

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



Viet Nam: 2016 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
772.51	-	14.48	4.80	791.79

- = nil.

Note: Grants and technical assistance include ADB-administered cofinancing.

ADB supports Viet Nam in promoting job creation and competitiveness, increasing the inclusiveness of infrastructure and service delivery, and improving environmental sustainability and climate change response.

Viet Nam: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	98	1,579.25	9.87
Education	43	1,037.86	6.49
Energy	54	2,704.55	16.91
Finance	53	810.54	5.07
Health	39	571.74	3.57
Industry and Trade	15	202.10	1.26
Public Sector Management	86	1,823.61	11.40
Transport	84	5,494.91	34.35
Water and Other Urban Infrastructure and Services	52	1,615.22	10.10
Multisector	7	155.20	0.97
Total	531	15,994.99	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of approvals.

^d Numbers may not sum precisely because of rounding.

Viet Nam: Cumulative Nonsovereign Financing by Product^a

No. of Transactions	Amount (\$ million)
Loans	193.50
Equity Investments	20.00
Guarantees	60.00
B Loans	26.50
Total	300.00

^a Includes a regional private equity fund that was approved that will make investments primarily in Viet Nam.

VIET NAM

Viet Nam's economic growth has been strong over the past 4 or 5 years, while inflation has remained in single digits. Well-balanced macroeconomic policies have helped restore stability and investor confidence, with growth being propelled by a surge in foreign direct investment and export-oriented manufacturing.

Viet Nam needs to continue to develop a more dynamic market economy—one that can compete globally and deliver sustainable, equitable growth over the long term. Despite remarkable achievements in reducing poverty, serious development challenges remain, with income and other socioeconomic gaps still evident in pockets of ethnic minorities and other vulnerable groups.

Viet Nam was one of the founding members of the Asian Development Bank (ADB) in 1966. Since resuming operations in 1993, ADB assistance to Viet Nam has amounted to \$16.0 billion.

Cumulative disbursements to Viet Nam for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amount to \$9.51 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

In the 1990s, ADB country strategies for Viet Nam were designed to promote efficient economic growth, reduce poverty, and create sustainable development during the transition from a centrally planned to a market-oriented system. In the 2000s, the strategic focus was on economic growth led by business and in favor of the poor.



Between 2010 and 2015, ADB-supported operations in Viet Nam produced solid development results. ADB helped to connect 40,000 new rural households to electricity; construct or upgrade 1,855 kilometers (km) of roads, including 767 km of expressways and national highway, and 1,088 km of provincial, district, and rural roads; provide 15,960 households with access to new or improved water supply; and deliver new or improved sanitation to 47,673 households. In education, 875,040 students (of whom 388,125 are female) are benefiting from new or improved educational facilities, while 400,778 teachers (of whom 169,946 are female) have been trained with higher quality or competency standards. In finance, the number of loan accounts opened for small and medium-sized enterprises reached 782.

In 2016, ADB initiatives in Viet Nam contributed to improving transport efficiency in the Greater Mekong Subregion (GMS) Southern Economic Corridor, enhancing health security in the GMS region, and improving safe transport connectivity in border areas. ADB also contributed to improving access to education and improving the quality of public expenditure. ADB is committed to managing knowledge for development in Viet Nam, while leveraging a wider range of financial

and technical support, including private sector development and operations.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions 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 transactions in Viet Nam. An equity investment of \$20 million for a regional private equity fund, which will make investments primarily in Viet Nam, was also approved. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2016 was \$651.7 million, representing 6.6% 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 14,000 transactions supporting over \$26 billion in trade and over 9,300 small and medium-sized enterprises since 2004. In 2016, the TFP supported \$3.1 billion in trade through over 2,080 transactions. In Viet Nam, the TFP works with 11 banks and has supported

over \$7.8 billion in trade between 5,262 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, 66.9% of the \$7.8 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. Additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP.

