



Country Operations Business Plan

October 2007

Viet Nam
2008–2010

CURRENCY EQUIVALENTS

(As of 15 October 2007)

Currency Unit	–	dong (D)
D1.00	=	\$0.0001
\$1.00	=	D16,159

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ADTA	–	advisory technical assistance
COBP	–	country operations business plan
CPRM	–	country portfolio review mission
CSP	–	country strategy and program
EVN	–	Electricity of Viet Nam
FDI	–	foreign direct investment
GDP	–	gross domestic product
MDG	–	Millennium Development Goal
OCR	–	ordinary capital resources
ODA	–	official development assistance
SEDP	–	Socio-Economic Development Plan (2006–2010)
SERD	–	Southeast Asia Department
TA	–	technical assistance
VRM	–	Viet Nam Resident Mission
WTO	–	World Trade Organization

NOTE

In this report, "\$" refers to US dollars.

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I. CONSISTENCY OF THE BUSINESS PLAN WITH THE CURRENT COUNTRY PARTNERSHIP STRATEGY

1. Preparation of the Viet Nam Country Operations Business Plan (COBP) 2008–2010 closely follows approval, in October 2006, of the Viet Nam Country Strategy and Program (CSP) 2007–2010.¹ The CSP aims to help the Government of Viet Nam (the Government) reduce poverty to 10–11% by 2010, in accordance with the Government's Socio-Economic Development Plan (SEDP) 2006–2010, through (i) pro-poor business-led economic growth, (ii) social equity and balanced development, and (iii) environmental protection and management. The CSP emphasizes the creation of an enabling environment for private sector operations and improvement of links between the public and private sectors. The CSP also promotes good governance in its operations and places a high priority on contributing to regional cooperation. The approach and the thrust of the CSP for Viet Nam remain valid, and no change in the CSP focus and approach is envisaged during the next programming cycle (2008–2010). The Asian Development Bank (ADB) will continue to support Viet Nam's ongoing reform measures and development efforts. Financing will be made available for the country's high-priority development projects.

2. The economy performed strongly during the first half of 2007, and prospects are good that the annual growth rate target of 8% will be met. Both foreign direct investment (FDI) and portfolio investment have been buoyant following accession to the World Trade Organization (WTO) in January 2007, with FDI expected to far exceed the record \$10.2 billion level achieved in 2006. Domestic investment has been strong in the initial months of 2007. This positive economic outlook highlights the need for accelerated improvements in infrastructure, particularly energy and transportation, and in human resource development. The stock market in Viet Nam has experienced rapid development in 2006 and early 2007. The size of the market increased rapidly with market capitalization of listed equity reaching \$17.5 billion, accounting for nearly 28.8% of GDP, compared to about 5% in mid-2005. The buoyant expansion underscores the need for strong safeguard measures in the country's nascent capital market, however, in the form of investor education, proper and timely information disclosure, proper accounting, prevention of insider trading, adequate infrastructure, and effective market surveillance and supervision. The trend of increasing inflation (now over 8%) is a matter of concern.

II. INDICATIVE LENDING AND NONLENDING PROGRAMS

3. The proposed 2008–2010 public sector lending and nonlending program has been agreed to by the Government and ADB. The Asian Development Fund (ADF) allocation set up for Viet Nam for 2007–2008 amounted to \$578 million. Of this, \$352.5 million has been allocated to the 2007 lending program. The ADF program for 2009 and 2010 is contingent on various uncertain factors, and therefore the proposed ADF program for 2009–2010 is based on an assumed annual ADF allocation of \$300 million.

4. The proposed ordinary capital resources (OCR) program stands at \$1 billion for 2008 and at about \$1.5 billion per year for 2009–2010. The proposed OCR program complements the ADF program and will facilitate private sector investment opportunities by helping to create a supportive environment via business-friendly policy reform and the provision of infrastructure facilities. The tentative nature of the OCR program reflects the fact that Viet Nam is still a very new borrower of OCR resources, and has resulted in more projects being listed under the standby category than is typical for long-term OCR borrowers. The actual level of OCR financing and selection of specific projects for processing will be dependant on project

¹ ADB.2006. *Country Strategy and Program 2007-2010: Viet Nam*. Manila.

readiness, irrespective of the current project status. To implement the water financing program, the Government and ADB agreed that OCR should be applied for urban water financing, while more concessional ADF resources should be made available for rural water supply in remote and mountainous areas, and for water resource management.

5. The 2008–2010 public sector lending program consists of 17 ADF, 12 OCR and 4 blend (ADF and OCR) high-priority national projects amounting to about \$5.3 billion. Private sector operations will finance additional projects, where feasible. Private sector operations will seek to finance and proactively develop opportunities in the infrastructure sector and housing finance. The infrastructure sector in particular will play a key role in reducing bottlenecks to Viet Nam's fast economic growth. The technical assistance (TA) program for the same period comprises advisory and project preparatory TA amounting to about \$30.9 million. The TA program will be augmented, where possible, through ADB-administered trust funds and cofinancing from other ODA partners. ADB's economic and sector work program will address policy reforms, capacity building, and institutional strengthening issues related to CSP implementation, including private sector development and governance issues. Tables 1 and 2 provide the indicative pipeline for lending products and nonlending products and services.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

A. The 2008 Program

6. The 2008 program has been adjusted as follows: Support to Implementation of Public Administration Reform Program, Phase II has been removed from the 2008 lending program at the request of the Government. The Government has emphasized its strong commitment to implementing comprehensive public administration reforms—which it believes will be key in enhancing Viet Nam's global competitiveness, particularly after its recent WTO accession—but intends to undertake reforms in a holistic manner using its own resources. Central Mekong Delta Transport Connectivity Project: (Vam Cong and Cao Lanh bridges) has been advanced from 2009 to 2008 because of the importance of the two bridges in helping connect the Mekong Delta to the rapidly expanding Ho Chi Minh City.

7. Other changes in the 2008 program are as follows:
- (i) Song Bung 2 and 5 Hydropower Development—dropped;
 - (ii) Vinh Tan 2 Thermal Power Plant—added as 2008 standby;
 - (iii) Omon Gas Pipeline Project loan—added;
 - (iv) Project Development Facility—TA loan added to help prepare four new projects;
 - (v) HCMC-Long Thanh-Dau Giay Expressway Construction Project—added.

The summary information on the proposed 2008 indicative lending and nonlending products and services are shown in Tables 3 and 4.

B. The 2009–2010 Lending and Nonlending Program

8. Key changes in the 2009 program are as follows:
- (i) Clean Energy and Ca Mau II Power—dropped;
 - (ii) Energy Efficiency Program in the Industry Sector—added;
 - (iii) Son My 2 Power Project—added to 2009 firm;
 - (iv) Trung Luong-Can Tho Expressway Construction Project—added.

9. The 2010 program (both ADF and OCR) has been developed in line with the strategic thrust provided in the Viet Nam CSP 2007–2010. The 2010 ADF program is directed towards

(i) helping address the increasingly severe shortage of skilled workers in Viet Nam as its economic growth continues; (ii) the need to remove inefficiency in the banking and nonbanking sector towards improved financial intermediation; and (iii) addressing difficulties in meeting Millennium Development Goal targets on HIV/AIDS. The 2010 ADF program also supports bringing the economic benefits of the Greater Mekong Subregion (GMS) Kunming-Hai Phong Economic Corridor to Viet Nam's poor northern mountainous region. The 2010 OCR program continues to support the Government's SEDP in the development of physical infrastructure.

10. The changes noted in the 2008–2010 pipeline are consistent with the approach and strategic directions of the CSP, its associated results framework matrix and the sector roadmaps, and support their implementation; hence no changes were warranted for the CSP results framework matrix and the sector roadmaps (see Table 5).

11. Following approval of the CSP for Viet Nam 2007–2010 in October 2006, ADB's financing share increased to 90% on a portfolio basis for loans and 80% for grants during the programming period. Following Management approval of the financing parameters on 27 June 2007, project-related expenses (e.g., taxes, duties, and recurrent costs) became eligible for ADB financing (see Appendix 1, which supersedes Appendix 5 Viet Nam CSP 2007–2010 on cost-sharing arrangements). The new facilities are expected to expedite timely project implementation, improve disbursement, and enhance overall investment efficiency.

IV. INDICATIVE INTERNAL RESOURCE REQUIREMENTS

12. ADB's operational program will expand substantially, with lending increasing from \$344 million in 2006 to a planned \$1.8 billion per year level during 2008–2010. Demand on Southeast Asia Department (SERD) staff resources is expected to be heavy because of (i) increased lending levels; (ii) project complexity (e.g., diversified financing arrangements); (iii) an increased focus on regional cooperation, even in national projects; (iv) increased responsibility of the Viet Nam Resident Mission (VRM) because of the larger portfolio and greater roles in policy dialogue, analytical work, public relations and increased role in development partner cooperation; and (v) greater focus under the CSP on results-based monitoring. In view of the growing demand for public information on ADB-supported initiatives and greater ADB involvement in donor coordination as committed to under the Hanoi Core Statement, VRM requires a minimum allocation of five additional national staff positions with responsibility for disbursement, external relations and economic analysis.

V. RESULTS-BASED MONITORING

13. The CSP is aligned with the Government's SEDP 2006–2010. The CSP results framework matrix and the development coordination matrix have been designed within this framework. The results framework for the SEDP was approved by the Government on 30 May 2007 and the implementation guidelines are under preparation with assistance from ADB and the World Bank. The progress of the CSP is being monitored and tracked through its results framework, which was prepared based on the Government's results framework for SEDP. The 2007 Country Portfolio Review Mission (CPRM) discussed the indicators based on the CSP result framework for close monitoring during the 2008 CPRM, and the midterm CSP review.

