Contribution of ODA to the Vietnam's economic growth

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Abstract
Over the past 25 years, Vietnam has attracted, lobbied and effectively used official development assistance (ODA) capital quite effectively, contributing to the increasing economic growth. Particularly, 2017 ended quite impressively by the achievements of the whole period of 2011-2017. Regarding socio-economy, for the first time in many years, we have completed and exceeded all 13 planned targets. Regarding economic growth, GDP reached 6.81%, exceeding the set plan, which is high compared to other countries in the region and the world. The article will provide evidence and data related to the contribution to Vietnam's economic growth from ODA. Based on the results that we have achieved and taking advantage of the advantages available at home and abroad to be ready to cope with ongoing challenges, specific solutions are required to achieve highly effective and sustainable growth.

Keywords: Growth, ODA, Vietnam economy, opportunity, challenge, sustainability

1. Introduction
In the cause of industrialization and modernization of the country, with the goal of striving to basically become an industrial country by 2020. To achieve that success, besides optimizing the exploitation of domestic resources, taking advantage of contributions from external resources is extremely important. In particular, the ODA package is of great significance. Neoclassical economists argue that developing countries are short of capital because of weak capital accumulation, so external funding is needed to enable them to develop (Sachs, 2005). Over the past several years, Vietnam has continuously attracted official development assistance (ODA) from developed countries (Nguyen Hoang Tien, 2012) [15]. This is the result of the implementation of the renovation policy initiated and led by the Party, the efforts of the entire people and including considerable support from the donor community for Vietnam. 20 years ago (November 9, 1993), an important event officially marked the beginning of the development cooperation relationship between Vietnam and the international donor community as the roundtable. The first aid program for Vietnam was held in Paris, France. In the past 20 years, there have been 19 Consultative Group Meetings for Vietnam held, 5 of which were held abroad. In recent years, the donor community in Vietnam has been continuously expanded and currently has 51 donors, including bilateral and multilateral donors operating regularly in Vietnam. In fact, from 1993 to the end of 2012, Vietnam has received a total committed commitment of about 78 billion USD, total official development assistance (ODA), signed about 58 billion USD and prizes 37 billion USD. In the first 9 months of 2013, ODA signed reached nearly 4.6 billion USD, disbursed about 3.13 billion USD. Transport and telecommunications are the largest recipients of ODA, followed by energy and industry. Especially, since opening the door to integration with the world economy, Vietnam has achieved very impressive results in terms of economic growth and people's lives have improved markedly (Nguyen Hoang Tien & Do Thi Hoai My, 2018) [18]. ODA has provided a large amount of important capital for Vietnam in the process of socio-economic development, especially in the context that Vietnam's state and social resources have not been highly promoted (Nguyen Hoang Tien & Nguyen Thi Tuoi, 2018) [19]. This source of capital has made an important contribution to supporting Vietnam in the cause of renovation and successful implementation of the country's socio-economic development goals, contributing to the increasing economic growth (Nguyen Hoang Tien, 2018 & 2019) [19, 22]. Therefore, people better understand the role of ODA capital for the development of Vietnam's economy based on the use of ODA. To become an industrial country by 2020, we
need to mobilize and use more effectively resources, especially ODA. Thus, based on the results that we have achieved and taking advantage of the available advantages at home and abroad to be ready to cope with ongoing challenges, specific solutions are required to achieve fast growth in a sustainable and highly efficient way.

2. Theoretical framework
There are quite a lot of authors who have studied the topic of ODA but the results achieved almost no consensus, most of them agreed on the following three points of view: ODA has a positive impact on economic growth. To defend this view, the authors demonstrate most clearly with the Marshall Plan. In this view, poor countries cannot generate enough savings themselves to finance key investment projects to trigger growth, even if total savings are too low to offset depreciation, let alone supplementing the capital stock for growth. ODA in this case is essential to promote growth through new investment financing, particularly investments in public goods. ODA is used to build roads, ports, power plants, schools and other infrastructure to help accelerate the process of capital accumulation, which (if invested effectively) will accelerate the growth rate. According to Burnside and Dollar (2000) \(^1\) the author of the famous work "ODA, Growth and Policy", experimenting on 56 countries using cross-sectional data, concludes that ODA has a positive effect on growth and have a close relationship with the recipient country’s policy. Hansen and Tarp (2001) \(^8\) studying the relationship between ODA and GDP per capita using time series data (20 years) also concluded that ODA is an important factor affecting growth. Vasquez conducted research in 100 countries that received ODA from 1970 to 1990 and received surprising results (Nguyen Hoang Tien, 2019) \[^{22}\]. In the 1990s, there were 70 countries with lower average incomes than average income in the 1980s and 43 countries with lower average incomes than average income in the 1970s. According to Lockwood (1990) and Malik (2008) \(^9\) studying the relationship between ODA and growth using time series data. They analyze both short-term and long-term perspectives and conclude that in the short-term ODA has a positive effect. In the long run, ODA is a hindrance to growth.

