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# THE DEVELOPMENT OF REGIONAL COORDINATION IN THE MEKONG DELTA

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## List of Abbreviations

DFAT	Department of Foreign Affairs and Trade, Australian Government
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH German International Development
GoV	Government of Vietnam
MARD	Ministry of Agriculture and Rural Development
MDP	Mekong Delta Plan
MoC	Ministry of Construction
MOF	Ministry of Finance
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
ODA	Official Development Assistance
OOG	Office of the Government
PPC	Province People's Committee
VIWA-S	Vietnam Inland Waterways Administration (South)
WB	World Bank

This publication presents the outcomes of an assessment of regional coordination in the Mekong Delta conducted by the Office of Government and GIZ in 2018. Key issues and recommendations were presented and discussed at a national workshop on the 2nd March this year at Phu Quoc. In 2019, GIZ also started cooperation with the Committee for Science, Technology and Environment of the National Assembly to assess the implementation of legislation and policies in climate change adaptation and regional coordination in the Mekong Delta.

# Executive Summary

Establishing effective regional coordination in the Mekong Delta is a government priority and important for stable socio-economic and infrastructure development for the region. Presently, the delta faces significant challenges. With a population of over 20 million, the delta is vulnerable to the impact of climate change and other factors, including floods, rising seawater, hydropower projects in the river basin, uncontrolled river-sand over-exploitation, change of land use, land subsidence, coastal and riverbank erosion as well as air, water and land pollution. Floods, in particular, are part of life in the delta and, in normal conditions, can bring multiple benefits with farming and resource management systems adjusted to them, but changing conditions can make their location, duration and intensity unpredictable, with devastating impacts. This report presents perspectives and recommendations from the Office of Government, ministries and leaders from 13 provinces in the Mekong Delta.

Many of these issues, which are central to the future development of the Mekong Delta, cannot be addressed through existing planning mechanisms which are inherently fragmented and do not provide a means to consider the delta as a coherent whole. An effective and efficient approach to key planning challenges such as water management, disaster mitigation, ecosystems degradation, transport, electricity supply and other core services need to be based, at least in part, through mechanisms based on the close collaboration between provinces.

In recent years, the national government has issued legislation such as Decision 593/QĐ-TTg and Resolution 120/NQ-CP that promote regional coordination in the Mekong Delta but progress has been slow. Regional and sub-regional coordination institutions have been established in the Mekong Delta by central government and also by provincial leaders but often they overlapped in functions and are limited to activities such as information sharing and improving product quality and value chains. The Law on Planning approved in 2017 includes the establishment of an integrated approach for regional master plans. The law comes into effect on the

1st January 2019. The Mekong Delta is selected as the pilot for the regional master plan, which should be ready for implementation by the 1st January 2021. Past results in regional coordination and planning in the Mekong Delta suggest that a **new way of doing things** is required if the regional master plan is to be successfully prepared and implemented.

The establishment of the pilot regional master plan for the Mekong Delta is central to the Government's push for regional coordination in all eight regions of the country. The regional master plan introduces a multi-sector integrated approach to planning and budgeting. To be successful, a consensus needs to be established among national and provincial leaders where the regional master plan needs to be the principal vehicle for the territorial application and implementation of national strategy and policy initiatives and sectorial orientations, and so serve the purpose of a regional framework for socio-economic and infrastructure development.

In this new way of doing things the Prime Minister has the central role in the preparation of the regional master plan as it is the Prime Minister's role and responsibility to assure regular oversight and steering of its drafting, appraisal and approval process. As such, it is the Prime Minister's responsibility to coordinate the relevant ministries and motivate the **political will** at central and provincial levels for the transition to integrated regional master planning.

The Office of the Government and the Prime Minister's Consultants' Group would provide the Prime Minister the evidence and advice needed to make strategic decisions and provide oversight of the process to develop the regional master plan. In the Law on Planning, the Prime Minister allocated responsibility to MPI to carry out the state management of planning, such as proposing a national planning and regional planning appraisal council and the lead ministry for drafting the regional master plan for the Mekong Delta. Relevant ministries and provincial PPC and Party leaders should be closely involved in each stage of the regional plan drafting process as prescribed by the Law on Planning.

