

# Asian Development Bank & Viet Nam

## FACT SHEET

**Table 1. Viet Nam: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)**

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
1,148.90	–	8.25	3.00	1,160.15

– = nil.  
Note: Grants and technical assistance include cofinancing.

**Table 2. Viet Nam: Cumulative Lending, Grant, and Technical Assistance Approvals<sup>a, b</sup>**

Sector	No.	Total Amount (\$ million) <sup>c</sup>	% <sup>c</sup>
Agriculture, Natural Resources, and Rural Development	95	1,569.61	11.09
Education	40	937.06	6.62
Energy	50	2,470.02	17.45
Finance	51	709.64	5.01
Health	35	487.22	3.44
Industry and Trade	15	202.10	1.43
Multisector	7	155.20	1.10
Public Sector Management	80	1,620.28	11.45
Transport	76	4,948.64	34.96
Water and Other Urban Infrastructure and Services	45	1,055.76	7.46
<b>Total</b>	<b>494</b>	<b>14,155.53</b>	<b>100.00</b>

Note: Covers the period 1968–2014.

<sup>a</sup> Grants and technical assistance include cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Total may not add up because of rounding.

**Table 3. Viet Nam: Cumulative Nonsovereign Financing by Product**

Number of Projects	Amount (\$ million)
Loans	193.50
Equity Investments	–
Guarantees	60.00
B Loans	26.50
<b>Total</b>	<b>280.00</b>

– = nil.

Since resuming operations in Viet Nam in 1993, ADB assistance has amounted to \$13.91 billion (as of 31 December 2014). This includes 150 loans totaling \$13.34 billion, 287 technical assistance projects amounting to \$266.55 million, and 32 grants totaling \$307.99 million. The sectors receiving the largest share of cumulative lending have been transport and communications (32.3%), energy (17.6%), and agriculture and natural resources (13.1%).

In recent years, Viet Nam's economic growth has slowed, and single-digit inflation has prevailed. Tight economic policies have helped stabilize the fiscal deficit, and generate a current account surplus. Viet Nam needs to accelerate economic restructuring, particularly reforms in the banking sector and to state-owned enterprises. Despite remarkable achievements in reducing poverty, serious development challenges are posed by income and non-income inequality and pockets of poverty, particularly among ethnic minorities.

Cumulative disbursements to Viet Nam for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$7.86 billion.

### ADB-Supported Projects and Programs

ADB country strategies for Viet Nam in the 1990s were designed in the context of transition from a centrally planned to a market-oriented system. Objectives included efficient economic growth, poverty reduction, and sustainable development. In the 2000s, the strategic focus was on economic growth led by business and in support of the poor. Priorities included support for private sector investment and employment; social equity and balanced development, including gender and other equity issues; and environmental sustainability, including responses to climate change.

Under the current country partnership strategy (CPS), 2012–2015, ADB supports Viet Nam's socioeconomic development across a range of sectors. Resources are committed to the financing of infrastructure and human resource development, rural development, social inclusion, and gender equity. The use of the Asian Development Fund prioritizes Viet Nam's central and northern mountainous regions, where there are high concentrations of ethnic minorities and widespread poverty. Priority is also given to promoting sustainability of development through improved responses to environmental degradation and climate change. Meanwhile, ADB works to enhance policy enforcement and institutional capacity such as finance sector development, public sector management, and governance.

ADB also supports knowledge development and sharing for Viet Nam, while leveraging a wider range of financial and technical support. Viet Nam has actively participated in the Greater Mekong Subregion (GMS) program, and accounts for nearly half of the total lending by ADB to GMS projects. Funding has been provided in the areas of transport connectivity, development of corridor

**Table 4. Viet Nam: Project Success Rates**

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2006	100.00	2
2007	100.00	3
2008	80.00	5
2009	75.00	4
2010	100.00	3
2011	100.00	1
2012	75.00	4
2013	66.67	6
<b>Total</b>	<b>82.14</b>	<b>28</b>

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

**Table 5. Viet Nam: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014**

Number of Ongoing Loans (as of 31 Dec 2014)		
	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	590.0	816.4
Disbursements <sup>a</sup>	1,192.2	1,091.0
Number of Ongoing Grants (as of 31 Dec 2014) <sup>c</sup>		
	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	1.2	1.1
Disbursements <sup>a</sup>	1.4	–
Actual Problem Projects (%)		2

Note: Totals may not add up because of rounding.