VI. COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK

14. There have been no changes to the Country Strategy and Program Results Framework contained in the CSP (2007–2010).

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
						OCR	ADB ADF Loans	Total	Govt.	Cofinancing
2008 Firm Loans										
Energy										
1. O Mon Gas Pipeline ^a	GI	ECO	SEID	2007	650.00	300.00	0.00	300.00	350.00	0.00
2. Song Bung 4 Hydropower Project	GI	ECO	SEID	2005	235.00	210.00	0.00	210.00	25.00	0.00
Subtotal					885.00	510.00	0.00	510.00	375.00	0.00
Finance										
1. Financial Sector Program Loan III	GI	ECO	SEGF	2005	75.00	0.00	75.00	75.00	0.00	0.00
Subtotal					75.00	0.00	75.00	75.00	0.00	0.00
Health										
1. Health Care in the South Central Coast Region (formerly Health Care for the Poor in Central Region)	TI	ISD/GAD/GOV	SESS	2006	80.00	0.00	60.00	60.00	20.00	0.00
Subtotal					80.00	0.00	60.00	60.00	20.00	0.00
Public Finance and Economic Management										
1. Support to Implementation of Poverty Reduction Program V	GI	ISD/GOV	VRM	2007	15.00	0.00	15.00	15.00	0.00	0.00
Subtotal					15.00	0.00	15.00	15.00	0.00	0.00
Road Transport										
1. Project Preparation Facility	GI	ECO	SEID	2007	35.00	15.00	15.00	30.00	5.00	0.00
2. Central Mekong Delta Transport Connectivity ^b	GI	ECO	SEID	2007	450.00	350.00	0.00	350.00	100.00	0.00
Subtotal					485.00	365.00	15.00	380.00	105.00	0.00

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector	Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
							OCR	ADB ADF Loans	Total	Govt.	Cofinancing
Rural Infrastructure											
1.	Water Resources Management (Sector)	GI	ECO	SEAE	2007	80.00	0.00	60.00	60.00	20.00	0.00
	Subtotal					80.00	0.00	60.00	60.00	20.00	0.00
Urban Infrastructure											
1.	City Comprehensive Socio- Economic Development (Thanh Hoa)	GI	ECO	SEID	2007	60.00	0.00	40.00	40.00	10.00	10.00
2.	Ho Chi Minh City Metro Rail (MFF-\$520 mn) -PFR1	GI	ECO/PSD	SEID	2006	22.00	0.00	20.00	20.00	2.00	0.00
3.	Ho Chi Minh City Water Supply	GI	ECO	SEID	2007	225.00	125.00	0.00	125.00	40.00	60.00
	Subtotal					307.00	125.00	60.00	185.00	52.00	70.00
	Total					1,927.00	1,000.00	285.00	1,285.00	572.00	70.00
2008 Standby Loans											
Energy											
1.	Vinh Tan 2 Thermal Power Project	GI	ECO	SEID	2007	1,200.00	1,000.00	0.00	1,000.00	200.00	0.00
	Subtotal					1,200.00	1,000.00	0.00	1,000.00	200.00	0.00
Finance											
1.	SOE Reform and Corporate Governance Facility I	TI	ISD/GAD/GOV	SEGF	2006	200.00	190.00	10.00	200.00	0.00	0.00
	Subtotal					200.00	190.00	10.00	200.00	0.00	0.00
Urban Infrastructure											
1.	Hue Water Supply	GI	ECO	SEID	2007	45.00	40.00	0.00	40.00	5.00	0.00
2.	Hai Phong Water Supply	GI	ECO	SEID	2007	18.00	15.00	0.00	15.00	3.00	0.00
	Subtotal					63.00	55.00	0.00	55.00	8.00	0.00
	Total					1,463.00	1,245.00	10.00	1,255.00	208.00	0.00

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector	Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
							OCR	ADB ADF Loans	Total	Govt.	Cofinancing
Regional											
1.	GMS Sustainable Tourism Development	GI	ISD/ENV /REG	SESS		13.00	0.00	10.00	10.00	3.00	0.00
	Total					13.00	0.00	10.00	10.00	3.00	0.00
	Total					1,476.00	1,245.00	20.00	1,265.00	211.00	0.00

ADB = Asian Development Bank; ADF = Asian Development Fund; CD= Capacity Development; ECO = sustainable economic growth; ENV = environmental sustainability; GAD = gender and development; GI = general intervention; GMS = Greater Mekong Subregion; GOV = governance; Govt=Government; ISD = inclusive social development; MFF= Multitranches Financing Facility; OCR = ordinary capital resources; PFR= periodic financing request ; PSD = private sector development, REG = regional cooperation; SEAE =Agriculture, Environment, and Natural Resources Division, Southeast Asia Department ; SEGF = Governance, Finance, and Trade Division, Southeast Asia Department ; SEID = Infrastructure Division, Southeast Asia Department ; SESS= Social Sector Division, Southeast Asia Department ; SME= small or medium-sized enterprise; SOE = state-owned enterprise; TI = targeted intervention; VRM = Viet Nam Resident Mission.

Source: Asian Development Bank staff estimates.

^a If Chevron takes on equity in the project, ADB lending to PV will be around \$300 million.

^b Includes Vam Cong and Cao Lanh Bridges

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
					Total	OCR	ADB ADF		Total	Govt	Cofinancing
							Loans	Grant			
2009 Firm Loans											
Agriculture and Natural Resource											
1. Quality and Safety Enhancement of Agriculture Products	GI	ECO/GAD	SEAE	2007	50.00	0.00	35.00	35.00	15.00	0.00	
Subtotal					50.00	0.00	35.00	35.00	15.00	0.00	
Education											
1. Secondary Education Sector Development Program	GI	ISD/GAD/CD	SESS	2007	90.00	0.00	60.00	60.00	20.00	10.00 Korea Eximbank	
Subtotal					90.00	0.00	60.00	60.00	20.00	10.00	
Energy											
1. Energy Efficiency Program in the Industry Sector	GI	ECO	SEID	2007	100.00	75.00	0.00	75.00	25.00	0.00	
2. O Mon Thermal Power Project (MFF: \$300) PFR1	GI	ECO/ PSD	SEID	2007	380.00	150.00	0.00	150.00	130.00	100.00	
3. Son My 2 Thermal Power Project	GI	ECO	SEID	2008	1,200.00	1,000.00	0.00	1,000.00	200.00	0.00	
Subtotal					1,680.00	1,225.00	0.00	1,225.00	355.00	100.00	
Health											
1. Support to Health System Development	GI	ISD/GAD/GOV	SESS	2007	60.00	0.00	60.00	60.00	0.00	0.00	
Subtotal					60.00	0.00	60.00	60.00	0.00	0.00	
Public Finance and Economic Management											
1. Support Implementation of Poverty Reduction Program VI	GI	ISD/GOV	VRM	2007	15.00	0.00	15.00	15.00	0.00	0.00	
Subtotal					15.00	0.00	15.00	15.00	0.00	0.00	

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

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Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
					Total	OCR	ADB ADF		Total	Govt	Cofinancing
							Loans	Grant			
Road Transport											
1. HCMC - Long Thanh - Dau Giay Expressway Construction Project	GI	ECO	SEID	2007	770.00	400.00	0.00		400.00	0.00	370.00
Subtotal					770.00	400.00	0.00		400.00	0.00	370.00
Rural Infrastructure											
1. Rural Water Supply and Sanitation	GI	ISD/EVN/GAD	SESS	2008	60.00	0.00	45.00		45.00	15.00	0.00
2. Rehabilitation of Irrigation Systems	GI	ECO	SEAE	2008	100.00	0.00	50.00		50.00	25.00	25.00
3. Rural Infrastructure Development Project in Northern Mountainous Provinces	GI	ECO	SEAE	2008	80.00	0.00	70.00		70.00	10.00	0.00
Subtotal					240.00	0.00	165.00		165.00	50.00	25.00
Total					2,905.00	1,625.00	335.00	0.00	1,960.00	440.00	505.00
2009 Standby											
Finance											
1. Financial Sector Program Loan III-Subprogram II	GI	ECO	SEGF	2008	70.00	0.00	70.00		70.00	0.00	0.00
Subtotal					70.00	0.00	70.00		70.00	0.00	0.00
Public Finance and Economic Management											
1. SME Development Phase II	GI	ECO	SEGF	2008	60.00	30.00	30.00		60.00	0.00	0.00
Subtotal					60.00	30.00	30.00		60.00	0.00	0.00
Railways											
1. Railway Rehabilitation	GI	ISO	SEID	2008	600.00	500.00	0.00		500.00	100.00	0.00
Subtotal					600.00	500.00	0.00		500.00	100.00	0.00
Road Transport											
1. Trung Luong - Can Tho Expressway	GI	ECO	SEID	2008	600.00	500.00	0.00		500.00	100.00	0.00
Subtotal					600.00	500.00	0.00		500.00	100.00	0.00

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
					Total	OCR	ADB ADF		Total	Govt	Cofinancing
							Loans	Grant			
Trade											
1. Post WTO Support	GI	ECO	SEGF		30.00	0.00	30.00		30.00	0.00	0.00
Subtotal					30.00	0.00	30.00		30.00	0.00	0.00
Urban Infrastructure											
1. Hanoi Water Supply	GI	ECO	SEID	2007	100.00	60.00	0.00		60.00	10.00	30.00
2. Da Nang Water Supply	GI	ECO	SEID	2007	80.00	50.00	0.00		50.00	10.00	20.00
Subtotal					180.00	110.00	0.00		110.00	20.00	50.00
Total					1,540.00	1,140.00	130.00		1,270.00	220.00	50.00
Regional											
1. Second Northern GMS Transport Network	GI	ECO/REG	SEID	2008	95.00	0.00	75.00		75.00	20.00	0.00
2. GMS Flood and Drought Risk Management and Mitigation	GI	REG	SEAE	2006	80.00	0.00	30.00		30.00	20.00	30.00
3. GMS Capacity Building for HIV/AIDS Prevention	TI	ISD/REG	SESS	2007	18.00	0.00	0.00	15.00	15.00	3.00	0.00
4. Laos-Viet Nam Power Interconnection (Ban Sok - Pleiku)	GI	ECO/REG	SEID	2008	500.00	400.00	0.00		400.00	100.00	0.00
5. GMS Biofuel Development Project	GI	ENV/REG	SEAE	2008	20.00	0.00	20.00		20.00	0.00	0.00
6. Mekong Water Supply and Sanitation Project	GI	ECO/ISD/GAD	SESS	2008	23.50	0.00	14.00		14.00	1.50	8.00
Total					736.50	400.00	139.00	15.00	554.00	144.50	38.00
Total					2,276.50	1,540.00	269.00	15.00	1,824.00	364.50	88.00

ADB = Asian Development Bank; ADF = Asian Development Fund; ECO = sustainable economic growth; ENV = environmental sustainability; GAD = gender and development; GI = general intervention; GMS = Greater Mekong Subregion; GOV = governance; Govt = Government; HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome; ISD = inclusive social development; MFF = Multitranches Financing Facility; OCR = ordinary capital resources; PFR= periodic financing request ; REG = regional cooperation; SEAE =Agriculture, Environment, and Natural Resources Division, Southeast Asia Department ; SEGF = Governance, Finance, and Trade Division, Southeast Asia Department ; SEID = Infrastructure Division, Southeast Asia Department ; SESS= Social Sector Division, Southeast Asia Department; SOE = state-owned enterprise; TI = targeted intervention; VRM = Viet Nam Resident Mission; WTO = World Trade Organization.