Mekong Delta Canal taken from the height shows its breathtaking beauty.  
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# The Way Forward

Revisions are required to the legal framework, such as the Budget Law and the Law on the Organization of Local Government, so that those laws are consistent with the new Law on Planning. The new law introduces the region and regional planning into political, planning and budgeting structures and systems. To implement the legal framework at the provincial level, a number of new decrees, decisions, circulars, set of indicators for investment selection, appraisal and assessment, regulations and implementation guidelines are necessary.

Leadership is then also required from the national government and the Central Party Committee to 'push down' directives and policy to implement regional coordination in the Mekong Delta. The Prime Minister and key Central Committee members need to be 'champions' of change as effective implementation of the Law on Planning requires strong cohesion between Party directives and government policy.

Provincial leaders are reluctant to recommend the establishment of a steering committee or taskforce for regional coordination in the Mekong Delta. Presently, they are members of many steering committees, councils and boards and these have had limited results. The perspective of provincial leaders is that the Prime Minister should play a central role in developing regional coordination and the regional master plan, allocating responsibilities to different ministries with the close involvement of PPC chairmen and Party Secretaries from the 13 provinces and city.

**The new way of doing things** involves five pillars. The first pillar is the National Assembly which oversees the implementation of the Law on Planning, and will supervise revisions to the Law on Environmental Protection as well as propose a new law on climate change. The second pillar is the Party's Central Committee and the Central Economic Commission in particular, which provide the strategic direction for regional and sub-regional organization and planning. The third pillar is that ministries such as MPI and MoNRE would continue to take responsibility for the technical aspects of regional coordination and planning in accordance with the Prime Minister's decisions. The

fourth pillar is that the Office of the Government role is enhanced in monitoring the progress of work carried out by MPI, MoNRE, other ministries and development partners towards regional coordination in the Mekong Delta, as is defined in the new Law on Planning. In such a role, the Office of Government conducts its own assessments and appraisals to keep the Prime Minister regularly informed of progress during the drafting of the regional master plan and after approval of the plan so that the Prime Minister can be pro-active in oversight and steer implementation. The Prime Minister's Consultants' Group will support the Office of the Government and the Prime Minister by providing the results of evidence-based research to support the Prime Minister's decisions.

The fifth pillar is provincial leaders from the Party and People's Committees in the Mekong Delta. In the Mekong Delta, at least six sub-regional organizations were established based on principles of voluntary participation, mutual interest and demand-driven. Based on this experience, provincial Party and PPC leaders need to play a central role in the consultation process to establish regional coordination and the regional master plan, and ensure that decisions about the organization of regional coordination and planning are 'bottom up' and aligned with their interests and needs. Advocacy will be required to persuade provincial leaders to compromise provincial interests for the greater regional 'good'. In the new way of doing things, to ensure the involvement and commitment of provincial leaders to regional coordination and the regional master plan, the policy framework and regulatory mechanisms needs to be renovated or replaced.

MPI has the responsibility to draft the regional master plan. **A roadmap** to prepare the regional master plan detailing a matrix of tasks, activities, lead agencies, timeframe and budget for the drafting process of the regional master plan is essential. This roadmap would include inputs by the government and development partners. The roadmap would outline measures such as actions from Decision 593/QD-TTg and Resolution 120/NQ-CP complementing and integrating into the regional master plan, international and national expertise and capacity development. The roadmap would include the process to integrate the national Socio-

Economic Development Plan, Mid-Term Public Investment Plan and special national programmes into the regional master plan.

The effective implementation of the regional master plan will also depend on linking infrastructure investment planning and budgeting. Decision 593/QD-TTg outlined 10% of national budget for the Mekong Delta would be allocated to the provinces for inter-provincial infrastructure investment projects. This mechanism has not been implemented. Alternative options for financial mechanisms need to be developed and included in the roadmap. The Prime Minister would select the most practical option.

