Accelerating Infrastructure Investment for Sustainable Development

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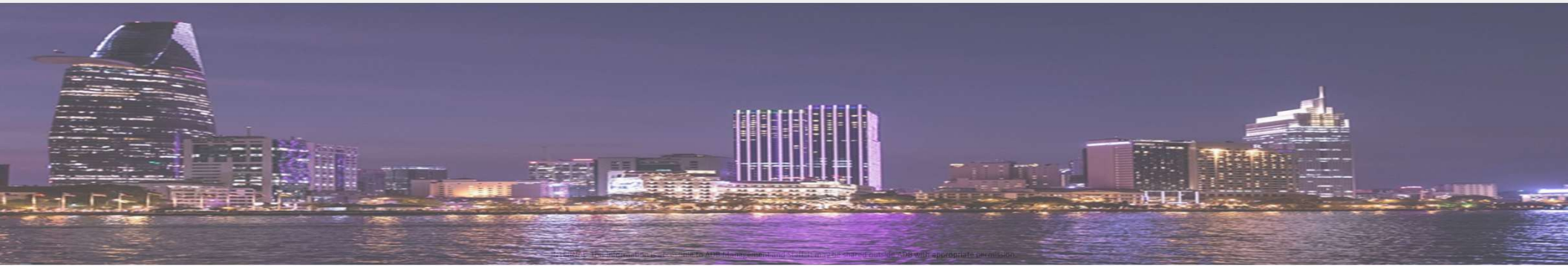
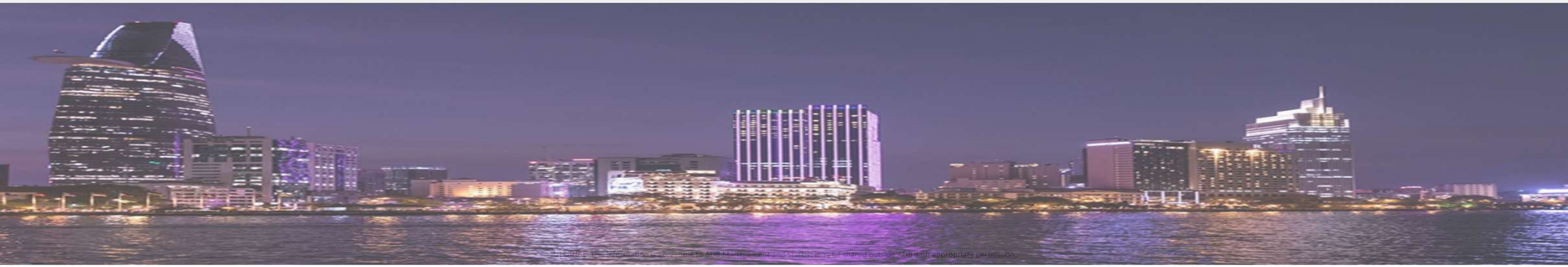
Outline

1. Overview of infrastructure in Viet Nam
2. Limitations facing investment in infrastructure
3. Opportunities and Challenges