Source: Asian Development Bank staff estimates.

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector	Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
						Total	OCR	ADB ADF		Total	Gov't	Cofinancing
								Loans	Grant			
2010 Firm Loans												
Education												
1.	Skill Enhancement	GI	ISD/ECO	SESS	2008	80.00	20.00	50.00	70.00	10.00	0.00	
	Subtotal					80.00	20.00	50.00	70.00	10.00	0.00	
Energy												
1.	Mong Duong Thermal Power Generation	GI	ECO	SEID	2006	902.90	902.90	0.00	902.90	0.00	0.00	
	Subtotal					902.90	902.90	0.00	902.90	0.00	0.00	
Finance												
1.	Support for Non-banking Sector Development	GI	ECO	SEGF		50.00	0.00	40.00	40.00	10.00	0.00	
	Subtotal					50.00	0.00	40.00	40.00	10.00	0.00	
Health												
1.	HIV/AIDS Prevention II	GI	ISD/GAD/GOV	SESS	2007	30.00	0.00	30.00	30.00	30.00	0.00	
	Subtotal					30.00	0.00	30.00	30.00	30.00	0.00	
Public Finance and Economic Management												
1.	Modernization of the State Bank of Viet Nam	GI	ECO	SEGF	2009	70.00	0.00	70.00	70.00	0.00	0.00	
	Subtotal					70.00	0.00	70.00	70.00	0.00	0.00	
Road Transport												
1.	Transport Connections in Northern Mountainous Provinces	GI	ECO	SEID	2008	70.00	0.00	60.00	60.00	10.00	0.00	
	Subtotal					70.00	0.00	60.00	60.00	10.00	0.00	

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector	Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
						Total	OCR	ADB ADF		Total	Gov't	Cofinancing
								Loans	Grant			
Rural Infrastructure												
1.	Development of Cua Dat Irrigation Systems	GI	ENV	SEAE	2009	95.00	0.00	60.00	60.00	20.00	15.00	
	Subtotal					95.00	0.00	60.00	60.00	20.00	15.00	
Urban Infrastructure												
1.	Comprehensive Development of Selected Cities (Viet Tri and Dong Ha)	GI	ECO	SEID	2009	80.00	20.00	50.00	70.00	10.00	0.00	
2.	Ho Chi Minh City Second Ring Road	GI	ECO	SEID	2007	235.00	175.00	0.00	175.00	60.00	0.00	
3.	Ho Chi Minh City Metro Rail (MFF: \$520 m) - PFR2	GI	ECO/PSD	SEID	2006	840.00	400.00	0.00	400.00	190.00	250.00	
	Subtotal					1,155.00	595.00	50.00	645.00	260.00	250.00	
	Total					2,452.90	1,517.90	360.00	1,877.90	340.00	265.00	
2010 Standby												
Energy												
1.	Vinh Tan 3 Thermal Power Project	GI	ECO	SEID	2010	600.00	500.00	0.00	500.00	100.00	0.00	
2.	Son My 3 Thermal Power Project	GI	ECO	SEID	2009	1,200.00	800.00	0.00	800.00	200.00	200.00	
3.	O Mon Thermal Power Project	GI	ECO	SEID		250.00	150.00	0.00	150.00	0.00	100.00	
	Subtotal					2,050.00	1,450.00	0.00	1,450.00	300.00	300.00	
Finance												
1.	SOE Reform and Corporate Governance Facility II	GI	ECO	SEGF	2008	250.00	250.00	0.00	250.00	0.00	0.00	
	Subtotal					250.00	250.00	0.00	250.00	0.00	0.00	

Table 1: Indicative Assistance Pipeline for Lending/Grant Products, 2008–2010

Sector	Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
						Total	OCR	ADB ADF		Total	Gov't	Cofinancing
								Loans	Grant			
Road Transport												
1.	Dau Giay - Phan Thiet Expressway Development	GI	ECO	SEID	2009	600.00	500.00	0.00	500.00	100.00	0.00	
	Subtotal					600.00	500.00	0.00	500.00	100.00	0.00	
Urban Infrastructure												
1.	Ho Chi Minh City Outer Ring Road	GI	ECO	SEID	2009	500.00	400.00	0.00	400.00	100.00	0.00	
	Subtotal					500.00	400.00	0.00	400.00	100.00	0.00	
	Total					3,400.00	2,600.00	0.00	2,600.00	500.00	300.00	
Regional												
1.	Biodiversity Conservation Corridor	GI	ENV/REG	SEAE	2009	70.00	0.00	30.00	30.00	10.00	30.00	
2.	GMS Communicable Diseases II	GI	ISD/GAD/REG	SESS	2009	18.00	0.00	0.00	15.00	3.00	0.00	
3.	Cross Border Town Development II	GI	REG	SEID		0.00	0.00	0.00	0.00	0.00	0.00	
	Total					88.00	0.00	30.00	15.00	45.00	30.00	
	Total					3,488.00	2,600.00	30.00	15.00	2,645.00	513.00	

ADB = Asian Development Bank; ADF = Asian Development Fund; ECO = sustainable economic growth; ENV = environmental sustainability; GAD = gender and development; GI = general intervention; GMS = Greater Mekong Subregion; GOV = governance; Gov't = Government; HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome; ISD = inclusive social development; MFF= Multitranches Financing Facility; OCR = ordinary capital resources; PFR= periodic financing request ; PSD = private sector development, REG = regional cooperation; SEAE =Agriculture, Environment, and Natural Resources Division, Southeast Asia Department ; SEGF = Governance, Finance, and Trade Division, Southeast Asia Department ; SEID = Infrastructure Division, Southeast Asia Department ; SESS= Social Sector Division, Southeast Asia Department ; SOE = state-owned enterprise.

Source: Asian Development Bank staff estimates.

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
			ADB		Others		
			Sources	Amount (\$'000)	Sources	Amount (\$'000)	
2008 Firm TAs							
Education							
1. Skill Enhancement	SESS	PPTA		600.00		0.00	600.00
2. Capacity Building for Project Management for Capital Efficiency Enhancement	VRM	ADTA		500.00		0.00	500.00
	Subtotal			1,100.00		0.00	1,100.00
Energy							
1. Son My 2&3 Power Project	SEID	PPTA		1,100.00		0.00	1,100.00
	Subtotal			1,100.00		0.00	1,100.00
Finance							
1. SME Development Phase II	SEGF	PPTA		500.00	TBD	300.00	800.00
2. Capacity Building for the Financial Sector and Capital Market for Implementation of FSPL (p/b to L37577-01)	SEGF	ADTA		1,000.00		0.00	1,000.00
3. Financial Sector Program III - Subprogram II	SEGF	PPTA		1,000.00		0.00	1,000.00
4. Support for Banking and Non-banking Sector Development	SEGF	PPTA		600.00		0.00	600.00
	Subtotal			3,100.00		300.00	3,400.00
Public Finance and Economic Development							
1. Capacity Building for Vietnam's Regional Cooperation Focal Points, Phase II	VRM/SEOC	ADTA		500.00		0.00	500.00
2. Support Implementation of Poverty Reduction Program	VRM	PPTA		300.00		0.00	300.00
3. Civil Service Reform and Anti-corruption	VRM	ADTA		1,200.00		0.00	1,200.00
	Subtotal			2,000.00		0.00	2,000.00
Railways							
1. Railway Rehabilitation	SEID	PPTA		1,000.00		0.00	1,000.00
	Subtotal			1,000.00		0.00	1,000.00

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
			ADB		Others		
			Sources	Amount (\$'000)	Sources	Amount (\$'000)	
Road Transport							
1. Capacity Development in the Transport Sector	SEID	ADTA		800.00		0.00	800.00
2. Ninh Binh - Thanh Hoa Expressway	SEID	PPTA		1,000.00		0.00	1,000.00
3. Transport Connections in Northern Mountainous Provinces	SEID	PPTA		800.00		0.00	800.00
4. Trung Luong - Can Tho Expressway	SEID	PPTA		1,000.00		0.00	1,000.00
				3,600.00		0.00	3,600.00
Rural Infrastructure							
1. Rural Infrastructure Development in Northern Mountainous Provinces	SEAE	PPTA		1,000.00		0.00	1,000.00
2. Rehabilitation of Irrigation Systems	SEAE	PPTA		600.00		0.00	600.00
3. Rural Water Supply and Sanitation	SESS	PPTA		600.00		0.00	600.00
				2,200.00		0.00	2,200.00
Trade							
1. Post WTO Support	SEGF	PPTA		300.00		0.00	300.00
				300.00		0.00	300.00
				10,800.00		300.00	11,100.00
Regional							
1. Laos-Viet Nam Power Interconnection (Ban Sok - Pleiku)	SEID	PPTA		1,000.00		0.00	1,000.00
2. Second Northern GMS Transport Network*	SEID	PPTA/RETA		1,000.00		0.00	1,000.00
3. GMS Biofuel Development Project*	SEAE	PPTA/RETA		1,000.00		0.00	1,000.00
4. Mekong Water Supply and Sanitation Project*	SESS	PPTA/RETA		450.00	UN-HABITAT	500.00	950.00
				3,450.00		500.00	3,950.00
				14,250.00		800.00	15,050.00
2008 Supplementary							
1. Ha Noi Urban Mass Transit Railways	SEID	PPTA		1,000.00		0.00	1,000.00
				1,000.00		0.00	1,000.00

