

Japanese ODA and Socialist Republic of Vietnam

By

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THESIS

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

for the degree of

MASTER OF PUBLIC POLICY

2007

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Abstract

This thesis is divided into 6 parts from the introduction to the conclusion. Each one has important and significant aspects of Japanese ODA and Socialist Republic of Vietnam. The Japanese ODA in Vietnam is explained with the background of Japanese ODA, types of Japanese ODA and benefits of Japanese ODA in chapter II. Vietnam believes Japan as a good partner because Japan did not support Vietnam War and Japan had a diplomatic relations with North Vietnam since 1973. But Japanese ODA to Vietnam resumed in 1991 and types of Japanese ODA to Vietnam also have been submitted. The benefits of ODA go to both sides.

The priority of Japanese ODA in Vietnam has three main areas: economic growth acceleration, improvement of social and living environment and institutional improvement. Japan believes the long term development of Vietnam economy will depend on these three areas. Chapter III will explain them. In chapter IV, Japan ODA policy in Japan-Vietnam relations is quite interesting because of their historical background and the popularity of Vietnam in Japan and the popularity of Japan in Vietnam. Their opinions and concerns on China have also been explained. In Vietnam, Japan adopted its ODA policy in accordance with the guidance of revised Japanese ODA charter. The main purpose of revised Japanese ODA charter can also be read. Moreover, the overall opinion of Canadians

to Japanese ODA will give another idea of Japanese ODA.

The effectiveness of Japanese ODA in Vietnam is many from the infrastructural development to the technological development. Especially poverty reduction support credit (PRSC), the development in agriculture and rural development (MARD) and support for education for all (EFA) are the good examples of the effectiveness of Japanese ODA in Vietnam. The effectiveness of these three has been mention in chapter V. In fact, Japanese ODA is one of the most important tools for Japanese foreign policy because the main purpose of new ODA Charter is to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity.

The conclusion of the thesis will focus on some recommendations and the future of Japanese ODA in Vietnam. As I mentioned, I have tried to submit some recommendations for Japanese ODA and Vietnam upon the understanding of my knowledge. Although somewhat may limit in scope in this thesis due to the lack of my knowledge and experience, this thesis will cover a wide variety of the Japanese ODA and the case of Vietnam.

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Dedicated

To

My Late Father

While

I was in Korea

Acknowledgements

I have submitted this thesis “A study on the Japanese ODA and Socialist Republic of Vietnam” to the KDI school of Public Policy and Management in partial fulfillment of the requirements for the degree of Master of Public Policy for 2006-2007. With regard to my thesis, I would like to express my sincere gratitude to all people who have contributed to the completion of it.

Firstly, I am deeply indebted to my thesis supervisor, Professor AHN, Byung-Joon, who has given his precious time, excellent comments and generous support to me from the beginning to the end of the entire process. His academic guidance, encouragement and excellent lectures during spring, summer and fall semesters during my stay in KDI School were extremely important for the development and completion of this thesis. Secondly, I would like to acknowledge and thank all of the professors I have met in KDI. The preparation of this thesis would not have been possible enough without the contribution of their informative lectures. Thirdly, I will always be indebted to Korea International Cooperation Agency (KOICA) for their financial support and necessary arrangements for me during the whole period of my stay in Korea. Fourthly, I would like to extend my thanks to my younger brother, Zaw

Zaw, Zicklin School of Business, Baruch College, N.Y. He deserves thanks for his tireless and various help in this regard. I should also pass my regards to my international students and Korean students who have offered me help during my enjoyable stay at KDI school, and special thanks to my Korean roommate, Mr. Park, Min-Beom, for his various supports to me like my elder brother.

Finally, my deepest regards to my father who has passed away in Myanmar while I am in Korea. He always encouraged me to be interested in reading and writing since my childhood and these past and present accumulated knowledge from reading various books makes me a knowledgeable person who can now proceed my further studies at KDI. This thesis is dedicated to my late father, U Nyunt Pe Than, with due respect, appreciation and love.

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List of Abbreviations

1. ADB : Asia Development Bank
2. ASEM : Asia - Europe Meeting (ASEM)
3. BHN : Basic Human Needs
4. CAD : Competition Administration Department
5. CEP : Community Empowerment Program
6. CIDA : Canadian International Development Agency
7. CPRGS : Comprehensive Poverty Reduction and Growth Strategy
8. CONCETTI : A consulting and research firm
9. DAC : Development Assistance Committee of OECD
10. DS : Development Study
11. EFA : Education for All
12. FDI : Foreign Direct Investment
13. GGP : Grant Assistance for Grass - roots Projects
14. GA : Grant Aid
15. GSO : Government Statistics Office
16. GTAP : Global Trade Analysis Project
17. HIV/AIDS : Human immunodeficiency virus (HIV)/Acquired immune

deficiency syndrome or acquired immunodeficiency syndrome

- 18. ICT : Information and Communications Technology
- 19. IDCJ : International Development Centre of Japan
- 20. IDRC : International Development Research Centre
- 21. INGOs : International Non-governmental Organizations
- 22. JICA : Japan International Cooperation Agency
- 23. JETRO : Japan External Trade Organization
- 24. MARD : Ministry of Agriculture and Rural Development (MARD)
- 25. MITI : Ministry of International Trade and Industry
- 26. MOFA : Ministry of Foreign Affairs
- 27. MOT : Ministry of Transport
- 28. MPI : Ministry of Planning and Investment
- 29. NGO : Non-Governmental Organization
- 30. ODA : Official Development Assistance
- 31. OECD : Organization for Economic Cooperation and Development
- 32. TCP : Technical Cooperation Project
- 33. PGAE : Participated Partnership Group on Aid Effectiveness

- 34. PRSC4 : Poverty Reduction Support Credit (4)
- 35. UNFPA : United Nations Population Fund
- 36. UNDP : United Nations Development Programme
- 37. UNICEF : United Nations Children's Fund

CHAPTER I

Introduction

ODA is the abbreviation of Official Development Assistance and a category of development aids. There are different ODA in the world and Japanese ODA is the financial flow made by Japan to developing countries and multilateral institutions. The main purpose of Japanese ODA is to promote the economic development and living standard of developing countries. Promotion of the living standard of people from poor countries by ODA is one of the highest points aimed by Japanese ODA.

According to the DAC¹, the full definition of ODA is as follows:

“Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (bilateral ODA) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions.”

— OECD, Glossary of Statistical Terms

1 The Committee of OECD which deals with development co-operation matters. There are currently 23 members of DAC, including Japan up to 2006.

In other words, ODA needs to contain the three elements:

(a) undertaken by the official sector

(b) with promotion of economic development and welfare as main objective

(c) at concessional financial terms (if a loan, having a Grant Element² of at least 25 per cent)

Japan was just one of the ODA receipts around 1950s but around 1990s it became the largest donor country in the world. It was a surprise to all.

Many western countries have to establish mutual cooperation programs with Japan because of the increasing role of Japanese ODA. In fact, the Japanese ODA was intended as war reparations especially for Asian countries but later these ODA became one of the most importance tools in handling Japanese foreign policy.

In this thesis, Japanese ODA and Socialist Republic of Vietnam can be viewed. Japan is the most developed nation in Asia and it is widely regarded Vietnam possesses the second highest economic growth rate in

² Here grant element reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to first repayment of capital).

the world after China. Japan is the capitalist and Vietnam is the communist. But there are some questions behind the Japan-Vietnam ODA relations that why Japan are so interested in Vietnam and what the interests of Japanese in Vietnam are. In here, the Japanese ODA policy in Japan – Vietnam relations may reveal these questions. On the side of the Vietnam, it is clear that Vietnamese are interested in Japan because of the influences of Japanese economy growth. How Japanese ODA are working in Vietnam and the effectiveness of them can be viewed in this thesis.

Nowadays, a large amount of Japanese ODA goes to Vietnam under the name of various programs and through these bilateral programs, the friendship and mutual understanding between Japan and Vietnam have become more deepened. In this thesis, the name of Vietnam is used as a short form of the full name, Social Republic of Vietnam.

CHAPTER II

Japanese ODA in Vietnam

2.1 Background of Japanese ODA

The background of Japanese ODA in Vietnam and the current relationship between Japan and Vietnam do not have long history but they have been dramatically increasing since Vietnam has adopted free trade economy after 1986. The Japan-Vietnam relation was established in September 1973. But because of the affects of Vietnam War, the Japanese financial assistance to Vietnam was postponed several decades. But Japan resumed its ODA for Vietnam in 1991 after Vietnam announced the world to reform its economy with the statement of Doi-Moi.³

Recognizing the importance of Vietnam, Japanese Government is providing various financial assistances to Vietnam. Among these, ODA is the one of the most important tools in handling with the Japanese foreign policy. One of the aims of Japanese ODA loan to Vietnam is to support

³ Doi Moi (renovation) is the name given to the economic reforms initiated by the Socialist Republic of Vietnam in the mid-1980s. As a result of Doi Moi, many free-market enterprises were permitted (and later encouraged) by the Communist Party of Vietnam.

economic reform of Vietnam. The Government of Japan has decided to extend its ODA to the Government of Vietnam to support its further effort for economic reform. At the Japan-Vietnam Policy Consultation held in Hanoi in April 2006, an agreement was reached between the two countries over (a) formulation of a Private Sector Promotion Program, (b) implementation of Audit of State-owned Enterprises, and (c) Tariffication of Non-tariff Barriers. Later, Finance Minister Kiichi Miyazawa⁴ indicated this ODA loan to the Government of Vietnam when he visited there in May, 2006.