1. Overview of infrastructure in Viet Nam



Infrastructure affecting Viet Nam's competitiveness

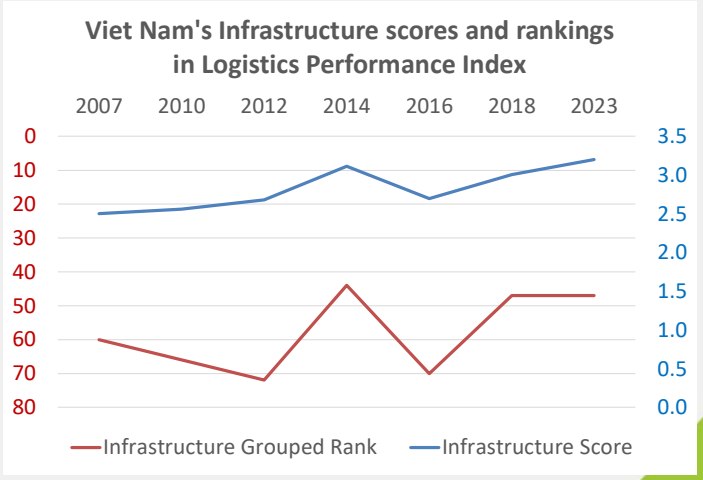
Viet Nam

67th/141

Global Competitiveness Index 4.0 2019 edition — Rank in 2018 edition: 77th/140

Transport infrastructure 0–100	-	**52.2** ↑	**66**	**Singapore**
2.01 Road connectivity 0–100 (best)	63.3	63.3 ↑	104	Multiple (3)
2.02 Quality of road infrastructure 1–7 (best)	3.4	40.1 ↑	103	Singapore
2.03 Railroad density km/1,000 km[[2	7.6	19.1 ↑	58	Multiple (24)
2.04 Efficiency of train services 1–7 (best)	3.6	43.3 ↑	54	Japan
2.05 Airport connectivity score	364,184.2	86.0 =	22	Multiple (8)
2.06 Efficiency of air transport services 1–7 (best)	4.0	49.7 ↑	103	Singapore
2.07 Liner shipping connectivity 0–100 (best)	68.8	68.8 ↑	19	Multiple (5)
2.08 Efficiency of seaport services 1–7 (best)	3.8	47.3 ↑	83	Singapore
Utility infrastructure 0–100	-	**79.6** ↓	**87**	**Iceland**
2.09 Electricity access % of population	98.8	98.8 ↑	84	Multiple (67)
2.10 Electricity supply quality % of output	10.2	93.5 ↓	62	Multiple (10)
2.11 Exposure to unsafe drinking water % of population	34.3	67.0 ↓	95	Multiple (28)
2.12 Reliability of water supply 1–7 (best)	4.6	59.2 ↑	81	Iceland
3.01 Mobile-cellular telephone subscriptions per 100 pop.	147.2	100.0 =	14	Multiple (63)
3.02 Mobile-broadband subscriptions per 100 pop.	71.9	N/Appl.	76	United Arab Emirates
3.03 Fixed-broadband Internet subscriptions per 100 pop.	13.6	27.2 ↑	63	Switzerland
3.04 Fibre internet subscriptions per 100 pop.	9.9	N/Appl.	26	Korea, Rep.
3.05 Internet users % of adult population	70.3	70.3 ↑	66	Qatar

