ADB has supported Viet Nam’s poverty reduction achievements and has more recently been helping guide measures to address income inequality and socioeconomic disparities, particularly for ethnic minorities and other vulnerable groups.

**VIET NAM**

The global economic downturn and weakening external demand caused by the coronavirus disease (COVID-19) pandemic slowed Viet Nam’s recent growth momentum in 2020. However, the country’s economic fundamentals remain resilient and the economy expanded at 2.9% in 2020. Viet Nam’s medium- and long-term economic prospects are also positive due to continued improvements in its business environment, expanded market access from free trade agreements, a growing middle class, and the ongoing shift of global and regional value chains to lower-cost countries.

Viet Nam was one of the founding members of the Asian Development Bank (ADB) in 1966. ADB has since supported the country’s poverty reduction achievements and has more recently been helping guide measures to address income inequality and socioeconomic disparities, particularly for ethnic minorities and other vulnerable groups.

Since 1966, ADB has provided $16.8 billion in cumulative sovereign assistance for Viet Nam. Cumulative loan and grant disbursements to Viet Nam amount to $11.47 billion. These were financed by regular and concessional ordinary capital resources, the Asian Development Fund, and other special funds.

On 1 January 2019, Viet Nam graduated to a Group C country, with access only to regular ordinary capital resources.

**ADB-SUPPORTED PROJECTS AND PROGRAMS**

In 2020, ADB’s active portfolio of sovereign projects and programs in Viet Nam was worth more than $4.7 billion, augmented by technical assistance of $59.3 million. These investments are helping the country emerge from the COVID-19 pandemic, enhance transport connectivity and urban development, improve access to quality education and health services,
support climate change mitigation and environmental sustainability, and better integrate into the regional and global economy. To respond to the economic impacts of the COVID-19 pandemic in 2020, ADB provided Viet Nam with a $5 million grant, funded by the Women Entrepreneurs Finance Initiative. This grant supports women-led small and medium-sized enterprises in accessing bank credit during these difficult economic conditions.

ADB has a strong track record of helping Viet Nam achieve its impressive development results. Since 2010, ADB financing, knowledge, and partnerships have helped improve living standards for nearly 1 million poor and vulnerable people and generated 43,100 jobs. ADB support for agriculture and natural resources improved 23,049 hectares of land through climate-resilient irrigation infrastructure and water delivery services, directly benefitting 3.39 million rural residents. Prioritizing gender equality, ADB-supported projects also helped nearly 1.6 million women and girls be better prepared for external shocks such as COVID-19, climate change, and natural disasters.

ADB is also supporting the Government of Viet Nam’s efforts to strengthen, deepen, and broaden the reach of Viet Nam’s finance sector. These include improvements in the legal and regulatory framework for financial stability, nonperforming loan resolution, and bank restructuring. ADB has backed the government in creating an enabling environment for money market and capital market development. It is also supporting policy measures to introduce a market-based approach to financial inclusion through the development of microfinance and adoption of financial technology.

ADB’s private sector operations have supported finance sector development through a range of activities, including the Trade Finance Program and credit lines for commercial financial institutions to support small and medium-sized enterprises. ADB also helps strengthen capacity development in the finance sector through technical assistance combined with financing.

ADB is committed to sharing knowledge for effective development in Viet Nam, while leveraging a wider range of financial and technical support, including private sector investment and operational participation.

**NONSOVEREIGN OPERATIONS**

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments in loans and equity investments from ADB’s own funds in 2020 amounted to $1.4 billion for 38 transactions in economic and social infrastructure, finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2020, ADB mobilized $1.9 billion of long-term project cofinancing and $3.3 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and commitments of nonsovereign transactions funded by ADB’s own resources stood at $14.3 billion as of 31 December 2020.

In Viet Nam, 2020 commitments from ADB’s own funds amounted to $75.2 million for a water treatment expansion project, two renewable energy projects, a private equity fund, and a pharmaceutical project. Total outstanding balances and commitments of ADB’s nonsovereign transactions in the country as of 31 December 2020 was $1 billion, representing 7% of ADB’s total nonsovereign portfolio.

**PARTNERSHIPS**

ADB is a member of the 6 Banks Group (with Agence Française de Développement, the Japan International Cooperation Agency, the Export–Import Bank of Korea, German development cooperation through KfW, and the World Bank). This group shares information and coordinates closely on project design and implementation...
matters in Viet Nam, including country programming and sector working group meetings.

In 2020, ADB worked with development partners to help the government issue a new law on public–private partnerships and revise its regulations on public asset management. ADB also collaborated on the preparation of Viet Nam’s Socio-Economic Development Plan 2021–2025.

FINANCING PARTNERSHIPS
Financing partnerships 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 loans and grants, technical assistance, and other nonsovereign cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s Trade and Supply Chain Finance Program and Microfinance Program.

ADB began cofinancing operations in Viet Nam in 1972. Since then, sovereign cofinancing commitments for Viet Nam have amounted to $4.6 billion for 60 investment projects and $132.22 million for 96 technical assistance projects. Nonsovereign cofinancing for Viet Nam has amounted to $9.87 billion for 10 investment projects.