The roadmap would include a capacity development programme for national and provincial leaders as well as the commercial sector and rural and urban communities on the benefits and advantages of regional coordination. This will help ensure that all stakeholders are on board for the changes that will happen during the transition from province-based planning and investment to a focus on regional planning and investment. A priority of the capacity development programme should be a focus on provinces with lower per capita income and economic development so they can 'catch up' with better-off neighbours.

A consultation process should be carried out at national and provincial levels to review the advantages and disadvantages of establishing the 'region' as a new administration level in the government political system, which would result in national, regional and provincial levels as the main levels of administration.

Sub-regional organizations in the Mekong Delta have had successes with specific products and improving value chains. It is important to include Ho Chi Minh City in the process to establish regional coordination in the Mekong Delta. The city is a huge market and technical hub neighbouring the Mekong Delta and has a significant influence on the economy of the delta. Companies from HCMC are negotiating hard with leaders from different provinces for the best deal and leaders are forced to

agree to less than favourable conditions to secure deals ahead of neighbouring provinces. A regional strategy is needed so that provinces can operate collectively and more effectively negotiate with these companies is required.

According to the Law on Planning, a committee will be established and chaired by the Prime Minister to prepare, appraise and approve the regional master plan, with a membership of relevant ministries. However, after this committee fulfills its responsibilities it will be dissolved. A permanent unit should be established in 2019 to support the drafting of the regional master plan and in readiness to monitor, assess and prepare revisions to the regional master plan after approval. The private sector, consultants and universities could participate in this unit. The unit should report to the Office of Government and an information sharing mechanism should be established so that data and information are shared with relevant ministries and the provinces and city.

With under two years to draft, appraise and approve the regional master plan for the Mekong Delta, the government should not be too optimistic in terms of the detail and complexity of the plan. The priority should be to ensure that the regional master plan embodies an integrated approach to socio-economic and infrastructure development and presents clear roles and responsibilities of national and provincial levels. The proposed permanent unit would monitor, assess and prepare revisions to the regional master plan and present them to the national committee. In this way the regional master plan would be regularly updated, and quality gradually improved over time.

Achieving these changes will benefit greatly from sustained support from international development partners and several are already active in a number of areas that will contribute to these changes. This support should be consolidated into a clear and coordinated mechanism that reflects the approach outlined in this report.



# 1

## Introduction: The Case for Regional Coordination

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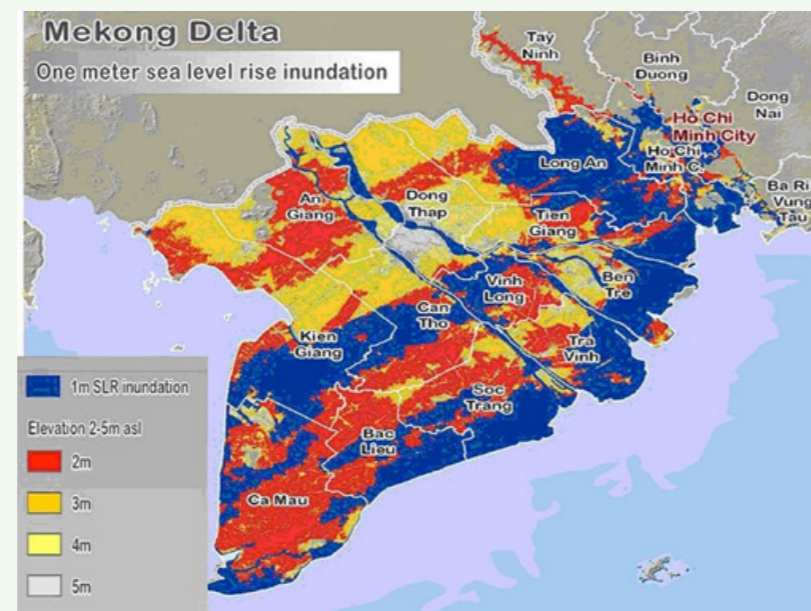
This report discusses the issue of regional coordination in Vietnam, identifying the potential benefits that this can generate within the context of diverse and rapidly changing development challenges. The focus is on the steps needed to establish effective regional coordination in the Mekong Delta, a region that has been identified by the Government of Vietnam (GoV) to act as a pilot for the development of regional planning as defined in the 2017 Law on Planning. It is also a region where both development opportunities and a range of environmental and other challenges are prominent. The analysis in this report is based on an assessment of the current system and analysis of the challenges that will need to be overcome to re-orientate the system in a direction where coordination between provinces and other entities within the region is developed.

