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## **The role of ODA in Vietnam's infrastructure upgrading and development**

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### **Abstract**

The report consists of three parts. The first part is the theoretical basis to help readers better understand the theoretical basis, the second part will explore in depth the methods used for research in this report. The third part concludes, concludes the second part and also discusses to clarify the urgency of ODA in the development of Vietnam's infrastructure. The report on the role of ODA in upgrading and developing Vietnam's infrastructure helps us to better understand the characteristics of financial aid. Thereby, one should be more aware of the limitations of ODA in upgrading infrastructure in Vietnam. In order to ensure the implementation of government policies through decrees and laws to effectively apply infrastructure to Vietnam and the Vietnamese economy will continue to excel in the international markets to assert themselves.

**Keywords:** Infrastructure, ODA, Vietnam, upgrading and development

### **1. Introduction**

It can be said that ODA in general and ODA in Vietnam in particular are always one of the topics that attract the attention and interest of many researchers and also have comments on the different sources of ODA foreign currency. However, there have been many studies that have deeply analyzed the concept, history, and nature of ODA. These constructions share a common characteristic of ODA definition. Consider ODA as a refundable or non-refundable loan of countries and international financial institutions for developing countries (Government Decree No. 17/2001 / ND-CP of May 4, 2001 on the promulgation of regulations and use of aid capital from foreign investors)

For developing countries, which play a particularly important and necessary role in the process of economic development, as well as solve cultural, political and social issues. Originating from that practical need, ODA or "official development assistance" was created to help poor countries solve the shortage of capital. This capital is mainly invested in the fields that play a leading role in the economy, thereby leading to the strong development of other industries. In fact, the role of ODA is very important. This can be evidenced by the fact that in Europe after World War II, thanks to US aid, the EU achieved spectacular growth, returning to prosperity as before the war, even more developed than before. Japan and South Korea are also the two countries receiving much US aid. As a result, after a certain period of time, Japan became an economic power after the US; South Korea also rose to be one of the new industrial countries NICs.

Regarding the efficiency of Vietnam's capital use, in the renovation process, the shortage of capital for development has been partially resolved since the ODA began pouring into Vietnam (in 1993). Vietnam's mobilization, attraction and use of ODA have obtained many positive results, expressed in three main criteria: committed ODA, signed ODA and disbursed ODA. Data from the Ministry of Planning and Investment shows that over the past 20 years, donors have pledged to Vietnam over US \$ 78.195 billion of ODA, including the official agreement of US \$ 58.463 billion. With 37.597 billion USD of disbursed capital, many ODA programs and projects have been put into use, creating a foundation for Vietnam's socio-economic growth and development, contributing to hunger elimination and poverty reduction. Looking back on the passing road, we can see that we have achieved proud achievements. The annual average GDP growth rate is over 7%, people's lives are increasingly improved. Not only achieved economic achievements, but the aspects of socio-cultural life, education and health have also been significantly improved, the political situation is stable, national security and defense is strongly maintained. The international

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cooperation relationship is increasingly expanded. In addition to the effective exploitation of domestic resources, external assistance also plays an important role, including official development assistance (ODA) from countries and organizations. International organization plays a key role (Ministry of Planning and Investment (2007), "The role of Japan's official development assistance to Vietnam and the issues raised, Dong Getting Asia Research Magazine, No. 4/2003)

Actual situation of management and use of foreign loans in the period of 2011-2016, Deputy Minister of Planning and Investment Nguyen Van Hieu said that the total ODA and concessional loans signed under 33 international treaties with value of 85 billion USD, 57% higher than the period of 2006-2010. Of which, ODA and concessional loans reached 32.51 billion USD, accounting for about 96%, the remaining is non-refundable aid about 1,346 billion USD (Ministry of Planning and Investment (2010), Vietnam ODA 15-year overview report)

In particular, ODA capital for the transport sector reached over 11.7 billion USD, accounting for the highest proportion in this period. Many key national projects using these capital sources such as Noi Bai - Lao Cai expressway, Ho Chi Minh City - Long Thanh - Dau Giay expressway, Nhat Tan - Noi Bai highway were included contributing to complete and modernizing socio-economic infrastructure, raising the competitiveness of the economy in the context of extensive integration.