In 2020, Viet Nam received $5 million grant cofinancing from the Women Entrepreneurs Finance Initiative for the COVID-19 Relief for Women-Led Small and Medium-Sized Enterprises.

A summary of projects with cofinancing from 1 January 2016 to 31 December 2020 is available at www.adb.org/countries/viet-nam/cofinancing.

PROCUREMENT
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 are awarded on the basis of international competition, which is open to firms and individuals from all ADB members.

Share of ADB’s Procurement Contracts
Goods, Works, and Related Services
ADB’s procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled $14.19 billion in 2019 and $22.79 billion in 2020. Cumulative procurement since 1966 has been $216.35 billion covering 222,415 contracts.

For contractors and suppliers from Viet Nam, 11,226 contracts worth $7.7 billion have been awarded since 1966.

Consulting Services
ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled $756.72 million in 2019 and $732.11 million in 2020. Cumulative procurement since 1966 has been $14.13 billion covering 67,086 contracts.

For consultants from Viet Nam, 11,226 contracts worth $7.7 billion have been awarded since 1966.

OPERATIONAL CHALLENGES
The impacts of climate change are becoming more severe in Viet Nam, with saline intrusion in the Mekong Delta, and drought, flood, and storm disasters in the central region. ADB works closely with other organizations—especially the United Nations Development Programme and, more recently, the Japan International Cooperation Agency—to support the government in dealing with post-
disaster damage. It also collaborates with the World Bank and the Government of the Netherlands on infrastructure development for climate change resilience in the Mekong Delta.

The Government of Viet Nam has made efforts to improve its legal framework on Official Development Assistance management and ADB and other members of the 6 Banks Group continue to coordinate with the government on concessional loan management and utilization regulations, and in strengthening procurement capacity.

FUTURE DIRECTIONS

Taking into consideration the impacts of the COVID-19 pandemic, ADB is currently preparing a country partnership strategy to support Viet Nam over 2021–2025, incorporating priorities of Viet Nam’s Socio-Economic Development Plan 2021–2025. The bank will help Viet Nam build a core pipeline of projects that uses more responsive financing modalities. It will also incorporate value-adding innovations and technologies that can leverage either more concessional cofinancing or increased private sector participation, including through public–private partnerships. ADB will continue to support climate change adaptation and mitigation measures to respond to the heightened environmental risks facing Viet Nam. It will also explore the possibility of financing multisector projects at the subnational government level.

ABOUT VIET NAM AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held: 36,228 (0.341% of total shares)

Votes: 75,342 (0.567% of total membership, 0.870% of total regional membership)

*Overall capital subscription: $521.78 million

*Paid-in capital subscription: $33.86 million

*United States dollar figures are valued at rate as of 31 December 2020.

Nguyen Thi Hong is the Governor and Nguyen Kim Anh is the Alternate Governor for Viet Nam in ADB.

Kisun Bang is the Director and Yu-Peng (James) Tseng is the Alternate Director representing Viet Nam on the ADB Board of Directors.

Andrew Jeffries is the ADB Country Director for Viet Nam. The Viet Nam 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 Viet Nam government agencies handling the partnership with ADB are the State Bank of Viet Nam, Ministry of Finance, and Ministry of Planning and Investment.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from Asia and the Pacific 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. In 2020, lending volume was $26.9 billion (149 projects), with technical assistance at $293.56 million (275 projects) and grant-financed projects at $1.08 billion (62 projects). In addition, $16.41 billion was generated for sovereign and nonsovereign cofinancing in the form of loans and grants, B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB’s Trade and Supply Chain Finance Program and Microfinance Program.

From 1 January 2016 to 31 December 2020, ADB’s annual lending volume averaged $19.69 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged $803.5 million and $230.81 million respectively over the same period. As of 31 December 2020, the cumulative commitments excluding cofinancing were $323.17 billion in loans for 3,369 projects in 44 countries, $11.3 billion in 495 grants, and $5.01 billion in technical assistance grants, including regional technical assistance grants.

CONTACTS

Viet Nam Resident Mission
Asian Development Bank
3rd Floor, CornerStone Building
16 Phan Chu Trinh Street
Hoan Kiem District, Ha Noi, Viet Nam
Tel: +84 24 39331374
Fax: +84 24 39331373
adbvrm@adb.org
www.adb.org/viet-nam

ADB Headquarters
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel: +63 2 8632 4444
Fax: +63 2 8636 2444

State Bank of Viet Nam
25 Ly Thuong Kiet Street
Hoan Kiem District, Ha Noi, Viet Nam
Tel: +84 24 39433634
Fax: +84 24 38250612
adbdivision@sbv.gov.vn
www.sbv.gov.vn

Useful ADB websites

Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org

Notes:
ADB recognizes “Korea” as the Republic of Korea.
Figures are estimated by ADB unless otherwise stated. "$" refers to United States dollars.
Data are updated as of 31 December 2020 unless otherwise indicated.