<sup>a</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>b</sup> Excludes policy-based lending/grants.

<sup>c</sup> Includes only Asian Development Fund and other ADB special funds.

towns, control of HIV/AIDS and communicable diseases, management of natural resources and the environment, and promotion of tourism. The 2014 program in Viet Nam included support to rural development, lower secondary education, and power network expansion and rehabilitation in disadvantaged areas. Major highways, urban roads, and metro systems are being constructed; state-owned enterprises reformed; and water supplies to primary and secondary cities improved.

## Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$280 million in nonsovereign financing for seven private sector projects in Viet Nam. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2014 was \$428.11 million, representing 5.4% of ADB's total nonsovereign portfolio.

ADB's [Trade Finance Program](#) (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. The TFP has done over 10,300 transactions supporting over \$20.5 billion in trade and over 6,000 small and medium-sized enterprises since 2004. In 2014, the TFP supported \$3.8 billion in trade through

over 1,900 transactions. In Viet Nam, the TFP works with 10 banks and has supported over \$5.6 billion in trade between 3,682 transactions since 2009. In addition to filling market gaps, the TFP's objective is to mobilize private sector capital/involvement in developing Asia. In Viet Nam, 68.13% of the \$5.6 billion in trade supported through the TFP was cofinanced by the private sector.

## Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and [commercial financing](#) such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP.

By the end of 2014, cumulative direct value-added (DVA) official cofinancing for Viet Nam amounted to \$3.89 billion for 49 investment projects and \$101.3 million for 84 technical assistance projects. Cumulative DVA commercial cofinancing for Viet Nam amounted to \$3.80 billion for two investment projects.

In 2014, Viet Nam received loan cofinancing of \$597.9 million from the Government of Japan, the ASEAN Infrastructure Fund, the Clean Technology Fund, and the World Bank; and grant cofinancing of \$3.0 million from the Clean Energy Fund under the Clean Energy Financing Partnership Facility.

**Table 6. Viet Nam: Projects Cofinanced, 1 January 2010–31 December 2014**

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	23	6,594.75
Grants	8	172.10
Official loans	16	2,866.87
Commercial cofinancing	1	3,555.78
Technical Assistance Grants	22	48.77

<sup>a</sup> A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at [www.adb.org/countries/viet-nam/cofinancing](http://www.adb.org/countries/viet-nam/cofinancing)

## Partnerships

In terms of volume of assistance and its scope of coverage, ADB is one of Viet Nam's top three development partners. As part of its regular operations, ADB coordinates closely with other bilateral and multilateral development partners, the private sector, and civil society organizations, to improve the effectiveness, efficiency, and impact of its lending and nonlending programs. Coordination with development partners is conducted through consultations during country programming missions, and via sector working group meetings. In 2014, ADB played a key role in the annual Viet Nam Development Partnership Forum, leading the preparatory work and discussions in the session on private sector development. This included a series of

workshops—developed with the Viet Nam Chamber of Commerce and Industry—to consult with representatives of business associations and the private sector on issues that may be constraining Vietnamese firms from participating in global value chains.

## Procurement

### Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

**Table 7. Viet Nam's Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects**

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	497.40	7.55	586.93	6.84	4,030.32	2.98
Consulting Services	13.76	2.69	29.62	5.33	119.75	1.20
<b>Total Procurement</b>	<b>511.15</b>	<b>7.20</b>	<b>616.55</b>	<b>6.75</b>	<b>4,150.08</b>	<b>2.86</b>

### Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 9,174 contracts were awarded to contractors and suppliers from Viet Nam worth \$4.03 billion.

