

Better finance management for Vietnam's sustainable growth

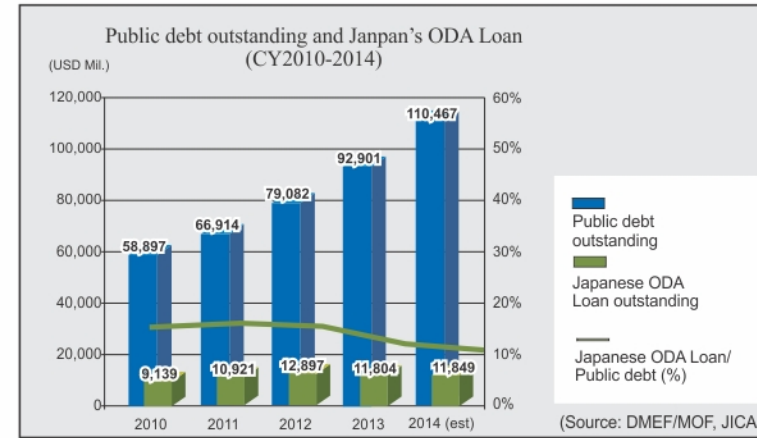
~The role of Japan's ODA~

Japan's ODA contributes to Vietnam's socio economic development

The Vietnamese Government and JICA have put priority on using Japan's ODA Loans for investment in major infrastructure for socio-economic development. This approach has been highly valued for its contribution in drastically improving the investment climate in Hanoi and Ho Chi Minh City. Moreover, Japan's ODA Loans have also created benefits for Vietnamese firms. The value of contracts awarded to Vietnamese companies under Japan's ODA Loans has increased and the technical transfer of very sophisticated technologies has been widely carried out from Japanese companies to Vietnamese partners through ODA Loan projects.

The level of Japan's ODA Loans are stable

Japan's outstanding ODA Loans increased from US\$9,139 million in 2010 to US\$11,849 million in 2014, yet its share in public debt decreased from 16% in 2010 to 11% in 2014



Japan's ODA is contributing to prudent public debt management

Compared to Government Bonds, the financial cost for Japan's ODA Loans are very low and offer favorable lending terms.

Condition	Government Bond	General term	STEP
Borrowing amount	100	100	100
Borrowing interest	5%	3.40%	2.10%
Payment period (year)	30	30	40
Grace period (year)	0	10	10
Total Payment Amount	250	168	153



Nhat Tan Bridge (Japan - Vietnam Friendship Bridge) Construction Project
Total project cost 80,000million Yen, of which Yen Loan 54,200million Yen

Condition	Yen Loan	Government bond
Borrowing interest: 0.1%	55,600 mil Yen	135,500 mil Yen
Payment period: 40 years		
Grace period: 10 years		
Borrowing interest: 5%		
Payment period: 30 years		
Grace period: 0 years		

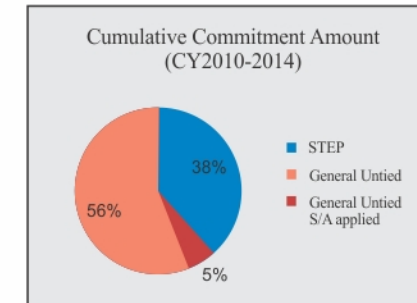
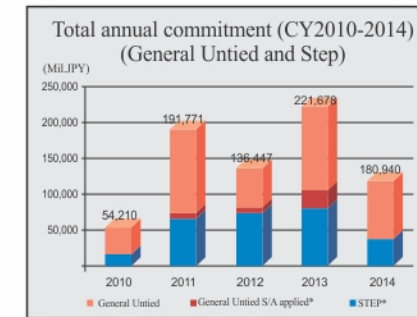
*The above interest rate considers a 2.0% premium against USD.

STEP (Special Terms for Economic Partnership)

Japan respects the partner country's decision on whether loans with binding terms should be applied or not. Japan's ODA Loans with binding terms are called STEP (Special Terms for Economic Partnership). This aims to extend to projects for which advanced Japanese technologies and know-how are substantially utilized.

Main conditions of STEP Loans:

- (1) The prime contractor shall be Japanese companies or Joint Venture Japanese companies and Vietnamese companies.
- (2) Not less than 30% of origin of goods shall be procured from Japan.