Regional coordination is a widely used concept that refers to collaboration for specific functions between sovereign bodies such as various types of government agencies and international organizations. It often refers to cooperation between countries, including through formally established bodies such as ASEAN and the European Union, but can also, as in this report, relate to links between sub-national agencies within one country. There are a number of definitions which can vary in detail but the following one from the U.S. State of New Jersey is appropriate for Vietnamese conditions: “Regional coordination focuses on improving communication, increasing cooperation and reducing contradictory policies, programs and actions related to land use and planning activities between state entities and other levels of government, regional entities and allied organizations”.

Establishing regional coordination in the Mekong Delta is a central government and provincial development priority and is expected to bring a range of benefits. Decentralization has been a priority in Vietnam for more than two decades and a wide range of powers have been decentralized to the provincial level, but whilst this has brought substantial benefits in some areas there are limits to how effective this can be. Addressing many major contemporary development challenges will, to be fully effective, require a clear and sustained structure through which provinces can collaborate in planning, financing and implementing measures designed to meet these challenges. It is seen as essential for improving infrastructure investments and community well-being and

for creating an administrative system that is able to respond to immediate and long-term challenges. These challenges include above all increased risks of climate change impacts that are expected to accelerate in the future and will be particularly severe in the Mekong Delta.

Regional coordination is potentially beneficial in relation to a range of issues that are central to the future development of regions such as the Mekong Delta. These issues (which are discussed in more detail in the next chapter of this report) include:



**Figure 1: Mekong Delta - One meter sea level rise inundation** (source: Rapid Assessment of the Extent and Impact of Sea Level Rise in Viet Nam by International Centre for Environmental Management, February 2008)

**Climate change adaptation and mitigation:** Vietnam is one of the world’s most vulnerable countries to climate change, with the Mekong Delta perhaps the most vulnerable region within the country with, as Figure 1 shows, large areas vulnerable to inundation from sea level rises. Addressing these formidable challenges needs to be based on a coordinated response to shared problems across the region.

**Disaster management:** many parts of Vietnam, including critically the Mekong Delta, are highly vulnerable to natural disasters and every year sees deaths and economic damage from cyclones, floods and other extreme events. Such disasters are typically regional in their impact and disaster management systems, to be effective, need to

similarly operate at a regional level through close and coordinated responses between provinces.

**Water resources management:** water resources flow within and are most effectively managed at the level of hydrological, rather than administrative, boundaries. Although river basin management has yet to be implemented effectively in Vietnam, the need to manage water at an inter-provincial level in areas such as the Mekong Delta is clear.

**Transport:** the development of an effective, linked transport system at a regional level is essential for sustainable economic growth and greatly facilitates disaster response systems. Congestion is increasingly common in Vietnam as the economy grows. Transport in the Mekong Delta, with a mix of road, rail and river transportation, is complex and needs a coordinated investment and development strategy.



**Electrical power generation and distribution:** the future development of power supply systems in Vietnam will be very different to those of the past, with renewable energy such as solar and wind likely to dominate future investments and capital to expand the generation and distribution system increasingly coming from the private sector. This creates opportunities to plan electricity development within a region that takes advantage of local renewable energy resources.