Since 2000s, the relation between Japan and Vietnam has been improving year by year. From 2002 to 2004, important State level visits can be seen in both-sides as the result of Vietnamese economic reforms. In April 2002, Japanese Prime Minister Koizumi visited Vietnam to encourage the bilateral relations. After one month later, the Vietnamese Deputy Prime Minister Pham Gia Khiem visited Vietnam. In April 2003, Vietnam Prime Minister Phan Van Khai made a visit to Japan. In June

⁴ Kiichi Miyazawa was the finance minister of Japan from 1999 to 2002 in the governments of Keizo Obuchi and Yoshiro Mori. He also served as the 78th Prime Minister of Japan from 1991 to 1993.

2004, he again visited Japan to attend the seminar held by Nikkei newspaper. The Japanese Prime Minister Koizumi also visited Vietnam to attend ASEM 5 in October 2004 as his 2nd visit to Vietnam within 3 years. In July 2005, Vietnam Prime Minister Phan Van Khai visited Japan as his third time at a stretch. During these years, many high-rank officials from both sides exchanged their visits vice-versa.

Realizing the importance of Vietnamese development, Japanese government is implementing the Japan-Vietnam Joint Initiative⁵ in close collaboration among the Japanese government, Vietnamese government and Japanese enterprises. Generally, the aims of this bilateral initiative can be divided into three: to identify investment-related problems faced by investing enterprises, to facilitate common recognitions and understanding of the problems through a series of discussions and to carry out the best solutions to the problem at policy levels. To be highlighted these points, Japan government created joint committee

⁵ On April 7, 2003, Vietnamese Prime Minister Phan Van Khai and Japanese Prime Minister Junichiro Koizumi agreed in Tokyo to launch the "Japan-Vietnam Joint Initiative to Improve Business Environment with a View to Strengthen Vietnam's economic reforms.

through these initiatives to facilitate and strengthen the consultation process between the government of Vietnam and Japanese enterprises.



Figure 1: Japan - Vietnam Joint Committee



2.2 Type of Japanese ODA in Vietnam

Japanese ODA in Vietnam can be divided into 3 parts in general. They are loan⁶, grant aid⁷ and technical cooperation⁸.

6 ODA loans, commonly known as yen loans in the case of Japan, are loans extended by donor governments directly to developing countries. In other words, under the terms of a yen loan, development funds are furnished to developing countries at low interest rates over extended periods of time.

7 Grant aid is a form of ODA involving the provision of funds to the governments of

Table 1: Total ODA in Yen to Vietnam (From 1993 – To 2004)

Fiscal year	1993	1994	1995	1996	1997	1998
Total	598.90	660.47	821.48	923.87	965.19	1,008.22
Loan	523.04	580.00	700.00	810.00	850.00	880.00
Grant aid	62.70	56.72	89.08	80.35	72.97	81.86
Tech cooperation	13.16	23.75	32.40	33.52	42.22	46.36
	1999	2000	2001	2002	2003	2004
	1,119.9	864.03	905.94	912.65	917.38	926.00
	1012.81	709.04	743.14	793.30	793.30	820.00
	46.41	80.67	83.71	52.27	57.00	50.23
	60.70	74.32	79.09	67.08		55.77

Source: Embassy of Japan in Vietnam

Note: The amounts of loan and grant aid in each fiscal year have been

developing countries without the obligation of repayment. The aim is to cooperate with economic and social development by helping the government of the recipient country to introduce and upgrade its facilities and equipment.

8 Technical cooperation projects are one of JICA's main types of overseas activities. They are results-oriented, with Japan and a developing country pooling their knowledge, experience, and skills to resolve specific issues within a certain timeframe. The projects may involve the dispatching of experts from Japan to provide technical support, invitation of personnel from developing countries for training, or the provision of necessary equipment.

calculated based on the signing date of Exchange Notes. The amount of technical cooperation in each fiscal year is the actual expenses executed by JICA.

The loan amount of 1999 includes JPY 20 billion of the MIYAZAWA Initiative⁹ of “Loan for economic reform”. The loan amount of 2004 includes JPY 2 billion provided for the Poverty Reduction Support Credit (PRSC)¹⁰.

According to the table, the Japanese ODA of the fiscal year 2004 to Vietnam is about JPY 92.6 billion, of which the loan is JPY 82 billion, grant aid is JPY 5 billion and technical cooperation is JPY 5.6 billion. Japan’s ODA for Vietnam from 1991 to 2004 is JPY 1,108.1 billion, of which the loan is JPY 967 billion, grant aid is JPY 81.1 billion and technical cooperation is JPY 60 billion. Japan ODA for Vietnam makes up 26.5% of the total ODA for Vietnam in 2004. (Total ODA for Vietnam in

9 The Miyazawa Initiative announced by Japanese Finance Minister Kiichi Miyazawa in October 1998 has pledged or provided five Asian countries with \$21 billion, completing its initially stated role in giving financial assistance following the 1997 Asian financial crisis.

10 The PRSC is designed to support the implementation of the government's poverty reduction strategy, which aims to improve the delivery of basic services to the population.

USD is 3.4 billion, of this Japan ODA is USD 0.9 billion).¹¹

Table 2: Allocation of the type of Japanese ODA to Vietnam (From 1993 – To 2004)

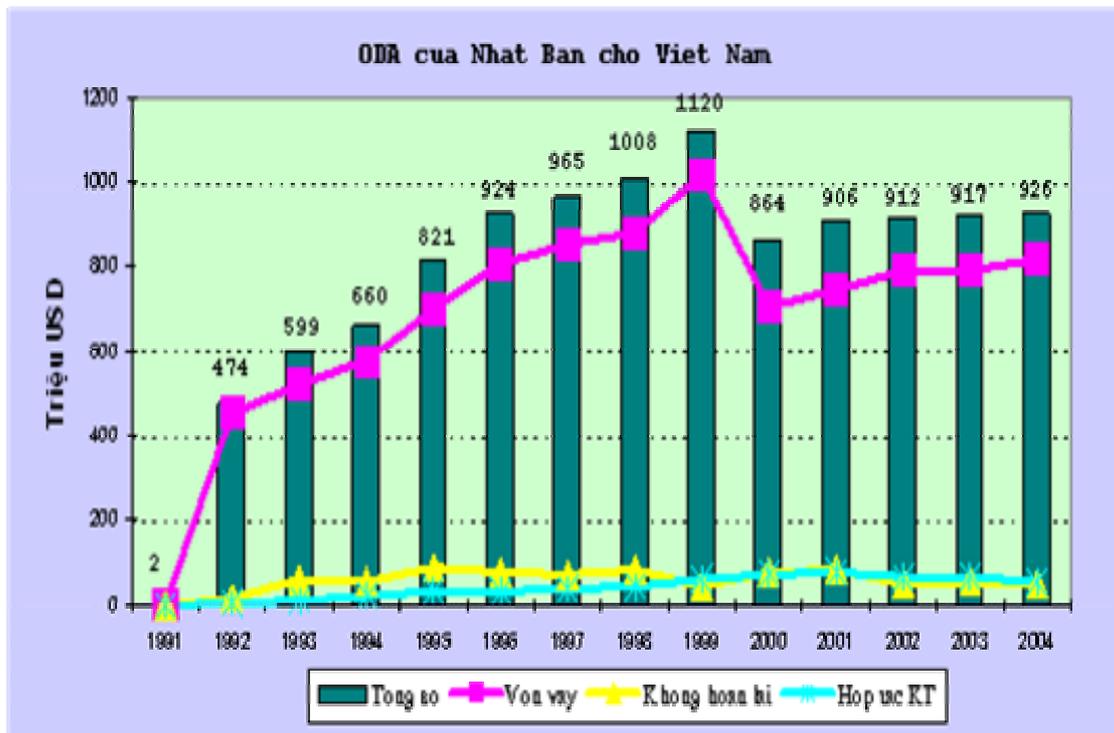
Loan capital	Bai Chay Bridge, Can Tho Bridge, Tan Son Nhat International Airport, Saigon East-West Highway, Hai Van Tunnel, Small Scale Pro-poor Infrastructure Dev., Pha Lai Thermal Power, Phu My Thermal Power, Hanoi Drainage Project, HCMC Water Environment, Cai Lan Port Expansion, Highway No. 5 improvement, Rural Telecommunication Network, O Mon Thermal Power Plant
Grant Aid	VN-JPN Human Resources, Human Resources Development scholarship (Hanoi), Bridges in Central Area, Bridges in Cuu Long Delta, Transportation Tech. School, Primary School in Flood Areas, Primary School in Northern Area,