In the field of agriculture and rural development, ODA capital has also been mobilized to implement afforestation projects, improve yields, increase productivity and product quality of plants and animals. Many technical assistance projects have also been implemented to improve agricultural competitiveness, food hygiene and safety, and enhance agricultural extension.

In order to improve the quality of ODA management, it is necessary to continue perfecting the system of policies and laws on the use of foreign loans on the principle of consistency and consistency, avoiding overlapping conflicts, streamlining the process and procedures, ensuring that ensure the effectiveness of this capital.

Moreover, in the context of deep integration into the regional economy and the world, Vietnam needs to prove its strengths and development potential, so that it can attract better investment capital from foreign. Because Moreover, in the context of deep integration into the regional and world economy, Vietnam needs that, in order to improve the efficiency of disbursement progress and efficient use of ODA, ministries, branches and localities. The province should be more active in solving difficulties and obstacles in site clearance, improving the quality of project preparation and reciprocal capital. Thus, it can be seen that ODA provides a new source of energy for developing countries, contributing to "change the flesh and skin" for many economies if used effectively.

## 2. Theoretical framework

ODA is the abbreviation for three English words Official Development Assistance, which means Official Development Assistance or Official Development Aid. According to the WB's Policy Research Report, published in June 1999, the definition of ODA is as follows: "ODA is part of the official development finance, including the non-refundable aid element, which must account for at least 25%

of total aid, plus the concessional lending". In essence, ODS is the financial support of developed countries for developing countries. ODA includes non-refundable or preferential loans with a portion of at least 25% of the loan's value (Decree No. 87-CP of August 5, 1997). The management and use of official development assistance (ODA) and concessional loans of foreign donors have made important contributions to the State management of ODA and concessional loans. However, the process of implementing Decree 38/2013 / ND-CP has revealed certain shortcomings and limitations, such as no strict regulations on priority areas for using ODA and concessional loans. to the dispersed, inefficient use situation, exacerbating public debt and foreign debt repayment obligations; The approval process is still long, affecting the progress of the project; the provisions of the Decree are still inconsistent and consistent with legal documents of higher legal value, especially the 2013 Constitution and the Law on Public Debt Management; The regulations of the Project Management Unit (PMU) are not really clear, so there is no difficulty in the actual application process, especially the provisions on the necessity and rationality for establishment of PMU (Decree No. 38/2013 / ND-CP). Therefore, on March 16, 2016, the Government issued Decree No. 16/2016 / ND-CP on the management and use of official development assistance (ODA) capital and concessional loans of investors. Foreign funding replaced Decree No. 38/2013 / ND-CP dated April 23, 2013. Decree No. 16/2016 / ND-CP were issued to ensure compliance with the new provisions of the Constitution and the Law on Public Investment, including regulations on ODA and concessional loans of financiers, foreign assistance and other relevant legal documents; overcoming the shortcomings and inadequacies in the management and use of ODA and concessional loans and the provisions of Decree No. 38/2013 / ND-CP, but ensuring the inheritance and promotion of aspects Actively, Decree No. 38/2013 / ND-CP was created to stabilize regulations on management and use of ODA and concessional loans. Decree No. 16/2016 / ND-CP will take effect from May 2, 2016, including 7 chapters and 68 articles.