Meeting these challenges and taking advantage of these opportunities will involve concerted action in a number of areas and will necessitate higher levels of coherence and cooperation in planning and budgeting. Central government has issued legislation that promotes regional coordination and provincial leaders have established sub-regional coordination models but the results have been

limited. With limited time to establish effective regional coordination, a new way of doing things is required. The Law on Planning approved by the National Assembly in 2017 provides the legal framework to effectively link regional planning and investment budgeting with appropriate institutional arrangements.

There is a clear government trend to establish regional development across the country while at the same time recognizing that existing regional and sub-regional coordination models have had limited results and each region has its own challenges. During the last two years, the government has issued key legislation to establish regional coordination in the Mekong Delta including Decision 593/QĐ-TT/QĐ-CP, Resolution 120/NQ-CP and the new Law on Planning. Based on lessons learned developing regional coordination in the Mekong Delta, the government plans to upscale the results in other regions of Vietnam. The Law on Planning provides the framework

to establish regional master plans that integrate the sectors into a concerted strategic plan and investment portfolio for the region and outline institutional arrangements at national, regional and provincial levels.

The introduction of regional master plans under the 2017 Law on Planning involves significant changes in state management at national and provincial levels as well as the potential roles of the private sector and urban and rural communities. The transition from traditional sector planning to this integrated planning approach at a regional level does not yet exist in Vietnam. It will be challenging to

introduce and a long-term approach to its development is necessary.

The Law on Planning indicates that the Prime Minister is directly responsible for regional master plans. In the new way of doing things this is important because the Prime Minister can play a key role in coordinating the different ministries and generating the political will at national and sub-national levels to institutionalize this new integrated regional approach to planning and infrastructure investment. The future pace and types of change needed to align planning, budgeting and administrative actions for regional coordination more closely will not happen quickly and needs to be phased in through practical, sequential measures that both demonstrate their immediate benefits and contribute to the wider process of building coherence among the different levels of



Coastal erosion in the Mekong Delta  
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planning, budgeting and cooperation. Developing the regional master plan, and supporting legislation, institutional and financial arrangements, and implementation mechanisms for the Mekong Delta is an urgent task, both for the development of the region and to provide an exemplar for other regions in the country. The Mekong Delta region has a population of over 20 million and contains one centrally-managed city and 12 provinces: Can Tho, Vinh Long, Ben Tre, Tra Vinh, Soc Trang, Hau Giang, Long An, Tien Giang, Dong Thap, An Giang, Kien Giang, Ca Mau and Bac Lieu.

The strength of the Mekong Delta is its rich natural and human resources. It produces 50% of Vietnam's rice crop, as well as fruit, vegetable and seafood production and processing and contains a wide range of economic

activities but these assets are under threat. The Mekong Delta is greatly affected by the impact of climate change and other development pressures, including rising sea levels and saline water intrusion in both surface and groundwater, hydropower projects on the Mekong River, uncontrolled river-sand over-exploitation, land use changes, land subsidence, coastal and riverbank erosion as well as air, water and land pollution<sup>1</sup>. Droughts have become more severe due to rising temperature and lower rainfall in the dry season.

Migration in the Mekong Delta, notably into urban areas, is largely spontaneous and unplanned. 50% of the population will live in cities by 2050, leaving a large population of vulnerable and poor groups living in marginalized urban areas who are not able to access

social services and are vulnerable to natural disasters. These people will require infrastructure to improve livelihoods, provide protection from floods and natural disasters, and access to services such as water supply and waste removal. Regional coordination is required to effectively build on the strengths in the Mekong Delta to respond to existing and emerging challenges. Short, medium and long-term solutions depend on a clear framework approved by the Government and the Central Party Committee and the 13 provinces/city.

Regional coordination in the Mekong Delta is not a new initiative. Presently, there are at least nine different models of regional coordination and sub-regional coordination in the Mekong Delta (see below). Some of these models were established at the national level, for example the Southern Key Economic Region, while other models were established by provincial leaders to develop commerce and trade, such as the ABCD Mekong Network. The latter were established based on "voluntary agreement/consensus", while the former were established according to national government policy directives.