Japan's ODA Loans have been benefiting Vietnamese firms through:

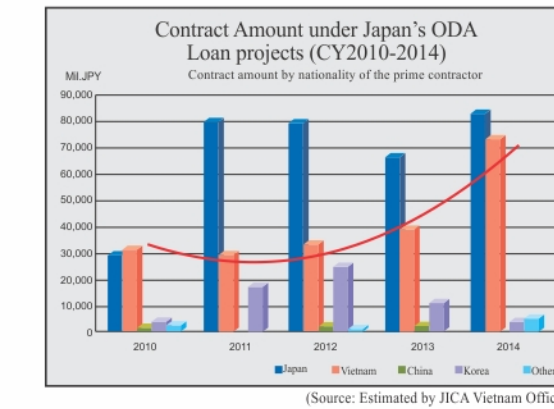
1. Japanese Technology transfer
2. Safety and environment protection
3. Management know-how transfer
4. More jobs creation
5. Efficient human resource management



Hanoi Ring Road No.3 Project - A Gantry Crane was brought for the first time to Vietnam through a Joint Venture with a Japanese company. Now a Vietnamese company is using the crane after mastering the use of this technology.

Vietnamese contractor participation in Japan's ODA projects

For loans with general terms, Vietnamese firms can participate through submitting bids for contracts and undertaking the contract as the prime contractors and/or subcontractors. For STEP Loans, Vietnamese firms can be awarded the contract as a member of a Japan-Vietnam joint venture and/or subcontractors.



More than 200 Vietnamese companies have participated in Japan's ODA Loan projects

Number of Vietnamese Company with Contracts in Japan's ODA Loan projects (2010-2015 May)

Major Enterprises	Number of Contracts
Civil Engineering Construction Corporation No.4	15
Thang Long Construction Corporation	11
Civil Engineering Construction Corporation No.1	11
Civil Engineering Construction Corporation No.8	11
Civil Engineering Construction Corporation No.6	7
Truong Son Construction Corporation	6
319 General Corporation	5
510 Construction Joint Stock Company	5
Van Cuong Construction Union Company	5
Dat Phong Joint-Stock Company	5
Quyet Tien Construction Investment Company	5

<http://www.jica.go.jp/vietnam/vietnamese/office/topics/c8h0vm0009erm6-at/1505.pdf>

Representative Projects



International Gateway Strengthened Connections between Hanoi City and the World

Terminal 2 at Noi Bai International airport, Nhat Tan Bridge (Japan-Vietnam Friendship bridge) and a road connecting the bridge to the airport (Vo Nguyen Giap road), put into operation from Dec 2014 to Jan 2015, dramatically improved the arterial transportation route from the international gate to the center of the city.
- Terminal 2 Construction Project in Noi Bai International Airport
Total investment: 76.1 bil Yen (Yen Loan: 59.3 bil Yen)
- Nhat Tan Bridge (Vietnam-Japan Friendship Bridge) Construction Project
Total investment: 80 bil Yen (Yen Loan: 54.2 bil Yen)
- Noi Bai International Airport to Nhat Tan Bridge Connecting Road Construction Project
Total investment: 27 bil Yen (Yen Loan: 18.1 bil Yen)



Build Transport Links with Satellite Cities

The HCMC-Dau Giay Expressway - a top priority section of the North-South Expressway, put into operation in Feb 2015, improved arterial transportation from HCMC to Dong Nai province and dramatically shortened travel time to Cai Mep Thi Vai International Port.

North-South Expressway Construction Project (HCM-Dau Giay section)
Total investment: 83.6 bil Yen (Yen Loan: 60 bil Yen)



Hai Van Tunnel Construction Contributes to Improvement of National Highway No.1 and the East-West Economic Corridor

The project built a two-lane tunnel (6.3km long), evacuation tunnel access roads and bridges in the Hai Van Pass section on National Highway No.1, which contributed to improve traffic safety and shorten traveling time dramatically.

Hai Van Tunnel Construction project
Total investment: 17.5 bil Yen (Yen Loan: 15.3 bil Yen)



More than 10 years for National Road Improvement

The Transport Sector Loan for National Road Improvement Projects started in 2004 and constructed a total of 144 bridges where the poverty rate is high. From 2010 to 2014, the project completed work on supplying 183 road, electricity, irrigation and water supply facilities which contributed to improving the economic basis and basic living conditions of the poor.

- The Transport Sector Loan for National Road Improvement (I) Total investment: 12.9 bil Yen (Yen Loan: 9.5 bil Yen)
(II) Total investment: 49.9 bil Yen (Yen Loan: 27.5 bil Yen)
- Second Transport Sector Loan for National Road Improvement
Total investment: 29.9 bil Yen (Yen Loan: 24.8 bil Yen)



Help Poverty Reduction in Rural Areas

The project focuses on remote and mountainous regions where the poverty rate is high. From 2010 to 2014, the project completed work on supplying 183 road, electricity, irrigation and water supply facilities which contributed to improving the economic basis and basic living conditions of the poor.

Small-Scale Pro-poor Infrastructure Development Project (Phase I-VI)
Yen Loan: 66.3 bil Yen



BasicGAP for Safe Crop Production

As a fundamental step for the majority of farmers to carry out GAP to produce safe crops and target the domestic market, MARD has issued Decision No. 2998/QD-BNN-TT on promulgating the "BasicGAP Guidance" supported by JICA in July 2014, which simplified selection of minimum essential criteria from the current VietGAP and improved certification and registration systems.

