

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. **Transport.** Recent Asian Development Bank (ADB) transport experience in Viet Nam has mainly involved investing in (i) expressway, highway, and road projects; (ii) a railway upgrading project; and (iii) urban mass rapid transit projects. Major investments to develop the Greater Mekong Subregion (GMS) Northern and Southern Corridors are nearly complete, and the Yen Vien–Lao Cai Railway Upgrading in the GMS Northern Corridor Project has been completed. ADB has been actively cooperating with development partners to a significant degree, entering into cofinancing agreements with (i) the Japan International Cooperation Agency (JICA) on the Ho Chi Minh City–Long Thanh–Dau Giay Expressway, and the GMS Ben Luc–Long Thanh Expressway; (ii) the Agence Française de Développement (AFD) and Direction Générale du Trésor (DGT) on the GMS Yen Vien–Lao Cai Railway; (iii) the Australian Department of Foreign Affairs and Trade’s Australian Aid, and Korea Export-Import Bank on the GMS Southern Coastal Corridor, and on the Central Mekong Delta Transport Connectivity; (iv) the AFD, DGT, and European Investment Bank on the Hanoi Metro Line 3; (v) KfW and the European Investment Bank on the Ho Chi Minh City Metro Line 2; and (vi) the Nordic Development Fund on the climate change component of the Transport Connections in Northern Mountainous Provinces Project.

2. **Water supply and sanitation.** Multilateral partners including Finland, Denmark, Saudi Development Fund, Spain, and JICA have played central roles in the development of small rural water supply schemes, and this will continue through to 2020. More recently, the World Bank has approved a result-based rural water supply scheme program in the northern mountains as contribution to achieving government policy targets linked to Sustainable Development Goal 6.

3. **Agriculture and rural development.** In response to the need for market oriented agricultural development, the Ministry of Agriculture and Rural Development has released the Rural Restructuring Proposal.¹ The major objective of agricultural restructuring was to develop a more vibrant and diversified rural economy with sustainable agricultural growth, high value creation, food safety per international standards, higher competitiveness, and increased farmer income from technology-driven intensive agriculture.

4. Agricultural investment from ADB in the northern mountains has focused on rural infrastructure and connectivity, whilst the World Bank has adopted a livelihood improvement focus, investing in small-scale enterprise development and growth. IFAD, with technical support from the Luxembourg Development Cooperation (LUXDEV), has focused on market-driven linkages and commercial agriculture development, mostly through rural enterprise and value chain support in Ha Giang, Tuyen Quang, Cao Bang, and Bac Kan provinces. With the experience of the World Bank livelihood programs, IFAD support has been used to inform output 3 of the proposed project’s investment in agriculture and rural value chains in Lang Son province. ADB has continued to provide a leading role in the GMS Core Agricultural Support Program that seeks to build policy and institutional strengthening for the emerging role of commercial value chains with the rural restructuring programs, along with the necessity for food safety needed both for the domestic market and in regional trade of agricultural products.

5. **Public sector management.** ADB is financing a programmatic approach for the Improving Public Expenditure Quality Program with policy-based loans as well as technical assistance for Support for Improving Public Expenditure Quality Program. The program supports

¹ The Rural Restructuring Proposal was approved by the Prime Minister in Decision No. 899/QD-TTg of 10 June 2013.