In general, the Decree No. 116/2016 / ND-CP promulgated promises to create a favorable legal corridor in the management and use of ODA and concessional loans and is an effective tool to improve effective use of ODA and concessional loans in the new period. Capital inflows to developing and underdeveloped countries are carried out in various forms:

- Official Development Finance (ODF) is the official government funding for development goals. This source of capital includes ODA and other forms of ODF, ODA accounts for a major proportion in ODF source.
- Commercial credit from banks (Commercial Credit by Bank) is the main source of capital to support import, export and trade activities.
- Foreign Direct Investment (FDI) is a type of business in which foreign investors invest their own production and business establishments and become their own owners. managing or hiring managers (investing 100% capital), or contributing capital to one or more enterprises of the host countries to set up production and business establishments, and then with their partners as owners and joint management This production and business facility (joint venture enterprise).

- Non-government aid (Nongovernment Organization) (NGO).
- Private credit: this type of capital has the advantage of almost no association with socio-political constraints, but strict lending conditions (short repayment period and high interest rates), capital mainly used for import and export activities and often for short term. This capital is also used for development investment and long-term. The proportion of long-term capital in the total can increase significantly if the prospects for long-term growth, especially the export growth of the borrower, are positive.

### Characteristics of ODA funds

ODA is an international transaction, the two parties involved in this transaction do not have the same nationality. The supplier is usually developed countries or non-governmental organizations. Recipients are usually developing countries or countries that have difficulty in dealing with social, economic or environmental issues.

ODA is usually implemented through two channels, bilateral and multilateral. Bilateral and donor countries provide direct ODA to the funded national government. Multilateral channels, international organizations operate on the contributions of many member countries that provide ODA to the donor country.

ODA is an official transaction, which is expressed in terms of the value of ODA, what is the use purpose, and must be accepted and approved by the national government. Such acceptance is expressed in writing, treaties and treaties signed with donors.

ODA is provided with a clear purpose of promoting the socio-economic development of poor countries. Sometimes ODA is also used to support countries in especially difficult circumstances such as economic crises, natural disasters, epidemics... Therefore, sometimes developed countries also receive ODA. But this goal is not always the top priority, sometimes donors often impose their own conditions to make other calculations.

ODA may be provided by donors in financial form, sometimes in kind. ODA has three basic forms: non-refundable aid (Grant Aid), concessional loans (Loans Aid) and mixed forms. Non-refundable ODA: means a form of providing ODA without having to return it to the donor. Concessional loan ODA (also known as concessional credit): is a loan with preferential terms of interest rate, grace period and repayment period, ensuring the element of non-refundable (also called " support factors ") achieve at least 35% for loans with loans and 25% for loans without obligations. Mixed ODA: is non-refundable or concessional loans provided at the same time with non-refundable elements of at least 35% for bound loans and 25% for loans. non-binding loan.

### ODA classification

#### Classification by properties

- Non-refundable ODA: This is an ODA source that donors provide to poor countries that do not require repayment. Non-refundable ODA often gives priority and provides regular support to education and health. European countries now devote a sizable portion of non-refundable ODA to environmental protection, especially the protection of forests and precious animals.

- ODA concessional loan: this is the financial amount that the recipient country must pay the lender, only this is a concessional loan. Its preference is expressed at interest rates lower than the commercial interest rates at the time of the loan, the loan period is extended or there may be a grace period.
- Mixed forms: ODA in this form includes part of non-refundable ODA and partly from concessional loan ODA. This type of ODA is aimed at improving the efficiency of this funding.

#### Classification by purpose

- Basic support: are provided resources to invest in the construction of socio-economic and environmental infrastructure. These are usually concessional loans.
- Technical support: are resources for knowledge transfer, technology, capacity building, basic research or pre-investment in institutional and human resource development. This aid is mainly non-refundable.

#### Classification by conditions

- Non-binding ODA: Is the use of funding not bound by the source of use or the purpose of use.
- Bound ODA: Constrained by the source used and bound by the intended use.
- Partially bound ODA: The recipient country must spend a part of ODA spent in the aid country (such as purchasing goods or using services of the ODA-providing country), the rest can be spent anywhere.