Some initiatives were initiated according to geographical location, for example Ca Mau Peninsula Sub-Region. Others started because leaders identified mutual benefits in coordinating and managing common resources, such as the Long Xuyen Quadrangle Sub-Region. There is great diversity in the functions, purpose and membership of models for regional coordination but, to date, the consensus is that the effectiveness of these initiatives is not high. Many of the organisations overlap in role and functions and at best the cooperation helps provinces in sharing information and developing specific value chains.

Stakeholders at the national level and the 13 provinces/city agreed that finding a solution for regional coordination is critical for the Mekong Delta and that regional coordination needs to be based on the needs and benefits of participating provinces. The establishment of an integrated regional master plan for the development of the Mekong Delta based on the Law on Planning and implementing arrangements for the master plan provides a practical strategy based on recent developments in Vietnam's legal and policy framework.

This report is intended to define a consensus on the best ways to achieve this. It is based on consultations with a wide range of stakeholders, including the Ministry of Planning and Investment (MPI), the Ministry of Finance (MoF), the National Assembly, Ministry of Construction (MoC), Fatherland Front, the Office of the Government (OoG), and Provincial Party Secretaries, Provincial People's

Committee's and relevant provincial departments in all of the Mekong provinces and city.

The move from traditional, sector-based central planning to cross-sector, decentralized regional planning is presenting formidable challenges. In part, this is because of the complexity of the process: transferring planning, budgetary and administrative power to sub-national levels while maintaining national order and stability and ensuring a level of coherence in national development approaches takes time and will progress at different rates in different regions. The Mekong Delta is the pilot for this new approach.

Part of the context for legal and policy changes for regional coordination is the continuing development of decentralization in Vietnam that became a central level priority following the Sixth Party Congress in 1986 which initiated the Doi Moi reform process and has been reinforced by a number of measures since then. Whilst it is a long-standing priority, obstacles to achieving full and effective decentralization remain and need to be addressed if the potential for regional coordination is to be realized and present and future climate-related risks minimized and socio-economic development enhanced.

For many reasons, including agricultural development, aquaculture and natural disaster management, regional coordination for water resources is a priority in the Mekong Delta. In 2001, the World Bank and AusAID (presently DFAT) provided funding for the establishment of the Mekong Delta River Basin Planning Management Board. MARD issued Decision 37/2001/QĐ BNN-TCCB which outlined the role of the board as the delta-wide water resources management body and promoted coordinated water planning and management across provinces in the Mekong Delta. In practice, this board focused on management of the master plan for the basin and did not coordinate or supervise integrated water resources management.

The establishment of MoNRE in 2002 created uncertainty over state management responsibilities for river basin organizations between MoNRE and MARD<sup>2</sup>. MoC managed urban water supply and drainage infrastructure planning and construction, Ministry of Commerce and Trade managed the masterplan for electricity supply and the Ministry of Transport was responsible for water infrastructure and ports. Water management and planning issues were not clearly distinguished between MARD that focused on irrigation management, and MoNRE which focused on water resources management. In addition, there was overlap in the roles and responsibilities of

<sup>1</sup> Nguyễn Hữu Thiện. ĐBSCL trước những thách thức về phát triển bền vững.[The Mekong Delta: Challenges and Sustainable Development] Vnexpress: 19/9/2017.

<sup>2</sup> Dao Trong Tu et.al., River Basin Management in Vietnam: Sectoral and Cross-Boundary Issues. Mekong Delta Project on Water Governance, 2013.

the General Department of Environment and the Water Resources Department within MoNRE. Government legislation has not resolved these overlaps and as a result of inefficient institutional arrangements water resource utilization remains sector-oriented and focused on agriculture and energy production. In this milieu, once development assistance was finished RBOs in Vietnam were no longer active.

