

 Early Warning System

ADB-41456-043

Water Sector Investment Program - Tranche 3



Quick Facts

Countries	Vietnam
Specific Location	Bac Giang, Cua Lo, Quang Nam, Thai Hoa, Thanh Hoa, Thanh Pho Thai Nguyen, Vinh
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	B
Voting Date	2015-03-27
Borrower	Government of Vietnam
Sectors	Infrastructure, Water and Sanitation
Investment Type(s)	Grant
Investment Amount (USD)	\$ 142.50 million
Project Cost (USD)	\$ 169.00 million



Project Description

In November 2014, Asian Development Bank (ADB) received the State Bank of Vietnam's periodic financing request letter for project 3 requesting \$142.5 million to finance seven water companies (WSCs) having completed their project preparation and initiated advance action under project 2. The investments would improve water services for 1.2 million persons, including 17,500 poor households with their own piped water connection for the first time.

Project 3 outputs will support the multitranche financing facility (MFF) outputs: (i) increased coverage; (ii) improved business planning, financial management, and asset management; and (iii) effective nonrevenue water reduction for seven WSCs for the following: Bac Giang City, Cua Lo Town, Nghi Son Economic Zone, Tam Hiep-Dien Nam, Dien Ngoc Towns, Thai Hoa Town, Thai Nguyen City and Vinh City in four provinces.

Special features of project 3 include (i) promoting technical and financial sustainability by enforcing water tariff increase to full-cost recovery, while reducing subsidies and meeting targets of selected key performance indicators; (ii) providing access to finance for second-ranked WSCs willing to secure their debt through water tariff increase, resulting in greater access to safe water for the poor; and (iii) promotion of engineering, procurement, and construction (EPC) contracts.

The Ministry of Planning and Investment (MPI), coordinating agency for the MFF, is responsible for (i) selecting WSCs that can access the MFF, and (ii) consolidating reports with the assistance of the WSCs. Under project 3, the project management is delegated to the WSCs, and the provincial people committees (PPCs) are the executing agencies. Each WSC has set up a project management unit (PMU) in its organizational structure under project 2. The PMU organizes the procurement of consulting services and works. The MPI has no role in procurement.

Project 3 is structured with one loan to the government. The Ministry of Finance will sign seven subsidiary loan agreements with the participating WSCs with a letter of guarantee from the respective PPC, after the loan signing. Each WSC, acting as implementing agency, will implement its procurement plan separately. The MPI will consolidate the reporting with assistance of the WSCs. The project performance management information system was set-up under project 1 and applies to all subsequent tranches.



Investment Description

- Asian Development Bank (ADB)

Financing Plan

Project Cost 169.00

ADB 142.50

Counterpart 26.50

Cofinancing 0.00



Contact Information

Responsible ADB Division
Viet Nam Resident Mission

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ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>



Bank Documents

- [Loan Agreement for Loan 3251-VIE: Viet Nam Water Sector Investment Program - Project 3](#) [Original Source]
- [Project Agreement for Loan 3251-VIE: Viet Nam Water Sector Investment Program - Project 3](#) [Original Source]
- [Project Disclosure PDF](#)
- [Water Sector Investment Program - Tranche 3: Gender Action Plan](#) [Original Source]
- [Water Sector Investment Program - Tranche 3: Periodic Financing Request Report](#) [Original Source]
- [Water Sector Investment Program - Tranche 3: Procurement Plan](#) [Original Source]
- [Water Sector Investment Program - Tranche 3: Project Administration Manual](#) [Original Source]