¹¹ Embassy of Japan in Vietnam

	<p>Agricultural University of Can Tho, Fishing Port Facilities at Vung Tau, Tan Chi Drainage System, Rural improvement in Nam Dan District, Nghe An Province, Cho Ray Hospital, Bach Mai Hospital, Hai Ba Trung Hospital, Improvement of National Hospital of Pediatrics, Reforestation Equipment in Central Highland, Da Nang Hospital, Measles Vaccine, Gia Lam Water Supply Facilities, Hai Duong Water Supply, Groundwater Dev. in Northern Area, Reforestation Equip (North), Reforestation Equipment in Central Highland, Forestation in Coastal Area</p>
<p>Technology Cooperation</p>	<p>There are 15 projects being executed such as Reforestation in the North, Artificial Insemination Tech., Law cooperation, Nghe An Reproductive Health, Higher Maritime Education, etc that are hosting 9,279 trainees (calculated from 2003), and sending 1,612 experts and 114 volunteers to</p>

Source: Embassy of Japan in Vietnam

Figure 2: Total ODA in Yen to Vietnam (From 1993 – To 2004)



Source: Source: Embassy of Japan in Vietnam

2.3 Benefits of Japanese ODA

The benefits from Japanese ODA in Vietnam are not only for Vietnam but for Japan. Generally, Vietnam receives a lot of benefits from Japan financial assistance especially in infrastructure sectors. Vietnamese local

firms participate the projects conducted by Japanese ODA and got contracts and technologies from Japan.

Specifically, Japanese ODA represents a way for Vietnamese companies to obtain financing for projects, participate in engineering and construction projects and in procurement of goods and offer consulting services. But these benefits do not go to one side. For the side of Japan, magnitudes of business opportunities are born for Japanese companies.

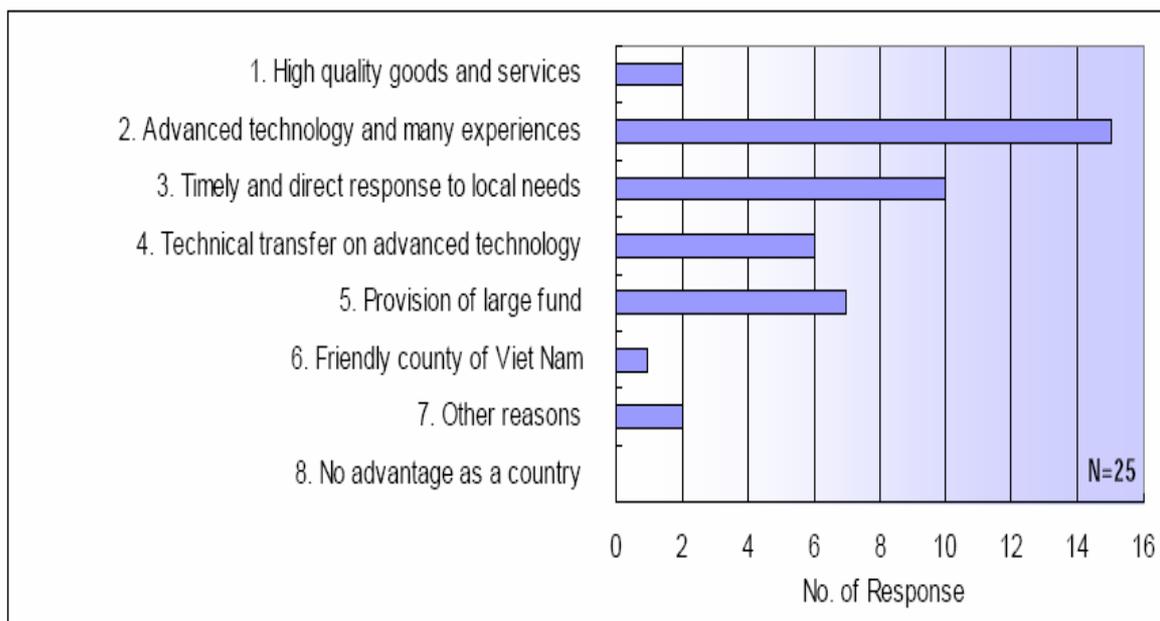
Why does Japan so actively participate in ODA? What are the benefits of Japanese ODA for Japan? Let examine the benefits of Japanese ODA in Vietnam for Japanese and Vietnamese companies: Benefits of Japan as a Country, Advantage of Japan with Japanese Companies in Charge and Advantage of Japan Regarding the Capability of Japanese Professionals in Charge.

Benefits of Japan as a Country

The following is a summary of responses from Japanese and Vietnamese companies from the results of related questionnaires and interviews. After careful review and analysis, answers on the advantages of Japan as a country could basically be divided into eight categories. The general

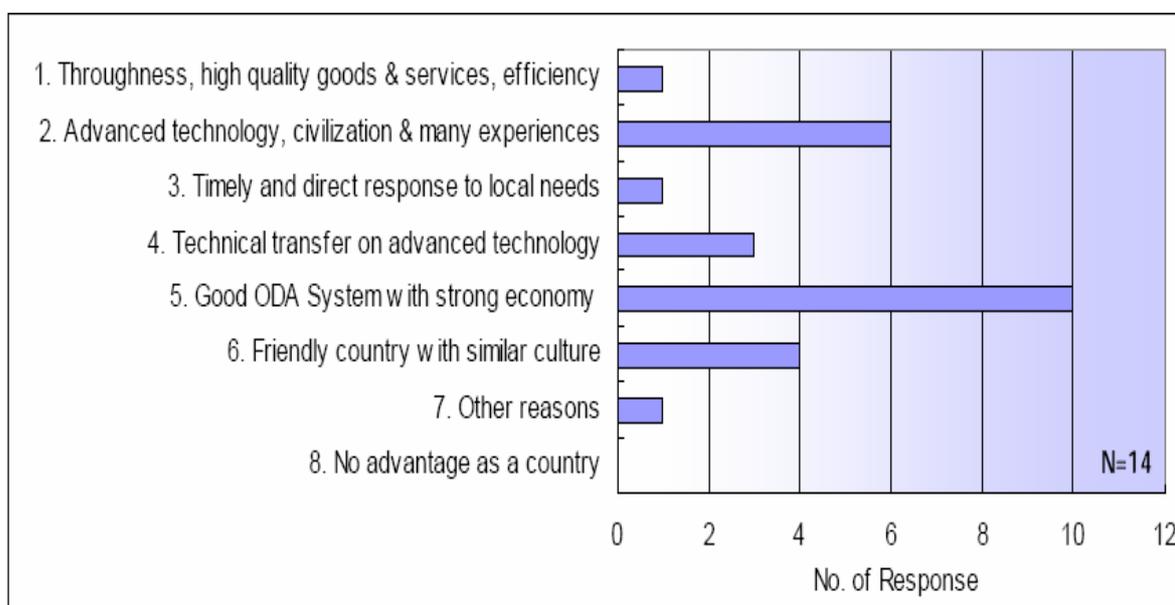
Vietnamese response on Japan was very good. It is clear that Japan as a country has provided a certain level of socio-economic and technical benefit to Vietnam through technology transfer to local consultants & construction companies and workers.

Figure 3: Summary of Responses from Japanese Consulting firms and Contractors



Source: MPI (Vietnam), MOT (Vietnam) and MOFA (Japan)
Final Report February 2006

Figure 4: Summary of Responses from Vietnamese Counterparts and Sub-contractors



Source: MPI (Vietnam), MOT (Vietnam) and MOFA (Japan)
Final Report February 2006

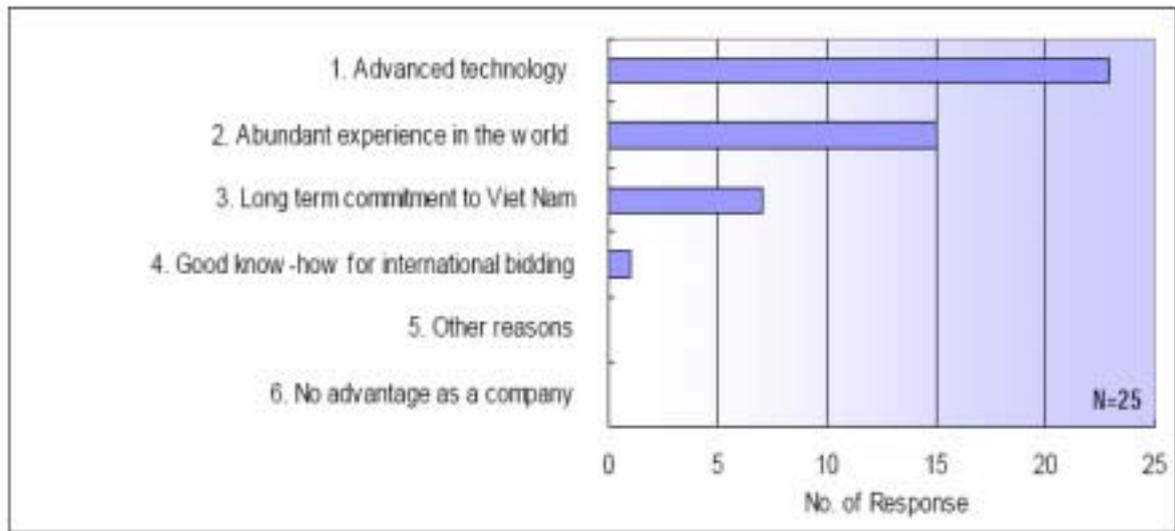
Advantage of Japan with Japanese Companies in Charge

The following is a summary of responses from Japanese and Vietnamese companies from the results of related questionnaires and interviews.

