

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Development partners, donor agencies, and international financing institutions have extended technical and financial assistance to participating countries in the Greater Mekong Subregion (GMS) since 1992. This assistance has focused on developing priority transport corridors to establish connectivity and promote continuing trade and investments in the subregion. With the strong partnership of the Asian Development Bank (ADB), the six GMS countries agreed to a program of subregional economic cooperation designed to enhance economic relations among the countries. Since then, external assistance of around \$10 billion worth of investments for priority infrastructure has either been completed or is being implemented in the GMS.

2. In support of the GMS program, ADB provided loans of \$3.8 billion for priority infrastructure to the participating countries and, significantly, generated \$4 billion worth of cofinancing to support investment projects. In addition, \$208 million of grant resources has been mobilized (\$94 million of which was provided by ADB) to finance human resource development, environmental improvements, tourism, trade, and investments.

3. Urban development often requires multisector intervention with components in the sector for water supply and other municipal infrastructure and services, and in the subsectors for urban transport, water supply and sanitation, waste management, urban sector development, and other municipal services as defined by the classification system of ADB. The projects listed in Table 1 are those ongoing (active) included in the programs of development partners that have a specified operation focus in the sector or any of the subsectors mentioned above in Viet Nam.

Table 1: Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
Urban Transport			
AFD	Ho Chi Minh Investment Fund for Urban Development Project	2007–2012	€50.000
JICA	Hanoi City Ring Road No3 Construction Project	2008–2014	¥28.281
	Hanoi City Urban Railway Construction Project	2008–2014	¥4.700
	Ho Chi Minh City Urban Railway Construction Project	2007–2019	¥20.900
KEXIM	Development Projects in Mekong Delta	2010–ongoing	\$76.000
UN-HABITAT	City Development Strategy for Thanh Hoa City	2009–2010	\$0.075
WB	Haiphong Urban Transport Project	2011–2016	\$276.610
	Vietnam Urban Upgrading Project	2009–	\$160.000
	Hanoi Urban Transport Development Project	2007–2013	\$165.000
	Ho Chi Minh Investment Fund for Urban Development Project	2007–2012	\$50.000
WB/AusAID	Vietnam Land Administration Project	1997–2003	\$75.000
Other Municipal Services			
ADB	Central Region Urban Environment Improvement	2004–2009	\$44.000
	Central Region Small and Medium Towns Development	2006–2012	\$53.220
	Thanh Hoa Comprehensive Socioeconomic Development Project	2009–2015	\$72.000
JICA	Hanoi Drainage Project for Environmental Improvement	1995–1998	¥6,410.000 (I); ¥12,200.000 (II)
	Second Hanoi Drainage Project for Environment Improvement (II)	2009–2012	¥29.289

Development Partner	Project Name	Duration	Amount (million)
Water Supply and Sanitation			
ADB	Third Provincial Towns Water Supply and Sanitation	2001–2010	\$60.000
AFD	Water Supply in urban areas of the Mekong Delta	2009–2011	€32.000
	Water Supply Project: Binh Duong, Ninh Thuan, Phu Yen, Tay Ninh, and Kien Giang	2001–2010	\$11.000
JICA	Hai Phong City Environmental Improvement Project (II)	2005–2013	¥21.306
	Hue City Water Environment Improvement Project	2008–2010	¥20.883
	Ho Chi Minh City Water Environment Improvement Project (III)	2000–2001	¥4.327
	Southern Vietnam Water Supply Project (II)	2003–2010	¥ 5,771.000
	Southern Binh Duong Province Water Environment Improvement Project	2007–2011	¥7.770
GIZ–KfW	Wastewater and Solid Waste Management in Provincial Centers	2004–2014	€6.500
WB	Ho Chi Minh City Environmental Sanitation Project	2001–2011	\$90.000
	Coastal Cities Environmental Sanitation Project	2006–2014	\$124.700
Waste Management			
AFD	Urban Environment Improvement in the Central Region	2004–2009	€30.000

ADB = Asian Development Bank, AFD = L'Agence Française de Développement, AusAID = Australian Agency for International Development, GIZ-KfW = Deutsche Gesellschaft für Internationale Zusammenarbeit-Kreditanstalt für Wiederaufbau, JICA = Japan International Cooperation Agency, KEXIM = Export-Import Bank of Korea, UN-HABITAT = United Nations Human Settlements Programme, WB = World Bank.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

4. In 2005, development partners and the government signed the Ha Noi Statement on Aid Effectiveness, a localized version of the Paris Declaration which sets out joint commitments and targets for improving the effectiveness of aid delivered to Viet Nam. The government is committed to improve the use of official development assistance (ODA) through (i) cooperation with development partners to strictly supervise disbursement and usage of ODA, addressing corruption to achieve maximum development results, (ii) devolving more responsibilities to local levels, (iii) streamlining investment procedures, (iv) establishing and operating a national monitoring and evaluation system for ODA programs and projects, and (v) developing cost norms for ODA-funded construction projects.

5. ADB works with five other financial institutions including L'Agence Française de Développement, Japan International Cooperation Agency, Export-Import Bank of Korea, Kreditanstalt für Wiederaufbau, and World Bank under the Six Banks initiative. The Six Banks account for more than 80% of the total ODA flow to Viet Nam, and have contributed substantially to improvement of portfolio performance and strengthening of ODA management.

C. Achievements and Issues

6. Following the agreements of development partners and the Government of Viet Nam as stipulated in the Ha Noi Core Statement on Aid Effectiveness, ODA is increasing in Viet Nam. The core statement, signed in 2005, sets out joint commitments and targets for improving the effectiveness of aid delivered to Viet Nam.

D. Summary and Recommendations

7. For its part, the government has committed to improve the use of ODA through (i) cooperating with development partners to strictly supervise disbursement and use of ODA, (ii) addressing corruption to achieve maximum development results, (iii) devolving more responsibilities to local levels, (iv) streamlining investment procedures, (v) establishing and operating a national monitoring and evaluation system for ODA programs and projects, and (vi) developing cost norms for ODA-funded construction projects.

8. The close coordination with other development partners will be continued and further strengthened. Stronger development coordination in Viet Nam is expected to minimize transaction costs, maximize responsiveness, address policy issues more systematically, provide greater support for reforms and capacity building, and promote better accountability to achieve greater development impact.