

Asian Development Bank & Viet Nam

FACT SHEET

Table 1. Viet Nam: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans		Technical Assistance		Grants	Total
Sovereign	Nonsovereign				
775.00	-	3.83	-	-	778.83

- = nil.

^a Excludes cofinancing.

Table 2. Viet Nam: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

Sector	No.	Total Amount (\$ million)	% ^b
Agriculture and Natural Resources	32	1,680.66	13.47
Education	15	740.50	5.93
Energy	13	2,264.68	18.15
Finance	13	637.00	5.11
Health and Social Protection	13	398.34	3.19
Industry and Trade	6	139.50	1.12
Multisector	7	280.00	2.24
Public Sector Management	13	1,029.08	8.25
Transport and ICT	26	4,152.40	33.28
Water Supply and Other Municipal Infrastructure and Services	16	1,154.82	9.26
Total	154	12,476.98	100.00
Total Disbursements		\$6,766.1 million	

ICT = information and communication technology.

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

Table 3. Viet Nam: Cumulative Nonsovereign Financing by Product

	Amount (\$ million)
Number of Projects	7
Loans	193.50
Equity Investments	-
Guarantees	60.00
B Loans	26.50
Total	280.00

- = nil.

Viet Nam is one of the founding members of the Asian Development Bank (ADB) in 1966. Since resuming operations in Viet Nam in 1993, ADB's assistance has amounted to \$12.85 billion (as of December 2013). Assistance includes 150 loans totaling \$12.43 billion, 276 technical assistance projects amounting to \$253.5 million, and 29 grants totaling \$170 million. The sectors with the largest share of cumulative lending amount are transport and communications (33.3%), energy (18.2%), and agriculture and natural resources (13.5%).

In recent years, the gross domestic product growth has slowed, while inflation has been in single digit. Tight economic policies have helped stabilize the fiscal deficit and generate a current account surplus. Viet Nam needs to accelerate economic restructuring, particularly banking and state-owned enterprise sector reforms. Despite remarkable achievements in reducing poverty, income and non-income gaps and pockets of poverty among ethnic minorities and vulnerable groups pose a serious development challenge.

ADB-Supported Projects and Programs

ADB's country strategies in the 1990s were designed to promote efficient economic growth, poverty reduction, and sustainable development in view of Viet Nam's specific needs during the transition from a centrally planned to a market-oriented system. In the 2000s, the strategic focus emphasized business-led, pro-poor economic growth, through support to increased private sector investment and employment, social equity and balanced development, including gender and other equity issues, and environmental sustainability and response to climate change.

ADB supports Viet Nam's socioeconomic development through financing of infrastructure and human resource development, by promoting sustainability of development through improved responses to environmental degradation and climate change, social inclusion, and gender equity, and by enhancing policy enforcement and institutional capacity such as finance sector development, public sector management, and governance. ADB is also engaged in managing knowledge for development, while leveraging a wider range of financial and technical support, including private sector development and operations.

About half of ADB concessional lending in 2013 focused on improving rural infrastructure and health services in the central highlands, one of the poorest regions in Viet Nam with a large share of ethnic people. The \$70 million Second Health Care in the Central Highlands will help reduce maternal and child mortality by improving access to and quality in commune health stations and hospitals, and by strengthening provincial health management in five provinces. In addition, the \$80 million Productive Rural Infrastructure Development Project in the Central Highlands aims to regenerate and upgrade underdeveloped or outdated productive rural infrastructure, increasing rural incomes in this region.

