Viet Nam's economic growth has been increasing since 2011, while inflation has remained in single digits. Well-balanced macroeconomic policies have helped restore stability and investor confidence, with growth being propelled by a surge in foreign direct investment and export-oriented manufacturing.

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

Viet Nam was one of the founding members of the Asian Development Bank (ADB) in 1966. Since resuming operations in Viet Nam in 1993, total ADB assistance amounted to $15.2 billion.

**ADB-SUPPORTED PROJECTS AND PROGRAMS**

In the 1990s, ADB country strategies for Viet Nam were designed to promote efficient economic growth, reduce poverty, and create sustainable development during the transition from a centrally planned to a market-oriented system. In the 2000s, the strategic focus was on economic growth led by business and in favor of the poor. Under the current country partnership strategy, ADB supports Viet Nam's...
socioeconomic development through a range of measures. It finances infrastructure and human resources development, promotes sustainable development through improved responses to environmental degradation and climate change, and fosters social inclusion and gender equity. ADB also works to enhance policy enforcement and institutional capacity, such as finance sector development, public sector management, and governance.

The use of the Asian Development Fund in Viet Nam prioritizes the central and northern mountainous regions, where there is a high concentration of ethnic minorities and persistent poverty. Viet Nam has actively participated in the Greater Mekong Subregion (GMS) Economic Cooperation Program. The country accounts for nearly half of total ADB lending to GMS projects, particularly for transport connectivity, development of corridor towns, control of HIV/AIDS and communicable diseases, management of natural resources and the environment, and tourism. The 2015 GMS Program in Viet Nam contributed to enhancing the population’s access to power, urban mass transport, and other municipal services. It helped to develop environmentally sustainable urban infrastructure that is resilient to climate change, and to improve finance sector management with a focus on deepening capital and money markets. It also fostered transport connectivity in Ha Noi, which will benefit residents, commuters, and visitors to a rapidly growing city with a population of nearly 7 million. Meanwhile, the GMS Corridor Towns Development Project benefits about 143,000 people across Bac Giang, Mong Cai, and Sa Pa.

ADB is also engaged in managing knowledge for development in Viet Nam, while leveraging a wider range of financial and technical support, including private sector development and operations.

**NONSOVEREIGN OPERATIONS**

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved $280 million in nonsovereign financing for seven private sector transactions in Viet Nam. Total outstanding balances and commitments of ADB’s private sector transactions in the country, as of 31 December 2015, amount to $233.01 million, representing 2.8% of ADB’s total nonsovereign portfolio.

**COFINANCING**

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s TFP.

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**Viet Nam: Project Success Rates**

<table>
<thead>
<tr>
<th>Year</th>
<th>Success Rate (%)</th>
<th>No. of Independently Evaluated Projects and Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>100.0</td>
<td>2</td>
</tr>
<tr>
<td>2007</td>
<td>100.0</td>
<td>3</td>
</tr>
<tr>
<td>2008</td>
<td>83.3</td>
<td>6</td>
</tr>
<tr>
<td>2009</td>
<td>75.0</td>
<td>4</td>
</tr>
<tr>
<td>2010</td>
<td>100.0</td>
<td>3</td>
</tr>
<tr>
<td>2011</td>
<td>100.0</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>75.0</td>
<td>4</td>
</tr>
<tr>
<td>2013</td>
<td>66.7</td>
<td>6</td>
</tr>
<tr>
<td>2014</td>
<td>50.0</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>100.0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>81.8</td>
<td>33</td>
</tr>
</tbody>
</table>

Note: “Year” refers to the circulation year of the project completion report (PCR). The success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports database as of 31 December 2015.

