

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The main development partner of the Asian Development Bank (ADB) in helping the Government of Viet Nam improve productive rural infrastructure (PRI) has been Agence Française de Développement (AFD). AFD provided cofinancing for the first and second ADB rural infrastructure projects, but has been unable to contribute to projects formulated thereafter. World Bank, the other major development partner involved in the provision of PRI, is currently providing additional financing for its Third Rural Transport Project, Irrigated Agriculture Improvement Project, and Central Highlands Poverty Reduction Project. In a related investment trend, the World Bank, the International Fund for Agricultural Development (IFAD), and Japan International Cooperation Agency (JICA) are supporting community-based agricultural and rural development. This includes support for small-scale infrastructure in villages and communes. These smaller infrastructure investments are expected to complement the medium-scale PRI that the additional financing provided by ADB for the Integrated Rural Development Sector Project in the Central Provinces will improve.

2. During project preparation and processing both the project preparatory technical assistance consultants and the ADB processing team maintained regular contact with development partner agencies involved in rural infrastructure in the country. These agencies were fully briefed on the intentions of the project and how they would complement their own activities. Indeed, the World Bank will take into consideration the components of the ADB project when targeting communes for its new project.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
ADB	Rural Infrastructure Sector Project	1997–2004	150.0
	Integrated Rural Development Sector Project in the Central Provinces	2007–2013	90.0
	Emergency Rehabilitation of Calamity Damage Project	2006–2011	76.5
	Sustainable Rural Infrastructure Project in the Northern Mountain Provinces	2011–2017	138.0
	Productive Rural Infrastructure Sector Project in the Central Highlands	2013–2018	87.6
AFD	Rural Infrastructure Sector Project	1997–2004	53.3
	Integrated Rural Development Sector Project in the Central Provinces	2007–2013	52.0
	Lao Cai Infrastructure Development Project	2008–2011	30.0
European Union	Northern Uplands Development	2000–2010	25.0
IFAD	Decentralized Project for Rural Poverty in Ha Giang Province	2002–2009	19.0
	Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province	2010–2016	24.0
	Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan, and Tuyen Quang Provinces	2011–2016	65.0
JBIC	Rural Income Diversification in Tuyen Quang Province	2002–2008	30.0
JICA	Project for Building Disaster Resilient Societies in Central Region	2009–2012	4.7

Development Partner	Project Name	Duration	Amount (\$ million)
World Bank	Northern Mountains Poverty Reduction Project, Phase II	2000–2007	132.0
	Third Rural Transport Project	2005–2016	270.0
	Program 135, Phase II	2008–2011	450.0
	Second Northern Mountains Poverty Reduction Project	2010–2015	165.0
	Mekong Delta Water Management for Rural Development	2011–2017	206.0
	Irrigated Agriculture Improvement Project	2014–2020	210.0
	Central Highlands Poverty Reduction Project	2014–2019	159.4

... = data not available, ADB = Asian Development Bank, AFD = Agence Française de Développement, IFAD = International Fund for Agricultural Development, JBIC = Japan Bank for International Cooperation, JICA = Japan International Cooperation Agency.

Source: Interviews of development partners by the project preparatory technical assistance team.

B. Institutional Arrangements and Processes for Development Coordination

3. The coordination of development partner activities in Viet Nam is carried out by three government agencies responsible for mobilizing international funding (State Bank of Viet Nam), budgeting and allocating resources (Ministry of Finance), and planning development investments (Ministry for Planning and Investment). Aid coordination in the agriculture sector is the responsibility of the International Cooperation Department of the Ministry of Agriculture and Rural Development (MARD). It decides which development partners to approach for support for its projects and guides the partners to projects that it considers most suitable for the resources available. The Ministry of Finance has responsibility for this role at a broader level and decides on the allocation of counterpart funds.

4. The Agriculture Projects Management Board within MARD will implement the ADB project. The board is responsible for coordination with and between participating provinces in the context of the government's decentralization program. Both the board and the provincial governments will take note of and assess ongoing activities of other development partners (including nongovernment organizations) that can complement the proposed project activities. They will decide on replicating or scaling up these activities as part of the poverty reduction initiatives to be funded under the project.

5. Attempts were made during project preparation and processing to harmonize ADB implementation procedures with government procedures to the extent possible. This proved problematic in certain instances, particularly when dealing with decentralized operations that involve provinces or districts with limited knowledge of the English language and ADB procedures.

C. Achievements and Issues

6. Cofinancing rural infrastructure activities with AFD has been successful. Under the ongoing project, AFD proved to be a sound development partner. Funding was provided through ADB, and AFD followed ADB procedures for consultant recruitment, procurement, and disbursement for their portion of the funds. The main issue to date has been the lack of forward planning in identifying cofinanciers and the government's reluctance to borrow from partners that have toughened their lending terms.

7. The new terms of the Asian Development Fund and the imminent graduation of Viet Nam to ordinary capital resources (OCR) financing should enable PRI projects to attain a scale where cofinancing will become less critical. Capitalizing on the current trend of ADB support for province- and district-based PRI development and support by others for village- and commune-based development will be important to ensure more complete and comprehensive coverage. The challenge is to coordinate these investments to realize the multiple synergies.

D. Summary and Recommendations

8. Aid coordination in PRI development has been limited to cofinancing by AFD and consultations with the other development partners active in the area. AFD cofinancing in the past has been fruitful and yielded a broader impact than would have been possible with ADB funding alone. The trend toward complementary targeting across different infrastructure development presents opportunities for better coverage and synergies and should continue to be strengthened by the partners.