From 1970 to the end of 2016, cumulative direct value-added (DVA) official cofinancing for Viet Nam amounted to \$4.57 billion for 54 investment projects and \$114.8 million for 91 technical assistance projects. Cumulative DVA commercial cofinancing for Viet Nam amounted to \$5.23 billion for two investment projects.

In 2016, Viet Nam received loan cofinancing of \$305.5 million from the

Viet Nam: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2005	100.0	1
2007	100.0	2
2008	100.0	5
2009	85.7	7
2010	0.0	1
2011	100.0	3
2012	100.0	2
2013	50.0	4
2014	80.0	5
2015	75.0	4
2016	75.0	4
Total	81.6	38

Note: "Year" refers to the circulation year of the project completion report (PCR). 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 2016.

Viet Nam: Projects Cofinanced, 1 January 2012–31 December 2016

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	22	6,410.39
Grants	9	170.41
Official loans	12	2,293.87
Commercial cofinancing	1	3,946.11
Technical Assistance Grants	19	24.68

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

Viet Nam: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2015–2016

No. of Ongoing Loans (as of 31 Dec 2016)	74	
	2015 (\$ million)	2016 (\$ million)
Contract Awards/Commitments ^{a,b}	780.42	521.79
Disbursements ^a	844.49	807.57
No. of Ongoing Grants (as of 31 Dec 2016)	1	
	2015 (\$ million)	2016 (\$ million)
	Contract Awards/Commitments ^{a,b}	–
Disbursements ^{a,c}	(0.24)	3.00
Actual Problem Projects (%) (as of 31 Dec 2016)	6	

– = nil, () = negative.

^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.

Viet Nam: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2015		2016		Cumulative (as of 31 Dec 2016)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	542.94	4.90	536.28	4.70	6,275.87	3.96
Consulting Services	18.09	2.76	15.85	2.59	148.99	1.32
Total Procurement	561.03	4.78	552.13	4.59	6,424.86	3.78

Top 5 Contractors/Suppliers from Viet Nam Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2012–31 December 2016

Contractor/Supplier	Sector	Contract Amount (\$ million)
Phuong Thanh Transport Construction and Investment JSC & Quyet Tien - Anh Giang - Thang Loi (JV)	TRA	56.31
Hoang An JSC	TRA	55.29
Power Construction JSC No. 1	ENE	51.76
Dat Phuong JSC	TRA	28.97
Song Da JSC No. 11	ANR, ENE	27.98
Others		2,263.09
Total		2,483.42

ANR = agriculture, natural resources, and rural development; ENE = energy; TRA = transport.

Top 5 Consultants from Viet Nam Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2012–31 December 2016

Consultant	Sector	Contract Amount (\$ million)
Vica Consultants International Ltd.	ANR, IND, PSM, TRA	11.31
Viet Nam Water, Sanitation and Environment JSC	WUS	3.25
WWF (World Wide Fund for Nature) Vietnam	ANR	2.86
SMEC Vietnam JSC	EDU	2.75
Linh Gia Construction Consultant & AHT Group (JV)	ANR	2.70
Individual Consultants		14.91
Others		39.76
Total		77.54

ANR = agriculture, natural resources, and rural development; EDU = education; IND = industry and trade; PSM = public sector management; TRA = transport; WUS = water and other urban infrastructure and services.

Government of Japan for the [Greater Mekong Subregion Ben Luc–Long Thanh Expressway–Tranche 2](#); and grant cofinancing of \$1.8 million from the Government of Canada for the [Greater Mekong Subregion Flood and Drought Risk Management and Mitigation](#).

A summary of projects with cofinancing from 1 January 2012 to 31 December 2016 is available at www.adb.org/countries/viet-nam/cofinancing

PARTNERSHIPS

ADB is one of Viet Nam's top three development partners, in terms of both the size and coverage of its assistance program. 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 maintains deep engagement with civil society organizations and the private sector. Coordination with development partners is conducted through consultations during country programming missions and sector working group meetings. In 2016, ADB played a key role in the annual Viet Nam Development Forum, by leading the preparatory work on improving public asset management and infrastructure investment planning.

