

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. From the resumption of Asian Development Bank (ADB) operations in Viet Nam in 1993 until December 2014, ADB's loan assistance amounted to \$13.34 billion. Of this amount, the transport sector's share was the largest, with a cumulative lending amount of \$4.3 billion (32.3%), including \$3.4 billion for the roads subsector. In the past 10 years, ADB experience in Viet Nam has mainly involved project preparation and financing of road projects (expressways and highways), a railway upgrading project, and urban mass rapid transit projects. Major investments to develop the Greater Mekong Subregion (GMS) Northern and Southern economic corridors are nearly complete, and the Yen Vien–Lao Cai Railway Upgrade in the GMS Northern Corridor Project has been completed.

2. The Japan International Cooperation Agency (JICA) has been the most active bilateral funding agency for the transport sector in Viet Nam. It often prepares master plans to identify and prioritize related projects, with a focus on developing an urban and national transport network, enhancing traffic safety, and providing capacity development for operation and maintenance. JICA's portfolio covers a wide range of projects, including urban public transport, roads and expressways, ports, and airports. The World Bank has been supporting the government with systematic reforms and innovative actions such as initiating public–private partnership (PPP) projects, establishing road maintenance funds, and reforming government organizations, as well as providing loans to transport projects. The World Bank's support on PPP includes preparation of a regulatory framework to guide the identification, appraisal, and implementation of PPP projects. These helped the government issue regulations on pilot investments under PPPs in 2010.¹ The World Bank's assistance also includes the Viet Nam Road Safety Program, Viet Nam Road Asset Management Program, Da Nang–Quang Ngai Expressway Project, Third Rural Transport Project, and Mekong Delta Transport Infrastructure Development Project. Table 1 presents major active transport projects financed by ADB, JICA, and the World Bank.

Table 1: Key Transport Projects Financed by Major Development Partners

Development Partner	Project Name	Duration	Amount
Road Transport			
ADB	GMS Kunming-Haiphong Transport Corridor—Noi Bai-Lao Cai Highway Project	2008-2019	\$1,096.0 million
	GMS Southern Coastal Corridor Project	2007–2015	\$25.0 million
	GMS Southern Coastal Corridor (cofinanced with the Government of Australia and KEXIM)	2007–2015	\$75.0 million
	Ho Chi Minh City–Long Thanh–Dau Giay Expressway (cofinanced with JICA)	2008–2016	\$410.0 million
	GMS Ben Luc–Long Thanh Expressway	2011–2017	\$636.0 million
	Second Northern GMS Transport Network	2011–2016	\$75.0 million
	Transport Connections in Northern Mountainous Provinces	2012–2016	\$80.0 million
	Central Mekong Delta Region Connectivity Project	2013–2019	\$410.0 million
	Northern Delta Transport Infrastructure Improvement	2008–2014	\$170.0 million
World Bank	Da Nang–Quang Ngai Expressway Construction	2011–2016	\$630.0 million
JICA	Second Transport Sector Loan for National Road Network Improvement	2013–present	¥24.8 billion
	Nhat Tan Bridge (Vietnam-Japan Friendship Bridge) Construction Project (III)	2013-2014	¥15.54 billion

¹ Government of Viet Nam. 2010. *Decision No. 71/2010/QĐ-TTg of the Prime Minister approving the regulations on pilot investment under the form of public–private partnership on 9 November 2010*. Ha Noi.

Development Partner	Project Name	Duration	Amount
	North–South Expressway: Ho Chi Minh City–Dau Giay (cofinanced with ADB)	2008–2014	¥16.6 billion
	National Highway No. 3 (Ha Noi–Thai Nguyen)	2011–2015	¥25.0 billion
	National Highways and Provincial Roads Improvement	2012–2015	¥16.49 billion
	Ha Noi City Third Ring Road	2004–2016	¥27.5 billion
	North–South Expressway Construction Project (Da Nang–Quang Ngai)	2008–2014	¥28.1 billion
	North–South Expressway Construction Project (Ben Luc–Long Thanh)	2011–2016	¥15.9 billion
		2014–2017	¥30.0 billion
		2012–2017	¥14.1 billion
		2015–2019	¥31.33 billion
Rail Transport			
ADB	GMS Kunming–Haiphong Transport Corridor: Yen Vien–Lao Cai Railway Upgrading (cofinanced with AFD and DGTPE)	2006–2015	\$60.0 million
JICA	Ha Noi–Ho Chi Minh City Railway Line Bridges Safety Improvement	2004–2014	¥20.0 billion
Urban Transport			
ADB	Ha Noi Metro Rail System Line 3 (cofinanced with AFD, DGTPE, and EIB)	2010–2018	\$293.0 million
	Ho Chi Minh City MRT Line 2 (cofinanced with KfW and EIB)	2010–2018	\$540.0 million
JICA	Ha Noi City Urban Railway Construction (Line 1)	2008–2014	¥4.7 billion
	Ha Noi City Urban Railway Construction (Line 2)	2009–2020	¥14.7 billion
	Ho Chi Minh City Urban Railway Construction (Line 1)	2007–2019	¥20.9 billion
Others			
JICA	Cai Mep–Thi Vai International Port Construction Project II	2013	¥8.94 billion
	Noi Bai International Airport to Nhat Tan Bridge Connecting Road Construction Project II	2013–2015	¥11.54 billion
	Noi Bai International Airport to Nhat Tan Bridge Connecting Road Construction Project I	2009–2013	¥6.55 billion
	Noi Bai International Airport Terminal 2 Construction	2010–2014	¥12.6 billion