the government's commitment to improve the provision of infrastructure and service delivery to lift living standards and reduce poverty, and represents a medium- to long-term partnership between ADB and the government. The program was developed in close collaboration with other development partners and led to the establishment of the Public Expenditure and Fiscal Management working group in 2015 to enhance coordinated support. Understanding the urgent need to reverse the decline in Viet Nam's revenue–GDP ratio, various development partners (European Union, International Monetary Fund, JICA, World Bank) have been supporting the government in taxation reforms, which is complementary to the ADB program.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
ADB	Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces (road component)	2011–2016	\$108.00
	GMS: Ben Luc–Long Thanh Expressway	2011–2017	\$636.00
	Second Northern GMS Transport Network	2011–2016	\$75.00
	The Comprehensive Socioeconomic Urban Development Project in Hung Yen–Viet Tri–Dong Dang	2013–2017	\$0.67
	Improving Public Expenditure Quality Program	2014–2018	\$400.00
	Capacity Building and Coordination Improvement for Effective Regional Cooperation Investment Planning	2014–2016	\$0.80
	Improving Competitiveness Program	2014	\$230.00
	Viet Nam: Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth	2014–2020	\$50.00
JICA	National Highways and Provincial Roads Improvement	2004–2016	¥27,500.00
	North–South Expressway Construction Project (Ben Luc–Long Thanh)	2012–2017	¥14,100.00
	Small-Scale Pro-poor Infrastructure Development Program		\$150.00
World Bank	Da Nang–Quang Ngai Expressway Construction	2011–2016	\$630.00
	Vietnam Irrigated Agriculture Improvement Project	2014–2020	\$140.00
	Program “Result-based rural water supply and sanitation expansion” Loan Agreement no. 5739-VN (umbrella project)	2016–2020	\$0.27
	Economic Management Competitiveness Credit 1–2	2014	\$250.00
	Economic Management Competitiveness Credit 1–2	2014	\$150.00
LUXDEV	Smart Agriculture and Water Use Efficiency in Cao Bang	2015–2019	\$0.20
IFAD	The Pro-Poor Partnerships for Agro-forestry Development Project (3PAD) in Bac Kan Province	2009–2015	\$0.41
	Business development for poor people in Cao Bang province	2008–2014	\$0.41
	Commodity-Based Poverty Reduction Program Ha Giang	2014–2019	\$23.00
	Commercial Smallholder Support Project in Bac Kan and Cao Bang	In process	\$21.25

ADB = Asian Development Bank, EU = European Union, GMS = Greater Mekong Subregion, IFAD = International Fund for Agricultural Development, JICA = Japan International Cooperation Agency, KEXIM = Export-Import Bank of the Republic of Korea, LUXDEV = Luxembourg Development Agency, TA = technical assistance.
Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

6. Viet Nam has actively and successfully promoted efficient and effective coordination and cooperation among various development partners and stakeholders. As one of its three main development partners, ADB has played an active role in the consultative group process, and supported the government in adopting a new mechanism—the Viet Nam Development Partnership Forum—in 2013. ADB has been supporting the forum preparation and policy dialogue on financing for infrastructure, economic institutional reforms, efficient service delivery, and private sector development.

C. Achievements and Issues

7. ADB continues to be a highly active development partner in supporting the country's central highlands and northern mountains rural area. Operations funded by ADB's Asian Development Fund have prioritized the central highlands and northern mountainous provinces with wide sector coverage, including transport and other physical infrastructure, rural development, urban and water services improvement, and support for social services such as education and health.

8. The investments that ADB is making in basic infrastructure complement the efforts of other development partners. The development impacts of specialized organizations, such as IFAD's work in agriculture and rural development in the northeastern provinces of Bac Kan, Cao Bang, and Ha Giang, is severely constrained by the poor condition of the roads and lack of reliable water supplies. Under these circumstances, commercially oriented agriculture and rural production and enterprise development are not competitive because of higher input and output costs. Consequently, production is subsistence oriented and enterprise does not emerge. Unlike ADB, IFAD does not have the mandate or resources to make major basic infrastructure investments such as road improvements. Thus, IFAD's development programs must narrowly focus on improving household nutrition and short local agricultural and rural value chains. Indeed, the consistent message of IFAD and other development partners to ADB is that improving basic infrastructure will have an immediate positive impact on their programs and enable them to move to more commercially oriented activities, which will greatly improve rural living standards. Close cooperation with IFAD, JICA, and the World Bank is a cornerstone of ADB project design.

9. Major lessons relevant to basic infrastructure development include (i) complementing the efforts of development partners for optimizing development impacts, (ii) the importance of using appropriate designs that are fit for purpose and designed to minimize life cycle costs, (iii) help with all phases of the asset life cycle, and (iv) optimizing stakeholder involvement in the project selection and design option decisions.

D. Summary and Recommendations

10. ADB will continue to contribute to inclusive growth in Viet Nam and gain more synergies and higher impacts with government agencies, development partners, and increasingly with private sector stakeholders across various sectors. ADB's strength with respect to development partners is its capacity to address development gaps requiring major capital investments.