PROCUREMENT

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 are awarded on the basis of international competition, which is open to firms and

individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.09 billion in 2015 and \$11.42 billion in 2016. Cumulative procurement since 1966 was \$158.68 billion covering 206,915 contracts.

In Viet Nam, 10,234 contracts worth \$6.28 billion were awarded to contractors and suppliers within the same period.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$655.31 million in 2015 and \$612.46 million in 2016. Cumulative procurement since 1966 was \$11.26 billion covering 52,232 contracts.

In Viet Nam, 1,903 contracts worth \$148.99 million were awarded to consultants within the same period.

OPERATIONAL CHALLENGES

ADB operations in Viet Nam in 2016 continued to be affected by legislative changes arising from National Assembly concerns about public debt levels, continued fiscal tightening, and scrutiny of the management of official development assistance (ODA) funding. In 2015, the Ministry of Finance imposed a ceiling on

disbursements from ODA funds, and these issues remain unresolved.

Traditional operational challenges continue to hinder the implementation of projects in Viet Nam. These challenges include issues around the signing and effectiveness of loans, grants, and technical assistance; start-up delays and lack of advance action on project implementation; lack of counterpart funds; and safeguards issues. There are also regulatory conflicts between the requirements for ODA-funded procurement, contracting and project management, and the laws and regulations of Viet Nam. ADB, as part of the Six Banks Group, engages in policy dialogue with government counterparts on more effective ODA management. This includes developing a policy for the onlending of ODA funds to the provinces and improving ODA budget allocation, as well as harmonizing procurement, contracting, and project management requirements between ODA financiers and the government.

FUTURE DIRECTIONS

The ADB [country partnership strategy \(CPS\), 2016–2020](#) for Viet Nam will support investments and policy reforms that promote more inclusive and environmentally sustainable economic growth. ADB's strategic framework will be based on three pillars: promoting job creation and competitiveness, increasing the inclusiveness of infrastructure and service delivery, and improving environmental sustainability and climate change response.

The priorities of the CPS are strongly aligned with the government's socioeconomic development strategy,

2011–2020 and its accompanying socioeconomic development plan, 2016–2020, both of which lay out a vision for environmentally sustainable and socially equitable economic development.

The CPS highlights that Viet Nam's transition from lower middle-income status to middle-income status requires improvements in the efficiency of public expenditure and greater private

sector investment. ADB will promote both, and help leverage private sector investment through public-private partnerships. ADB will also support sustainable natural resource use as well as climate change adaptation and mitigation measures to respond to the heightened risks facing the country.

In recognition of Viet Nam's transition to middle-income country status, ADB, along with development partners,

will assist the government to create strategies for the use of ODA, and to diversify development financing. To maintain a long-term partnership with Viet Nam, ADB will provide "finance++" support, which means providing finance, sharing knowledge, and leveraging other financing sources, including from the private sector.

ABOUT VIET NAM AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	36,228 (0.341% of total shares)
Votes:	75,835 (0.572% of total membership, 0.877% of total regional membership)
Overall capital subscription:	\$487.02 million
Paid-in capital subscription:	\$31.61 million

Hyung Kwon Ko is the Director representing Viet Nam on the ADB Board of Directors.

Eric Sidgwick is the ADB Country Director for Viet Nam. The Resident Mission was opened in 1997 and provides the primary operational link for activities between ADB and the government, the private sector, and civil society stakeholders. The resident mission engages in policy dialogue and acts 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. In 2016, lending volume was \$16.35 billion (126 projects), with technical assistance at \$169.03 million (225 projects) and grant-financed projects at \$526.75 million (31 projects). In addition, \$14.06 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, 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 2012 to 31 December 2016, ADB's annual lending volume averaged \$13.74 billion. In addition, investment grants and technical assistance funded by ADB and special funds resources averaged \$562.24 million and \$154.91 million in technical assistance over the same period. As of 31 December 2016, the cumulative totals excluding cofinancing were \$247.28 billion in loans for 2,935 projects in 44 countries, \$7.75 billion in 296 grants, and \$4.06 billion in technical assistance grants, including regional technical assistance grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
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