The Vu-Gia Thu Bon River Planning Management Committee was established by Quang Nam PPC in 2006 with the support of ADB. At the start, the committee was primarily a discussion forum and consisted of a simple institutional structure involving all relevant stakeholders from provincial and district levels. Later, more complex planning and technical issues were incorporated into the committee's mandate, when human resource and financial capacity improved, based on local demand. The committee then introduced information sharing and a negotiation process with the neighbouring city of Danang, which is also in the same river basin, on issues of mutual interest and benefits<sup>3</sup>.

In 2013, based on an innovative approach applied in the Netherlands, the Dutch Embassy supported the Mekong Delta Plan (MDP), which was a first regional-level qualitative and integrated assessment focused at the strategic policy level. The MDP promoted the establishment of a "Mekong Delta Planning Commission" to institutionally embed an integration and coordination role for the Mekong Delta within the governance structure of Vietnam<sup>4</sup>.

Strengthening regional coordination in the Mekong Delta consequently has considerable benefits and would be in line with the direction of development of national policies. A number of initiatives to facilitate improved coordination have been tried in recent years, with mixed results but the forthcoming introduction of regional master plans as a formal structure (as defined in the Law on Planning) and the intention to use the Mekong Delta as a pilot to develop the regional master plan model provide opportunities to take regional coordination to a new level. There are, however, a number of obstacles that need to be overcome if this is to happen. These issues are explored in the rest of this report.

<sup>3</sup> Howell-Alipalo, Melissa. Vietnam: Next Generation RBO – Preparing for a Hydropower Future. ADB Manila, Cooperation Fund for the Water Sector, 2007.

<sup>4</sup> The Dutch Government. Mekong Delta Plan: Long Term Vision and Strategy. Hanoi: 2013, pp.73-74.



Flooded street in Can Tho City, Viet Nam  
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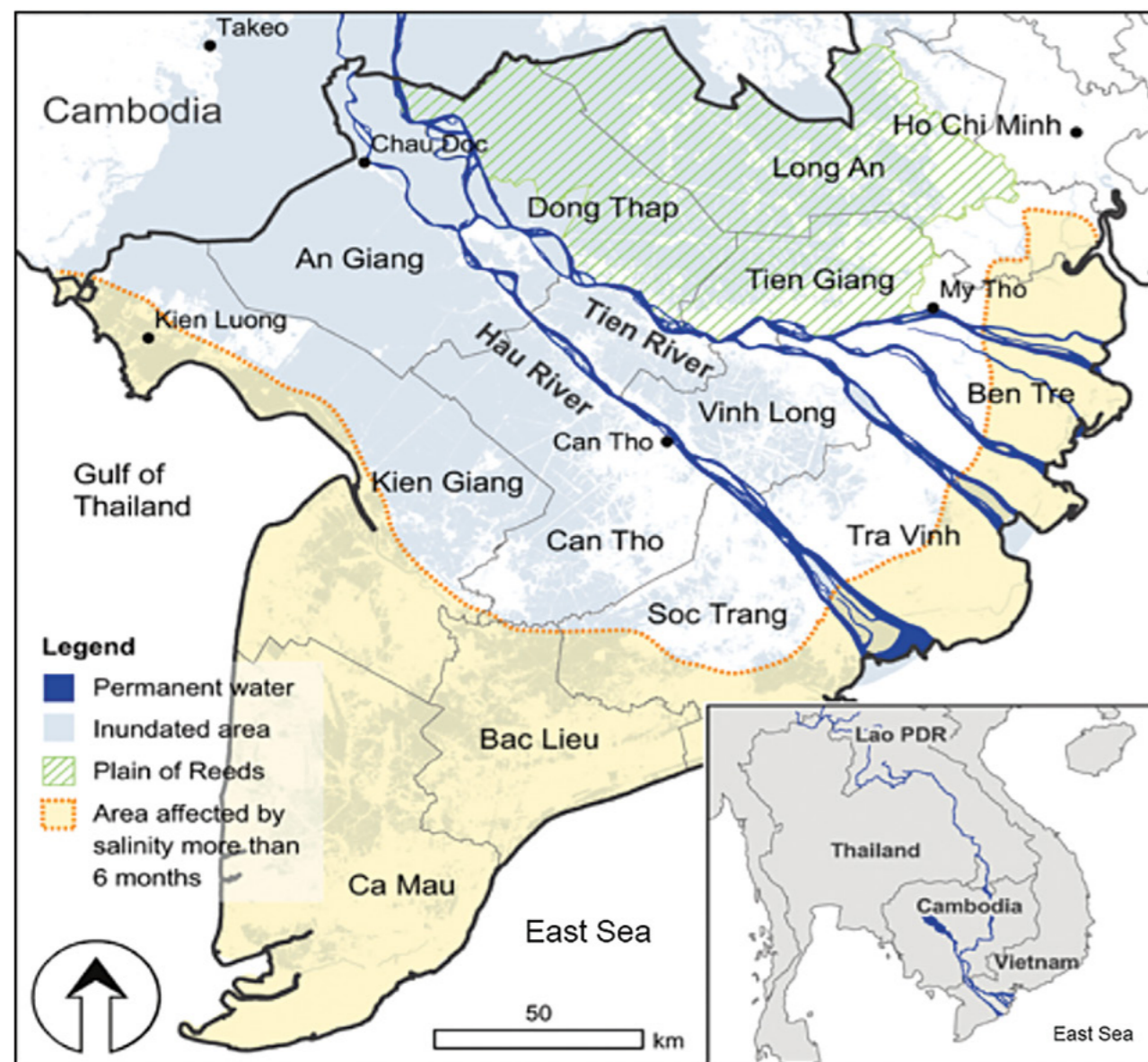
# 2

