

MAJOR THRUSTS OF ADB COUNTRY STRATEGIES AND PROGRAMS IN VIET NAM

| Major Thrusts and Priorities | Country Strategy and Program and Its Updates | | | |
|--------------------------------------|---|--|---|---|
| | 1996–2000 | 1999–2001 | 2002–2006 | 2007–2010 |
| Overall Thrust | <ul style="list-style-type: none"> ▪ Facilitate the transition and restructuring of the economy according to market-based principles while promoting sustainable economic growth | <ul style="list-style-type: none"> ▪ Reduction in poverty through (i) economic growth and private sector development, (ii) improved human and social capital, and (iii) improved targeting of interventions | <ul style="list-style-type: none"> ▪ Poverty reduction through employment-generating economic growth with interventions aimed at reducing social and regional imbalances while focusing on the following strategic priorities: (i) sustainable growth, (ii) inclusive social development, (iii) good governance, (iv) geographic focus on the central region, and (v) regional cooperation in the GMS. | <ul style="list-style-type: none"> ▪ Reduction of poverty incidence to 10–11% by 2010 by promoting pro-poor, business-led economic growth |
| A. Sector Priorities | | | | |
| 1. Agriculture and Natural Resources | <ul style="list-style-type: none"> ▪ Enhancing the capacity of the rural economy and to raise rural incomes through support for policy reforms, rehabilitation of rural infrastructure and expansion of rural finance services ▪ Strengthening capacity of municipal institutions in sanitation, wastewater and solid waste management ▪ Establishment of policies for hazardous waste management ▪ Sustainable natural resource management | <ul style="list-style-type: none"> ▪ Policy reforms ▪ Geographically focused poverty reduction interventions ▪ Improved natural resource management ▪ Improved water resource management ▪ Improvement of the forestry sector | <ul style="list-style-type: none"> ▪ Raising agricultural productivity ▪ Promotion of agroindustrial development | <ul style="list-style-type: none"> ▪ Creation and expansion of the range of farm and nonfarm income-generating activities ▪ Reduction of vulnerability of rural communities to natural and other shocks ▪ Increase agricultural productivity ▪ Policy and institutional reforms ▪ Capacity development of sector institutions ▪ Private sector financing support for water sector infrastructure ▪ Improvement of water service delivery |

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| 2. Transport and Communication | <ul style="list-style-type: none"> ▪ Institutional and policy development in the road subsector ▪ Integration in the GMS road network ▪ Rehabilitation and upgrading of road network | <ul style="list-style-type: none"> ▪ Improvement of rural roads ▪ Integration in the GMS road network | <ul style="list-style-type: none"> ▪ Development of GMS transport network | <ul style="list-style-type: none"> ▪ Improvement of the transport investment program ▪ Improvement of sector efficiency ▪ Reduction of transport costs ▪ Private sector participation/public-private partnerships |
| 3. Energy | <ul style="list-style-type: none"> ▪ Policy support and capacity building initiatives to make the sector financially viable ▪ Development of the hydrocarbon sector ▪ Institutional strengthening in the areas of energy policy and planning ▪ Rehabilitation and upgrading of transmission and distribution systems/rural electrification | <ul style="list-style-type: none"> ▪ Sector reforms ▪ Improvement of the electric power sector ▪ Capacity building and institutional strengthening ▪ Improvement of the regulatory environment | <ul style="list-style-type: none"> ▪ Unbundling of generation, transmission and distribution in the power sector ▪ Creation of an independent regulator to facilitate clearly defined contractual arrangements for power supply ▪ Private sector participation | <ul style="list-style-type: none"> ▪ Establishment of competitive energy markets ▪ Diversification of sources of investments ▪ Development of new and renewable energy sources ▪ Promotion of trading of energy with neighboring countries ▪ Improvement of energy efficiency and conservation ▪ Promotion of environmental sustainability ▪ Private sector participation especially in thermal power generation |
| 4. Education | <ul style="list-style-type: none"> ▪ Improvement of the quality of secondary education ▪ Strengthening institutional capacity in planning, general management, labor market monitoring, curriculum development, and addressing the education needs of ethnic minorities | <ul style="list-style-type: none"> ▪ Increasing equitable access, improving quality and strengthening the capacity for decentralized management in the lower secondary education sector | <ul style="list-style-type: none"> ▪ Improved equitable access to and quality of secondary education | <ul style="list-style-type: none"> ▪ Achievement of universal secondary education ▪ Gender parity in secondary education ▪ Encourage private sector participation in vocational and tertiary education |