#### Classification by form

- Project support: This is the main form of ODA to implement specific projects. It may be basic or technical assistance, be it free or concessional.
- Non-project support: This is a type of ODA provided on a voluntary basis by the donor, including balance support, debt repayment assistance and program aid.

### 3. Research methodology

To implement the objective of this article, the author uses the methodology of dialectical materialism and historical materialism. The main methods used in the process of implementing the project include: the logical-historical method (The method of faithfully reproducing the past picture of phenomena in accordance with the order of time and space such as it happened), analysis-synthesis method, statistical method, comparison. Specifically, the logical and synthesized method is used to build a theoretical framework for the management and use of ODA in the field of infrastructure upgrading and development. The historical method is used to study international and local experiences on ODA management and utilization in infrastructure upgrading and development. Using a combination of logical and historical methods is most concentrated in the structure of the entire paper.

### 4. Research results

#### a) Actual status of ODA attraction and use in Vietnam

For a rapidly developing country like Vietnam, the capital needs are huge. Official development assistance ODA is one of the important development investment capital sources for Vietnam. In the past, Vietnam received two major bilateral ODA funds, one from SEV countries (Economic Assistance Council), mainly from the former Soviet Union. This is a

significant source of aid, which is the most important in terms of content, scale and quality, as well as prices, credit conditions. This aid has helped us to build a number of important industries, the most important cause of economic construction and development. Below are data on the committed capital amount of the top 10 donors to Vietnam in the period of 1993 - 2006 of some prominent countries and the total committed and disbursed capital amounts between 1993 and 2012.

**Table 1:** Committed ODA of top 10 donors to Vietnam for the period of 1993-2006 (in million USD)

Donor	Total
Nhật bản	8469,73
WB	5329,82
ADB	2900,97
Pháp	912,26
Đức	597,35
Đan mạch	549,48
Thụy Điển	412,83
Trung quốc	301,08

(Source: Ministry of Planning and Investment)

Looking at the data sheet, it is shown that the Japanese-funded ODA is the most. This capital source mainly carries out infrastructure development projects: transport infrastructure works, water supply and drainage projects, hydropower plants, thermal power plants. 20 years ago, on November 8, 1993, the ODA Roundtable for Vietnam was held in Paris (France). This important event officially marks the beginning of the cooperation relationship between Vietnam on the road to innovation and the international donor community.

Based on the table of total ODA signed in specific international treaties from 1993 to 2012, it reached over 58.4 billion USD, accounting for 71.69% of total committed ODA capital, of which preferential loans reached 51.6 billion billion USD and accounted for 88.4%, non-refundable ODA reached 6.76 billion USD and accounted for about 11.6%. Over the past two decades, total ODA disbursement reached 37.59 billion USD, accounting for over 66.92% of the total ODA signed.

#### b) Actual situation of ODA management and use in Vietnam

Over 15 years of ODA mobilization and implementation, there have been undeniable results in the direction of sustainable development, namely: adding capital and strengthening infrastructure: ODA capital has added an important part of the state budget for development investment. The important projects funded by ODA have contributed to the fundamental improvement and one step of economic infrastructure development, firstly transportation and electric power, contributing to arousing domestic capital and attract foreign direct investment, promote economic growth and improve people's lives.

#### c) Current situation of infrastructure development in Vietnam

Accumulated to December 15, 2014, the Southeast region has 9,764 valid foreign direct investment (FDI) projects with a total registered capital of US \$ 114.95 billion. This is the largest FDI attraction in the country, accounting for 56% of the projects; 45.8% of total registered investment capital.