Answers on the advantage of Japan with Japanese companies in charge can be basically divided into four categories. Japanese companies in charge of the ODA program/projects are leading companies even in Japan so it is natural that they have advanced technology and skills together with abundant professional experience from all over the world. In addition, through interviews, those Japanese companies involved have

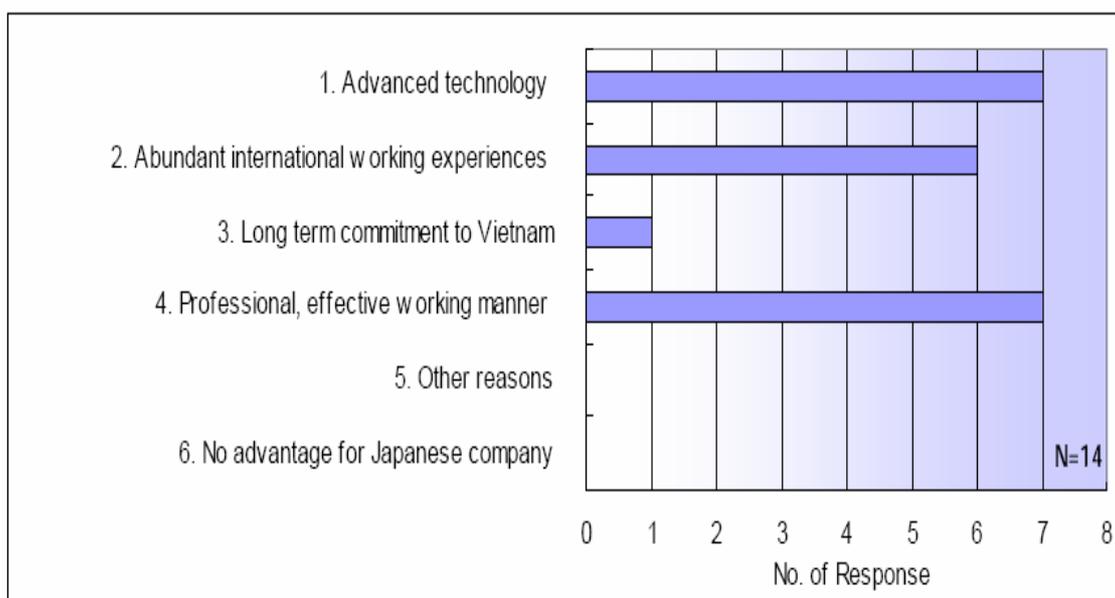
showed strong confidence in their technical advancement and in the quality of their consulting services and in the actual construction.

Figure 5: Summary of Responses from Japanese Consulting firms and Contractors



Source: MPI (Vietnam), MOT (Vietnam) and MOFA (Japan)
Final Report February 2006

Figure 6: Summary of Responses from Vietnamese Counterparts and Sub-contractors



Source: MPI (Vietnam), MOT (Vietnam) and MOFA (Japan)

Final Report February 2006

Advantage of Japan Regarding the Capability of Japanese

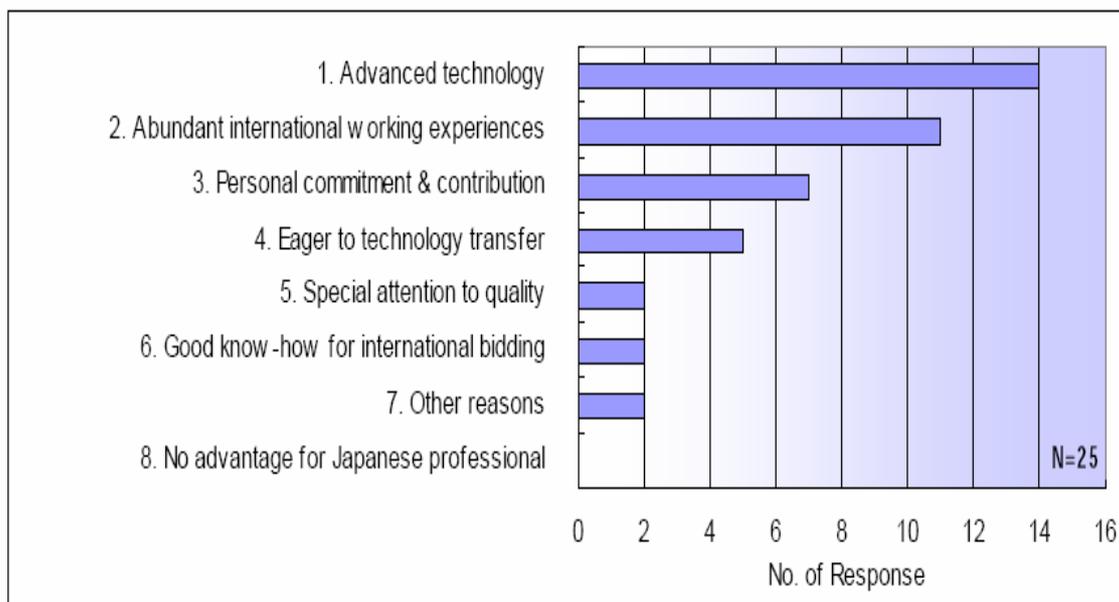
Professionals in Charge

The following is a summary of responses from Japanese and Vietnamese companies from the results of related questionnaires and interviews.

Answers on the advantage of Japan from the point of view of the fact that Japanese engineers/professionals are in charge can basically be divided into six categories. A good Japanese engineer/professional was generally

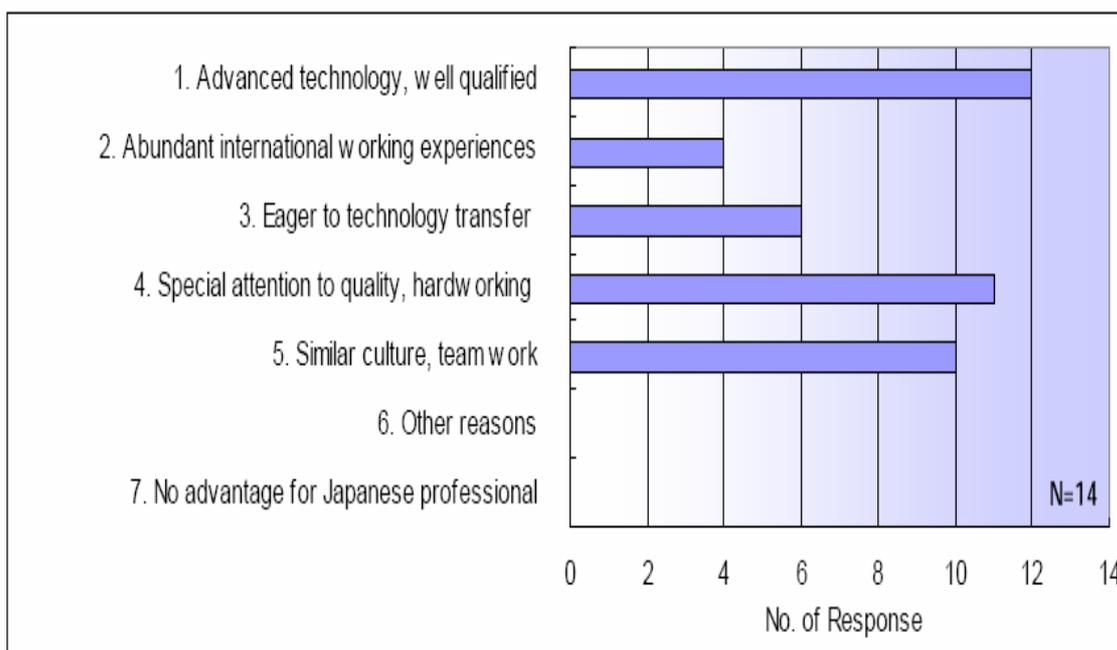
regarded as a hard working person with knowledge of advanced technology and with much international experience. Their personal commitment for technology transfer on site was highly appreciated by Vietnamese engineers and workers.

