

THE COUNTRY STRATEGY OF THE INTERNATIONAL INVESTMENT BANK for the Socialist Republic of Vietnam Moscow, 2013

(Executive Summary)

This Country Strategy for the period 2013 to 2015 has been developed on the basis of the Development Strategy for the Years 2013 to 2017 approved by the 97th meeting of the IIB's Board and the Bank's updated development concept presented by the Chairman of the Board at the 98th meeting of the Board. This Strategy aims to consolidate the Bank's efforts to develop operations in the territory of a member state, being the Socialist Republic of Vietnam in this particular case (hereinafter, Vietnam). The IIB seeks to support the sustainable economic development of the member states' economies and will contribute to enhanced cooperation of the member states with each other.

The implementation of this Strategy is expected to ensure:

- full-fledged utilization of the Bank's potential as a multilateral development bank, including a significant increase in the scope of the IIB's operations in Vietnam;
- maximum involvement of public and private institutions in the orbit of economic relations between the IIB and the member states;
- enhanced influence and role of the IIB for Vietnam by contributing to its increased goods turnover with any other member states and investing in joint projects of Vietnamese businesses and the member states' businesses;
- high-performance activities of the Bank in line with the best practices of multilateral development banks.

Principal Business Development Areas of the Bank in Vietnam

To contribute to the sustainable social and economic development and increased growth rates of the Vietnamese economy, support its trade and economic cooperation with the other member states, expand the access of small and medium-sized businesses (hereinafter, SMBs) to financial resources, enhance the recognition of the Bank, and strengthen its business reputation, the IIB intends to primarily focus, in its activities in Vietnam, on cooperation with leading international and national financial institutions and on implementation of joint investment projects. For those purposes, the Bank will switch from the direct financing of investment projects to syndicated lending and the provision of funds to business entities through national and regional financial institutions as well as to equity participation in any companies implementing investment projects in Vietnam.

Currently, the projects having the most acute need for investments, including direct foreign investments, include infrastructure projects in the following spheres: fuel-and-energy complex, agriculture and forestry, fishing, transport infrastructure (roads, bridges, high-speed roads, and aviation), telecommunications and information technologies, etc.

Highly interested in investment resources are also businesses from the following economic sectors normally having a high share of added value:

- transport (first and foremost, motor and marine transport);
- engineering and processing industries;
- agriculture and agricultural production;
- chemical and pharmaceutical industries;
- food industry;

- petroleum processing;
- telecommunications;
- regional and municipal projects to balance the level of regional economic and social development of the country's inland and coastal areas; and
- projects enhancing energy efficiency.

In selecting specific projects, the Bank will concentrate on such aspects as goods and services export promotion, small and medium-sized business development, diversification of the country's economy to reduce its dependence on raw materials, supporting production operations with a high added value, creation of new jobs, and participation in projects in the territory of several member states of the IIB (with a view to implement more fully the status of a multilateral development institution). Whether or not the Bank can participate in a specific project will depend on the assessment of risks, and priority will be given to bilateral partnership with financial institutions and transactions with a lower or average risk subject to the level of income being acceptable.

Products Sold by the Bank in Vietnam

The main lending forms used by the IIB include dedicated loan facilities granted to financial institutions to finance SMB projects as well as participation in the syndicated lending of projects having a high share of added value together with leading international and national financial institutions.

The following loan products can be regarded as the most popular and competitive ones among those both offered by the IIB now and proposed for utilization as part of the implementation of the Bank's Development Strategy:

Loan Product	Product Description	Form of Granting
Financing of the member state's banks to lend to SMBs	Provision of financing to the member state's banks as well as to their affiliated financial companies under SMB financing programs, including the financing of export-import activities	loan/loan facility
Participation in syndicated lending to the member state's banks under SMB support programs	Participation in syndicated lending to the member state's banks arranged by international and national financial institutions under SMB support programs	loan/loan facility
Equity participation in companies	Equity participation in companies being established or in existing companies in diverse forms	Acquisition of shares/equity stakes in the company capital
Participation in syndicated investment project lending	Participation in syndicated lending for large-scale investment projects arranged by international and national financial institutions	loan/loan facility

The Bank's principal partners and counterparties in Vietnam include the following organizations:

Institution Category	Name
National financial institutions with public ownership	The Investment and Development Bank of Vietnam The Foreign Trade Bank of Vietnam (Vietcombank) The Industrial and Commercial Bank of Vietnam (Vietinbank) The Vietnamese Bank of Agriculture and Rural Development
Multilateral financial institutions for development	The World Bank Group The Asian Development Bank The Vietnamese-Russian Joint Bank The International Bank for Economic Development
Commercial banks	The Ho Chi Minh Housing Development Bank The Bank of Saigon Sacombank Techcombank The Vietnamese Prosperity Bank
Government Organizations	The Russian-Vietnamese Inter-Governmental Commission for Trade/Economic, Industrial, and Scientific/Technical Cooperation The Ministry of Industry and Trade The Ministry of Planning and Investments The Agency for Raising Foreign Investments The State Bank of Vietnam The Embassy of Vietnam in the Russian Federation
Other (associations, funds, etc.)	The International Development Association The Chamber of Industry and Commerce