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
			ADB		Others		
			Sources	Amount (\$'000)	Sources	Amount (\$'000)	
2008 Standby							
Health							
1. Strengthening Provincial Health Planning and Budgeting	SESS	ADTA		500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Urban Infrastructure							
1. Can Tho Water Supply	SEID	PPTA		1,000.00		1,000.00	2,000.00
2. Vinh Water Supply	SEID	PPTA		1,000.00		1,000.00	2,000.00
3. Hanoi New Urban Development	SEID	PPTA		1,000.00		1,000.00	2,000.00
Subtotal				3,000.00		3,000.00	6,000.00
Total				3,500.00		3,000.00	6,500.00

ADB = Asian Development Bank; ADF = Asian Development Fund; ADTA = advisory technical assistance; GMS = Greater Mekong Subregion; PPTA = project preparatory technical assistance; SEAE = Agriculture, Environment and Natural Resources Division, Southeast Asia Department; SEGF = Governance, Finance and Trade Division, Southeast Asia Department; SEID = Infrastructure Division, Southeast Asia Department; SEOC = Country Coordination and Regional Cooperation Division, Southeast Asia Department; SESS = Social Sectors Division, Southeast Asia Department; SME = small or medium-sized enterprise; TBD = to be determined; UN-HABITA= United Nations Human Settlements Programme; VRM = Viet Nam Resident Mission, WTO = World Trade Organization.

* for all countries included in the project

Source: Asian Development Bank staff estimates.

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector	Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
				ADB		Sources		
				Sources	Amount (\$'000)	Source	Amount (\$'000)	
2009 Firm TAs								
Agriculture and Natural Resources								
1.	Capacity Building to River Basin Water Resources Planning	SEAE	ADTA		1,000.00		0.00	1,000.00
2.	Development of Cua Dat Irrigation Systems	SEAE	PPTA		800.00		0.00	800.00
	Subtotal				1,800.00		0.00	1,800.00
Finance								
1.	Modernization of the State Bank of Viet Nam	SEGF	PPTA		1,200.00		0.00	1,200.00
	Subtotal				1,200.00		0.00	1,200.00
Health								
1.	HIV/AIDS Prevention and Youth II	SESS	PPTA		800.00		0.00	800.00
	Subtotal				800.00		0.00	800.00
Road Transport								
1.	Dau Giay - Phan Thiet Expressway Development	SEID	PPTA		1,000.00		0.00	1,000.00
2.	Transport Connections in Northern Mountainous Provinces	SEID	PPTA		800.00		0.00	800.00
	Subtotal				1,800.00		0.00	1,800.00
Urban Infrastructure								
1.	HCMC Outer Ring Road	SEID	PPTA		1,000.00		0.00	1,000.00
2.	Comprehensive Development of Selected Cities (Viet Tri and Dong Ha)	SEID	PPTA		1,000.00		0.00	1,000.00
	Subtotal				2,000.00		0.00	2,000.00
	Total				7,600.00		0.00	7,600.00
Regional								
1.	GMS Communicable Diseases II*	SESS	PPTA		0.00	RCIF	500.00	500.00
2.	GMS Biodiversity Conservation Corridor Program*	SEAE	PPTA/ RETA		0.00	RCIF	1,000.00	1,000.00
3.	GMS Ha Long - Mong Cai Highway	SEID	PPTA		1,000.00		0.00	1,000.00

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector	Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
				ADB		Sources		
				Sources	Amount (\$'000)	Source	Amount (\$'000)	
4.	Viet Nam-Guangxi, PRC Power Interconnection	SEID	PPTA/ RETA		1,000.00		0.00	1,000.00
5.	Trade Facilitation and Logistics Development in the GMS		PPTA		0.00	RCIF	800.00	800.00
	Total				2,000.00		2,300.00	4,300.00
	Total				9,600.00		2,300.00	11,900.00
2009 Standby								
Public Finance and Economic Development								
1.	Improvement of Commercial Court Capacity	VRM	ADTA		500.00		0.00	500.00
	Subtotal				500.00		0.00	500.00
Railways								
1.	Capacity Building to Railways Rehabilitation	SEID	ADTA		500.00		0.00	500.00
	Subtotal				500.00		0.00	500.00
	Total				1,000.00		0.00	1,000.00

ADB = Asian Development Bank; ADTA = advisory technical assistance; GMS = Greater Mekong Subregion; HCMC = Ho Chi Minh City; HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome; PPTA = project preparatory technical assistance; RCIF = Regional Cooperation and Integration Fund; SEAE = Agriculture, Environment and Natural Resources Division, Southeast Asia Department; SEGF = Governance, Finance and Trade Division, Southeast Asia Department; SEID = Infrastructure Division, Southeast Asia Department; SESS= Social Sectors Division, Southeast Asia Department; VRM = Viet Nam Resident Mission, WTO = World Trade Organization.

* for all countries included in the project

Source: Asian Development Bank staff estimates.

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
			ADB		Others		
			Sources	Amount (\$'000)	Sources	Amount (\$'000)	
2010 Firm TAs							
Agriculture and Natural Resources							
1. Rehabilitation of Irrigation Systems	SEAE	PPTA		1,000.00		0.00	1,000.00
2. Natural Resources Management	SEAE	ADTA		800.00		0.00	800.00
				1,800.00		0.00	1,800.00
Education							
1. Skill Enhancement II	SESS	PPTA		800.00		0.00	800.00
				800.00		0.00	800.00
Energy							
1. Vinh Tan 3 Thermal Power	SEID	PPTA		1,000.00		0.00	1,000.00
				1,000.00		0.00	1,000.00
Finance							
1. SME Development Phase III	SEGF	PPTA		800.00		300.00	1,100.00
2. Financial Sector and Capital Market Development	SEGF	ADTA		800.00		0.00	800.00
3. Support to Financial Decentralization and Debt Management II	VRM	ADTA		800.00		0.00	800.00
				2,400.00		300.00	2,700.00
Multi-Sector							
1. Infrastructure Reform Program Cluster	SEID	ADTA		1,000.00		0.00	1,000.00
				1,000.00		0.00	1,000.00
Public Finance and Economic Development							
1. Improvement of Commercial Court Capacity	VRM	ADTA		500.00		0.00	500.00
				500.00		0.00	500.00
Railways							
1. Railways Rehabilitation II	SEID	PPTA		1,000.00		0.00	1,000.00
				1,000.00		0.00	1,000.00

Table 2: Indicative Assistance Pipeline for Nonlending Products and Services, 2008–2010

Sector Project/Program Name	Responsible Division	Assistance Type	Sources of Funding				Total
			ADB		Others		
			Sources	Amount (\$'000)	Sources	Amount (\$'000)	
Road Transport							
1. Transport Connections in Northern Provinces	SEID	PPTA		1,000.00		0.00	1,000.00
Subtotal				1,000.00		0.00	1,000.00
Rural Infrastructure							
1. Rural Water Supply and Sanitation Cluster	SESS	ADTA		1,000.00		0.00	1,000.00
Subtotal				1,000.00		0.00	1,000.00
Urban Infrastructure							
1. Hanoi Ring Road	SEID	PPTA		1,000.00		0.00	1,000.00
2. Hanoi Urban Mass Transit	SEID	PPTA		1,000.00		0.00	1,000.00
Subtotal				2,000.00		0.00	2,000.00
Total				12,500.00		300.00	12,800.00
Regional							
1. GMS Border Town Development *	SEID	PPTA		500.00	PRCF	500.00	1,000.00
2. GMS Southern Coastal Corridor Phase 2	SEID	PPTA		1,000.00		0.00	1,000.00
Total				1,500.00		500.00	2,000.00
Total				14,000.00		800.00	14,800.00
2010 Standby							
Railways							
1. Capacity Building to Railways Rehabilitation	SEID	ADTA		500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Total				500.00		0.00	500.00

ADB = Asian Development Bank; ADTA = advisory technical assistance; GMS = Greater Mekong Subregion; HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome; PPTA = project preparatory technical assistance; PRC = People's Republic of China; PRCF = Poverty Reduction Cooperation Fund; SEAE = Agriculture, Environment and Natural Resources Division, Southeast Asia Department; SEGF = Governance, Finance and Trade Division, Southeast Asia Department; SEID = Infrastructure Division, Southeast Asia Department; SESS= Social Sectors Division, Southeast Asia Department; VRM = Viet Nam Resident Mission.

* for all countries included in the project

Source: Asian Development Bank staff estimates.