Table 4. Viet Nam: Project Success Rates

Sector	% ^a	No. of Rated Projects/ Programs
Agriculture and Natural Resources	71.4	14
Education	100.0	5
Energy	75.0	4
Finance	100.0	5
Health and Social Protection	100.0	4
Industry and Trade	–	1
Multisector	100.0	3
Public Sector Management	80.0	5
Transport and ICT	100.0	9
Water Supply and Other Municipal Infrastructure and Services	71.4	7
Total	84.2	57
Year of Approval		
1970s	–	5
1990s	91.7	24
2000s	92.9	28

– = nil, ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR and PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 5. Viet Nam: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

Number of Ongoing Loans (as of 31 Dec 2013)	66	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	338.6	590.0
Disbursements ^a	580.4	1,192.2
Number of Ongoing Grants (as of 31 Dec 2013) ^c	1	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	1.3	1.2
Disbursements ^a	1.7	1.4
Actual Problem Projects (%)	17	

Note: Totals may not add up because of rounding.

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

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

ADB approved the \$410 million Central Mekong Delta Connectivity project, with cofinancing from the Government of Australia and the Government of the Republic of Korea, to provide two bridges and 26 kilometers of connecting roads that will benefit about 170,000 road users daily and 5 million people from improved living standards.

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 Viet Nam, all of which was for seven private sector projects. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2013 was \$169.8 million, representing 2.5% 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 8,000 transactions supporting over \$16 billion in trade and over 4,000 small and medium-sized enterprises across the region since 2004. In

2013 alone, the TFP supported \$4 billion in trade through over 2,000 transactions. In Viet Nam, the TFP works with eight banks and has supported over \$4.6 billion in trade between 3,197 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, 69% of the \$4.6 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, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's TFP.

By the end of 2013, cumulative direct value-added (DVA) official cofinancing for Viet Nam amounted to \$3.65 billion for 44 investment projects and \$98 million for 90 technical assistance projects. Cumulative DVA commercial cofinancing for Viet Nam amounted to \$3.19 billion for two investment projects.

In 2013, Viet Nam received loan cofinancing of \$451.5 million from the governments of France, Japan, and the Republic of Korea; and grant cofinancing of \$148.4 million from the Government of Australia.

Table 6. Viet Nam: Projects Cofinanced, 1 January 2009–31 December 2013

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	21	6,014.41
Grants	9	172.60
Official loans	14	2,671.67
Commercial cofinancing	1	3,170.14
Technical Assistance Grants	23	46.56

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2009 to 31 December 2013 is available at www.adb.org/countries/viet-nam/cofinancing

Partnerships

As part of its regular operations, ADB coordinates closely with Viet Nam's development partners to improve the effectiveness, efficiency, and impact of its lending and nonlending programs. ADB also works closely with civil society organizations and the private sector to mobilize financial resources and expertise. Coordination with development partners is conducted through consultations during country programming missions and sector working group meetings. In 2013, ADB co-chaired the Aid Effectiveness Forum in Viet Nam. The forum provides technical support and advice as required to promote and enhance policy dialogue between the Government of Viet Nam, development partners, and other development actors such as local civil society organizations, international nongovernment organizations, and private sector players.

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from Viet Nam were involved in 8,477 contracts for ADB loan projects worth \$3,344.27 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 12,432 contracts for ADB loan projects worth \$5.28 billion. During the same period, consultants from Viet Nam were involved in 758 contracts for ADB loan projects worth \$58.26 million.

Table 7. Viet Nam: Share of Procurement Contracts

Item	2012		2013		Cumulative (as of 31 Dec 2013)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	231.64	3.06	500.38	7.61	3,437.67	2.71
Consulting Services	12.32	2.11	14.59	2.89	90.93	0.97

Table 8. Viet Nam: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2009–31 December 2013

Contractor/Supplier	Sector	Contract Amount (\$ million)
Project Management Board of Noi Bai-Lao Cai	Transport and ICT	79.34
Military Commercial JSB	Public Sector Management	30.08
Hoang An Joint Stock Company and Thang Long Construction	Transport and ICT	27.74
Phuong Thanh Transport Construction	Transport and ICT	21.71
Dong Mekong & Truong Thinh Group JSC	Transport and ICT	19.81

ICT= information and communication technology.