**Table 8. Top 5 Contractors/Suppliers from Viet Nam Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Hoang An - Tuan Loc - Thang Long	TRA	87.49
Phuong Thanh - Quyet Tien - Anh Giang - Thang	TRA	59.39
Samwhan Corp. - Van Cuong Joint Venture	TRA	45.65
Military Commercial JSB	PSM	30.08
Phuong Thanh Transport Construction	TRA	26.82
Others		1,667.46
<b>Total</b>		<b>1,916.90</b>

PSM = Public Sector Management, TRA = Transport.

## Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 1,640 contracts were awarded to consultants from Viet Nam worth \$119.75 million.

**Table 9. Top 5 Consultants from Viet Nam Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014**

Consultant	Sector	Contract Amount (\$ million)
Dasan Consultants Co., Ltd. with Kunhwa Engineering	TRA	14.91
Vica Consultants International, Ltd.	ANR, ENE, IND, TRA	9.49
Linh Gia Construction Consultant	ANR	2.70
Hydraulics Engineering Consultants & Oriental Consultants	ANR	2.38
Vitens Evides International	WUS	1.88
Individual consultant/s		9.78
Others		39.02
<b>Total</b>		<b>80.17</b>

ANR = Agriculture, Natural Resources, and Rural Development; ENE = Energy; IND = Industry and Trade; TRA = Transport; WUS = Water and Other Urban Infrastructure and Services.

## Operational Challenges

Project implementation remains a key operational challenge in Viet Nam. Start-up delays, complex procedures for approval of documents (particularly in procurement), and the capacity of project management units all continue to affect operational efficiencies. Due to the Government of Viet Nam's tight fiscal situation, a lack of counterpart funds has also contributed to implementation delays.

Under the Six Banks Initiative—driven by ADB, L'Agence Française de Développement, Japan International Cooperation Agency, Korea Eximbank, KfW, and the World Bank—ADB is supporting the government in strengthening the country's systems for project processing and implementation. In 2014, ADB helped implement tailor-made and targeted training programs to support more systematic building of capacity in executing agencies and project management units. This followed performance-based programming to ensure that future lending levels to each executing agency and sector would be commensurate with project design and implementation capacity. While ADB and other development partners welcome the government's efforts to enhance public investment scrutiny and efficiency, concerns remain that approval of projects funded by official development assistance is now taking much longer to meet additional procedural requirements, potentially reducing the impact of the assistance.

## Future Directions

The ADB CPS, 2012–2015 for Viet Nam is fully aligned with the government's Socio-Economic Development Plan (SEDP), 2011–2015. The CPS focuses assistance to Viet Nam on three strategic pillars: inclusive growth, enhancing economic efficiency, and environmental sustainability. To maximize its development impact, ADB prioritizes six sectors: agriculture and natural resources, education, energy, finance, transport, and water supply and other municipal infrastructure and services. ADB operations address thematic issues, including governance and capacity development, gender equity, and private sector development. ADB also continues to actively

support Viet Nam's participation in regional cooperation and integration.

The preparation of the next CPS has commenced. It will incorporate new ADB priorities under the [Midterm Review of Strategy 2020](#), ADB's long-term strategic framework; and the government's SEDP, 2016–2020. Mainstreaming of inclusive economic growth will be of particular importance. ADB, along with other development partners, will assist the government in strategizing the use of official development assistance, and diversifying development financing. To maintain a long-term partnership with Viet Nam, ADB will provide support across three key areas: financing; knowledge; and the leveraging of other financing sources, including the private sector.

## About Viet Nam and ADB

### ADB Membership

Joined 1966

### Shareholding and Voting Power

Number of shares held:	36,228 (0.343% of total shares)
Votes:	75,658 (0.573% of total membership, 0.880% of total regional membership)
Overall capital subscription:	\$524.72 million
Paid-in capital subscription:	\$34.05 million

**Won-Mok Choi** is the Director and **M P D U K Mapa Pathirana** is the Alternate Director representing Viet Nam on the ADB Board of Directors.

**Tomoyuki Kimura** is the ADB Country Director for Viet Nam. The Viet Nam Resident Mission was opened in 1997, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Viet Nam.

The Government of Viet Nam agency handling ADB affairs is the State Bank of Viet Nam.

### About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

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