Figure 7: Summary of Responses from Japanese Consulting firms and Contractors



Source: MPI (Vietnam), MOT (Vietnam) and MOFA (Japan)
Final Report February 2006

Figure 8: Summary of Responses from Vietnamese Counterparts and Sub-contractors



Source: MPI (Vietnam), MOT (Vietnam) and MOFA (Japan)
Final Report February 2006

CHAPTER III

Priorities of Japanese ODA in Vietnam

The priority of the Japanese ODA in Vietnam reflects the charter of Japanese ODA that the Japanese government's commitment to support economic and social infrastructure development, human resource development, and institution-building in developing countries, as well as

to address poverty, famine, and global issues such as the environment and HIV/AIDS.

In Vietnam, economic growth acceleration, improvement of social and living environments and regime institutional improvement are the top priorities of Japanese ODA with an aim of promoting a harmonized economic growth between infrastructure development for a sustainable economic development and assistance to the poverty alleviation.

To successfully implement the priority of Japanese ODA in Vietnam, New Country Assistance Program¹² in priority Sectors for Vietnam has been adopted. In fact that program was a revision of the previous Country Assistance Program (CAP) for Vietnam formulated in June 2000 with an aim to enhance Japan's aid effectiveness and implementation efficiency. Unlike the previous program which was drafted under the leadership in Tokyo, the New CAP was formulated mostly under the leadership of the Japan's ODA Task Force (Japan Team) established locally.

Based on the relationship with Vietnamese Government's development

12 In here, Japan formulated New CAP in Vietnam in 2006 with three major objectives: Promotion of Growth, Improvement of Living and Social Aspects, Institutional Improvement. The old CAP was initiated in 2000.

priorities, the New CAP stipulates three pillars: (1) Economic growth acceleration (2) Improvement of social and living environments and (3) Institutional improvement as priority areas for the country.

3.1 Economic growth acceleration

Japan recognized the role of motive for growth (private sector and foreign direct investment – FDI), proper systems and policies and the backgrounds for economic activities such as infrastructure and human resource are the pillars to speed up the economic growth. Therefore, the Japanese Government pays special attention to improve investment climate, SME and private sector development, transportations, power supplement, telecommunications, development of human resources supporting Growth, and economic reforms including SOE reforms.

Here is the beautiful story of the achievement of Vietnamese ODA in Vietnam, one of the priority projects of Japanese ODA in Vietnam. This is one of the Transportation Infrastructure Projects in Northern Vietnam. Hai Phong¹³, which is the largest port city in the northern region, is known as an international port, handling the second largest amount of

13 Haiphong (Vietnamese: Hải Phòng) is the third most populous city in Vietnam.

freight in Vietnam. The port and National Highway No. 5, which connects Hanoi and the port, are key infrastructure for inbound and outbound shipments for the country.

However, Hai Phong is a shallow port, making it difficult for large freighters to enter. In addition, the port did not have sufficient container facilities that could handle a large amount of goods. Also, National Highway No.5 could not manage the increase in traffic, since the national highway had only a single lane in each direction. The government of Japan provided yen loans to Vietnam for upgrading Hai Phong port and National Highway No. 5, making the delivery of shipments through these two important thoroughfares more effective. The total number of freighters handled at the new port has been rapidly growing and, in fact, more foreign firms based in Hanoi use the port for shipments. Overall, the project has contributed to the promotion of foreign direct investments to the northern region, creating new job opportunities for approximately 14,000 local people and further promoting industrial activities, particularly trading. In short, with this successful project, the northern region of Vietnam has achieved further economic development.

3.2 Improvement of social and living environments

If we think that economic growth can completely solve out all matters related to social and living environments, it is not true. In some cases, it even makes these worse. According to social and humanity views, the improvement of social and living environments is very important. Moreover, it will create basic conditions for economic development in future. Being aware of this, Japanese Government attaches special importance to support education, health, agriculture and rural development, urban development, environment, and cross- sector issues in improving living and social conditions.

3.3 Institutional Improvement

Realizing the importance of the institutional improvement for a developing country which is struggling for economic reforms, Japan put institutional development of Vietnam as one of the priorities of Japanese ODA. By improving the Vietnamese institutional structure, Japan believes it can create security of the effectiveness in Japanese development aid and certainty of Japan's active participation in improving the institution and policy environment in Vietnam.

Japanese Government is assisting to improve the legal system, and administrative reform in Vietnam. In accordance with the commitment for improving the Vietnam legal system, A study on “capacity building for enforcement of competition law and implementation of competition policy in Vietnam”¹⁴ has been implementing by the Japanese government. The signing ceremony of Scope of Work of the Study was held among the representatives of Competition Management Department, Ministry of Trade and JICA Vietnam Office in 2005. The activities conducted during the study were general review of the conditions for fair trade competition in Vietnam and Capacity building of Competition Administration Department (CAD) on necessary measures and practical procedures for enforcing Competition Law. (Vietnam Economic Times, 10 Oct., page: 4)

14 Vietnam is fulfilling its transition to a market economy and accelerating its regional and economic integration. In this context, competition policy is viewed as important contribution to international trade and development. The National Assembly of Vietnam passed the Competition Law in October 2004, and it has enacted since July 2005. Having seen the essential role of the competition policy for Vietnam, the Government of Japan has decided to conduct the study on Capacity Building for Enforcement of Competition Law and Implementation of Competition Policy in Vietnam.

CHAPTER IV

Japanese ODA policy in Japan - Vietnam relations

Before understanding the Japanese ODA policy in Vietnam, it is important to understand the background history between Japan and Vietnam and the popularities of each other. Vietnam has a long and interesting history and the name of Vietnam had become popular worldwide with the Vietnam War. In 1986, the Communist Party of Vietnam implemented economic reforms known as Doi Moi(renovation). During much of the 1990s, economic growth was rapid, and Vietnam reintegrated into the international community. It re-established diplomatic relations with the United States in 1995, one year after the United States' trade embargo on Vietnam was repealed. Although the current relations between Japan and Vietnam is not too long but both of them have long histories and share some culture.

4.1 Historical background

There was no historical record to recite exactly when the Japanese started trading with Vietnam. Vietnamese historians only knew that Chinese merchants traded with Vietnam a couple hundred years before

the Japanese. There is no evidence when the relations between Japan and Vietnam started because the history between China, Japan and Vietnam made confused. But early Vietnamese official records documented the first contact between the Japanese and the Vietnamese occurred in 1585. Tracing back through history, there were good explanations for the Japanese wanting to trade with the Vietnamese. Since the Tang dynasty in the 8th century, Chinese merchants had already crossed the open ocean to Japan, Champa¹⁵, and Java for commercial trade. And in the 12th century, the Japanese merchants began sailing to China with the same purpose. During the Ming dynasty in the 16th century, trade friction between Japan and China mounted as Japanese pirates attacked many Chinese seaports. The Ming banned its citizens from trading abroad with foreigners, especially the Japanese regardless of whether they are honest Japanese merchants or pirates and applied the embargo policy towards Japanese ships. During that period, Japan desperately needed high-quality Chinese raw silk for their royal

15 The kingdom of Champa controlled what is now south and central Vietnam from approximately 7th century through 1832. Before Champa, there was a kingdom called Lin-yi (established since 192 A.D.) but the relationship between Lin-yi and Champa is still not clear.

Court and war materials for their army. Therefore when direct trade with China was becoming increasingly difficult, the Japanese merchants alternatively turned south towards Vietnamese ports, neutral trading sites with Chinese merchants.

Major characteristics of Japan and Vietnam include shared Chinese-derived language characteristics, as well as shared religion, especially Buddhism. There is also a shared social and moral philosophy derived from Confucianism.¹⁶ Though Japan and Vietnam are not Chinese speaking regions, their languages have been heavily influenced by Chinese. Even though their writing systems have changed over time, Chinese is still found in the historical roots of many borrowed words, especially technical terms. That is why although Japan and Vietnam is far from each other, because of Buddhism, Chinese characters, and other Chinese Cultural Influences, there is not much diversity between Japan and Vietnam.

¹⁶ Confucianism literally "The School of the Scholars"; or "The Teachings of Confucius" is a Chinese ethical and philosophical system originally developed from the teachings of the early Chinese sage Confucius. It is a complex system of moral, social, political, and religious thought which has had tremendous influence on the history of Chinese civilization up to the 21st century.

4.2 Japanese Vietnamology and Vietnamese Japanology

Today, the study of Vietnam's history and culture is quite popular among Japanese because of the development of Vietnam economy. This is called Vietnamology. What is the interest of Japan in Vietnam? Vietnam is situated in East Asia and it has the largest population in mainland South East Asia. Although Vietnam is one of the few communist countries in the world, the economy of Vietnam today is gaining achievement with great momentum. Moreover, Vietnam is widely regarded to be one of the next Asian tigers near future and it is also a bridge between China and Southeast Asia.