3. Research methodology
During the study, this paper used several methods of data collection and analysis as follows:

- Collecting, analyzing and processing statistics and documents related to the factors affecting the effectiveness of the contribution of ODA capital to Vietnam's economic growth. The selective collection of documents and data related to the projects implemented in the research is an indispensable step, making the research content more quantitative and reliable.
- In this study, the time data from 1993-2017 (25 years) is used, in which ODA data is collected from the Ministry of Planning and Investment, which is the main capital ODA inflow from outside of Vietnam. Data on Vietnam’s GDP was collected from the World Bank. In the paper using data from year 1986 to 2017, the authors only use data by year because the ODA data by quarter and by month are not available to collect, and the authors This phase is used for research because since 1986, Vietnam has just implemented an economic reform program, opening up its integration with the world, and from 1986 onwards, new foreign capital and trade data of Vietnam were available to be able to collect; Therefore, to look at the overall impact of external factors affecting Vietnam's growth, this is a period that should be considered.

4. Research results
Currently, there are about 50 bilateral and multilateral donors operating, providing ODA and concessional loans to many economic and social sectors of Vietnam. ODA in Vietnam is implemented in three main forms, including non-refundable ODA (about 10% -12%), concessional ODA (about 80%) and ODA mixture (about 8% -10%). In recent years, ODA for Vietnam has been constantly increasing both in terms of committed capital and disbursed capital.

- In the period of 1993 - 1995, the international community committed to provide ODA to Vietnam about 6.01 billion USD, the disbursement rate reached nearly 32% of the committed capital.
- In the 1996-2000 period, donors committed to Vietnam 12.28 billion USD, double the previous period.
- In the period of 2001-2005, Vietnam confirmed to the world about the possibility of economic growth and poverty reduction, while this capital flow in the world tended to decrease, for Vietnam, it continued to increase, the result of ODA attraction in this period was 14.96 billion USD.
- In the period of 2006-2010, this is the period when Vietnam integrates more and more deeply into the world economy, becomes an official member of WTO, and ODA capital reaches 28.05 billion USD of committed capital and the solution ratio. The bank reached 44.21%.
- In the period of 2011-2015, the disbursement rate improved significantly. According to the report of the Ministry of Planning and Investment, the total ODA and concessional loans signed according to specific international agreements reached over 33.85 billion USD, 57% higher than 2006 - 2010 level.

In particular, ODA loans and concessional loans reached USD 32.51 billion accounting for about 96% and non-refundable ODA reached USD 1,346 billion, accounting for about 3.98% of the total ODA and concessional loans signed for the period. However, the total signed capital of this period to the period of 2016-2020 is about 22 billion USD. This result has a profound meaning, because it is achieved in the context that the amount of ODA in the world is on a declining trend, some partners still increase aid to Vietnam such as WB, ADB, Japan and EU. This confirms the increasing prestige and position of Vietnam because of its high growth rate and success in hunger eradication and poverty reduction. More than 80 billion USD that donors have committed for the past 20 years, Vietnam has not only provided Vietnam with an important additional funding source for economic development, poverty reduction, agriculture and rural development, infrastructure construction, training and developing human resources. But more importantly, this commitment also affirms the strong support of the international community for the Party's renovation and proper development policies and donor confidence in the efficiency of Vietnam's ODA receipt and use.
However, disbursement of ODA projects over the past 25 years has been assessed to be slow. In particular, the size of this capital source tends to decrease due to the fact that Vietnam is a developing country with the middle-income status. The economic relations have been changed basically from development aid to partnership.

