

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) has been a lead partner in the urban and water supply sector in Viet Nam. Other development partners active in the sector include the World Bank, France through Agence Française de Développement (AFD), Japan through the Japan International Cooperation Agency (JICA), the Export–Import Bank of South Korea (Korea EXIM), Germany through KfW Development Bank (KfW), and Norway.

2. The major development partners have the following key priorities. Water supply and sanitation has been the priority area for AFD. ADB has implemented AFD co-financed water supply and sanitation projects in secondary towns. AFD also provides support for construction of a metro railway in Hanoi. JICA has supported wastewater treatment, water supply, energy, and transport through concessional loans as well as grants and technical assistance. KEXIM's priority is infrastructure development. German assistance focuses on wastewater treatment and solid waste management in medium-sized provincial towns, combining policy advice to central government agencies, concessional loans for investment, and capacity building for local service providers. The World Bank's main focus is on roads, water and sanitation, climate change adaptation, and urban upgrading.

B. Institutional Arrangements and Processes for Development Coordination

3. The ADB is an active member of the Six Banks Group (other members are the World Bank, JICA, KfW, AFD, and Korea EXIM). The group advises government on a broad range of reforms, including in public procurement, financial management, and social and environmental impact assessments. The Six Banks Group accounts for more than 80% of the total official development assistance flow to Viet Nam.

4. In the urban and water sectors, coordination is achieved through dialogue around ADB's water and urban program in the sector, and through the Viet Nam Urban Forum established under the Ministry of Construction. ADB also has several ongoing partnerships with AFD, JICA, Korea EXIM and the United Nations Human Settlements Programme.

C. Achievements and Issues

5. As a lead partner in the urban and water sectors, ADB has significant experience in Viet Nam. Since resumption of operations in Viet Nam in 1993, ADB has supported more than \$1 billion in loans to the urban and water sectors, as well as grants and technical assistance projects totaling more than \$20 million. Starting with the Ho Chi Minh City Water Supply and Sanitation Project in 1993, ADB's development assistance has responded to the government's need to rehabilitate (and later expand) water supply and sanitation systems. Geographically, there has been a gradual shift from the major cities of Ho Chi Minh City and Ha Noi to secondary growth centers. ADB operations have focused on water supply systems through a large-scale, long-term engagement in the water sector through the Water Sector Investment Program Multitranches Financing Facility (MFF) approved in 2011.

6. In general, the experience gained from completed ADB-financed urban sector development projects includes the following lessons that have been adopted for this project: (i) design a strong capacity building component for local authorities that includes a focus on revenue improvement and operation and management (O&M); (ii) ensure selection of qualified

project management consultants that are familiar with local rules and regulations; (iii) consolidate civil works into larger packages to ensure efficiency and attract suitably qualified contractors; (iv) allocate sufficient funding to contingencies to address price escalation and possible design changes; and (v) undertake advance action for land acquisition and resettlement to facilitate project implementation and ensure adequate time is available for consultation and agreement with affected households.

D. Summary and Recommendations

7. ADB will continue to engage with development partners in the context of its programmatic engagement in the water and urban sector, as well as the wider ADB-led GMS program. As the lead partner in the sector and a member of the Six Bank Group, it will continue to play a convening role for many of these wider discussions.