Therefore, powerful Vietnam can be a good partner for Japanese security and a good market for Japanese investors. Generally, most of the companies in the world including Japanese companies go and invest in China but for Japan, it needs to find out a new market that can guarantee the interest of Japanese. The relations between Japan and China are not in good position because of several reasons like Japanese history

textbooks controversy¹⁷. China does not believe Japan and vice-visa because of the bloody history. But China is expected to be the most powerful country in Asian in various aspects because of its population size, successful economic results and growing military services. These all may be the nightmare for Japanese because Japan realized that Japanese anti-sentiment in China is strong relatively to other Asian countries.

Moreover, today China is not good for foreign investors as it used to be because the labor charges have become higher and they need to look for new market. How does Japan balance growing China? Growing Vietnam is believed to produce good results for regional peace because Vietnam shares Chinese culture and ideologies. Powerful Vietnam may create Japanese security because Vietnam has also a bad history with China.

They had some serious limited war in their borders and Japanese and

17 The Japanese history textbook controversies is a series of controversies over government-approved history textbooks used in the secondary education (junior high schools and high schools) of Japan. The controversies primarily concern the constitutionality of the government authorization system itself and the textbook descriptions of the wars, war crimes, and imperialism conducted by Imperial Japan during the first half of the 20th century. It creates a wide spread of debate both domestically and internationally.

Vietnamese can share their same feelings and concerns on China. Moreover, Vietnam is the good place to turn the direction of investment from China because of the cheap, diligent and skilled labors. That is why understanding Vietnamese history and culture, Vietnamology, is important for Japan.

On the other hand, as for Vietnam, the popularity of Japan among Vietnamese is understandable because of the Japanese wealth and technologies. Japanology is the term generally used in Europe to describe the historical and cultural study of Japan; in North America, the academic field is usually referred to as Japanese Studies. Because of the enormous bilateral relations between two countries, Japanology, studying Japan culture, Japanese language, Japanese history has become more popular among Vietnamese than in the past. Japanese technical assistance, one of the categories of Japanese ODA made a large amount of Vietnamese student flow to Japan to learn Japanology.

Let`s get back to the brief history of current Japan-Vietnam relations. As of 2005, Japanese-Vietnamese relations are based on Vietnam's

developing economy and Japan's role as an investor and foreign aid donor. During the Vietnam War of the 1960s and 1970s, Japan had consistently encouraged a negotiated settlement at the earliest possible date. Even before the hostilities ended, it had made contact with the Democratic Republic of Vietnam (North Vietnam) government and had reached an agreement to establish diplomatic relations in September 1973. Meanwhile, Japanese trade with Vietnam - US\$285 million in 1986 - was conducted through Japanese trading companies and the Japan-Vietnam Trade Association (on Japan side JETRO)¹⁸, which was made up of some eighty-three Japanese firms. Japanese government officials also visited Hanoi in support of trade, but Vietnam's failure to repay outstanding public and private debts inhibited further trade growth. Japanese exports to Vietnam emphasized chemicals, textiles, machinery, and transportation equipment. In return, Vietnamese exports to Japan comprised mostly marine products and coal. So, Vietnamese believe

18 Japan External Trade Organization (JETRO) is an independent parastatal corporation established by the Ministry of International Trade and Industry (MITI) in 1958 to consolidate Japan's efforts in export promotion. As of 1989, JETRO maintained seventy-eight offices in fifty-seven countries, as well as thirty offices in Japan, with a total staff of 1,200.

Japan is the one of the best friends of Vietnam in the past, present and future. That is why understanding Japan history and culture, Japanology, is important for Vietnam.

4.3 Japanese ODA policy in Vietnam

Japanese ODA policy in Vietnam is implementing in accordance with the guideline of the Japanese ODA charter. The original charter of Japanese ODA was adopted in 1992 and it has been revised in 2003 as a new ODA charter. The main objectives of Japan's original ODA charter are to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity.

The ODA charter states the four basic philosophy of Japan's ODA, which are defined using Japan's unique position in the world and its active engagement in international cooperation, while the history of Japan's ODA and its achievements, experiences, and the lessons learned through its activities are taken into consideration. One of the four philosophies is that Japan's ODA is provided from a humanitarian standpoint. Another is that it is based on the interdependent relationship between Japan and the

partner country. The third is that Japan's governmental aid places an emphasis on environmental conservation in socioeconomic development. The fourth is that Japan attaches central importance to the support for self-help efforts of developing countries towards economic take-off. The charter also states that Asia will continue to be priority region for Japan's ODA and global problems, such as environmental issues, should be more in focus.

With these statements of the charter, Japan further develops its ODA policies for diversified needs for aid in developing countries. The charter intentionally avoids the term “national interest”¹⁹, given that its meaning varies depending on who interprets it. Instead, it substitutes the phrase, “to ensure Japan's security and prosperity,” which everyone agrees is the ultimate objective of the government`s overall activities.

19 The national interest is a country's goals and ambitions whether economic, military, or cultural. In here, Japan nation interest to ensure Japan's security and prosperity. Because of Japanese participation in World War II, Japan can not produce nuclear weapon and can not be military super-power. So, it is very important to safeguard its security by promoting international relations.

In order to implement the objectives of new ODA charter, five basic policies have been adopted: Supporting self-help efforts by developing countries, Enhancing Human Security, Assuring fairness, Utilization of Japan's experience and expertise, and Partnership and collaboration with the international community. Supporting self-help efforts has been a key concept of Japan's ODA for decades. Based on this concept, the government has focused on assistance to basic and higher education as well to improving administrative, legal and health systems in developing countries. The second basic policy, human security, is a concept which focuses on the protection of individuals from threats like poverty, conflicts, and infectious diseases. It is based on the belief that every man and woman should be respected as an individual and should receive protection regardless of his or her government's circumstances. Fairness in ODA is a matter of growing concern for the donor community. Gender equality is one of the concerns of this third policy. Moreover, any Japanese assistance should not harm the natural and environmental issues. According to the fourth policy, the Japan will utilize its own technologies, expertise and human resources as a response to increasing

Japanese public pressure to make Japan's ODA more visible and reflective of Japanese interests. The last policy of the revised chapter is to broaden the scope for cooperation and coordination with a variety of stakeholders. A number of projects have been implemented jointly with the US, France, and Canada to address such global issues as the environment, water, and HIV/AIDS. Likewise, Japan has been intensifying collaboration with UN Agencies like UNDP, UNICEF, UNFPA, as well as International Financial Institutions like the World Bank and the ADB, through policy dialogue and joint financing. These experiences will lead Japan to be more active in international issues and to maintain the mutual understanding between international communities and Japan in this globalization era.

The ODA charter also sets forth priorities in terms of issues and regions. In terms of issues, the charter specifies four priorities: Poverty Reduction, Sustainable Growth, Global Issues, and Peace-building. With the consensus to adopt the UN Millennium Development Goals²⁰, Poverty

20 The Millennium Development Goals are eight goals that 191 United Nations member states have agreed to try to achieve by the year 2015. They are to eradicate extreme poverty and hunger, to achieve universal primary education, to promote gender equality

reduction was recognized as the primary goal of development by the entire donor community. Therefore, Japan will give high priorities to providing assistance to such sectors as education, health care and welfare, water and sanitation and agriculture, and will support human and social development in the developing countries. To support sustainable growth, Japan will place importance on providing assistance for the development of the socioeconomic infrastructure - a key factor for economic activity, and also for policy-making, the development of institutions, and human resource development like cooperation in the field of trade and investment including the appropriate protection of intellectual property rights and standardization, cooperation in the field of information and communications technology (ICT), the acceptance of exchange students, and cooperation for research. Confronting the case of global issues such as global warming and other environmental problems, infectious diseases, population, food, energy, natural disasters, terrorism, drugs, and international organized crime Japan will address these issues

and empower women, to reduce child mortality, to improve maternal health, to combat HIV/AIDS, malaria, and other diseases, to ensure environmental sustainability, and to develop a global partnership for development.

through ODA and will play an active role in the creation of international norms. In order to prevent conflicts from arising in developing regions, it is important to comprehensively address various factors that cause conflicts. As part of such undertakings, Japan will carry out ODA to achieve poverty reduction and the correction of disparities.

The Japan International Cooperation Agency (JICA)²¹, as one of Japan's Official Development Assistance (ODA) executing agencies, is mainly responsible for technical cooperation to assist developing countries.

JICA started its activities in Vietnam in 1991 by posting Japanese experts and receiving participants from Vietnam for training in Japan. In 1995, JICA office in Vietnam was officially established. Since then, JICA's activities in Vietnam have been diversified and expanded to respond to the pace of socio-economic development in Vietnam. Japanese ODA policies in Vietnam are implemented through technical cooperation

21 The Japan International Cooperation Agency is an independent governmental agency that coordinates official development assistance (ODA) for the government of Japan. It is commonly known by the acronym "JICA". It is chartered with assisting economic and social growth in developing countries, and the promotion of international cooperation. The current organization was formed on October 1, 2003. As of 2005 it is led by President Sadako Ogata, the former United Nations High Commissioner for Refugees.

project (TCP)²², acceptance of trainees, development study (DS)²³, Grant Aid (GA)²⁴, JICA partnership program, sending volunteers, youth invitation program and emergency disaster relief.