Project for Strengthening the Capacities for the field of Management of Vietnam's Crop Production Sector for Improving the Productivity and Quality of Crop's Products in Vietnam (Jul 2010 ~ Jun 2014)



24-Hour Hotline (1800-1567) to Tackle Human Trafficking

To tackle the growing and complex issue of trafficking in persons (TIP), the project launched a phone hotline on 1800-1567. The hotline carries out Anti-TIP work as well as supporting victims of human trafficking to reintegrate into community by strengthening collaboration on the issue in Vietnam. The project has 24-hour hotline centers in Hanoi, An Giang and Ha Giang.

Project for the Establishment of Anti-Trafficking in Persons Hotline in Viet Nam (Jul 2012 ~ Mar 2016)



Maternal and Child Health Handbook (MCHHB) contributes to improving healthcare

MCHHB is a comprehensive handbook containing essential information on the physical and intellectual development of a child from the fetus period to 6 years of age. The Handbook contributes to improving the knowledge, attitude and practice of pregnant women and mothers on maternal and child healthcare, as well as in enhancing communication with health workers.

Project for Implementing Maternal and Child Health Handbook for Scaling Up Nationwide (Feb 2011 ~ Dec 2014)



Human Resources Development for Industries

JICA has been cooperating with Hanoi University of Industry (HaUI) on HR development to meet the demand of industries through know-how and the Japanese model of vocational training, while also strengthening industry-university collaboration, setting up pilot skills testing and facilitating employment matching.
- The Project for Strengthening Training Capability for Technical workers (Apr 2000 ~ Mar 2005)
- Project for Human Resource Development of Technicians at HaUI (Jan 2010 ~ Jan 2013)
- Project for strengthening TOT functions at HaUI (Jun 2013 ~ Jun 2016)

Articles

Transportation

Ring road No.3, Nhat tan bridge, Vo Nguyen Giap Highway, Terminal 2 (T2) at Noi Bai International Airport and Thu Thiem tunnel, which were built with the support of Japan's ODA through JICA have been featured in a list of the 14 most modern construction projects in Vietnam. These projects are said to be of great significance for the nation's socio-economic development while helping reduce the traffic accidents and congestion.

(VOV, 27 Aug 2015)

Economy

At the Enterprises Consultative Conference, 90% of participating enterprises showed their high appreciation for the effectiveness of VNACCS/VCIS. In addition, simplified administration procedures have helped enterprises to save their time for customs procedures, averaging at 3 hours/package. It is estimated that thanks to VNACCS/VCIS, enterprises have saved US\$12,660 each month.

(TBTC, 3 Nov 2015)

Agriculture

Working with the "Project for the Development of Crop Genotypes for the Midlands and Mountain Areas of North Vietnam", Mr. Hoang Quoc Manh - Head of Do Thanh seed production experimental station - said that at 2 pilot sites for the summer - autumn collection year 2014, the results are very positive. This includes successes with advanced varieties of Khang Dan 18, producing a similar yield to current Khang Dan 18 in Nghe An but with a growing time that has been shortened by 10-13 days. This has great significance for avoiding the negative impacts of floods on agriculture in the province.

(Nghe An, 18 Jun 2015)

Health

Officially being implemented in Tuan Giao commune, Dien Bien province since June 2013, after 2 years the Project on "The Maternal and Child Health Handbook" (MCHHB) supported by JICA has brought about positive results. Recognition of mothers in taking care of their health and their children's health has been raised, contributing to the reduction of the mortality rate for children aged under 5 years and the rate of malnutrition in the province.

(Dien bien TV, 14 Jul 2015)

Human resources

The Project for developing human resources at Hanoi University of Industry (2010-2013) has seen the Japanese technical training model at the university provide high quality human resources to domestic enterprises and for labour export.

(Tien phong, 9 Jul 2015)

Volunteer

While she was in labor giving birth, a pregnant woman suddenly found her umbilical cord became tangled. If the problem was not dealt with in a timely manner, the newborn could die due to suffocation as a tangled umbilical cord can block the flow of blood to the fetus. Fortunately, a Japanese volunteer at the scene reacted quickly, helping a nurse to quickly insert her hand into the uterus to "lift up" the section of the uterus that did not block the umbilical cord throughout the whole process of transferring the pregnant woman from the delivery monitoring ward to an operation hall to safely remove the newborn from its mother's womb.

(Dan tri, 25 Aug 2014)

Human security

The Connecting Unit for a new Anti-human trafficking Hotline (which can be reached by phone on 1800 8077) supported by JICA was officially launched at the Social Protection Center of An Giang province in July 2014. According to a report from the Social Evils Prevention Department of An Giang, since 2013, the unit has received and supported 29 victims of human trafficking.

(ICT News, 12 Oct 2015)