Table 3: Summary Information on Proposed Indicative Lending/Grant Products and Services for 2008

Project Name	Description
O Mon Gas Pipeline	<p>Goal The project aims to assist Viet Nam in developing key natural gas infrastructure in southern Viet Nam to support the development of base load power generation facilities to meet the rising demand for electricity in a more sustainable manner.</p> <p>Major Components The major component is the construction a 381 kilometer (km) gas pipeline from the offshore gas field development platform to the onshore gas distribution facility near O Mon power complex.</p> <p>Expected Results The expected output is 2 million cubic meters of gas per day transmitted through the 381 km gas pipeline. The outcome is the availability of natural gas to fuel the operation of the large 2,700 megawatt (MW) O Mon Thermal Power Complex. In addition, the availability of natural gas will help develop the industrial estates in the area that need natural gas for their operations.</p>
Health Care in the South Central Coast Region (formerly Health Care for the Poor in Central Region)	<p>Goal The project's goal is to improve the health status of the poor, women, children, ethnic minorities, and other vulnerable groups in eight provinces in the south central coastal region. The project will finance part of each of the provincial 5-year plans to strengthen the provincial public health system.</p> <p>Major Components The major components are to (i) help improve hospital facilities, equipment, drugs and supplies, and waste management (of the 31 civil works projects, about 20 are district hospitals); (ii) strengthen human resource planning and improve training in provincial schools; (iii) improve the performance of the health care funds for the poor, strengthen village health care, and promote health and nutrition for ethnic minority communities throughout the eight provinces; and (iv) help strengthen the capacity of provincial health departments and hospitals to cope with their increasingly complex responsibilities to plan, finance, and run the services. The Ministry of Health and the provinces will be supported to improve planning and budgeting, and conduct policy analysis in relation to provincial health system development.</p>

Project Name	Description
	<p>Expected Results</p> <p>The expected outcomes are (i) improved availability of hospital services; (ii) better quality of care at all levels; (iii) improved access for vulnerable groups; and (iv) improved management of the provincial health system in terms of equity, efficiency, and effectiveness.</p>
<p>Support Implementation of Poverty Reduction Program V</p>	<p>Goal</p> <p>The goal is reduced poverty and sustained high economic growth. This is a program loan without an investment component. Disbursement of the single-tranche loan will follow full compliance with the policy matrix containing reform measures under the following four comprehensive reform pillars: (i) business development, (ii) social inclusion, (iii) natural resources, and (iv) modern governance.</p> <p>Major Components</p> <p>Expected outputs include (i) policy advisory services in a coordinated manner with the World Bank and other PRSC participants to assist the Government in formulating the reform policies under the program framework, (ii) regulations and policies conducive to reforms specified under the reform program's four pillars, and (iv) sector studies and reviews to identify the status quo as prerequisite for reforms.</p> <p>Expected Results</p> <p>Expected outcomes are the attainment by the end of 2010 of three specific development outcomes specified under each of the 18 reform areas under the umbrella of the four reform pillars. These outcomes are distilled from the Government's vision in the Socioeconomic and Development Plan 2006–2010, based on a joint-donor analysis, with close government consultation.</p>
<p>Project Preparation Facility</p>	<p>Goal</p> <p>The project aims to facilitate the rapid implementation of major road sector projects through advance actions to prepare detailed designs, procurement and other documentation required to commence construction of four major expressway and highway projects.</p> <p>Major Components</p> <p>These are high priority projects for which feasibility studies will be undertaken in parallel with this project.</p> <p>Expected Outputs and Outcomes</p> <p>All pre-construction activities completed for four major expressway and highway projects, such that implementation</p>

Project Name	Description
	of construction works can commence on completion of processing of investment loans.
Central Mekong Delta Transport Connectivity	<p>Goal The project aims to support the ongoing rapid economic growth of the Mekong Delta region by reducing the cost of the movement of passengers and goods (i) around the Mekong Delta region, (ii) between the delta and HCMC to the north, and (iii) along transport links on the southern and eastern economic corridors of the GMS. The project will provide a critical missing link of National Highway 2 that will connect the the southern part of the Mekong Delta area to the HCMC area and the northern part of the Mekong Delta.</p> <p>Major Components This link includes two major bridges over the main channels of the Mekong Delta. By constructing this link an alternate route will be opened up to relieve the congestion on the existing National Highway 1.</p> <p>Expected Outputs and Outcomes The completion of construction of the missing link of National Highway 2 will lead to reduced travel times and transport costs for traffic (i) traveling from HCMC to the southern part of the Mekong Delta, and (ii) on the existing Highway no. 1 route between HCMC and Can Tho.</p>
City Comprehensive Socio-Economic Development (Thanh Hoa)	<p>Goal The objective of the project is to improve urban competitiveness and livability in the urban and peri-urban areas of Thanh Hoa in Viet Nam to meet socioeconomic development objectives.</p> <p>Major Components The major components include (i) a city development strategy and business plan, (ii) infrastructure project subcomponents, and (iii) institutional strengthening to address current weaknesses and increase private sector participation.</p> <p>Expected Results The expected outputs and outcomes are (i) a sustainable, participatory approach to urban and peri-urban development; and (ii) financing and implementation of bankable project proposals.</p>
Ho Chi Minh City Metro Rail (MFF)	<p>Goal The objective of the project is to implement integrated urban transport management and improve urban livability by developing mass rapid transit in HCMC.</p>

Project Name	Description
	<p>Major Components The major components are (i) detailed design and procurement packaging, and (ii) institutional strengthening of the HCMC Metro Rail Board and its framework for private sector participation.</p> <p>Expected Outputs and Outcomes The expected outputs and outcomes are: (i) cofinancing of Line 2 for about 12 km; (ii) preparation of the Line 3 project; (iii) definition of responsibilities between the public and private sectors; (iv) development of (a) an institutional framework for urban transport in HCMC, and (b) common technical standards and a ticketing and fare structure; and (v) integrated urban transport in HCMC through institutional reform and donor coordination.</p>
HCMC Water Supply	<p>Goal The objective of the project is to improve the level of service and coverage of the water supply in HCMC.</p> <p>Major Components The major components are: (i) strengthen and expand the primary transmission system, (ii) reduce nonrevenue water, and (iii) implement institutional strengthening and increase private sector participation.</p> <p>Expected Outputs and Outcomes The expected outputs and outcomes are: (i) improved access to service and coverage, (ii) sustainable and profitable operation, and (iii) privatization of the water company</p>
Vinh Tan 2 Thermal Power Project	<p>Goal This project aims to assist Viet Nam Electricity in developing a based load thermal power station, which is key to meeting the rapidly growing electricity demand in the southern region of Viet Nam. The project will also support public private development of Vinh Tan 3 and the associated common facilities.</p> <p>Major Components The project will support construction of a 1,200 MW coal-fired power plant at Vinh Tan power complex using super critical boiler technology. The project is part of the Vinh Tan power complex, where Vinh Tan 1 is being developed by a joint venture between EVN and China Southern Grid (CSG). The project includes construction of a 180 km double circuit 500 kilovolt (kV) transmission line to evacuate the power to load centers.</p>

Project Name	Description
	<p>Expected Results Expected output is a 1200 MW power plant using imported coal with common facilities shared by Vinh Tan 1 and Vinh Tan 2. The outcome is the availability of a reliable supply of electricity for meeting demand in the southern provinces of Viet Nam.</p>
<p>State-Owned Enterprise Reform and Corporate Governance Facilitation Project; Phase I, Phase II</p>	<p>Goal The program aims to reduce barriers to private sector development, improve national economic efficiency, and help reduce corruption and misuse of public resources.</p> <p>Major Components The major components include (i) providing long-term capital to the State Capital Investment Cooperation, DATC, or the Government to facilitate SOE reform; (ii) reviewing criteria for SOE reform target setting; (iii) assisting selected enterprises in restructuring, equitization, and listing; (iv) raising SOE corporate governance standards for both equitized SOEs and SOEs that are to remain 100% state-owned; (v) reviewing labor retrenchment issue and upgrading the social safety net; (vi) reviewing SOE procurement procedures through audits and designing new procedures following international best practice; and (vii) developing a program to deal with the public service obligation vested in SOEs.</p> <p>Expected Results The expected outcomes of SOE reform are (i) equitization of assets; (ii) increased transparency; (iii) better corporate governance; (iv) strengthened accounting, reporting, and oversight systems; and (v) enhanced overall efficiency.</p>
<p>Hue Water Supply</p>	<p>Goal The objective of the project is to improve the level of service and coverage for the water supply in the province.</p> <p>Major Components The major components are: (i) development of additional production facilities; (ii) strengthening and expansion of the distribution network; and (iii) institutional strengthening and private sector participation.</p> <p>Expected Outputs and Outcomes The expected outputs and outcomes are improved access to services and coverage, sustainable and profitable operations, and privatization of the water company.</p>

<p>Hai Phong Water Supply</p>	<p>Goal The objective of the project is to improve the operation and sustainable self-financing capacity of the water company.</p> <p>Major Components The major components comprise development of two additional production facilities, and institutional strengthening for financing and private sector participation.</p> <p>Expected Results The expected outputs and outcomes are sustainable and profitable operation, and privatization of the water company.</p>
<p>GMS Sustainable Tourism Development</p>	<p>Goal The goal of the project is to contribute to the objective of the GMS Tourism Sector Strategy of developing a pattern of tourism in the GMS that is sustainable, equitable, pro-poor, socially responsible, and internationally competitive. The project will strengthen the sustainable management of natural, cultural, and urban sites of importance to tourism; help reduce poverty and the undesirable social impact of tourism activities; facilitate the movement of tourists to and within the GMS; and improve both the planning and management capacity of tourism-related government agencies as well as service skills in the small and medium-size hospitality sector.</p> <p>Major Components Its key components and associated outputs include: (i) three types of sustainable tourism improvement subprojects: (a) transnational natural heritage sites (biodiversity corridors), (b) cultural heritage sites, and (c) urban tourism sites that are under pressure from tourism; (ii) pro-poor tourism subprojects in pilot tourism areas, including to improve tourist access to poor areas with tourism potential and facilitate the provision of services and goods by poor communities in key tourism destinations; (iii) subprojects to facilitate cross-border tourism, including to upgrade facilities and cross-border procedures at selected international border checkpoints with high priority for tourism development; and (iv) human resource development subprojects to upgrade the capacity of government officials at the national and provincial levels and at specific sites, as well as to improve the skills of vocational teachers in selected areas.</p> <p>Expected Results The project will result in tourism products in Lao PDR and Viet Nam that would serve as models and best practice cases for sustainable and pro-poor tourism development in Lao PDR</p>

	and Viet Nam. Other deliverables include (i) a coherent and focused GMS tourism marketing strategy, (ii) a concrete program for human resources development for the GMS tourism sector, and (iii) identification of opportunities for private-public partnerships and cooperation in the sector.
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DATC = Debt and Asset Trading Cooperation, EVN = Electricity of Viet Nam, GMS = Greater Mekong Subregion, HCMC = Ho Chi Minh City, HLD = Ho Chi Minh City-Long Thanh-Dau Giay, km = kilometer, Lao PDR = Lao People's Democratic Republic, MFF = Multitranches Financing Facility, PFR = Periodic Financing Request, PRSC = Poverty Reduction Support Credit, SDPL = SME Development Program Loan, SME = small or medium-sized enterprise, SOE = state-owned enterprise.