Table 9. Viet Nam: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
VICA Consultants International Ltd.	1	5.09
Linh Gia Construction Consultant/AHT Group	1	2.70
Thang Long Infrastructure Development JSC	2	0.95
Deloitte Vietnam Company Ltd.	1	0.75
Chodai Co., Ltd.	1	0.71

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 8,894 contracts for ADB grant projects worth \$4.54 billion. During the same period, contractors and suppliers from Viet Nam were involved in 312 contracts for ADB grant projects worth \$93.40 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from Viet Nam were involved in 81 contracts for ADB grant projects worth \$15.76 million.

Table 10. Viet Nam: Contractors/Suppliers Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Contractor/Supplier	Sector	Contract Amount (\$ million)
Hoang An JS Company and Thang Long CGJSC	Transport and ICT	8.89
Dong Mekong Construction & Tuong Thinh Group	Transport and ICT	6.09
Phuong Thanh Transport Construction	Transport and ICT	5.90
Ha Noi Sieu Thanh-Tecapro Joint Venture Company	Education	1.13
Vina Nhatrang Engineering Joint Stock Company	Agriculture and Natural Resources	0.98

ICT= information and communication technology.

Table 11. Viet Nam: Top Consultants Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Vica Consultants International Ltd.	4	7.58
Center for Youth and Adolescent Reproductive Health	1	0.78
CCRD and Cohed	1	0.66
Institute of Tropical Forest Research & Development	1	0.42
General Statistics Office	1	0.37

Table 12. Viet Nam: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Transformation and Change Management Consulting Co.	1	0.56
Ernst & Young Vietnam (Hanoi)	1	0.15
Central Institute for Economic Management	1	0.12
Towers Watson Vietnam Co., Ltd.	1	0.10
Institute of Energy	1	0.06
Individual consultants	283	5.12

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from Viet Nam were involved in 715 contracts for ADB technical assistance projects worth \$16.91 million.

Operational Challenges

Project implementation delays remain a challenge in Viet Nam. The main causes are start-up delays; complex procedures for approval of project documents, particularly in procurement; and capacity of project management units. The lack of counterpart funds due to the government's tight fiscal situation in the last few years has also contributed to implementation delays.

ADB is working closely with the government to address these challenges. ADB—under the Six Banks Initiative—is supporting the government in strengthening country systems for project processing and implementation. In 2013, the government's legal framework for Official Development

Assistance was reformed to institutionalize advance actions to make projects ready for implementation after project approval. ADB started supporting capacity building of executing agencies and project management units in a more systematic way through tailor-made and targeted training programs in 2013. ADB also began adopting performance-based programming to ensure that the future lending level to each executing agency and sector is commensurate with its absorptive capacity.

Future Directions

The Viet Nam country partnership strategy (CPS), 2012–2015 is fully aligned with the government's Socio-Economic Development Plan, 2011–2015. The CPS focuses ADB assistance to Viet Nam through three pillars: inclusive growth, enhancing economic efficiency, and environmental sustainability. To maximize the development impacts in which ADB can add the most value in the form of financing and knowledge, ADB prioritizes six sectors: agriculture and natural resources, education, energy, finance, transport, and

water supply and other municipal infrastructure and services. ADB's operations will address thematic issues including governance and capacity development, gender equity, and private sector development and operations wherever possible. ADB also actively supports Viet Nam's participation in regional cooperation and integration initiatives, particularly the [Greater Mekong Subregion](#) program.

Following Viet Nam's classification as a middle-income country, the structure and availability of official development assistance has been changing rapidly. The current mechanisms for mobilizing assistance and allocating funds to different sectors, projects, programs, and executing agencies do not meet the country's new requirements and circumstances. ADB, along with 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 "finance++" support—financing, knowledge, and 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:	75,675 (0.573% of total membership, 0.879% of total regional membership)
Overall capital subscription:	\$557.91 million
Paid-in capital subscription:	\$36.21 million

Yeo Kwon Yoon 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 the Viet Nam Resident Mission. The resident mission was opened in 1997, and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. The resident mission engages in policy dialogue and acts as a knowledge base on development issues in Viet Nam.

The Viet Nam government 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 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

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