formulated through a project preparation technical assistance (TA). The TA will make use of extensive participatory analysis and inputs from may different stakeholder and beneficiary groups, local and national government authorities. Workshops will be convened in Hanoi and regional locations to facilitate consultations with target beneficiaries and stakeholders.		
7. Scope: The Project will seek to achieve the following: (i) Improving rural productivity, food and income security; (ii) improving infrastructure, access to financial services and mobilizing the private sector; (iii) effective natural resource management; (iv) greater participation and empowerment of the rural poor; and (v) improving decision making and public sector management. The Project will likely include the following components: (i) increased food security and household incomes through improved on--farm productive activities in agriculture (crop production, livestock, aquaculture/fishery, forestry) and off-farm employment opportunities through access to rural financial services; (ii) support for small-scale village/community level infrastructure; (iii) capacity building of local government authorities and beneficiaries to successfully plan and implement project activities; and (iv) strengthening community participation in provision of services and upgrading of local technical skills to facilitate village-level productive activities.					
8. Estimated Cost & Financing Plan:			Remarks Preliminary cofinancing interest from DFID		
Loan Project Cost (\$m)					
Financing (Source)					
	FC	LC			Total
ADB	tbd	tbd			40.0
Co-financing	tbd	tbd			5.0
Borrower	tbd	tbd	15.0		
Total	tbd	tbd	60.0		
9. Estimated Benefits and Beneficiary Groups: The Project will contribute to reduction in the level of absolute poverty in the project area, improvement in the status and quality of life of vulnerable groups, and improved natural resource management.					
10. Executing Agency: Local Government through relevant Provincial People's Committees.			11. Project Implementation Period: Start: 2001 End: tbd		
12. Environment Category: A			13. Processing Year: 2001		

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions.

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation.

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

VIET NAM

PROJECT PROFILE				
1. Project Name: Provincial roads Improvement Project		2. Sector/Subsector: Transport/Rural Roads		
3. Poverty Classification: ^{a*} ODI		4. Crosscutting Operational Priority: ^{b*}		
5. Rationale & Objectives: Despite the overall good coverage of the road system in Viet Nam, most of it is in poor condition. Initial efforts in the road subsector focussed on National Highway No. 1. Aid agencies also provided assistance for improving/upgrading other important components of the national highway network as well as the district and commune networks. Little attention has been given to the provincial road network that provides for continuity between the national, district and commune road networks. Therefore the overall goal of the project will be to help the Government implement its poverty reduction programs by providing assistance for the improvement of the provincial road networks in 17 provinces located in the northern part of the country. These improvements will be economically feasible, technically sound, cost effective, and environmentally and socially responsible. Activities and assistance to rationalize and improve the policies directing and the capacities of the provincial departments of transport will be included.		6. Beneficiary Participation/Consultation Needs: The Project is being formulated through a project preparation technical assistance (TA). The TA involves consultations with representatives of local communities, community leaders and various other stakeholders. NGOs active in the field will also be consulted. Feedback from such consultations will be used in designing the project, its implementation and sustainability arrangements.		
7. Scope: The Project will have the following four components: (i) Improvement of about 4,000 km of provincial roads in 17 poor northern provinces; (ii) Consultant services to assist with subproject preparation and implementation; (iii) Consultant services (probably an NGO) to monitor social, environmental and resettlement aspects of implementation; and (iv) Consultant services to assist with developing local level road management capabilities.				
8. Estimated Cost & Financing Plan:				Remarks JBIC is a potential cofinancier
Loan Project Cost (\$m)				
Financing (Source)	FC	LC	Total	
ADB	30.0	20.0	50.0	
Co-financing	30.0	20.0	50.0	
Borrower	0.0	20.0	20.0	
Total	60.0	60.0	120.0	
9. Estimated Benefits and Beneficiary Groups: The Project will improve the efficiency of transport to and from the rural parts of the 17 provinces thus improving economic opportunity, and improved access to Government and other services. Benefits will accrue to transport users and the rural people served by these roads.				
10. Executing Agency: Ministry of Transport and Communications		11. Project Implementation Period: Start: 2001 End: 2004		
12. Environment Category: B		13. Processing Year: 2001		

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions.