**Viet Nam: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2014–2015**

<table>
<thead>
<tr>
<th>No. of Ongoing Loans (as of 31 Dec 2015)</th>
<th>2014 ($ million)</th>
<th>2015 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awards/Commitments* &amp; b</td>
<td>1,090.98</td>
<td>844.49</td>
</tr>
<tr>
<td>Disbursements a</td>
<td>816.35</td>
<td>780.43</td>
</tr>
<tr>
<td>No. of Ongoing Grants (as of 31 Dec 2015)*</td>
<td>3 1,05 –</td>
<td>– (0.24)</td>
</tr>
<tr>
<td>Contract Awards/Commitments* &amp; b</td>
<td>1,05 –</td>
<td>– (0.24)</td>
</tr>
<tr>
<td>Disbursements a</td>
<td>–</td>
<td>– (0.24)</td>
</tr>
<tr>
<td>Actual Problem Projects (%)</td>
<td>8</td>
<td>– (0.24)</td>
</tr>
</tbody>
</table>

Note: Totals may not add up because of rounding.

* Includes closed loans/grants that had contract awards or disbursements during the year.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>2014 Amount ($ million)</th>
<th>2015 Amount ($ million)</th>
<th>2014 % of Total</th>
<th>2015 % of Total</th>
<th>Cumulative Amount ($ million)</th>
<th>2014 % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Works, and Related Services</td>
<td>576.16</td>
<td>745.82</td>
<td>6.71</td>
<td>6.71</td>
<td>4,756.87</td>
<td>3.26</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>35.12</td>
<td>17.40</td>
<td>0.27</td>
<td>0.27</td>
<td>143.08</td>
<td>0.93</td>
</tr>
<tr>
<td>Total Procurement</td>
<td>611.28</td>
<td>6.83</td>
<td>763.23</td>
<td>6.49</td>
<td>4,899.95</td>
<td>3.13</td>
</tr>
</tbody>
</table>

* A project with more than one source of cofinancing is counted once.
Coordination with development partners and the private sector.

Deep engagement with civil society organizations and the private sector.

ADB maintains efficiency, and impact of its lending and non-lending programs. ADB maintains close coordination with Viet Nam's development partners to improve the effectiveness of its regular operations, ADB coordinates assistance program. As part of its development partners, in terms of both the size and coverage of its operations, ADB is one of Viet Nam's top three development partners.

In 2015, Viet Nam received grant cofinancing of $10.3 million from the Global Environment Facility, Regional Malaria and Other Communicable Disease Threats Trust Fund under the Health Financing Partnership Facility, and Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility, as well as loan cofinancing of $367.4 million from Agence Française de Développement, the Clean Technology Fund, Direction Générale du Trésor, the European Investment Bank, and KFW.

A summary of projects with cofinancing from 1 January 2011 to 31 December 2015 is available at www.adb.org/countries/viet-nam/cofinancing.

### PARTNERSHIPS

ADB is one of Viet Nam's top three development partners, in terms of both the size and coverage of its assistance program. As part of its regular operations, ADB coordinates closely with Viet Nam's development partners to improve the effectiveness, efficiency, and impact of its lending and non-lending programs. ADB maintains deep engagement with civil society organizations and the private sector. Coordination with development partners is conducted through consultations during country programming missions and sector working group meetings. In 2015, ADB played a key role in the annual Viet Nam Development Partnership Forum, by leading the preparatory work and discussions in the session on infrastructure financing.

### PROCUREMENT

#### Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled $8.4 billion in 2014 and $11.12 billion in 2015. Cumulative procurement, as of 31 December 2015, was $145.92 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled $556.05 million in 2014 and $637.4 million in 2015. Cumulative procurement, as of 31 December 2015, was $10.64 billion.

#### Goods, Works, and Related Services

From 1 January 1966 to 31 December 2015, contractors and suppliers were awarded contracts to the value of $8.4 billion. During the same period, 9,602 contracts were awarded to contractors and suppliers from Viet Nam worth $4.76 billion.