Sources: ADB staff

Table 4: Summary Information on Proposed Indicative Nonlending Products and Services for 2008

Project Name	Description
Skill Enhancement	<p>Goal The project aims to support the training of workers and technicians who meet the requirements of an open and industrializing market environment.</p> <p>Major Components The outputs of the project are: (i) 20 institutions upgraded with improved facilities and programs based on the model institutions established under the Vocational and Technical Training Program 1 (VTEP1); (ii) a greater role for the private sector in the planning and provision of vocational training, including industry-based training; (iii) improved quality assurance through the establishment of a national testing and certification system; (iv) improved program quality through manager and teacher development; and (v) broadening of training coverage through community-based training and enterprise development.</p> <p>Expected Results A more efficient and effective technical and vocational education system with greater private sector engagement.</p>
Capacity Building for Project Management for Capital Efficiency Enhancement	<p>Goal The proposed TA will contribute to the Government's efforts to improve project management capacity, particularly for public investment projects for infrastructure development. Specifically, the TA will help the University of Civil Engineering (UCE) strengthen the capacity of its teaching staff and improve teaching and/or training programs for university students, PMU staff, government officials, and private sector engineers.</p> <p>Major Components Major components of the project are: (i) review the implementation status of ongoing public investment projects for infrastructure development, and assess the needs for capacity strengthening in project management; (ii) identify the specific areas that require capacity strengthening; (iii) conduct training for UCE teaching staff; (iv) develop teaching and/or training programs and material for university students, PMU staff, government officials, and private sector engineers; (v) implement pilot teaching and/or training for different target groups; (vi) improve the teaching and/or training programs and material based on piloting; and (vii) develop a website to promote distance learning.</p> <p>Expected Results Expected outputs will be strengthened capacity of teaching staff at</p>

Project Name	Description
	<p>the UCE, teaching and training programs and material on project management of public investment projects for infrastructure development, and a website for distance learning. The TA outcome will be improved project management of public investment projects for infrastructure development.</p>
<p>Son My 2 and 3 Power Project</p>	<p>Goal This project is to conduct due diligence of the Son My 2 and 3 power projects for possible financing by ADB. Under this project the Son My 2 and 3 power projects will be examined with respect to (i) their being the least-cost generation option for EVN, and (ii) preparation of the safeguard documents.</p> <p>Major Components The TA will cover all aspects of due diligence including examination of economic, financial, and technological viability of the Son My 2 and 3 and environmental and social and resettlement aspects in full compliance with ADB safeguard policies. It will also explore private sector participation in the project.</p> <p>Expected Results The outputs are a feasibility study, environmental impact assessment, and resettlement plan that would enable further processing of the project for ADB financing. The outcome is the decision regarding ADB financing of this project.</p>
<p>SME Development Phase II</p>	<p>Goal The PPTA will help to prepare for a program loan that will build upon achievements of SDPL's first phase.</p> <p>Major Components The major components are proposed to include: (i) review of the development impacts of reforms undertaken through SDPL implementation to date; (ii) examination of the Government's 5-year SME Development Plan 2006-2010, UEL, CIL, prospective amendments to Decree 90/2001/ND-CP, and other related policy documents; (iii) prioritization, sequencing, and elaboration of the reform initiatives proposed to be implemented under the second phase of SDPL, based on sound economic and development impact assessments; (iv) necessary stakeholder and development partner consultations; and (e) related capacity development, as required.</p> <p>Expected Results The expected deliverables include completion of a draft of the SDPL Phase II proposal, including its rational, policy matrix and program framework; sector analysis; development coordination matrix; economic, social, and poverty impact assessments; and stakeholder consultations.</p>

Project Name	Description
<p>Capacity Building for the Financial Sector and Capital market for Implementation of FSPL (piggy-back to Loan 37577-01)</p>	<p>Goal</p> <p>The TA provides focused support for implementation of reforms across a range of key areas covered under FSPL III. The scope includes support for capital market development through measures aimed at (i) improving capital market liquidity, (ii) strengthening of the institutional framework for securities issuance, and (iii) improving consumer protection in securities markets.</p> <p>Major Components</p> <p>Measures to improve capital market liquidity include support to:</p> <ul style="list-style-type: none"> • the SSC in development of a design and implementation plan for a system (including rules, procedures, and IT) to (i) enable electronic filing by regulated parties and effective public disclosure, (ii) handle investor complaints, and (iii) strengthen supervision and enforcement with regard to market participants; and • MOF in strengthening capacity with regard to development of accounting standards and related guidelines. <p>Measures to strengthen the institutional framework for securities issuance include support to:</p> <ul style="list-style-type: none"> • SSC in development of a framework and related capacity for monitoring and supervision of exchanges and market participants; • SBV in development of a design and implementation plan for a system for effective monitoring of interbank transactions in the money market; • MOF and SBV in development of a system and related capacity to improve monetary and fiscal policy coordination to improve liquidity forecasts and lengthen the securities issuance calendar; and • MOF in development of a plan for elimination of interest ceilings in government bond auctions and a plan for the establishment of a primary dealer system. <p>Measures to improve consumer protection in the securities market include support to:</p> <ul style="list-style-type: none"> • MOF in development of procedures and related capacity for effective supervision of recently introduced risk-based capital adequacy rules for insurance companies; • MOF in development of regulations covering new products sold by insurance companies; and • MOF, SBV and other financial sector supervisory authorities in the design and institutionalization of arrangements to improve interagency coordination and cooperation with a view to moving towards a more functional approach to regulation and supervision. <p>Expected Results</p> <p>The TA in conjunction with related reforms under FSPL III is expected</p>

Project Name	Description
	<p>to result in an increased contribution by capital markets to domestic financing. Major outputs will include (i) a design and implementation plan for a system to allow for information disclosure, electronic filing, monitoring and supervision, and investor complaints in the securities market; (ii) improved capacity of SSC for monitoring and supervision of exchanges and market conduct; (iii) a design and implementation plan for establishment of a system in SBV to monitor interbank transactions; (iv) advice on establishment of an effective system to improve coordination of fiscal and monetary policy in issuance of bonds; (v) advice and an implementation plan with respect to establishment of a primary dealer system in Viet Nam; (vi) a study and plan for elimination of interest-rate ceilings in debt auctions; (vii) advice and related capacity building focused on strengthening accounting standards; and (viii) advice and drafting support with respect to regulations for new insurance products.</p>
<p>Capacity Building for Viet Nam's Regional Cooperation Focal points, Phase II (ADTA)</p>	<p>Goal The project aims to strengthen capacity of and improve coordination mechanisms among the Viet Nam focal point agencies (FPAs) for regional cooperation programs at both national and subnational levels.</p> <p>Major Components The major components are: (i) consulting services, and (ii) procurement of goods (equipment and customized ICT systems) and services (training facilities).</p> <p>Expected Results The expected outputs include technical training courses, advisory services, and shared information and communication systems. Expected outcomes are (i) increase in the proportion of trained staff to total staff in FPAs for regional cooperation programs, (ii) improved skills of trained staff working for the national focal points for regional programs, (iii) well operated and maintained ICT systems, and (iv) sharing of ICT systems among all FPAs.</p>
<p>Support the Implementation of the Poverty Reduction Program (Component 2) (PPTA)</p>	<p>Goal The project aims to help prepare the formulation, implementation, and monitoring and evaluation of the proposed program loans Support the Implementation of the Poverty Reduction Programs V-VII, outlined under the framework of the seventh to ninth poverty reduction support credits (PRSC 7–9) in the areas of (i) enhanced quality of ADB's policy advice, and (ii) strengthened capacity of relevant officers from the SBV (the executing agency) and their counterparts in implementing the program loans.</p> <p>Major Components The major components are: 1) consulting services, and 2) workshops</p>

Project Name	Description
	<p>for training and knowledge dissemination.</p> <p>Expected Results Expected outputs include selected sector review reports, advisory services, and technical training and knowledge dissemination workshops. Expected outcomes are (i) adoption of recommendations from the review reports for policy advice and dialogue during the formulation of proposed program loans; (ii) increase in the proportion of trained staff to the total staff in relevant government agencies responsible for formulating, implementing, and monitoring PRSC programs; and (iii) improved skills and knowledge of trained relevant government officials in implementing and monitoring the program loans.</p>
<p>Civil Service Reform and Anti-corruption</p>	<p>Goal Viet Nam's transformation from a centrally planned to a market-based economy and increased exposure to global competition (following from the country's WTO accession) makes it essential that the country have an efficient administrative system. In this context the Government will be changing the public service from a system of input-based control to output-based management, and making efforts to reduce corruption. The proposed TA will assist (i) the Ministry of Home Affairs to develop and implement the new Civil Service Law, and (ii) the Government Inspectorate to involve the general public in anticorruption efforts.</p> <p>Major Components The TA supports the Ministry of Home Affairs in developing the new Civil Service Law by (i) reviewing the current system; (ii) reviewing international practices; (iii) developing a modern human resource management concept and methodology, including a performance assessment tool, in the context of post-WTO accession; (iv) developing a draft law, including consulting with related stakeholders; and (v) moving forward with initial implementation, particularly awareness raising.</p> <p>The TA supports the Government Inspectorate in involving the general public in anti-corruptions efforts by developing an integrated information system and undertaking awareness raising, particularly by further developing the anti-corruption portal.</p> <p>Expected Results The TA is expected to result in increased efficiency of the civil service. Major outputs will include (i) a diagnostic study of the current civil service, (ii) design of a new civil service law, (iii) initial implementation of the new law, (iv) development of an integrated information system, and (v) awareness raising.</p>
<p>Railway Rehabilitation</p>	<p>Goal The project aims to induce economic growth along the Hanoi-Hai Phong corridor through efficient, multimodal transport.</p>