Loans for Urban and Water Supply Sector from Major Development Partners

Development Partner	Name of Operation	Duration	Amount (million)
ADB			
ADB	L2272–VIE: Central Region Small and Medium Towns Development	2006	\$53.2
ADB	L2357–VIE: Integrated Rural Development Sector Project in the Central Provinces	2008	\$90.0
ADB	L2511–VIE: Thanh Hoa City Comprehensive Socioeconomic Development	2009	\$72.0
ADB	L2609–VIE: Central Region Rural Water Supply and Sanitation	2009	\$45.0
ADB	L2754–VIE: Water Sector Investment Program - PFR 1 - Ho Chi Minh City Water Supply	2011	\$138.0
ADB	L2826–VIE: Comprehensive Socioeconomic Urban Development Project in Viet Tri, Hung Yen and Dong Dang	2011	\$70.0
ADB	L2961–VIE: Water Sector Investment Program - PFR 2 (Hai Phong, Hue, Da Nang, Quang Tri, Dak Lak, Binh Duong)	2012	\$212.0
ADB	L2982–VIE: Project Preparation and Startup Support Facility	2012	\$37.9
ADB	L2969–VIE: GMS Corridor Town Development Project	2012	\$130.0
ADB	L3044–VIE: Secondary Cities Development Project: Buon Ma Thuot, Ha Tinh, Tam Ky	2013	\$95.0
ADB	L3251–VIE: Water Sector Investment Program - PFR 3 (Thai Nguyen, Bac Giang, Vinh-Nghe An, Thai Hoa -Nghe An, Cua Lo-Nghe An, Quang Nam & Nghi Son-Thanh Hoa)	2015	\$142.5
ADB	Secondary Cities Development Program (Green Cities)	Pipeline	\$170.0
ADB	Results-Based Lending: Ha Noi Water Supply	Pipeline	\$210.0
ADB	Water Sector Investment Program – PFR 4	Pipeline	\$128.0
Other Partners			
France (AFD)	Can Tho and Da Nang Urban Project Funds	2011	€20.0
France (AFD)	Ho Chi Minh City Investment Fund for Urban Development (Phase II)	2011	€20.0
France (AFD)	Phuoc Hoa Water Resources Project II	2011	€20.0
World Bank	Medium Cities Development Project	2011	\$210.0
World Bank	Urban Water Supply and Wastewater Project	2011	\$200.0
World Bank	Mekong Delta Water Management for Rural Development Project	2011	\$160.0
World Bank	Coastal Cities Environmental Sanitation Project - Additional Finance	2011	\$65.3
Germany (KfW)	Waste Water Disposal and Solid Waste Management in Lang Son, Son La, Hoa Binh	2011	€23.5
World Bank	Mekong Delta Region Urban Upgrading Project	2012	\$292.0
World Bank	Vietnam Industrial Pollution Management Project	2012	\$50.0
World Bank	Results-Based Rural Water Supply and Sanitation Under the National	2012	\$200.0

Development Partner	Name of Operation	Duration	Amount (million)
	Target Program		
Norway	Upgrading and Extension of Hoi An Water Supply, Quang Nam Province	2012	\$5.0
Norway	Water Supply for Song Cong Town, Thai Nguyen Province	2012	\$4.2
Norway	Water supply for Lai Chau Town, Lai Chau Province	2012	\$4.1
Norway	Construction of Solid Waste Treatment Facilities for Son La City, Son La Province	2012	\$6.4
Norway	Upgrading and Extension of Water Supply System for Dien Bien Phu City, Dien Bien Province	2012	\$4.1
Norway	Construction of Waste Water Treatment System for Thuy Van Industrial Zone, Phu Tho Province	2012	€2.9
Norway	Construction and Upgrading of Drainage System for Thai Binh City, Thai Binh Province	2012	€8.9
Norway	Construction of Drainage System for Hong Linh Town, Ha Tinh Province	2012	\$9.1
Norway	Construction of Drainage System in Cao Lanh City, Dong Thap Province	2012	€14.0
Norway	Construction of Drainage and Waste Water Treatment Facilities for Chau Doc Town, An Giang Province	2012	€5.9
Norway	Construction of solid waste treatment facility for Soc Trang city, Soc Trang province	2012	\$8.5
Norway	Construction and Upgrading the Drainage System and Wastewater Treatment for Quang Tri Town, Quang Tri Province	2012	\$5.0
Japan (JICA)	Southern Binh Duong Province Water Environment Improvement Project (II)	2013	JPY 20,000
World Bank	Da Nang Sustainable City Development Project	2013	\$202.5
Germany (KfW)	Waste Water Disposal and Solid Waste Management in Provincial Towns	Pipeline	€ 68.0

(...) = data not available; ADB = Asian Development Bank, AFD = Agence Française de Développement, Italy = Development Cooperation Office of the Embassy of Italy in Hanoi, JICA = Japanese International Cooperation Agency, KfW = KfW Development Bank, Korea EXIM = Export-Import Bank of South Korea, PFR = Periodic Financing Request, VIE = Viet Nam,.

Note: Table covers key ADB loans during 2005–2014 and key partner loans during 2011–2014. Technical assistance and grants are not included.

Source: Asian Development Bank.