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| 5. Health | <ul style="list-style-type: none"> ▪ Enhancement of service delivery capacity ▪ Strengthening of institutional capacity for planning, implementing and monitoring nutrition programs ▪ Improve institutional capacity to address the health needs of ethnic minorities | <ul style="list-style-type: none"> ▪ Improved service delivery ▪ Enhancement of central and provincial management capacity | <ul style="list-style-type: none"> ▪ Improved access to affordable health care of adequate quality | <ul style="list-style-type: none"> ▪ Improved sector governance and financing ▪ Improved access to health care services and insurance by the poor, women, children and ethnic minorities ▪ Combating emerging and endemic communicable diseases |
| 6. Water Supply and Sanitation | <ul style="list-style-type: none"> ▪ Rehabilitation of water and sanitation systems | <ul style="list-style-type: none"> ▪ Provision of water and sanitation services to provincial level towns | <ul style="list-style-type: none"> ▪ Development of legal and regulatory framework for private sector participation ▪ Establishment of transparent and predictable mechanisms for tariff setting and tariff adjustments | <ul style="list-style-type: none"> ▪ Improvement of rural water supply and sanitation ▪ Strengthen capacity of rural water supply and sanitation institutions ▪ Improve the investment environment of water supply and sanitation in urban centers ▪ Ensure equitable access to safe water supply and sanitation facilities ▪ Policy and institutional reforms at the central and provincial levels |
| 7. Industry and Finance | <ul style="list-style-type: none"> ▪ Facilitate an enabling environment for private sector initiatives ▪ Development of financial and capital markets ▪ Restructuring of state-owned commercial banks | <ul style="list-style-type: none"> ▪ Support for microfinance, rural finance and small and medium enterprises development | <ul style="list-style-type: none"> ▪ Development of the financial sector ▪ Private sector participation | <ul style="list-style-type: none"> ▪ Institutional development of the nonbanking financial system ▪ Promotion of increased domestic and foreign private investment in the financial sector |

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| B. Thematic Priorities | | | | |
| 1. Private Sector Development | <ul style="list-style-type: none"> ▪ Reform of state-owned enterprises and introduction of corporate governance | <ul style="list-style-type: none"> ▪ Closer integration between private and public sector operations ▪ Promote public-private partnerships | <ul style="list-style-type: none"> ▪ Improvement of the business environment ▪ Promotion of private sector participation in infrastructure provision ▪ Strengthen the financial sector ▪ Promotion of transactions that will catalyze private investment and establishing best practices | <ul style="list-style-type: none"> ▪ Enabling environment for pro-poor private sector investment ▪ Deepen private sector participation in supplying physical and social infrastructure |
| 2. Governance | <ul style="list-style-type: none"> ▪ Support the development of an effective and accountable public administration ▪ Establish mechanisms and enhance transparency to combat corruption | <ul style="list-style-type: none"> ▪ Improved public service efficiency and effectiveness ▪ Implementation of a legal framework for the more efficient and effective operation of the market economy ▪ Improved transparency, accountability and management capacity of public finance | <ul style="list-style-type: none"> ▪ Public administration reform ▪ Improved organization and capacity of the public administration system ▪ Systemic reduction of opportunities for corruption ▪ Capacity building for decentralization ▪ Support for legal reform and public financial management | <ul style="list-style-type: none"> ▪ Increased transparency and public participation ▪ Reduced opportunities for corruption ▪ Development of provincial capacity (private sector development, public service delivery, annual planning and budgeting) |
| 3. Gender and Development | <ul style="list-style-type: none"> ▪ Special attention to women's needs in health and education ▪ Enhancement of women's productivity and their economic empowerment ▪ Better collaboration between Government and NGOs in providing targeted interventions | <ul style="list-style-type: none"> ▪ Overcome differences in access to economic opportunity ▪ Increasing participation in decision-making at the social, political and economic level | <ul style="list-style-type: none"> ▪ Reduction of gender and ethnic disparities in access to services (education, agricultural and entrepreneurial) | <ul style="list-style-type: none"> ▪ Integration of gender and other equity issues included and addressed as appropriate in ADB interventions ▪ Focus on improved access by women and other vulnerable groups to health care services and education |
| 4. Environment | <ul style="list-style-type: none"> ▪ Not mentioned | <ul style="list-style-type: none"> ▪ Management and development of water, | <ul style="list-style-type: none"> ▪ Institutional development ▪ Poverty-linked forestry, water | <ul style="list-style-type: none"> ▪ Focus on the link between natural resource depletion and |