Ho Chi Minh City takes the lead in foreign direct investment in the region with 5,196 projects, total registered capital of 38 billion USD, accounting for 31.1% of total investment capital, Ba Ria - Vung Tau ranked second with 303 registered projects, total capital is 26.7 billion USD, accounting for 23.2% of total investment capital; Dong Nai ranked third with 1,249 projects, with a total registered capital of 22.35 billion USD, accounting for 19.4 of total investment capital. Followed by Binh Duong with 19.98 billion USD, accounting for 17.4% of investment capital; the remaining provinces are Binh Thuan, Tay Ninh, Binh Phuoc and Ninh Thuan respectively accounting for 3.1%; 2.1%; 0.82, 0.7% of total investment capital of the region. Foreign investors in the Southeast region have invested in 18/21 Vietnam's economic sectors, but the projects mainly focus on the manufacturing and processing industry with 5,411 projects, with total registered capital of USD 57.6 billion, accounting for 55% of projects and 50.1% of registered capital. Real estate business ranked second with 240 projects with a total registered capital of 27.18 billion USD, accounting for 23.6% of registered capital. Accommodation and catering services ranked third with 105 projects with a total registered capital of 6.18 billion USD, accounting for 5.4% of registered capital. To date, there are 86 countries and territories investing in the Southeast region. Leading is Singapore with 962 projects, total capital of US \$ 15.31 billion, accounting for 9.9% of total projects of 13.3% in registered capital; South Korea ranked second with 2,016 projects with total capital of 14.96 billion USD, accounting for 20.6% of total projects and 13% of registered capital. Taiwan ranked third with 1,659 registered projects with a total registered capital of 13.1 billion USD, accounting for 11.4% of investment capital. Japan ranked fourth with a total registered capital of 12 billion USD, accounting for 10.4% of investment capital

#### d) Overall assessment of the role of ODA capital

Besides the advantages of using ODA capital in developing infrastructure in Vietnam, there are also risks of being too dependent on capital. In a stable world economic environment and developing economies like Vietnam, rapid growth is a good thing. However, relying too much on capital will lead to great macroeconomic instability when international financial markets become unstable. Since the ODA capital used for infrastructure upgrading and development in Vietnam is mainly provided by Japan, loans from these funds become more expensive but there are some positive sides that should be more attractive to Vietnam compared to BRI loans. ODA has contributed to upgrading and developing infrastructure in Vietnam, but it also brings many risks that economists have to think about.

#### e) Solutions to attract ODA to upgrade and develop national infrastructure

In order to attract and effectively use ODA capital in the coming time, especially in the context that Vietnam is a country with low average income the following issues need to be well implemented:

Firstly, adequately and timely preparing counterpart funds for ODA programs and projects so that these projects can achieve the highest and fastest disbursement rates.

Second, it means that Vietnam will become a low-middle-income country, the source of non-refundable ODA and low preferential loans for Vietnam will decrease. This situation

requires Vietnam to strengthen its capacity and make drastic improvements in the implementation of ODA projects, using more concentrated investments to build large-scale socio-economic infrastructure and create spillover effects radiating to the overall development of the country.

Third, finalize legal documents, innovate in ODA project management processes and procedures based on a combination of reference to donor standards, especially for procedures of: bidding, compensation, migration and resettlement; financial management of programs and projects.

Fourth, appropriate policies and institutions are needed to create an environment for new aid models. In particular, encourage the participation of private and non-governmental organizations. In addition, it is necessary to work closely with donors to access the new aid model, in order to improve the efficiency of use, reduce procedures and contribute to improving management systems according to international standards.

Fifth, investment priorities should be identified when using ODA capital and improving project monitoring, monitoring and evaluation; at the same time, improve the capacity and awareness of the team involved in the management and use of ODA. The nature of ODA is still a loan and is obliged to repay the debt, so the need to eliminate the idea of "asking" for ODA in a part of cadres at all levels has resulted in insufficient attention to the effective use of this capital.

Sixth, it is necessary to study plans and strategies to gradually reduce ODA capital, especially conditional ODA capital, and at the same time, increase the attraction of other foreign investment capital sources such as FDI. In this way, Vietnam not only maintains an increase in total investment but also improves the efficiency of all sources of capital including ODA.