Project Name	Description
	<p>Major Components The major components of the PPTA are a feasibility study to rehabilitate and improve railway infrastructure on the Hanoi-Hai Phong Corridor.</p> <p>Expected Results A project design and feasibility study agreed on by the Government and ADB, setting out an economically, technically, socially, and environmentally feasible project to improve railway infrastructure</p>
<p>Capacity Development in the Transport Sector</p>	<p>Goal The project aims to support reform of the Viet Nam Road Administration (VRA) into a modern, efficient, road sector agency.</p> <p>Major Components The major components are: (i) preparation and implementation of plans for reform of the VRA organizational structure; (ii) design and implementation of a road asset management system, taking into account ongoing work on road maintenance management systems; and (iii) design of driver training and licensing systems.</p> <p>Expected Results Results include (i) a reorganized VRA with clear divisions between its roles as regulator, owner, and developer and operator of road sector assets; (ii) efficient management of road sector assets through a road asset management system; and (iii) improved driving standards that contribute to improved road safety.</p>
<p>Ninh Binh-Thanh Hoa Expressway</p>	<p>Goal The project aims to support the ongoing rapid economic growth of the region centered on Thanh Hoa and Vinh by reducing the cost of the movement of passengers and goods (i) between Hanoi and the provinces of the north central coastal region, and (ii) along transport links on the GMS eastern economic corridor.</p> <p>Major Components The major components are preparation of a feasibility study under PPTA for the Ninh Binh-Thanh Hoa expressway. The expressway will be a high-capacity, high-speed transport link. The project was identified under the Viet Nam Expressway Development Plan as a priority section</p> <p>Expected Results A project design and feasibility study agreed on by the Government and ADB, setting out an economically, technically, socially, and environmentally feasible project to construct the Ninh Binh-Thanh Hoa Expressway.</p>

Project Name	Description
Transport Connections in Northern Mountainous Provinces	<p>Goal</p> <p>The project aims to induce economic growth in the selected provinces through reduced transport costs and increased access to markets, jobs, and public services.</p> <p>Major Components</p> <p>The major components under the PPTA are (i) a feasibility study for improvements to selected priority links in the provincial road networks, and (ii) a review of the capacity of the provincial road sector agencies to manage the provincial road network.</p> <p>Expected Results</p> <p>Results include (i) a project design and feasibility study agreed on by the Government and ADB, setting out an economically, technically, socially, and environmentally feasible project that will improve provincial and district roads and associated bridges and drainage completed in the selected provinces; and (ii) a capacity-building program for the provincial road sector agencies.</p>
Trung Luong-Can Tho Expressway	<p>Goal</p> <p>The project aims to support the ongoing rapid economic growth of the Mekong Delta region by reducing the cost of the movement of passengers and goods (i) around the Mekong Delta region, (ii) between the delta and HCMC to the north, and (ii) along transport links on the GMS' southern and eastern economic corridors.</p> <p>Major Components</p> <p>The major components are preparation of a feasibility study under PPTA for the Trung Luong-Can Tho expressway. The expressway will be a high-capacity, high-speed transport link. The project was identified under the Viet Nam expressway development plan as a priority section.</p> <p>Expected Results</p> <p>A project design and feasibility study agreed on by government and ADB, setting out an economically, technically, socially, and environmentally feasible project to construct the Trung Luong-Can Tho Expressway.</p>
Rural Infrastructure Development Project in Northern Mountainous Provinces	<p>Goal</p> <p>The project aims to prepare a rural infrastructure investment program for the northern mountainous region, building on experience from relevant investment and policy-based operations.</p> <p>Major Components</p> <p>The major components are (i) facilitating decentralized and community-driven approaches to planning, managing, operating, maintaining and connecting rural infrastructure investments; and (ii) identification of a menu of strategically relevant investment</p>

Project Name	Description
	<p>opportunities required for facilitating rural growth opportunities for resource-poor rural communities.</p> <p>Expected Results The expected outputs and outcomes are a sector development program loan designed to rationalize rural infrastructure investment priorities in a decentralized framework.</p>
Rehabilitation of Irrigation Systems	<p>Goal The project aim is to help in designing an irrigation and drainage rehabilitation investment project that will improve selected irrigation services, supporting improved agricultural production and improved livelihoods.</p> <p>Major Components The major components are: (i) analysis of the performance constraints of selected irrigation and drainage (I&D) systems; (ii) assessment of agricultural opportunities and I&D performance requirements, to support improved agricultural production and water productivity; (iii) participatory design and rehabilitation of selected I&D systems to meet future service requirements; and (iv) capacity strengthening of irrigation management companies for improved service delivery in upgraded I&D systems.</p> <p>Expected Results Expected outputs are the agreed design of an investment project to rehabilitate infrastructure and upgrade irrigation and drainage services in selected schemes. The expected outcomes are increased crop diversity and higher farm household incomes and improved livelihoods for rural irrigation communities.</p>
Rural Water Supply and Sanitation	<p>Goal To prepare an investment project for development of rural water supplies in eight coastal provinces.</p> <p>Major Components To be determined</p> <p>Expected Results</p> <ul style="list-style-type: none"> • Approximately 700,000 rural people in eight provinces in the central coastal region will be supplied with 60 liters per person per day of clean water. • All water works constructed by the project will meet the quality standard defined by Ministry of Health No. 09, and fulfill the basic needs of the communities. • A minimum of about 100,000 households in project areas will have access to hygienic latrines. • Most people in the project areas will change their behavior

Project Name	Description
	<p>with regards to clean water use, environmental sanitation and personal hygiene.</p> <ul style="list-style-type: none"> • Management, coordination and research capacity will be strengthened through counterpart training (from the central to local level). • Improved and sustainable water supply and sanitation services in eight coastal provinces in Viet Nam, resulting in improved hygiene and environmental conditions, and ultimately leading to increased investment levels and poverty reduction.
<p>Post-WTO Support: Capacity Building for Trade and Tax Policy Reforms</p>	<p>Goal</p> <p>The objective of this TA is to support MOF's reform agenda by (i) providing timely advice on tax policy reforms consistent with best international practice, private sector growth and sustainable tax revenues; and (ii) building capacity within MOF to carry out trade and tax policy reforms on an economy-wide basis.</p> <p>Major Components</p> <p>The major components are: (i) analytical support for developing revenue enhancement initiatives through tax policy analysis and reforms to the VAT system, individual and corporate income tax, excise taxes, and capital transfer tax; (ii) capacity building in trade and tax policy analysis, including developing databases for analysis and in-house tax analysis training; (iii) building systems for assessing and evaluating the impact of WTO and PTAs on state budget revenues, industries, and the economy as a whole; and (iv) building a mechanism for tariff policy consultation to facilitate post-WTO negotiations, including PTAs in the short term and tariff policy determination in the longer term.</p> <p>Expected Results</p> <p>Expected outcomes are: (i) increased long-term growth trajectory of tax revenues through tax policy reforms and tariff policy formulation; and (ii) strengthened capacity of MOF to carry out economy-wide approaches to trade and tax policies.</p> <p>Expected outputs are: (i) efficiency improvements in the VAT system; (ii) revenue enhancing improvements to the individual and corporate income tax laws, excise taxes, and capital transfer taxes to align them with best international practices, consistent with private sector growth and a sustainable tax revenue base; and (iii) strengthened capacity in the MOF (Department of External Relations, Department of Tax Policy and MOF research unit) to carry out economy-wide trade and tax policy analysis and build mechanisms for tariff policy determination that would support the outcome of quality trade and tax policy formulation and consultations.</p>

Project Name	Description
<p>Laos-Viet Nam Power Interconnection (Ban Sok - Pleiku)</p>	<p>Goal This project is to undertake due diligence on the 500 kV power interconnection line between southern Lao PDR and the central highland in Viet Nam. This is a project to advance the GMS regional power trade.</p> <p>Major Components The TA will cover all aspects of due diligence including examination of the economic, financial, technological viability of the cross-border interconnection project from Ban Sok (Lao PDR) to Pleiku (Viet Nam), including environmental and social and resettlement aspects, in full compliance with ADB safeguard policies.</p> <p>Expected Results The expected output is a set of TA reports that would enable further processing of the project for ADB approval. The outcome is the decision regarding ADB financing of the project.</p>
<p>Second Northern GMS Transport Network Improvement Project</p>	<p>Goal The project aims to improve two sections of the transport network in northern Viet Nam and northern Lao PDR to provide more efficient and cost-effective movement of passengers and goods within the GMS (specifically between Thanh Hoa province in Viet Nam and northern Lao PDR).</p> <p>Major Components The PPTA will undertake a feasibility study and preliminary project design to set out a project to rehabilitate and upgrade transport links and facilities that is both economically and technically feasible, and socially and environmentally acceptable. The scope of activities will be based on ongoing activities and could support (i) improvements to National Highway (QL) 217 in Viet Nam, from Ban Loi to Thanh Hoa; and (ii) improvements to about 125 km of Route 6 in Lao PDR in Houaphan and Xieng Khouang provinces (from Ban Loi on the Viet Nam-Lao PDR border west to Xam Nua, and then southwest to the intersection with Route 1C). These improvements would complete the highway network connecting Louang Phrabang in Lao PDR, to Thanh Hoa in Viet Nam. From Thanh Hoa, connections are available to Hanoi on major highways</p> <p>Expected Results Expected outputs will include (i) undertaking analyses of transport links to determine the economic and technical feasibility, and social and environmental acceptability, of upgrading existing roads; (ii) preparing a matrix setting out an overall ranking of components and options for combinations of components to form logical projects for a range of funding levels; (iii) a review of facilities at the Viet Nam-Lao PDR border on the project road; and (iv) updating the evaluation of</p>