Source: WEF GCI 2020

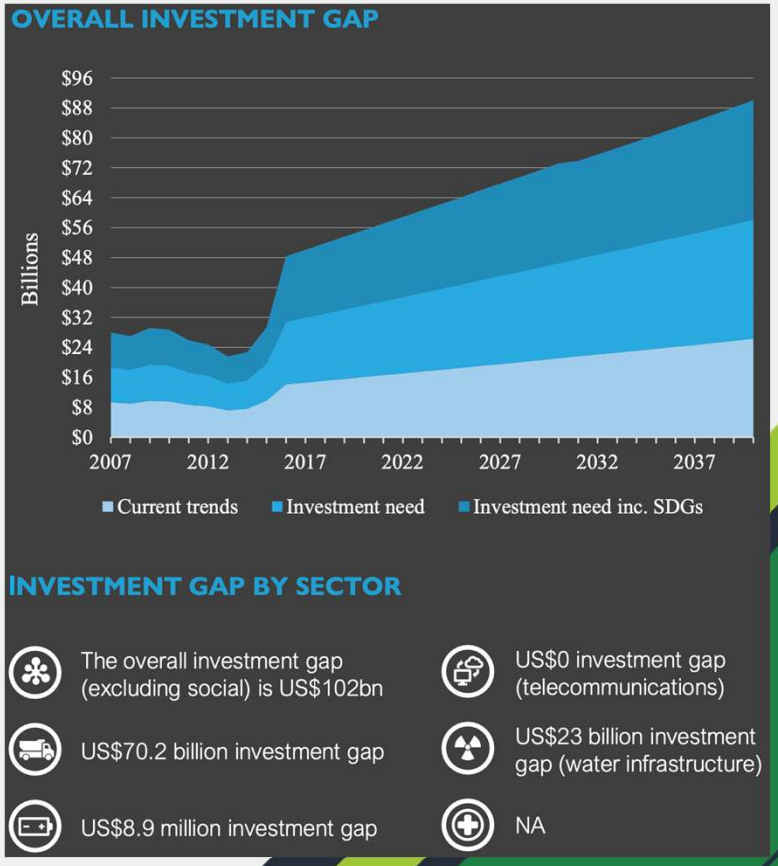


Source: LPI database

Viet Nam's infrastructure gaps

Metric	Viet Nam	Lower-middle-income countries' average
GDP per capita (USD)	3,718	2,582
Population (million persons)	98	3,363
Infrastructure quality	66	57
Infrastructure investment (% of GDP)	6.3	5.4
Infrastructure gap (% of GDP)	1.2	1.7

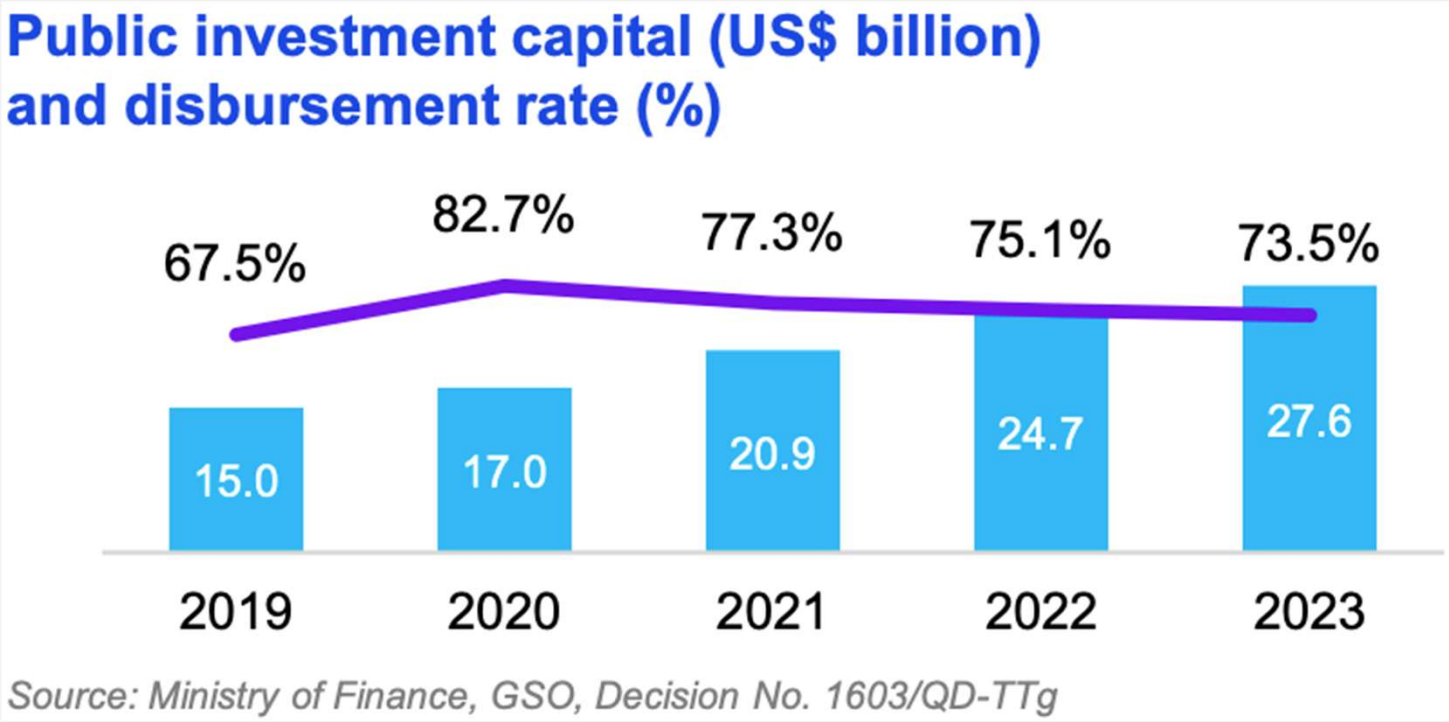
*GDP per capita and population data as of 2021. All other data as of 2019. Infrastructure Quality rating on a scale from 0 (worst) to 100 (best).
Source: GIH



Source: FCDO/Arup

2. Limitations facing investment in infrastructure

Low disbursement of public investment capital



Consequences

Slow disbursement progress

- Inefficiency of investment capital
- Slow implementation delaying economic impact.