ADB = Asian Development Bank, AFD = Agence Francaise de Développement, DGTPE = Direction Générale du Trésor et de la Politique Economique, EIB = European Investment Bank, GMS = Greater Mekong Subregion, JICA = Japan International Cooperation Agency, KEXIM = Export-Import Bank of Korea, MRT = mass rapid transit.

Sources: ADB publications; JICA publications; World Bank publications.

B. Institutional Arrangements and Processes for Development Coordination

3. The Government of Viet Nam received official development assistance (ODA) in the amount of \$22.3 billion during 2011–2015.² In 2017, 15 loans were signed with ODA development partners, among which ADB committed to provide \$660.0 million, JICA \$520.73 million, and the World Bank \$425.44 million. Financing commitments from these three development partners shared 85.4% of the total loan agreements in 2017.³

4. The annual consultative group meetings, co-chaired by the Ministry of Planning and Investment and World Bank, are the main platform for the government and development partners to review the progress and issues related to development assistance. Transport partnership group meetings, organized by JICA, are held every 6 months to discuss development issues in the transport sector. Recent group discussions on the medium- to long-term strategies between the

² Government of Viet Nam. 2016. *Decision No. 251/QĐ-TTg on Approving the Scheme on Orientations for Attraction, Management and Use of ODA and Concessional Loans Provided by Foreign Donors during 2016–2020*. Ha Noi.

³ Government of Viet Nam, Ministry of Planning and Investment. 2018. *Circular No. 2310/BKHDT-KTDN, Report on the Effectiveness and Impacts of Projects Funded by ODA loans and Preferential Loans in the Period 1993–2017*. Ha Noi.

government and development partners have identified a large gap in financing required to meet Viet Nam's urgent needs in the transport sector to sustain its socioeconomic development.

5. ADB has played an active role in the consultative group process and supported the government in adopting a new mechanism—the Viet Nam Development Partnership Forum—in 2013. ADB has led the preparation for the forum and the policy dialogue on financing for infrastructure, economic institutional reforms, efficient service delivery, and private sector development. ADB is an active member of the Six Banks Group, which has contributed to more effective management of development assistance from the perspective of the lenders. ADB has also helped strengthen specific policies and institutions, including preparation, implementation, and review of the decree on ODA management (footnote 2), and measures to improve program delivery and project implementation.

C. Achievements and Issues

6. ADB has provided technical and financial assistance to the Viet Nam Expressway Corporation since its establishment in October 2004 through the preparation of an expressway master plan and the preparation and implementation of three expressway projects: (i) GMS Kunming–Hai Phong Transport Corridor—Noi Bai–Lao Cai Highway Project, (ii) Ho Chi Minh City–Long Thang–Dau Giay Expressway Construction Project (with JICA cofinancing), and (iii) GMS Ben Luc–Long Thanh Expressway Project (with JICA cofinancing). ADB has cooperated with several bilateral development partners, mainly through cofinancing agreements. Besides JICA and the World Bank, ADB's active development partners include the Agence Française de Développement, Direction Générale du Trésor et de la Politique Economique, Australia's Department of Foreign Affairs and Trade, Export-Import Bank of Korea, European Investment Bank, German development cooperation through KfW, and Nordic Development Fund. ADB operations funded by the Asian Development Fund have prioritized the northern mountainous and central provinces with wide sector coverage, including transport and other physical infrastructure, rural development, urban and water services improvement, and the delivery of social services.

D. Summary and Recommendations

7. The government has large medium- to long-term investment needs in the transport sector. The interventions of ADB and its development partners in the transport sector will contribute to the government's socioeconomic development efforts. Continuous coordination with development partners is recommended to solve transport sector issues such as PPPs, government organization reforms, and operation and maintenance of roads. Going forward, ADB will create more focused and outcome-based synergies and complementarities with relevant government, international, and private stakeholders across relevant subsectors, as well as thematic support interventions. For example, to encourage more inclusive growth synergies, ADB-assisted projects and programs could include (i) more effective safeguards and livelihood restoration and enhancement programs under infrastructure projects, (ii) better targeted initiatives and components to address issues and challenges of the near-poor in urban and rural development, and (iii) more targeted measures to improve access to and the quality of public service delivery, especially for the poor and other vulnerable groups. ADB could also continue to support the government's initiative to strengthen operational efficiency and synergies via a regional development approach.