### OPERATIONAL CHALLENGES

In 2015, ADB operations in Viet Nam were affected by legislative changes, arising from the National Assembly concerns about public debt levels, continued fiscal tightening, and scrutiny of the management of official development assistance (ODA) funding. The Ministry of Finance subsequently imposed a ceiling on disbursements from ODA funds. This scenario—coupled with uncertainty surrounding elections in 2016—significantly slowed the government's internal approvals, resulting in longer time frames to award contracts as well as reduced disbursements.

Traditional operational challenges continue to hinder the implementation of projects in Viet Nam. These challenges include availability of counterpart funding, slow land acquisition, and weak institutional capacity. There are also regulatory conflicts between the requirements for ODA-funded procurement, contracting and project management, and the laws and regulations of Viet Nam. ADB, as part of the Six Banks Group, engages
in policy dialogue with government counterparts on more effective ODA management. This includes developing a policy for the onlending of ODA funds to the provinces and improving ODA budget allocation, as well as harmonizing procurement, contracting, and project management requirements between ODA financiers and the government.

**FUTURE DIRECTIONS**

The current ADB country partnership strategy for Viet Nam is fully aligned with the government's Socio-Economic Development Plan. The CPS focuses assistance through three pillars: inclusive growth, enhancing economic efficiency, and environmental sustainability. To maximize its development impacts, ADB prioritizes six sectors: agriculture and natural resources, education, energy, finance, transport, and water supply and other municipal infrastructure and services. Future ADB operations will address thematic issues including governance and capacity development, gender equity, and private sector development. ADB also actively supports Viet Nam's participation in regional cooperation and integration initiatives.

The forthcoming country partnership strategy will incorporate new ADB priorities under its Midterm Review of Strategy 2020, as well as the government's new Socio-Economic Development Plan, 2016–2020. The streamlining of inclusive economic growth will be of particular importance.

Following Viet Nam's classification as a middle-income country, the structure and availability of ODA has been changing rapidly. ADB, along with development partners, will assist the government to create strategies for the use of ODA, and to diversify development financing. To maintain a long-term partnership with Viet Nam, ADB will provide “finance++” support, which means providing finance, sharing knowledge, and leveraging other financing sources, including the private sector.

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**ABOUT VIET NAM AND ADB**

**ADB Membership**

Joined 1966

**Shareholding and Voting Power**

- Number of shares held: 36,228 (0.342% of total shares)
- Votes: 75,792 (0.572% of total membership, 0.877% of total regional membership)
- Overall capital subscription: $502.43 million
- Paid-in capital subscription: $32.61 million

Won-Mok Choi is the Director and M P D U K Mapa Pathirana is the Alternate Director representing Viet Nam on the ADB Board of Directors.

Eric Sidgwick is the ADB Country Director for the Viet Nam Resident Mission. The resident mission was opened in 1997 and provides the primary operational link for activities between ADB and the government, the private sector, and civil society stakeholders. The resident mission engages in policy dialogue and acts as a knowledge base on development issues in Viet Nam.

The Government of Viet Nam agency handling ADB affairs is the State Bank of Viet Nam.

**ABOUT THE ASIAN DEVELOPMENT BANK**

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB’s main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2015, lending volume was $15.45 billion (707 projects), with TA at $141.30 million (199 projects) and grant-financed projects at $365.15 million (17 projects). In addition, $10.74 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB’s Trade Finance Program. From January 2011 to December 2015, ADB’s annual lending volume averaged $12.93 billion. In addition, investment grants and TA funded by ADB and Special Funds resources averaged $590.66 million and $150.23 million in TA over the same period. As of 31 December 2015, the cumulative totals excluding cofinancing were $231.53 billion in loans for 2,822 projects in 44 countries, $7.23 billion in 274 grants, and $3.90 billion in TA grants, including regional TA grants.

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**Useful ADB websites**

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
www.adb.org/publications/depositories

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics

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In this publication, “$” refers to US dollars. Figures are estimated by ADB unless otherwise cited. Data are as of 31 December 2015 unless otherwise indicated. Fact sheets are updated annually in April.