5. ODA for sectors and fields in Vietnam
5.1 Transportation industry

After the renovation (1986), with the awareness that priority should be given to transport investment one step ahead to create a premise and promote economic development, the Resolution of the Sixth National Congress (1986) emphasized. Because transportation is the most important part of the infrastructure, transportation "must go one step ahead to meet the development requirements of the national economy". Therefore, since the resumption of ODA capital to Vietnam, transportation has always been the sector of preferential treatment and capital support, especially ODA. According to the estimation of Almec Company (2015), the total investment in national and local transport projects controlled by the Ministry of Transport amounted to VND 10,145 billion in the period of 2011-2015. In particular, the majority of capital is derived from ODA (42%), followed by government bonds (30%). Subtracting the ODA portion from the national budget, about 20% of the funding is from the State. By investment of the Government, including a significant contribution of ODA, the transportation system has been improved in both size and quality, contributing to the cause of industrialization and modernization of national economy. These changes can be quantified as follows:

- As of 2014, 94% of Vietnam's national highways have been asphalted compared with 61% in 1997 and 60% in 1993 (most of them are degraded). The ratio of Vietnam's currently paved surface roads is averaged according to regional standards. The quality of the road network has also improved with the proportion of good quality roads increasing from 37% in 1997 to 45% in 2002 (good and average quality accounted for 66%), 75% in 2014 and if compared before. in 1993, the ratio is much higher now.

- ODA capital has been used to restore, upgrade and build 3,676 km of national highways; restore and rehabilitate 100 km of provincial roads, renew and restore 188 bridges, mainly on national highways No. 4, national highway No. 10 and national highway No. 18 with a total length of 33.7 km; improve and upgrade 18,000 km of rural roads and about 31 km of small-scale rural bridges, newly build 111 rural bridges with a total length of 7.62 km. Specific numbers may be even higher, but overall ODA projects have an important contribution to the development of the country's arterial highway network such as National Roads 1A, 10, 14, 5, 3, 18, 9, Trans-Asia roads and rural transport networks in most of the provinces. It can be seen that, by 2020, our country needs about 75 billion USD to invest in transport infrastructure, including roads, railways, sea routes and roads. No and by 2020 need about 1 million billion for transport infrastructure.

- Compared with roads, rail transport access to ODA is slower. The period of 2001-2004 is considered to be the first stage of the railway transport industry to officially use ODA capital for infrastructure construction projects according to the branch development planning already approved by the Prime Minister. Total ODA investment in the 2001-2005 period is about USD 182 million (converted) / total mobilized ODA is USD 382 million, which focuses on 3 areas: (i) restoring and upgrading bridges degraded and dangerous railways and tunnels on the North-South railway line (estimated to be about 112 million USD), (ii) upgrade and modernize the signal information system on the main railway lines (estimated to implement about 25 million USD), (iii) investment in modern locomotives, large pulling power (estimated to implement 45 million USD).

- In the recent period, many airports in the country have been upgraded step by step thanks to the positive contribution of ODA. A number of major investment projects at Noi Bai international airport, Da Nang, Tan Son Nhat, using ODA capital are effective and high quality. ODA also contributes to supporting the development of the program system, compiling training and training textbooks, improving the professional, managerial and operating skills of high-tech machinery and equipment of officials and employees do not follow international standards through equipment procurement and technology transfer contracts, creating favorable conditions for the integration process in the aviation sector.

- In the 2011-2015 period, the whole maritime industry will be invested VND 7,992 billion with ODA capital. Thanks to ODA, many important projects in the maritime industry have been upgraded and terminated. By the end of 2015, a complete upgrade of major national seaports will be completed, including Cai Lan port, Hai Phong port, Cua Lo port, Vung Ang port, Tien Sa port, Quy Nhon port, Nha Trang port and port. Saigon, Can Tho port. To complete the upgrading of a number of necessary local ports to meet the throughput of goods, thereby creating more jobs and increasing incomes for a redundant workforce in rural areas and meritorious localities. In addition, ODA also helps strengthen maritime management capacity through programs to send officials abroad to study, acquire advanced technology and experience of developed countries.

