

## DEVELOPMENT COORDINATION

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

1. The water and other urban infrastructure and services sector is one of the six priority sectors identified under the Viet Nam country partnership strategy, 2012–2015 of the Asian Development Bank (ADB). Other development partners active in this sector include Agence Française de Développement (AFD), Japan International Cooperation Agency (JICA), Export Import Bank of Korea (KEXIM), and the World Bank.

2. During project processing, ADB actively pursued cofinancing possibilities from other development partners through close consultation. Although the International Cooperation and Development Fund of [Taipei,China] and the European Investment Bank indicated strong interest in cofinancing the project, such cofinancing did not materialize. The reasons are because the terms and conditions of their loans were less concessional than the government hoped, and it was difficult to synchronize the project approval processes with those of the government and ADB. However, the project will be supported by grants from the Urban Climate Change Resilient Trust Fund for the flood forecasting and warning system and the integrated coastal management components.

3. The water and other urban infrastructure and services sector often requires multisector interventions with components in the subsectors of water supply, wastewater collection and treatment, sanitation, flood protection, solid waste management, and institutional and capacity development in urban planning and management. The following table details the ongoing projects and programs in water and other urban infrastructure and services financed by the major development partners in Viet Nam.

<b>Major Development Partners</b>			
<b>Development Partner</b>	<b>Project Name</b>	<b>Duration</b>	<b>Amount (\$ million)</b>
<b>Comprehensive Urban Development</b>			
ADB	Central Region Small and Medium-Sized Towns Development	2006–2012	53.22
	Thanh Hoa City Comprehensive Socioeconomic Development Project	2009–2015	72.00
	Comprehensive Socioeconomic Urban Development Project in Viet Tri, Hung Yen, and Dong Dang	2011–2017	70.00
AFD	Secondary Cities Development Project	2013–2019	95.00
	HCMC Urban Project Fund Tranche 1 (€30 million)	2006–2012	37.60
	Can Tho and Danang Urban Project Fund (€20 million)	2011–2017	28.80
JICA	HCMC Urban Project Fund Tranche 2 (€20 million)	2011–2017	28.80
	Small-Scale Pro Poor Infrastructure Development Project (II) (¥14.79 billion)	2006–2012	127.10
	Vinh Phuc Province Investment Climate Improvement Project	2007–2013	95.00
KEXIM	Small-Scale Pro Poor Infrastructure Development Project (III) (¥17.95 billion)	2009–2015	187.90
	Thanh Hoa City Comprehensive Socio-Economic Development Project	2009–2015	32.73
World Bank	Coastal Cities Environmental Sanitation Project	2006–2012	124.70
	HCMC Investment Fund for Urban Development Project	2007–2013	50.00
	Viet Nam Priority Infrastructure Investment Project	2008–2014	152.40
	Viet Nam Urban Upgrading Project – Additional Finance	2009–2015	160.00
	HCMC Environmental Sanitation (Nhieu Loc-Thi Nghe Basin) Project, Additional Finance	2010–2016	90.00
	Medium Cities Development Project	2011–2017	210.00
	Coastal Cities Environmental Sanitation Project, Additional Finance	2011–2017	65.30

Development Partner	Project Name	Duration	Amount (\$ million)
	Mekong Delta Region Urban Upgrading Project	2012–2017	292.00
	Danang Sustainable City Development Project	2013–2019	202.50
<b>Water Supply and Sanitation</b>			
ADB	Water Sector Investment Program – Tranche 1	2011–2017	138.00
	Water Sector Investment Program – Tranche 2	2012–2018	212.00
AFD	Clean Water Project in Mekong Delta Cities (€30 million)	2011–2015	37.60
KEXIM	Thien Tan Water Supply Project (II)	2006–2012	26.00
	Hoa Binh Water Supply Construction Project	2007–2013	14.35
	Moc Chau Water Supply and Wastewater System Project	2008–2014	12.98
	Hoa Khanh Tay Water Supply Project	2008–2014	30.00
	Expansion of Thien Tan Water Plant Project (II) (supplementary)	2013–2018	15.00
UN Habitat	Water for Asia Cities Programme and Mekong Region Water and Sanitation Initiative (WAC Vietnam)	2007–2013	5.83
World Bank	Urban Water Supply and Wastewater Project	2011–2017	200.00
<b>Waste Management</b>			
GIZ–KfW	Waste Water Disposal and Solid Waste Management in Lang Son, Son La, Hoa Binh, and Bac Ninh	2011–2017	33.80
JICA	Second HCMC Water Environment Improvement Project (I) (¥1.56 billion)	2006–2012	13.40
	Second Hanoi Drainage Project for Environmental Improvement (I) (¥3.04 billion)	2006–2012	26.20
	Southern Binh Duong Province Water Environment Improvement Project (¥7.77 billion)	2007–2013	63.00
	Second HCMC Water Environment Improvement Project (II) (¥13.17 billion)	2008–2014	124.00
	Hue City Water Environment Improvement Project (¥20.88 billion)	2008–2014	196.70
	Second Hanoi Drainage Project for Environmental Improvement (II) (¥29.29 billion)	2009–2015	306.50
	Hai Phong City Environment Improvement Project (II) (¥21.31 billion)	2009–2015	223.00
	HCMC Water Environment Improvement Project (III) (¥4.33 billion)	2010–2016	48.80
	Southern Binh Duong Province Water Environment Project (II) (¥19.96 billion)	2012–2018	232.20
	Hanoi City Yen Xa Sewerage System Project (I) (¥28.42 billion)	2013–2020	270.28
KEXIM	Viet Tri Wastewater System Project	2008–2014	32.91
	Long Xuyen Sewerage, Drainage and Wastewater Treatment System Project	2011–2017	46.00
	Hung Yen Wastewater Network and Treatment System Project	2012–2018	23.12
<b>Disaster Management and Climate Change Adaptation</b>			
AusAID	Community Based Disaster Risk Management under the ADB Flood and Drought Risk Management Project	2013–2016	1.87
JICA	Disaster and Climate Change Countermeasures Using Earth Observation Satellite (I) (¥7.28 billion)	2011–2021	94.67
KEXIM	Support Program to Respond to Climate Change	2013–2019	20.00
UNDP	Strengthening Institutional Capacity for Disaster Risk Management in Viet Nam, including Climate Change related Disasters	2008–2011	4.00
World Bank	Managing Natural Hazards Project	2012–2019	167.60