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation.

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

VIET NAM

PROJECT PROFILE											
1. Project Name: Third Provincial Towns Water Supply and Sanitation	2. Sector/Subsector Social Infrastructure/ Water Supply & Sanitation										
3. Poverty Classification: ^{a*} PI	4. Crosscutting Operational Priority: ^{b*} HD										
5. Rationale & Objectives: The Project will help the Government achieve its development targets for the sector of providing safe drinking water to 90 percent of the urban population and appropriate sanitation facilities in selected provincial and district towns, eliminating subsidies and making the water supply companies financially self-sustaining; and reforming key sector institutions at the central and provincial levels.	6. Beneficiary Participation/Consultation Needs: Workshops and beneficiary participation are being undertaken under the ongoing PPTA.										
7. Scope The Project will cover 5 provincial towns and 3 district towns, and include water supply and sanitation improvements, upgrading of raw water pipelines, distribution pipework, water meters, and water treatment facilities. It will also include significant sanitation components including upgrading of latrines, installation of septic tanks, and connections to common drainage system.											
8. Estimated Cost & Financing Plan (\$): Loan Project Cost (\$m)	Remarks: Cofinancing interest expressed by AFD (France).										
<table border="1"> <thead> <tr> <th>Source</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>60</td> </tr> <tr> <td>Cofinancing</td> <td>Tbd</td> </tr> <tr> <td>Borrower</td> <td>25</td> </tr> <tr> <td>Total</td> <td>85</td> </tr> </tbody> </table>	Source	Total	Bank	60	Cofinancing	Tbd	Borrower	25	Total	85	
Source	Total										
Bank	60										
Cofinancing	Tbd										
Borrower	25										
Total	85										
9. Estimated Benefits and Beneficiary Groups: Benefits include provision of safe drinking water at affordable prices to the people, particularly the poor, health improvements to the population served, environmental improvements in the Project areas.											
10 Executing Agency Ministry of Construction	11. Project Implementation Period: Start: 2001 End: 2006										
# Environment Category: B	13. Processing Year: 2001										

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions.

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation.

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

VIET NAM

PROJECT PROFILE					
1. Project Name: Financial Sector Program Loan II (FSPL II)			2. Sector/Subsector: Finance/Capital Markets		
3. Poverty Classification: ^{a*} ODI			4. Crosscutting Operational Priority: ^{b*} PSD		
5. Rationale & Objectives: Production is dominated by SOEs. Economic growth will become highly constrained unless capital is allocated to well-governed, accountable SOEs and private enterprises. The capital market plays a vital role in creating and aligning ownership and market incentives. Capital markets and equitization mutually support each others' development, and dynamism that sustains growth, as seen in China. The development of capital markets, in particular the stock exchange, will (i) improve governance and management of enterprises, (ii) promote the mobilization and efficient use of capital, (iii) improve the financial structure of enterprises, and (iv) support balance growth of the financial system.			6. Beneficiary Participation/Consultation Needs: Private sector		
7. Scope Develop capital markets by (i) improving the legal and regulatory environment, (ii) promoting market liquidity through the development of money markets, (iii) supporting a level playing field to facilitate the growth of private enterprises (supplying issues to the market), (iv) possibly, further facilitating equitization (supplying issues to the market), and (iv) possibly, developing the pension system and insurance markets (developing demand for issues).					
8. Estimated Cost & Financing Plan (\$):			Remarks: Further refinements may be necessary to the Bank's program operations in the financial sector upon completion of the financial sector strategy.		
Loan Project Cost (\$m)					
Financing (Source)	FC	LC			Total
Bank					100.0
Co-financing					30.0
Borrower					10.0
Sub-borrowers					
Total			140.0		
9. Estimated Benefits and Beneficiary Groups: Viet Nam has experienced a remarkable reduction in poverty based on economic growth. The record of growth is now in jeopardy without SOE reform. Capital markets have a vital role to play in this reform. Benefits will be widespread.					
10. Executing Agency State Bank of Viet Nam and (possibly) State Securities Commission			11. Project Implementation Period: Start: 2001 End: 2004		
12. Environment Category: B			13. Processing Year: 2001		

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions.

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation.

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.