Total revenue of the transport industry was nearly VND 90,000 billion, an average increase of 7.5%, of which sea transport and aviation grew by 9.8% on average. The growth is higher than the average speed. Urban transport has been expanded, especially in big cities like Hanoi, Ho Chi Minh City. ODA projects in the field of traffic safety have also contributed to reducing the number of traffic accidents and congestion in the two major cities, and step by step strengthening the urban civilization.... The development of local transportation has contributed significantly to the process of economic restructuring and poverty reduction in rural areas. Thus, the contribution of ODA to the transport sector is huge, minimizing the stress on capital for development investment of the industry. At the same time, thanks to that, the level of science and technology as well as management skills of each sub-sector is upgraded, increasingly approaching international standards, contributing to the modern economic infrastructure of Vietnam.
5.2 Power industry
Vietnam has significant energy potential in the form of oil, gas, coal and hydropower. But most of the power plants are in very old condition, lack of spare parts, are poorly maintained and operate under quite a high installed capacity. The transmission line system is generally of poor quality and does not have a modern transmission system. In the period from 1993 to the end of 2005, a significant amount of ODA (about more than 26% of the total loan signed in the period before 2000 and USD 1.58 billion in the 2001-2005 period) was invested for the development of the improved electricity industry and the development of the electrical network, including the construction and renovation of power plants, the construction of transformer stations, the 500 kV transmission line and the implementation of shallow gas power programs. ODA villages have contributed to the construction of many large-scale power plants (such as the Phu My thermo-power plant with a capacity of 288 MW; Pha Lai 2 thermal power plant with a capacity of 600 MW; Ham Thuan - Da hydroelectric plant. Mi capacity of 475 MW; Phu My 1 thermal power plant with a capacity of 1,090 MW; O Mon thermal power plant with a capacity of 600 MW; Dai Ninh hydroelectric plant with a capacity of 360 MW).

5.3 Providing clean water and sanitation
According to health agencies' estimates, only 54% of the city's population is estimated to have access to safe drinking water. The rest is to eat and drink drinking water from unprotected shallow wells that are highly susceptible to poisoning, from rainwater tanks, rivers and lakes. Even in cities with piped water, the means of water supply are poorly maintained, his road is leaking excessively (nearly 50%) and pressing sewage problems... are also the causes of providing unsafe city water. Specifically, since 1976, the total number of families without safe water is about 60% in urban areas and 30% in rural areas, in urban areas and the total number of families without sanitation facilities is low (about 2%), but in rural areas it has been 40% since 1976. Therefore, in order to improve the health of the community, and at the same time facilitate socio-economic development, the first Investment to ensure safe water and sanitation is an urgent need.

By 2014, the urban water supply capacity nationwide has reached 4,052,000 m3 / day and night with the urban population supplied with water is 70% and the average standard is 70 liters / person / day. The percentage of lost water on average is 45%. Based on the urban water supply development orientation to 2020 approved by the Prime Minister, by 2015, 95% of the urban population will be supplied with clean water with the standard of 80-100 liters / day / person. The rate of water supply loss is below 30%, with new urban areas being 20%.

5.4 Post and telecommunication
Before 1993, Vietnam's post and telecommunication was in very backward condition with only 254,506 basic telephone lines for more than 69 millions people, equivalent to 0.36 telephones / 100 people. But after 1993, with the strong development of the economy and the return of international donors, Vietnam has significantly improved its telecommunications infrastructure, especially modern basic and mobile services. By 2015, the total number of telephone lines operating in Vietnam has been over 127 million subscribers. Total telecommunication density increased to 19.9 telephones / 100 people. Vietnam is the country with the fastest development of post and telecommunications in the world with a relatively good infrastructure for post and telecommunication. This outstanding development has contributed significantly to ODA projects. Over 10 years of cooperation, ODA attraction and use have improved the infrastructure of the post and telecommunications industry, contributing to arousing domestic capital sources and attracting foreign direct investment.

6. ODA for regions in Vietnam
6.1 Northern mountainous region
This is the poorest region in our country, with 59% of the population considered poor. Recently, the amount of ODA invested in this area has increased, but still low compared to many other regions in the country. In the period of 1993-2005, total ODA investment in this region reached over 969.07 million USD, focusing on building new whole water supply systems for provincial capitals, upgrading provincial hospitals and healthcare services, rural energy, drainage and sanitation, education and rehabilitation of rural transport system. In addition, agricultural and rural development in the northern mountainous provinces also accounts for a significant amount of ODA in this region, including forest protection and community development projects in ethnic minority areas.

6.2 Highlands
The Central Highlands has reduced its poverty rate from 70% in 1993 to 52% in 1998, but remains one of the three poorest regions of the country (the Northern Mountains, Central Highlands and North Central Coast). Currently, ODA is particularly increasing in the fields of clean water and environmental sanitation, agriculture and rural development. The majority of ODA projects are non-refundable aid, with the largest project amounting to USD 41.5 million and the smallest of USD 0.19 million. These projects have created an environment and a significant support for the socio-economic development of the provinces in the region.