22 Technical Cooperation Project (TCP): Human resource and institutional building are enhanced by transferring technology and knowledge to recipient countries.

23 Development Study (DS): DS is conducted to formulate development plans at the national or regional level in various social and economic fields for the recipient country.

24 Grant Aid (GA): JICA is responsible for the preliminary surveys for building facilities and procuring equipment and materials; and support for project implementation and post-implementation follow-up.

Table 3: JICA's Performance by Schemes and by Fiscal Year (April to March)

FY		91	92	93	94	95	96	97	98	99	00	01	02	03	04	Total
Training Program	Total	33	78	117	162	339	379	413	860	848	1020	1,597	1,664	2,126	1,798	11,451
	(Continued) (Person)	(4)	(8)	(10)	(14)	(16)	(25)	(25)	(22)	(46)	(162)	(57)	(48)	(118)	(76)	
Expert Dispatch	Total	2	1	1	18	56	75	102	189	222	288	374	299	284	293	1,815
	(Continued) (Person)			(1)	(1)	(4)	(18)	(23)	(40)	(48)	(70)	(100)	(108)	(93)	(90)	
Technical Cooperation Project	Total					1	3	4	6	7	14	15	15	19	21	31
	(Continued) (Project)							(2)	(4)	(5)	(7)	(13)	(14)	(13)	(15)	
Development Study	Total		1	6	16	15	17	17	16	13	16	13	11	5	7	66
	(Continue) (Project)			(1)	(5)	(12)	(9)	(9)	(10)	(11)	(7)	(7)	(9)	(4)	(4)	
Grant Aid	Total		3	4	8	6	7	6	4	2	10	8	7	12	11	48
	(Continued) (Project)			(1)	(5)	(4)	(4)	(2)	(3)	(2)	(2)	(4)	(2)	(2)	(6)	
Youth Invitation	(Person)					98	99	99	100	115	100	100	99	100	110	1,020
JOCV	Total				4	7	10	15	19	26	34	42	48	63	74	139
	(Continued) (Person)					(4)	(4)	(9)	(15)	(11)	(19)	(29)	(28)	(35)	(49)	
SV	Total											4	4	3	4	8
	(Continued) (Person)												(4)	(2)	(1)	
JICA Partnership Program	Total													3	4	4
	(Continued) (Project)														(3)	
Missions	Total	16	52	250	371	474	534	515	460	757	594	545	504	375	333	5,767
	(Continued) (Person)	(8)	(0)	(0)	(16)	(6)	(8)	(16)	(3)	(19)	(40)	(32)	(17)	(8)	(1)	

Sources: JICA Vietnam Office

The total amount of the cooperation for Vietnam is the accumulation of the totals since 1991.

- The numbers are JICA annual based mainly on the reports.

- The number of Grant Aid Projects is the number of the eventual projects of which implementation is facilitated by JICA.

- Development Partnership Program and Community Empowerment Program (CEP) have been gradually replaced by JICA Partnership Program since 2002. At present, Development Partnership Program and CEP no longer exist.

- Acceptance of Trainees: Engineers, technicians and administrative officials from developing countries are invited to Japan and provided with the skills and technology through the training courses.

- JICA Partnership Program: This program is implemented to contribute to the social and economic development of developing countries at the grass-roots level in collaboration with Japanese NGOs, universities, local governments.

- Sending volunteers: Volunteers anxious to use their skills and experience are sent to developing countries. Volunteers are the Japan

Overseas Cooperation Volunteers (ages of 20 to 40) and the Senior Overseas Volunteers (ages of 40 and above).

- Youth Invitation Program: Young people are invited to Japan to promote friendship and deepen mutual trust among young people from Japan and other countries through seminars/workshops, homestay program, and variety of local activities.

- Emergency Disaster Relief: In the event disaster in a developing country, JICA responds swiftly and appropriately by sending teams to assist with relief efforts and emergency supplies.

4.4 Japanese ODA policy in Western views

Japan was severely damaged by the World War II. After that, Japan had to ask international financial assistance to rebuild its crippled economy.

Japan was just one of the ODA receipts around 1950s. But with the recovery of Japanese economy, the achievement of Japanese ODA was immense. Other ODA donor countries were astounded with these results and started to establish joint cooperation with Japan on ODA. Westerners

also tried to understand the nature of and process of Japanese ODA but they found it as a complicated structure. One of these views, Canadian case, would like to be submitted. Since 1984 the Canadian International Development Agency (CIDA)²⁵ and Japan have held consultations on policy issues and undertaken joint cooperation at the project level.

Recently, the International Development Research Centre (IDRC)²⁶ initiated discussions with Japan on possibilities for cooperation. The people in CIDA, IDRC, and elsewhere who are actually working with the Japanese ODA system have no tool at their disposal to serve as a guide to its complex, often confusing underlying structure, the respective roles and responsibilities of the profusion of organizations, and the various types of ODA used as inputs into joint cooperation. As for the Canadians, the Japanese situation is difficult to be understood because their ODA delivery system is very simple. Although the approach is constrained by

25 The Canadian International Development Agency is a Canadian government agency which administers foreign aid programs in developing countries. CIDA operates in partnership with other Canadian organizations in the public and private sectors as well as other international organizations.

26 The International Development Research Centre (IDRC) is a Canadian crown corporation that supports researchers from the developing world in their search for the means to build healthier, more equitable, and more prosperous societies.

the total budget available for a project or program, it is flexible in terms of the content and inputs of projects and programs. In the view of Canadians, Japanese system is quite complicated because it has many players who all seem to get involved at some point or other in projects, but their role is unclear. Canadians (and Japanese) tend to think that the Japan International Cooperation Agency (JICA) is like CIDA, which is not the case. Canadians do not understand the roles of the various Japanese ministries in JICA's projects. They do not understand the nature of the Japanese nonprofit nongovernmental-organization (NGO) sector or the relations between the private and public sectors. They do not appreciate the depth of the difference between a Canadian team leader who is under contract to CIDA and a Japanese project team leader who is a government official.

Many publications are available on Japanese ODA. Japanese government publications are numerous, but each one is narrow in focus. The description of the actual delivery system tends to focus on the various types of inputs Japan provides to developing countries- grant aid, technical cooperation, and concessional loans. From the side of

foreigners, at first, it seems simple enough, but it becomes more and more complicated and convoluted in the actual process of joint cooperation. Because, by regulation, the various ministries provide experts for planning and implementation of JICA's activities, the availability of ministry personnel largely determines the scope and type of activities that can be included in a project design. All decisions require consensus among various players who may be unknown to outsiders working with Japan on a joint cooperation on ODA. Understanding the situation becomes very difficult.

They thought that the Japanese government publications neglect to outline the cast of organizations involved in the whole project cycle. Every organization reports on its own activities and presents ODA from its own perspective. Even Japan's Official Development Assistance Annual Report, which is published by MOFA and is the official government report on ODA, adopts the perspective of this ministry, with only a passing mention of the total amount of ODA provided to other (non-MOFA) ministries from the general account budget. If one wishes to know about the ODA activities of the other ministries, it is necessary to

request their publications. When they are available in English, they draw no distinction between the activities funded through the ministry's own budget and those funded through JICA. The distinction between public- and private-sector participation in ODA is blurred and difficult to understand for non-Japanese people. Official government publications do not even mention the activities of the private sector in Japan's official ODA. Information is also difficult to find on the roles and importance of other players in Japanese ODA, such as Japanese municipal governments and NGOs, and the constellation of organizations created by the various ministries.

CHAPTER V

Effectiveness of Japanese ODA in Vietnam

Japanese ODA in Vietnam started in 1991 and nowadays, the effectiveness of Japanese ODA in Vietnam can be seen in many places from educations to health, from Grass-roots Projects (GGP)²⁷ to reforms of institutional structures. All of them can not be mentioned but the effectiveness of GGP of Japanese ODA in Vietnam should be viewed as a good example. GGP is a kind of Japanese loan aid to assist the Basic Human Needs (BHN)²⁸. Since 1992, the Program of Grant Assistance for Grass-roots Projects (GGP) has been introduced by the government of Japan to eliminate the poorness in Vietnam.

In fact, this GGP Program is a close cooperation with local people in implementing grant aid projects of essential needs for Vietnamese people's daily life. Over 200 projects under the GGP Program have been

27 Since 1992, the Government of Japan has provided assistance to Viet Nam under the Program of Grant Assistance for Grassroots Projects (GGP). The GGP Program is a close cooperation with local people in implementing grant aid projects of essential needs for Vietnamese people's daily life.