### **The role of ODA capital in upgrading and developing infrastructure in Vietnam**

Having an important role in creating economic changes, the construction and economic development has many advantages but also faces many difficulties. In such a context, we must know how to promote our achievements, overcome difficulties and profit from it. ODA helps to adjust economic structure. ODA projects that donors for Vietnam often give priority to developing economic and technical infrastructure, developing human resources to create favorable conditions for balanced development among different branches and regions across the country. There are also a number of projects to help Vietnam implement administrative reforms to improve the operational efficiency of state management agencies. All these things contribute to the adjustment of economic structure in Vietnam (Pham Ngoc Kiem (2003). ODA is an important source of additional capital for development investment. The industrialization and modernization process that Vietnam is implementing requires a huge amount of investment capital, which can not be met if mobilized domestically. Therefore, ODA becomes an important source of external capital to meet the capital needs for development investment. During the two wars, our technical infrastructure which was backward and heavily destroyed by the war was almost nothing, but until now, the infrastructure system has been relatively developed. With a modern network of electricity and post and telecommunications covering all provinces and cities nationwide, many roads

have been newly renovated and upgraded, many seaports and airports have been newly built. The expansion and especially the introduction of industrial parks, export processing zones and high-tech zones have created a very favorable environment for the operation of domestic and foreign enterprises. In addition to investing in the development of economic and technical infrastructure systems, a large amount of ODA has been used to invest in the development of education and healthcare, supporting the development of agriculture.

ODA helps to absorb modern scientific and technological achievements and develop human resources. One of the important factors contributing to promoting the process of industrialization and modernization of the country is the factor of science and technology and the ability to absorb advanced scientific achievements of the labor force. Through donor ODA projects, there are activities to help Vietnam improve the level of science and technology and develop human resources such as providing technical documents, organizing seminars with the participation of foreign experts, sending Vietnamese officials to study abroad, organizing experience-taking programs in developed countries, sending experts directly to Vietnam to support the project and directly providing technical equipment, modern technological lines for programs and projects. Through these activities, donors will contribute significantly to raising the level of science, technology and human resource development of Vietnam. This is the main and long-term benefit for us. ODA contributes to increase the ability to attract FDI and create conditions to expand development investment.

Before foreign investors decide to invest in a country, they are primarily concerned with the profitability of invested capital in that country. Therefore, a weak infrastructure such as an incomplete transportation system, inadequate and outdated means of communication, an inadequate energy supply system will discourage investors because the costs they have to pay for using the facilities will go up. An outdated banking system is also the reason for investors to be afraid, because of delays, bottlenecks in the payment system and the lack of banking transactions to support investment will be the first expense. Increased investment leads to a decrease in investment efficiency.

## **5. Discussion**

### **Advantages of ODA**

#### **Additional capital for Vietnam**

ODA helps Vietnam reduce the burden on the state budget. ODA capital with the preeminent feature is a loan with a long term of 10-30 years, with low interest rates from 0.25% -2.5% / year. Only a large capital source with such favorable lending conditions can the Government of Vietnam focus on investing in economic infrastructure projects such as electricity, roads, irrigation and social infrastructure like culture, education, health. Socio-economic infrastructures, newly built or renovated with ODA capital, are important conditions to promote economic growth for Vietnam.

### **Suitability**

The appropriateness of Japanese ODA programs and projects for infrastructure development in the period of 2000-2010 is assessed to be quite high. Out of the 5 evaluation criteria, this is the high-performance criterion shown in Japanese ODA programs and projects for

infrastructure which is basically in line with 5 year socio-economic development plans (2000-2005 and 2006-2010), the Comprehensive Strategy for Growth and Poverty Reduction. The ODA projects at this stage are also highly suitable to the infrastructure development priority stated in the 10-year socio-economic development task (2001-2010). According to a survey by the Ministry of Planning and Investment, 80% of the survey respondents said that ODA is highly suitable for the Vietnamese Government's strategy and priority order. Approximately 75% think that ODA resources are appropriate for the needs of each sector. The statistics show that although the amount of ODA allocated to specific sectors in the infrastructure sector is still unbalanced, in general, all sectors in the infrastructure sector have received support from ODA.