6.3 Mekong River Delta
Considered to be the region producing nearly 47.5% of the country's rice production and the region plays a very important role in the national food security strategy. In the period of 1993-2005, more than 1,291.01 million USD of investment capital from ODA contributed greatly to the socio-economic development of the whole region. In general, ODA capital is relatively evenly distributed among the provinces in the region, but the projects directly managed by the provinces account for only a very small proportion, mainly through ministries and central branches. Although the management of projects has progressed in recent years, it still faces many difficulties because the coordination between ministries, branches and localities is not synchronized and rhythmic. Projects focus mainly on areas such as energy (Phu My, Ham Thuan - Da Mi), transportation, etc. However, the development of transport networks, especially water transport systems It is very important for the transport of agricultural products in this area which is still in need of improvement and more investment. In addition, more investment needs to be concentrated in irrigation systems, agricultural processing to
increase product volume and competitiveness of agricultural commodities.

6.4 Northern key economic region
As one of the two regions attracting the largest foreign investment (both FDI and ODA), in the period of 1993-2000, ODA concentrated in this area was over 2.5 billion USD, accounting for nearly 30% of the total signed ODA. However, in the period of 2001-2005, this amount of capital was lower, reaching only 328.475 million USD. ODA capital has been unevenly distributed among provinces in the region, mainly focusing on the economic triangle: Hanoi, Hai Phong and Quang Ninh, most of which is devoted to upgrading, renovating and developing a new system of integration of economic infrastructure such as transport infrastructure, energy, water supply and sanitation, etc. Up to now, ODA for the Red River Delta is more than 10 billion USD.

6.5 Central key economic region
These include the four provinces of Thua Thien - Hue, Da Nang, Quang Nam and Quang Ngai, which are located in areas prone to frequent natural disasters, compared to other key economic regions. In the period of 1993-2005, the total ODA capital into this region was only about 1,400.96 million USD, mainly focusing on building socio-economic infrastructure, especially transportation, energy, water supply, but has contributed significantly to the implementation of the goal of poverty reduction. As one of the three key economic regions of the country, in recent years, localities in the region have tried to take advantage of attracting all investment capital sources, but ODA into this region is still limited. To date, the amount of ODA for this area is estimated at over 7.5 billion USD.

6.6 Southern key economic region
The Southeast region is the most dynamic developing region of the country. In the period of 1993-2005, the average economic growth rate of the whole country was about 7%, the region reached over 10%, one of the reasons was the mobilization of many domestic and foreign investment capital. In the period of 1993-2006, the Southern key economic region attracted an amount of ODA worth about 1,891.8 million USD, in which projects directly benefited from provinces accounted for over 33% of the total ODA for the whole region, the rest through ministries and branches. This source of capital is also focused mainly on economic infrastructure such as transportation, energy, water supply, drainage and sanitation. Therefore it has contributed significantly to the development of economic stability and society of the provinces in the region. Currently, ODA for this area is estimated to reach over 10 billion USD.

7. Discussion
Research results indicate that in the long term, ODA is a positive factor to promote economic growth. In the short term, ODA flows have a positive impact on GDP growth but it is delayed by 2 years. To further promote the effectiveness of this aid, we suggest some policies as follows:
Firstly, agencies at all levels need to agree on the view that ODA inflows are an important part of the state budget, so it is necessary to manage and use them effectively, if not effective, it will create a burden for the nation even for future generations. Therefore, the information about the use of this fund needs to be transparent and closely monitored by the competent authorities.
Secondly, the Government needs to have a strategy to attract this capital in the long term in accordance with the socio-economic development conditions. Further efforts to improve policies and mechanisms is to ensure adequate and timely reciprocal capital for ODA programs and projects to achieve the highest, fastest and most effective disbursement rate. Moreover, it is necessary to prioritize investment in high-efficiency projects accompanied by clear assignment and assignment to promote efficiency and minimize the negative potential in projects.
Thirdly, the ministries and agencies must have plans to train and improve the capacity of officials in the field of management and use of aid sources in a professional manner, meeting the development needs in the new era.

8. Conclusion and recommendation
ODA is very important for underdeveloped and developing countries. Previous studies on ODA in Vietnam and around the world have all confirmed the important role of ODA. However, the studies focus mainly on the macro aspect of ODA without the research on assessing the factors affecting the efficiency of ODA use in an experimental aspect. Therefore, this thesis focuses on analyzing and evaluating the effectiveness of ODA use in the aspect of project implementation in Vietnam. The paper went on to systematize ODA issues, identify the factors that affect the efficiency of ODA use in each project aspect. Comparison between projects and participants does not show any difference in impact level. The results of this research also help the author give some solutions to improve the efficiency of ODA use in urban railway projects in particular and other projects in general. Solutions focused on three groups of factors include (1) improving governance; (2) improving adaptability in project implementation and (3) improving project financial capacity.

9. References
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