

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. **Transport.** Asian Development Bank (ADB) activity in Viet Nam over 2006-2016 has involved investing mainly in (i) expressway, highway, and road projects; (ii) a railway upgrading project; and (iii) urban mass rapid transit projects. As of May 2017, 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 is completed (2016).<sup>1</sup> ADB has cooperated actively with other development partners and entered into cofinancing agreements with (i) Japan International Cooperation Agency (JICA) on the Ho Chi Minh City–Long Thanh–Dau Giay Expressway and the GMS Ben Luc–Long Thanh Expressway;<sup>2</sup> (ii) Agence Française de Développement and Direction Générale du Trésor on the GMS Yen Vien–Lao Cai Railway; (iii) Australia’s Department of Foreign Affairs and Trade and Korea Export–Import Bank on the GMS Southern Coastal Corridor and on Central Mekong Delta Region Connectivity;<sup>3</sup> (iv) Agence Française de Développement, Direction Générale du Trésor, and the European Investment Bank on the Ha Noi Metro Rail System Project; (v) KfW and the European Investment Bank on the Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program;<sup>4</sup> and (vi) the Nordic Development Fund on the climate change component of the Transport Connections in the Northern Mountainous Provinces Project.<sup>5</sup> The World Bank is supporting road asset management systems in selected provinces.

2. **Agricultural and Rural Development.** In response to the need for market oriented agricultural development, the Ministry of Agriculture and Rural Development prepared the Rural Restructuring Proposal.<sup>6</sup> The major objective of agricultural restructuring develops 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.

3. Agricultural investment from ADB has focused on rural infrastructure and connectivity. ADB has continued to provide a leading role in the GMS Core Agricultural Support Program that seeks to build policy and institutional strengthening for 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. The World Bank’s investments focus on natural disaster management, dam safety, irrigation rehabilitation, and livelihood improvement within a framework of climate change response while supporting small- and medium-sized enterprise growth. The International Fund for Agriculture Development (IFAD) focuses on market driven linkages and commercial agriculture development, mostly through support to rural small- and medium-sized enterprises and value chains.

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<sup>1</sup> ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for Greater Mekong Subregion Kunming–Hai Phong Transport Corridor: Yen Vien–Lao Cai Railway Upgrading Project.* Manila.

<sup>2</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility for Greater Mekong Subregion for Ben Luc–Long Thanh Expressway Project.* Manila.

<sup>3</sup> ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for Central Mekong Delta Region Connectivity Project.* Manila.

<sup>4</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the Socialist Republic of Viet Nam for Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program.* Manila

<sup>5</sup> ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for Transport Connections in Northern Mountainous Provinces Project.* Manila.

<sup>6</sup> The Rural Restructuring Proposal was approved by the Prime Minister in Decision No. 899/QD-TTg of 10 June 2013.

4. **Water Supply and Sanitation.** Development partners are contributing to government targets linked to Sustainable Development Goal 6.<sup>7</sup> ADB and bilateral partners including Finland, Denmark, Saudi Development Fund, Spain, and JICA have contributed to the development of rural water supply schemes. The World Bank has approved a results-based rural water supply program in the Northern Mountains and is supporting urban-based supply schemes.

5. **Public sector management.** ADB is financing a programmatic approach to the Improving Public Expenditure Quality Program.<sup>8</sup> The medium- to long-term partnership program supports the government's commitment to improving the provision of infrastructure and service delivery to lift living standards and reduce poverty. The program was developed in close collaboration with other development partners and led to the establishment in 2015 of a development partner working group to ensure support is provided in a coordinated manner. The European Union, International Monetary Fund, JICA, and the World Bank are supporting taxation reform.

### Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
<b>Transport and productive rural infrastructure</b>			
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
	GMS Corridor Towns Development Project (Viet Nam)	2012–2018	\$128.90
	Second Northern GMS Transport Network	2011–2016	\$75.00
	The Comprehensive Socioeconomic Urban Development Project in Hung Yen–Viet Tri–Dong Dang (co-financed by Kexim \$13.52 million)	2013–2017	\$70.00
	Clean Water Supply and Rural Sanitation in Central Region	2010–2017	\$90.00
	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
	P108885 – Agriculture Competitiveness Project	2012–2018	\$60.00
	Program “Result-based rural water supply and sanitation expansion”	2016–2020	\$0.27
LuxDev	Smart Agriculture and Water Use Efficiency in Cao Bang	2015-2019	\$0.20
	Hospitality and Tourism Development Project (Viet Nam)	1996–2006	\$9.00
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
EU	Human Resources Development in Tourism (Viet Nam)	2004–2010	\$15.80
	Environmentally and Socially Responsible Tourism Capacity Development Programme	2011–2015	\$14.70
<b>Public Sector Management</b>			

<sup>7</sup> Sustainable Development Goal 6: Ensure availability and sustainable management of water and sanitation for all.

<sup>8</sup> ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy, Based Loans, and Technical Assistance Grant for Subprogram 1 to the Socialist Republic of Viet Nam for Improving Public Expenditure Quality Program*. Manila.

Development Partner	Project Name	Duration	Amount (million)
	Capacity Building and Coordination Improvement for Effective Regional Cooperation Investment Planning	2014–2016	\$0.80
	Improving Competitiveness Program	2014	\$230.00
World Bank	Economic Management Competitiveness Credit 1–2	2014	\$250.00
JICA	Economic Management Competitiveness Credit 1–2	2014	\$150.00

ADB = Asian Development Bank; EU = European Union; GMS = Greater Mekong Subregion; IFAD = International Fund for Agricultural Development; JICA = Japan International Cooperation Agency; LuxDev = Luxembourg Development; TA = technical assistance.

Source: ADB publication.

## B. Institutional Arrangements and Processes for Development Coordination

6. Viet Nam has successfully promoted efficient and effective coordination and cooperation among 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 since 2013. Within the forum, ADB has led the preparation of, and policy dialogue on, financing for infrastructure, economic institutional reforms, efficient service delivery, and private sector development.

## C. Achievements and Issues

7. ADB has been active in supporting the country's areas that have a high poverty incidence—the northern mountains, central highlands, and coastal provinces. Operations funded by ADB have prioritized wide sector coverage, delivering increased economic opportunities and social services through investments in (i) transport, irrigation, and other physical infrastructure; and (ii) rural development, tourism, and urban and water services improvement.

8. ADB investments in basic infrastructure complement the efforts of other development partners—especially IFAD in rural and agricultural development and poverty alleviation, and the World Bank in water resource development. Major lessons relevant to basic infrastructure development include (i) complementing development partners to optimize impacts; (ii) using appropriate designs that minimize life cycle costs; (iii) helping with all phases of the asset lifecycle; and (iv) optimizing stakeholder involvement, particularly women, in the project design decisions.

## D. Summary and Recommendations

9. 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 sectors. ADB's strength with respect to development partners is its capacity to address development gaps requiring major capital investments.