### **Sustainability**

The sustainability of ODA programs and projects in the field of infrastructure is assessed at an average level, especially ODA capital from Japan. Positive responses in this regard are reflected in the specific commitments of the relevant ministries in the field of infrastructure to maintain the outcome of projects after their completion, including allocating funds to maintain the operation of products created by the project. However, the funding for maintaining these results is not high.

In general, the advantages of ODA in upgrading and developing infrastructure in Vietnam also have many advantages, notably adding capital to Vietnam, which is appropriate and sustainable.

### **Limitations**

The disbursement speed is slow, does not guarantee the progress of the signed project, reduces the efficiency of capital use: There are projects after 4 years of implementation, which have passed 80% of the allowed time but only disbursed 20% capital. Typically, the project of East-West Highway, the project of improving the clean water supply system of Hanoi City... In the 2006-2010 period, the Ministry of Transport presided over 38 Japanese ODA projects, up to 27 new projects disbursed by 20% of the annual plan, 6 projects achieved the disbursement rate of 20-40% of the annual plan.

Low quality of construction and low efficiency of construction: The effectiveness of Japanese ODA in Vietnam has not been really high, the quality of works has not met standards, investment projects have not met meet the real needs of the people. In fact, it is easy to see that a number of Japanese ODA projects invested after finishing investment have not been put into use and put into use in a short time, do not promote inheritance. of the project or short life of the project, after being put into operation for a short time, quickly went into serious degradation.

The negotiation of equipment supply contracts and consulting is complicated and prolonged.

The phenomenon of waste and loss still happens for projects using ODA capital at a high rate. Embezzlement and corruption have been a prominent issue in ODA investment projects in recent years, leading to the suspension of aid to Vietnam in 2008. Existing projects that are likely to use concessional loans in the future through JICA or JETRO are sometimes inappropriate, causing unnecessary waste.

Shortcomings management: The monitoring of project implementation process and construction quality monitoring

are mainly monitored through reports of the investor or project management staff, and there is very little direct supervision. Although there are regulations on quality standards, the monitoring and supervision to ensure the right quality during and after project implementation have not been strictly implemented. The management of ODA projects is usually only set during the time of project construction, construction and disbursement of capital, and not yet established a competent staff and staff for post-project management. Therefore, according to the Mid-term Consultative Group Conference 2009, the monitoring and control of ODA projects are still loose, only about 15% of state management agencies perform well. monitor and report within the prescribed time limit.

There are no specific sanctions and rewards for project management boards and state management agencies. Monitoring and control have not complied with the regulations on the time and quality of poor reports, clogging feedback. On the other hand, the process of re-evaluating the quality of reports as well as the mechanism for operating the information system directly from grassroots level to the state management agencies on ODA has not been set up yet. The online tracking information system from the central to grassroots levels has not been fully developed.

On the other hand, the economic, social and political information system of the whole country, of each industry and locality has not been uniformly managed, and there has not been a reasonable sharing of information than the accurate assessment of trade mark. ODA results on a regional and national scale are difficult.

## **6. Recommendation and conclusion**

### **Recommendation**

Through research, we see the importance of ODA for Vietnam in particular and for developing countries in need of investment aid in general. Not only does it bring high economic benefits, but it is also a double-edged sword that poses a lot of risk to the countries that receive it, so we need specific policies to use this capital as well as policies to attract this capital investment into Vietnam.

### **Renovating and speeding up the planning work**

To focus on directing the completion of the socio-economic master plan of the whole province, adjusting and supplementing the socio-economic master plans of districts, the overall planning of branches and fields up to 2020, as a basis for construction planning. Investing in resources, innovating methods and ways of making plannings and plannings must be compatible with the market mechanism.