28 Japan loan aid to assist the Basic Human Needs (BHN) is to support efforts to provide primary health care, basic education, family planning, nutrition, water and sanitation, and shelter in Vietnam.

implemented, with the total grant amount reaching approximately 13 million US dollars. These projects are not only implemented in major cities like Hanoi or Ho Chi Minh City, but also at grassroots level such as in provinces, districts, communes, concentrating on basic infrastructure such as education, healthcare, agriculture, etc. The GGP cooperation has achieved tremendous improvements in the living conditions of people in the project implementing areas. The Government of Japan, with experience and results obtained through the GGP scheme, continues to make greater efforts for the formulation and implementation of projects that help improve the Vietnamese people's lives.

In the first half of 2006, Vietnam participated Partnership Group on Aid Effectiveness (PGAE)²⁹ to improve the effectiveness of ODA working in Vietnam. The focus of the PGAE has been to build upon the many achievements of 2005 and to further advance the implementation of the Hanoi Core Statement³⁰, in line with international developments of the aid

29 The PGAE is a forum to coordinate, discuss and monitor the aid effectiveness agenda in Vietnam.

30 As a local realization of the conclusions of the High Level Forum on Aid Effectiveness held in Paris in March 2005 (The Paris Declaration), the Vietnamese Government and all its development partners have adopted the "Hanoi Core Statement

effectiveness agenda.

There are generally three selected examples of good HCS behaviors: (I) Poverty Reduction Support Credit (PRSC), (II) Ministry of Agriculture and Rural Development (MARD) and (III) Support for Education for All (EFA).

5.1 Poverty Reduction Support Credit (PRSC)

Vietnam is the one of the developing countries in Asia and financial resource from outside Vietnam plays a vital in to reduce the poorness of Vietnamese society. Vietnam receives various PRSC from OEDC countries but Japanese PRSC is one of the main pillars among them. Vietnam has achieved an average of 5.9 percent economic growth in the latest decades, more than twice the average of a developing nation. Like many developing nations, Vietnam has formulated its PRSC in a bid to achieve poverty reduction. The Vietnamese version of PRSC is the Comprehensive Poverty Reduction and Growth Strategy³¹ (CPRGS),

on Aid Effectiveness” as a far-reaching and monitorable action to make aid more effective. The Hanoi Core Statement contains 28 partnership commitments, which are grouped around 5 key pillars: ownership, alignment, harmonization and simplification, managing for results and mutual accountability.

31 In Vietnam, the Comprehensive Poverty Reduction and Growth Strategy (CPRGS)

which emphasizes both growth and poverty reduction.

In here, general definition of poverty is defined as a state lacking the five capacities of economic capability, human capability, political capability, socio-cultural capability and protective capability according to the DAC guidelines. This suggests poverty has various aspects, not only economic problems but political problems. In accordance with the DAC guideline, Japan`s poverty reduction support in Vietnam is mainly targeted to improve human capabilities (such as education, healthcare and welfare and water and sanitation) and economic capabilities (such as economic situation). In Vietnam, the country-based ODA task forces from Japan conducted a thorough analysis and consideration on each sector. Through this process, a common recognition base was made on what should be the key for assistance, leading to a good example of the conformity created between Japan`s assistance policy and Vietnam development goals. Japan`s financial aid to Vietnam to enhance of human

was approved by the Prime Minister in May 2002. Its implementation is a major challenge for involved government bodies and civil society in the years to come. Targets on the national (macro) level include the improvement of framework conditions and the harmonization of sectoral approaches for an ecologically sustainable and socially balanced economic growth.

capabilities such as education, health, and medical care made 50% of the total amount of assistance received by Vietnam.

Let specify the education sector how Japanese aid reduces poverty in Vietnam. In Vietnam, the primary school enrollment rate and the literacy rate are both high if compared other poor countries. But in its remote areas such as the mountainous provinces in the north, most of the people are poor and their children can not be sent to schools. The quality of education and school enrollment is low and it is a symbol of poverty. Japan`s Country Assistance Program for Vietnam examines aid to enhance the quality of primary education and improve the school enrollment rate as part of Japan`s assistance is extended to improving education facilities in remote areas such as the mountainous provinces in the north. Japan shares financial assistance to the World Bank to assist in constructing school buildings in the four of northern 14 provinces. As a result, the number of students per class room has dramatically improved from 34 to 107. It is future expected that two of three daily shifts at schools will be way, Japanese aid eliminated. In this helps Vietnam to reduce its poverty.

5.2 Ministry of Agriculture and Rural Development (MARD)

MARD is the abbreviation of Vietnamese Ministry of Agriculture and Rural Development. The Ministry plays an important role in development of Vietnam because agriculture and rural development lie at the heart of Vietnam. Most of the people in Vietnam are living in rural areas with three quarters of the population and around 90 percent of the poor living in rural areas. The development of agriculture as an engine for growth is vital for the achievement of poverty reduction. To improve the situation of Vietnam`s rural area, Japan pay special attention to MARD.

In rural areas of Vietnam, transport, electricity and telecommunications infrastructure is far from sufficient to support rural economies. Many areas still suffer from a limited access to safe water due to the lack of water supply systems and sanitary facilities. These areas are also vulnerable to frequent natural disasters. While their main economic sectors are agriculture, fishery and forestry, there are serious problems of redundant labor as well as out-dated technology. To address these problems, Japan provides assistance to develop rural infrastructure such as underground water, transport, irrigation system, and electrification.

To upgrade central institutions, veterinary and animal husbandry institutes and agricultural universities of Hanoi and Can Tho³² have been provided with training and capacity building. Other technical assistance was given to strength managerial capacity of agricultural cooperatives and to promote local industries.

5.3 Support for Education for All (EFA)

There is a concern that the learning environment in Vietnam still does not guarantee the quality of primary education as many primary schools are operating on two or even three shifts. To improve this situation, Japan has built more than 300 schools as well as provided technical support in formulation of the Primary Education Development Program. The Japanese school design was adapted as the model for primary schools in Vietnam. More importantly, the Primary Education Development Program has been serving as an important part of Vietnam`s “Education for All Action Plan” (EFA).

32 Can Tho pronunciation (help·info) is a city in Vietnam. The city, with an estimated population of 1,121,000 (2004), is the biggest city in the Mekong Delta.

CHAPTER VI

Conclusion

Nowadays, the world is changing a lot. Most of the countries including Japan, are trying to promote their national interest through bilateral co-operations. It means Japanese ODA was important in the past and now it is still important and even in the future it will be important for Japan. Especially Japanese ODA for Vietnam is very important for bilateral relations because of the national interest for both countries.

Japanese wants Vietnam to be developed because developed Vietnam can balance the power of China and Vietnam welcomes Japanese aid for its development because Vietnam does not want to be under the shadow of China. There may be some other reasons for their bilateral relations but for the political views, their main concerns are focused on China that is the historical enemies for Japan and Vietnam. As much as China is growing up, their relations are expected to be strengthened and developed.

But there are some constraints of ODA working in Vietnam. From the side of Japan, they have to face complicated procedure requirement to

implement and evaluate their task in Vietnam (e.g office, co-donors...).

Another is the limitation of Japanese consultants to supervise or to manage the process of Japanese ODA. From the side of Vietnam, bureaucracy and its incomprehensive policies is one of the main constraints of Vietnamese authorities. Lacking of proper management and effective supervision has added the constraint for Vietnamese authorities. To solve or to reduce the constraints now both sides are facing, recommendation should go to the both sides.

For the Japanese authority, to establish more effective assistance strategies, it is important to identify poverty reduction as a common goal for the ODA policy. It is further desirable under such a goal to organize key challenges in the order of characteristic such as social development, economic development, etc. Japan should focus its ODA to be a bridge for the gap between metropolitan areas and rural areas. More Japanese ODA to remote and mountainous areas should be welcome. This will lead to balanced development nationwide.

For the Vietnamese authorities, effective government administration should be implemented. Realizing the importance of Japanese ODA, the

promotion of human resources is a must to do as a long term strategy.

It is very important for Vietnam that ODA is effectively used in necessary area and the good results of ODA should be brought for further development. At the same time, the weak points of ODA should also be understood and should be lessons for further development.

For the future, there is no doubt that Japanese ODA will continues to Vietnam as long as Vietnam leads free market and democratization. Both leaders often stressed on the points of the importance of Japanese ODA during their State visits. But Vietnam should not rely of the financial aid of Japan so much because the source of Japanese ODA to Vietnam depends on Japanese economy. Nobody can guess the future of Japanese economy will be good or not. It is important for Vietnam to use Japanese ODA effectively to strengthen the long-term development of Vietnam. In fact, Japanese ODA is one of the prides of Japan, one of the best gifts to Vietnam and the best bridge for Japan and outside Japan.

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20. Japan`s Official Development Assistance Charter

(<http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>)

21. Paris High-Level Forum (2005)

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22. Continuing to Advance Aid Effectiveness _ Vietnam

(<http://www.aideffectiveness.org/images/b/b0/VietNam-2006-PGAE-ban-cuoi-cung-S2.pdf>)