Inefficient use of capital

High **Incremental Capital-Output Ratio** (ICOR) by the public sector spending. The ICOR coefficient varies depending on the socio-economic conditions in different periods, influenced by the investment structure and the efficiency of capital utilization.

Year	General ICOR of the Economy	ICOR of the State Economic Sector	ICOR of the Private Economic Sector
1994 fixed price			
2005	4,84	6,81	5,14
2006	5,05	8,24	4,93
2007	5,50	8,15	4,01
2008	6,58	9,08	4,09
2009	8,03	12,37	5,71
2010	6,18	10,24	5,07
2010 fixed price			
2011	5,13	8,92	4,71
2012	6,71	7,60	6,29
2013	5,68	9,12	5,65
2014	5,61	9,80	5,02
2015	3,5	8,7	4,9
2016	5,3	7,8	4,8
2017	4,9	7,4	4,7
2018	4,7	7,3	4,8
2019	4,6	7,1	4,4

Source: Data from the General Statistics Office and author's calculations.

Capacity and governance

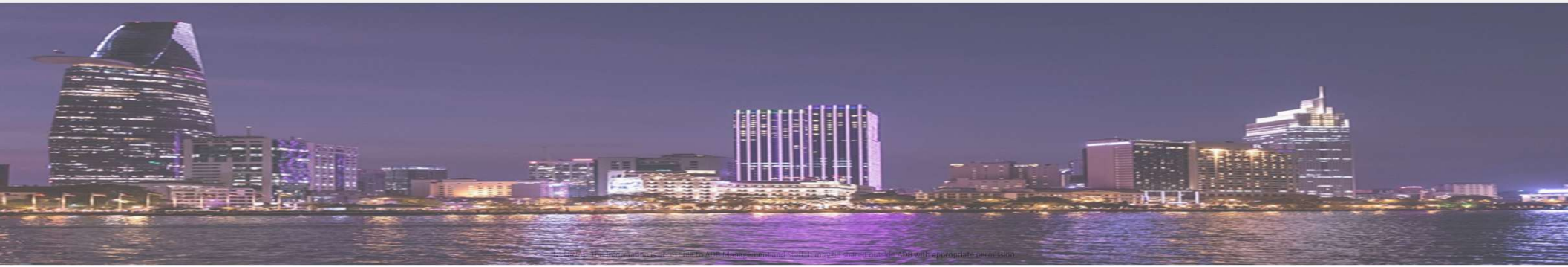
Limited management capacity of public investment

- The capacity to manage public investment at some levels, agencies and units is still limited. This leads to many inadequacies in planning, appraisal, approval and implementation of projects.

Need to improve transparency in the use of public investment capital

- Transparency in the process of public investment can be improved. This includes publicizing information about projects, the bidding process, and the efficiency of the capital use.

3. Opportunities and Challenges



Opportunities

- 2025 public investment budget: $36 billion (compared to $27 billion in 2024)
- Mega projects:
  - 1,000km highway completed in 2025 (5,000km by 2030)
  - A high-speed North-South railway, estimated at 67 billion USD.
  - A railway linking Ho Chi Minh City and Can Tho, improving connectivity to major ports.
  - Northern railway lines connecting Vietnam to China, estimated at $8.3 billion.
  - Nuclear power projects completed by 2030.

Challenges

- Effective implementation of reforms
- Quality infrastructure project design – climate resilient and adaptive, value-for-money
- Prompt execution of disbursements
- Efficient use of government fiscal headroom: 4 – 4.5% GDP budget deficit
- Mobilizing financing
- Engaging private investors - PPP

Thank you for your attention.