Project Name	Description
	<p>the road subsectors in Viet Nam and Lao PDR done under previous TA projects. Consideration of project sustainability will include a review of road maintenance finance in both countries.</p>
<p>GMS Biofuels Development - Viet Nam (for all countries under the project)</p>	<p>Goal Provide appropriate policy options and investment support to the Government of Viet Nam to participate in crop production, feedstock processing and crossborder trade on biofuels and rural renewable energy.</p> <p>Major Components Major components include: (i) policy support for cross-border investment, contract farming and trade; (ii) infrastructure and training support for enhanced community participation in feedstock supply, and SME development; (iii) support for research and development on crop selection, technology choices, farming systems, and feedstock processing and marketing by facilitating partnerships among international, regional, and national centers of excellence; and (iv) strengthening of the capacity of national institutions on the technical, economic and social dimensions of planning and implementation in order to catalyze farm-level biofuel development.</p> <p>Expected Results Enhanced public-private partnerships on policy and investment cooperation on biofuels and rural renewable energy development, and development of national strategies and agricultural options for participation of smallholders in the shift from conventional fuels to biofuel development in an environmentally and financially sustainable manner.</p>
<p>Mekong Water Supply and Sanitation Project</p>	<p>Goal Urban poverty in the GMS is most marked in Lao PDR, Cambodia and Viet Nam, where its incidence ranges from 9–26% of the urban population. New migrants arriving from rural areas make up much of this figure. They are financially poor, but also have little or no access to water supplies and other basic urban services, with consequent adverse impacts on their health and productivity, and perpetuation of poverty. The development of economic corridors in the GMS—and of existing and new urban areas along those corridors—will create new economic opportunities.</p> <p>Major Components The urban areas should become service centers, which contribute to economic growth and poverty reduction along the corridors. Good urban infrastructure and efficient urban management are necessary to attract investment, while improvements in quality of life can be realized through provision of basic services such as water supply and sanitation to the rapidly increasing population.</p>

Project Name	Description
	<p>Outputs include:</p> <ul style="list-style-type: none"> • expedited pro-poor water and sanitation investments in secondary towns; • enhanced institutional and human resource capacity at local and regional levels to sustain water and sanitation services; • upstream sector reforms at the local level; and • enhanced capacity of local private sector entities in service delivery. <p>Expected Results Improved and sustainable water supply and sanitation services in ten selected secondary towns in Lao PDR, Cambodia, and Viet Nam, along the economic corridors, resulting in an improved environment and ultimately leading to increased investment levels and poverty reduction.</p>
<p>Strengthening Provincial health Planning and Budgeting</p>	<p>Goal The project aims to provide more equitable, effective, efficient, and sustainable provincial health systems—and thereby better health—through strengthened provincial health planning and budgeting.</p> <p>Major Components Major components include (i) preparation, in a participatory manner, and based on earlier work and international good practices, of national standards and guidelines for conducting provincial health accounts and for preparing a 5-year provincial strategic plan and expenditure framework; (ii) assisting, in four provinces (one each in four regions), the provincial health team (a) with the preparation and evaluation of provincial health accounts, (b) a comprehensive results-based 5-year strategic plan and expenditure framework in partnership with stakeholders in these provinces, and (c) in sharing findings at the national level; and (iii) providing field training for other provinces near the four piloted provinces in the use of these methods.</p> <p>Expected Results Expected results comprise (i) national standards and guidelines for provincial health accounts and preparation of a 5-year provincial strategic plan and expenditure framework based on earlier work; (ii) tested provincial health accounts, comprehensive results-based strategic plans, and medium-term expenditure frameworks in four provinces; and (iii) strengthened provincial planning and budgeting capacity in four regions.</p>

ADB = Asian Development Bank; ADTA = advisory technical assistance; CIL = Common Investment Law; EVN = Electricity of Viet Nam; FSPL III = Financial Sector Program Loan III; GMS = Greater Mekong Subregion; I&D = irrigation and drainage; ICT = information and communication technology; IT = information technology; Lao PDR = Lao People's Democratic Republic; MOF = Ministry of Finance; PMU = project management unit; OCR = ordinary capital resources; ODA = official development assistance; PPTA = project preparatory technical assistance; PRSC = poverty reduction support credits; PTA = preferential trading arrangements; SBV = State Bank of Viet Nam; SDPL = SME Development Program Loan; SSC = State Security Commission; TA = technical assistance; UCE = University of Civil Engineering; UEL = Unified Enterprise Law; VAT = value-added tax; WTO = World Trade Organization.

Source: ADB Staff

Table 5: Updated Priority Sectors and Themes

Priority Sector	Developments since the adoption of the country strategy and program
Transport and Communications	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Energy	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Finance	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Education	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Health, Nutrition and Social Protection	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Water Supply, Sanitation, and Waste Management Environment	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Multisector (integrated urban development)	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Agriculture and Natural Resources (environment and biodiversity)	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Priority Theme	Developments since the adoption of the country strategy and program
Sustainable Economic Growth	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Gender and Development	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Governance	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Environmental Sustainability	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Private Sector Development	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.
Regional Cooperation	There have been no significant changes since the adoption of the Country Strategy and Program 2007–2010.

Source: ADB Staff

**Table 6: Country Cost Sharing Ceiling and Other Financing Parameters
(2007–2010)**

Item	Parameter	Remarks / Explanation
Country cost-sharing ceiling for the portfolio of projects in Viet Nam over the period of the CSP 2007–2010.	Up to 90% (on a portfolio basis)	This is an increase from the current 75%. Ownership and commitment will be developed through the budgetary allocation process and will allow the oversight agency to ensure that projects are properly prepared and implemented. Depending on the nature of the project and needs, percentages can vary for each project.
Country cost-sharing ceiling with respect to the portfolio of TA and other grants over the period of the CSP 2007–2010.	Up to 80% (on portfolio basis)	At the project level, ADB will assess the ownership and commitment of Viet Nam and the executing agency to the assistance provided. The availability of full-time and dedicated staff to coordinate, supervise, and mainstream the assistance provided by ADB and other development partners will be a key consideration in determining whether to provide a higher financing ratio.
Cost-sharing ceiling for all sectors.	None	Sector-specific variations have not been proposed.
Applicable limits to the overall amount of recurrent expenditures that ADB may finance.	No country limit, but strong emphasis on arrangements to ensure sustainability	Integration of ADB financing in the budget process will ensure that increased recurrent cost financing does not jeopardize overall debt and fiscal sustainability. At the project level, recurrent cost financing would be considered if consistent with project objectives, provided there is strong demonstration of arrangements to ensure sustainability after ADB financing ceases.
Taxes and duties that would not be financed by ADB.	None	Taxes and duties are considered reasonable, and there are no taxes and duties specifically targeted at ADB projects. At the project level, ADB would consider whether taxes and duties constitute an excessively high share of projects costs. ADB would monitor local taxes for possible distortions and ensure that consistent acceptable practices are maintained.

ADB = Asian Development Bank; CSP = Country Strategy and Program, TA = technical assistance.

Viet Nam: Country Cost Sharing Ceiling and Other Financing Parameters (2007–2010)

The Country Strategy and Program (CSP) for Viet Nam 2007–2010, approved by the Board of the Asian Development Bank (ADB) in October 2006, included a new cost sharing arrangement in Appendix 5. This was superseded in June 2007 with Management approval of the new financing parameters for Viet Nam allowing the financing of taxes, duties and recurrent costs by ADB. The new Viet Nam country cost-sharing ceiling and other financing parameters are given in Table 6. These new facilities have been made available for Viet Nam for the following reasons:

- Viet Nam has adopted prudent macroeconomic policies, with strong revenue performance, ensuring that overall fiscal balance and public debt servicing remain manageable. Monetary policy has been prudent, and financing of the fiscal deficit has generally been handled in a non-inflationary manner. The government fiscal deficit (budget deficit plus off-budget investments) has remained manageable (averaging around 4% of gross domestic product [GDP] over the last 5 years), and the International Monetary Fund (IMF) projects the overall fiscal deficit will remain at around 3.5% of GDP during the medium term (through 2010). The Socio-Economic Development Plan (SEDP) targets a fiscal deficit of less than 5% of GDP during the plan period of 2006–2010. Thus, the risk of major fiscal imbalances in the short to medium term is seen to be low.
- The external debt servicing ratio to exports remains manageable, having declined from about 10.6% in 2001 to a relatively modest 5.0% in 2005. Viet Nam is meeting all its external debt servicing obligations and most of its external debt is long term, with concessional terms. The external debt servicing of the country is therefore expected to remain sustainable over the period. IMF projects a current account deficit of about 4.0% of GDP through 2005–2010. ADB's financing of taxes and duties and recurrent costs has little or no impact on the country's debt burden as the amount in question is so small.
- In the course of the CSP preparation, ADB undertook country-level assessments to determine the transparency and fiscal sustainability of the tax regime. The IMF's review of Viet Nam's tax administration reforms was consistent with the CSP assessment and indicated that the country is making good progress towards improving tax administration. Viet Nam's tax structure is in line with what would be expected at its current level of per capita GDP, with government revenue at 21% of GDP. A close examination of several ADB projects approved in 2006 indicates that the tax share of the project costs ranges from 5.99% to 9.8%, which is well within 10% of government financing. The tariff structure is being rationalized with considerable reduction of nontariff barriers. There is no specific tax discrimination against ADB operations.
- ADB also made an assessment of the expected level and nature of recurrent cost financing in ADB-supported projects. The assessment revealed that the country adheres to prudent fiscal management practices. The revenue generated has been directed to meet the recurrent expenditures and its borrowing is exclusively aimed at capital expenditures and/or development purposes. Therefore, ADB's offer to finance recurrent expenditure is expected to be availed of only under exceptional circumstances, and is not likely to threaten sustainability of the projects.

- ADB's experience shows that during the course of project implementation, the executing agencies find themselves unable to make use of ADB funds while waiting for counterpart funds to arrive, thus resulting in delays in project implementation and poor disbursement. Therefore, ADB's support to the financing parameters is expected to facilitate timely implementation of projects, thereby helping improve disbursement and enhance investment efficiency.
- The inclusion of taxes and recurrent costs under ADB financing is also consistent with donors' harmonization efforts, as this will bring ADB in line with the practice of the World Bank and other donor agencies in Viet Nam.
- The proposed cost-sharing ceiling of 80% on a portfolio basis for the grant-financed portfolio reflects the desire of both ADB and the Government to ensure strong ownership of stakeholders, particularly in the case of grant-funded projects that do not carry loan repayment obligations. In anticipation of the active participation of the stakeholders, this level of contribution is considered feasible.

ADB will regularly monitor the fiscal and debt situation in the country and its implications for recurrent costs financing, and will make adjustments as warranted. In determining recurrent costs financing in individual projects, ADB will also continue to examine sustainability issues at the project and sector levels.