

DOCTORAL THESIS IN BRIEF

THỊ TÚY, PHẠM. *Attracting and implementing ODA in infrastructure development in Vietnam*

Major: Political economy

Code: 62 31 01 01

Socio-economic infrastructure is a very important factor in socio-economic development in each sector as well as each nation. Constructing a modern and synchronous infrastructure requires many elements, especially large capital. Recently, demand for ODA has increased sharply while its supply has continuously decreased. This calls for an urgent investigation into receiving and using ODA in infrastructure development in Vietnam for the last years so as to find ways to attract more ODA and using it more efficiently in the years to come. That is the reason why the author has chosen “Attracting and using ODA in infrastructure development in Vietnam” as her PhD research.

The thesis is developed into 3 chapters and 8 sections.

Chapter 1, *Roles of economic infrastructure in socio-economic growth and the importance of ODA in developing economic infrastructure* (p.9-80), defines infrastructure, its roles in socio-economic growth, and briefly introduces ODA together with its roles in developing socio-economic infrastructure of recipient countries.

In general, infrastructure is defined as “an overall of economic branches (or

technical facilities), conditions for the allocation and operation of agricultural and industrial industries (or of businesses within the industry), and for the population’s distribution and living”.

As a part of infrastructure, *economic infrastructure*, in the author’s opinion, plays an extremely important role in socio-economic development of a country. It directly serves social production and reproduction; encourages economic growth; contributes to the improvement of people’s living standards, social equality and justice; promotes industrialization, modernization and urbanization; helps expand the market, stimulates investment and rationalizes social labour distribution; and strengthens military security.

About *ODA* (Official Development Assistance) it can be understood as non-refundable aids or concessional loans by governments, economic organizations and financial institutions, and other non-governmental organizations for socio-economic development of recipient countries.

The use of ODA in developing economic infrastructure has played a very important role, that is: supplementing national budget; contributing to the growth of the synchronous, modern, efficient economic infrastructure; increasing effectiveness of public service sector. ODA is suitable for developing economic infrastructure because

investment in this field has slow capital returns, low or even no profits, therefore, unattractive to private investors.

In chapter 2, *Current situation of attracting and using ODA in developing economic infrastructure in Vietnam* (p.81-135), the author analyzes various achievements and drawbacks of this activity in general and in relation to economic infrastructure in particular in Vietnam.

About *achievements*, in comparison to ODA attraction and use before 1993 (when Vietnamese main donors are USSR and some other eastern European countries), in the writer's opinion, this activity has obtained various achievements with regard to economic infrastructure development:

- The number of bilateral and multilateral donors is increasing. Up to December 2005, Vietnam had 28 bilateral donors and 23 multilateral ones. Besides, there are nearly 600 NGOs operating in Vietnam.
- The amount of ODA pledged, signed and disbursed generally shows signs of increase. From 1993 to 2005, with 13 Consultative Group (CG) meetings, the amount of pledged, signed and disbursed ODA is likely to keep growing.
- ODA helps promote expansion of economic infrastructure to all areas such as road system (roads, railroads, waterways), ports (airports, harbours), electricity, water supply and drainage system, environment, postal and communicational services, etc.
- Despite unequal allocation of ODA nationwide, this has directly supported several provinces in building running

water supply system, local grid, local transport system, irrigation, schools, infirmaries, hospitals, agricultural, forestry and fish-breeding incentive schemes, credit awarding, etc.

- ODA for economic infrastructure development has had positive impacts on economic growth, poverty eradication and reduction.

Such outcomes occur as a result of: governmental efforts in implementing reformation schemes proposed by Vietnam Communist Party, which creates favourable socio-economic and political conditions for attracting, managing and using ODA; more effective capital management thanks to centrally-governed mechanism, equal attention paid to project implementation and supervision, especially capital disbursement.

However, besides such outstanding achievements, attracting and using ODA in developing economic infrastructure contains certain *drawbacks*, such as: slow capital disbursement, not keeping up with the projects' timeline, restricting the effectiveness of capital using; low quality of economic infrastructure projects using ODA; weaknesses in managing ODA, and so on. All those problems result from the lack of attention to the effectiveness of capital management; non-transparent legal environment; not strictly obeying law; inappropriate management models; project officers' low ability and weak work ethics, etc.

Chapter 3 is titled *Major solutions to the effective attraction and implementation of ODA in developing economic infrastructure in Vietnam in the coming years* (p.136-189).

To begin with, the author gives *predictions* about: the amount of ODA needed for developing the economic infrastructure in Vietnam from 2006 to 2010, the possible amount of ODA received from major donors, the gross amount of Vietnam's pledged and disbursed ODA from 2006 to 2010. Also, she presents *basic principles* which need adhering to with regard to attracting and implementing ODA, that is: ensuring national activeness and self-reliance; ensuring the participation of the beneficiaries, professional and social organizations in the preparation and implementation of ODA projects; prioritizing non-refundable and concessional ODA for poor and remote areas, or the areas with minorities; prioritizing development of managerial capacity and institutional perfection; directing ODA into synchronizing and modernizing the infrastructure, focusing on projects of vital importance. In virtue of these, the author proposes specific solutions to attract and implement ODA more effectively in constructing economic infrastructure in Vietnam.

Firstly, *solutions to effective ODA attraction*: right awareness of this capital source; effective mechanisms of mobilizing and negotiating international treaties regarding ODA so as to obtain high-quality ODA to serve our development cause; successfully organizing Consultative Group meetings in the direction of fundamentally changing the content and methods of ODA raising; determining borrowing constraints, anticipating loans to be paid, and deciding on strategies to pay them back in order to maintain national loan security.

Secondly, *solutions to raise effectiveness of ODA implementation*:

- Completing institutional and legal environment, reviewing current normative documents, issuing an ordinance or law on ODA so as to create a stricter legal framework.
- Completing managerial mechanisms and modals regarding ODA projects.
- Preparing carefully for every ODA project, especially the technical design and financial estimation stages.
- Supervise the project implementation strictly in order to avoid lavishness, ensuring the project's progress and quality, especially serious auction conduction and post-project management.
- Designing an appropriate mechanism so as for the beneficiaries to participate actively in every stage of the project, which helps ensure the practicality, quality, and cost-effectiveness of the project.
- Prevent corruption, lavishness in developing economic infrastructure, and use ODA as a management breakthrough.
- Train and educate ODA project officers in terms of managerial and professional skills.

This thesis has been successfully defended at the National Panel, Ho Chi Minh National Institute for Politics and Administration in June 2008.

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