ADB = Asian Development Bank, AFD = Agence Française de Développement, AusAID = Australian Agency for International Development, GIZ–KfW = Deutsche Gesellschaft für Technische Zusammenarbeit–Kreditanstalt für Wiederaufbau, HCMC = Ho Chi Minh City, JICA = Japan International Cooperation Agency, KEXIM = Export Import Bank of Korea, UNDP = United Nations Development Programme, UN Habitat = United Nations Human Settlements Programme.

Source: Asian Development Bank.

## **B. Institutional Arrangements and Processes for Development Coordination**

4. In 2005, development partners and the government signed the Hanoi Core Statement on Aid Effectiveness, a localized version of the Paris Declaration, which sets out joint commitments and targets for improving the effectiveness of aid delivered to Viet Nam. Various issues to improve aid effectiveness are discussed jointly by the government and development partners at the Aid Effectiveness Forum. The government is committed to manage and utilize official development assistance (ODA) in a transparent and accountable manner under the decentralization policy.

5. ADB works with other five financial institutions—AFD, JICA, KEXIM, KfW, and the World Bank—under the Six Banks initiative, which accounts for more than 80% of the total ODA flow to Viet Nam, and has contributed substantially to improving the portfolio performance and strengthening ODA management. Through implementation of biannual joint portfolio performance reviews, the Six Banks and the government developed and have implemented the joint action plan to (i) accelerate project preparation, appraisal, and approval; (ii) expedite project start up; and (iii) improve project implementation.

## **C. Achievements and Issues**

6. ADB, under the Six Banks initiative, has been working with the government. Recent achievements under the initiative include (i) developing a harmonized project detailed outline template; (ii) developing feasibility study guidelines; (iii) legalizing advance actions; (iv) reforming the government cost norms; (v) improving payment, disbursement, and counterpart fund allocation; (vi) establishing an ODA monitoring system; and (vii) harmonizing social and environmental safeguard procedures.

7. Continuous and close consultation and communication between ADB's project teams and development partners resulted in several joint and parallel cofinancing efforts in the water and other urban infrastructure and services sector in Viet Nam. The cofinanced projects include (i) Loan 2034-VIE: the Central Region Urban Environmental Improvement Project (joint cofinancing by AFD); (ii) Loan 2511-VIE: the Thanh Hoa City Comprehensive Socioeconomic Development Project (parallel cofinancing by KEXIM); and (iii) Loan 2826: the Comprehensive Socioeconomic Development Project in Viet Tri, Hung Yen and Dong Dang (parallel cofinancing by KEXIM).<sup>1</sup>

## **D. Summary and Recommendations**

8. The Six Banks initiative should continue as a platform for development partners to identify and address systemic ODA preparation and implementation challenges, and to jointly raise such challenges with the government. Stronger development coordination is expected to minimize transaction costs, maximize responsiveness, address policy issues more systematically, provide greater support for reforms and capacity building, and promote better accountability to achieve greater development impact.

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<sup>1</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Central Region Urban Environmental Improvement Project*. Manila; ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Thanh Hoa City Comprehensive Socioeconomic Development Project*. Manila; and ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Comprehensive Socioeconomic Urban Development Project in Viet Tri, Hung Yen, and Dong Dang*. Manila.