### **Capacity building in attracting and using ODA**

To organize conferences and conferences with donor organizations, introduce the need to use ODA capital. Do well the monitoring, guidance, evaluation of the implementation of ODA projects, accelerate the solution budget and ensure the effectiveness of invested projects to facilitate investment, complete procedures to implement projects funded by bilateral and multilateral organizations. Strengthen the mobilization of all resources among the people, at the same time building a mobilization mechanism to attract domestic and foreign investment capital, organizing workshops to promote investment on the basis of potentials and strengths available

### **Training, arranging and effectively using cadres in foreign economic affairs, promoting investment and managing ODA projects**

To train a contingent of officials engaged in external economic affairs who have professional qualifications in economics and good management, have a good command of foreign languages and information technology, and have all the bravery and competence to be ready to cooperate and working in ODA programs and projects. In order to implement the policy of attracting cadres with professional qualifications and skills in external economic affairs, there should be a plan to recruit and train cadres with foreign economic relations skills who are capable of meeting meet professional management, management and appropriate technical requirements to well implement ODA programs and projects. Combine new training, retraining, taking advantage of funding sources, scholarships, encourage self-study abroad to quickly increase the force of science and technology experts, businessmen, good managers and contingent of civil servants having ability. To attach importance to the training, fostering, planning and arrangement of personnel, especially the contingent of officials engaged in managerial work. Encourage the discovery and fostering of young talents among the contingent of civil servants in state management and technical management.

Vietnam is increasingly choosing carefully to attract ODA projects, and shows an increasing level of commitment for each ODA project invested in Vietnam. In periods of great change, the proportion of ODA loans has changed in line with the declining rate of aid (non-refundable). Because Vietnam has escaped from the group of poor low-income countries, the quality of life of people has improved, so the preferences of the international community for Vietnam tend to decrease. The contribution of ODA to economic growth is increasing. ODA will create spillover effects to other sources of capital (such as FDI) to create development for the economy. However, the role of ODA should not be overestimated. It should be considered as an auxiliary capital for economic development on the basis of mobilizing internal resources and combining harmoniously with FDI.

### **Conclusion**

International experience and practice in Vietnam have shown that success in attracting and using ODA depends greatly on the role of the host country. Because ODA is an important source of prerequisite for development in receiving countries, donors often use ODA as a tool to accomplish political goals or serve a strategy. their foreign economy. Therefore, in attracting and using ODA, if receiving countries do not have the initiative and autonomy, the ODA will not be used in accordance with the set goals and thus may distort the development orientation of land. countries in each sector, region and field. ODA used in infrastructure development is a complex element both financially and technically. Therefore, at a limited level, if the recipient countries do not prepare a specific development plan strategy for each sub-sector or sector on the basis of the overall national development strategy, then it is effective. The attraction and use of this resource will be difficult to guarantee or may even depend on the direction of donors. Based on the fact shown, the Vietnamese government recognizes the need to prepare a strategy and plan to attract and use this resource in a transparent and

reasonable manner. In the field of infrastructure, it is necessary to specify which projects will use ODA and what is the limit? What is the payback plan? At the same time, care must be taken with regard to the conditions set by the donors. Proactively enhance the technical efficiency of the use, how to be able to take advantage of ODA without affecting independence and autonomy in the country's development orientation. Vietnam is entering the process of international economic integration. In the process, receiving foreign investment plays a very important role. On the one hand it helps us to accumulate capital for the cause of economic development, on the other hand, facilitates our country to narrow the economic gap with other countries in the world. In the structure of international investment and attraction, ODA is an important source of capital because of its undeniable advantages. But with favorable conditions, ODA is also a source of capital with many risks and even losses if the recipient country does not know how to use it effectively. Therefore, ODA attraction must always be associated with the most efficient use of resources

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