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| | 1996–2000 | 1999–2001 | 2002–2006 | 2007–2010 |
| | | forest and coastal resources <ul style="list-style-type: none"> Prevention of environmental strains associated with rapid and concentrated urbanization | resource and coastal management activities in the Central Region | poverty reduction through water and coastal management <ul style="list-style-type: none"> Focus on natural resource management, livelihood improvement interventions, urban environment improvement, regional environment initiatives |
| 5. Regional Cooperation | <ul style="list-style-type: none"> Improved trade and investment opportunities through transport and energy projects in the GMS area | <ul style="list-style-type: none"> Further integration in the GMS through participation in dialogue on “soft infrastructure” issues | <ul style="list-style-type: none"> Regional infrastructure Support for software and agreements Expansion of subregional tourism | <ul style="list-style-type: none"> Regional infrastructure Broaden support in developing regional links Support for the necessary social and economic adjustments related to the AFTA and WTO obligations Improvement of social and environmental safeguards related to regional cooperation and integration |

ADB = Asian Development Bank, AFTA = ASEAN Free Trade Area, CAP = country assistance plan, GMS = Greater Mekong Subregion, NGOs = nongovernment organizations, WTO = World Trade Organization.

Source: Country operational strategies, country assistance plans, country strategy and programs, country operation and business plans (various years.).

Summary Description of Loan and TA Approvals

1. **Country Assistance and Plan 1999–2001.** The country assistance and plan (CAP) for the period 1999–2001 was based on the 1995 Country Operational Strategy (COS), which emphasized policy and institutional reform, agriculture and rural development, social and physical infrastructure development, and environment and natural resource management. The 1995 COS placed importance, too, on private sector financing of infrastructure development, and strengthening linkages between urban and rural areas and with neighboring countries in the greater Mekong subregion (GMS). The guiding principles of the country programs for 1999 to 2001 included promoting the involvement of the private sector and nongovernmental organizations, and beneficiary participation; and striking a balance between interventions promoting economic growth and social equity and securing the environmental soundness of projects.
2. The total amount of the loans approved for the 3 years were \$220.0 million, \$188.5 million and \$243.1 million, respectively. Over this period, Asian Development Bank (ADB) extended loan assistance to activities in water resources, agriculture, rural finance, urban development, education, livelihood improvement, roads improvement, and state-owned enterprise reform. Technical assistance (TA) grants were provided to (i) strengthen capacity in project preparation and implementation, decentralization and planning, state-owned enterprise audits, corporatization and corporate governance, national accounts, and forest management; (ii) prepare projects in hydropower, roads improvement, secondary education, agriculture, livelihood, and provincial towns water supply and sanitation; and (iii) prepare sectoral strategies and plans.
3. **Country Strategy and Program 2002–2004.** The country strategy and program (CSP) for 2002–2004 was aimed at ensuring that growth would reach the poor. Towards this end, the priorities were (i) sustainable growth, (ii) inclusive social development, (iii) good governance, and (iv) geographic focus on the Central Region. The priority crosscutting themes were environment and regional cooperation. (The CSP matrix is in Appendix 5.) Two highlights from the period's operations are: (i) approval of an OCR loan in the power transmission subsector in 2004, 5 years after the last OCR loan in Viet Nam; and (ii) approval of a program-based loan to cofinance other development partners in support of Government's poverty reduction plan, which continues to the current fiscal year.
4. The total amount of the loans approved for the 3 years were \$233.5 million, \$179.0 million and \$296.4 million, respectively. Loans were extended in support of financial sector reforms, agriculture, water resources, secondary education, urban development and housing, power, poverty reduction, and small- and medium-sized enterprise development. In addition to complementary project preparation and advisory TAs (PPTAs and ADTAs) to loans, nonlending assistance was also provided to addressing gender concerns in agriculture, transport and health care sector analyses focused on serving the poor, legal system development, and capacity building.
5. **Country Strategy and Program Update Covering 2005–2006.** The country strategy and program update (CSPU) for 2005–2006 continued the strategic priorities in the CSP 2002–2004 of (i) sustainable growth, (ii) inclusive social development, (iii) good governance, (iv) geographic focus on the Central Region, and (v) regional cooperation in the GMS. The lending and TA pipelines for the transport and power sectors were strengthened, with the power transmission subsector receiving a large ordinary capital resources (OCR) loan (\$360 million, 62% of the total loan amount in 2005).

6. The approved loans amounted to \$577.7 million in 2005 and \$308.19 million in 2006. In 2005, five Asian Development Fund (ADF) loans were approved in support of projects in health, transport, water resources and poverty reduction, and a large OCR loan was provided to the power transmission subsector. In 2006, eight ADF loans were approved in support of poverty reduction, livelihood improvement, development of towns, emergency calamity damage, agriculture, small and medium enterprise, education and transport. Fourteen unique (and four supplementary TAs) were approved in 2005, while five unique ADTAs (and one supplementary ADTA) were approved in 2006. Three new PPTAs were approved in 2005 while eight new PPTAs were approved in 2006.