## Development Challenges and Opportunities in the Mekong Delta

Drainage canal in Can Tho City  
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The Mekong Delta has been farmed for many generations and is one of the principle agricultural regions of Vietnam, contributing 50 percent of total food output and 90 percent of rice exports, as well as 70 percent of fruit and 65 percent of aquatic products<sup>5</sup>. Although productivity is still high, it is at risk from multiple threats and any decline in output would have severe consequences not just for the region but for the country as a whole.

Figure 2: The Mekong Delta<sup>6</sup>



<sup>5</sup> Vietnamnet.vn 3<sup>rd</sup> May 2016 "Climate change presents challenges for the Mekong Delta"

<sup>6</sup> Source: Kakonen, M. (2008) Mekong Delta at the crossroads: more control or adaptation? *Ambio* vol 37 no 3, pages 205-211, June 2008



Rice Farming, the heart of the Mekong Delta Economy  
Copyright © John Soussan

There are significant climate change, natural disaster and other issues affecting all provinces and cities in the Mekong Delta (Figure 2). There have been a wide variety of responses to these challenges, with varying results but most only cover part of the region and many are not sustained. Effective regional and sub-regional coordination will help respond to these challenges in a concerted way, increasing the effectiveness and efficiency of the use of the resources available to respond to the challenges that the region faces now and in the future. A number of development challenges and opportunities that would clearly benefit from regional coordination were identified in chapter 1. These issues are discussed in more depth in this chapter.

Changing climate and hydrological conditions in the Mekong Delta are a complex interaction of a number of factors that are likely to have widespread and unpredictable impacts on many aspects of the development of the area. The natural characteristics of a large, low-lying deltaic area means that it is both opportunity and problem in the Mekong Delta but the dynamic interactions in recent years between changing river flows, over-abstraction of

groundwater, sea level rises, changing patterns of land use and climate change mean that there are real concerns that the benefits are likely to decline and the problems increase in this vital economic area of Vietnam.

Figure 3<sup>7</sup> summarizes this range of potential impacts into three categories: (i) increased poverty; (ii) reduced sustainability of natural resource productivity and the environment; and (iii) adverse effects on social and institutional stability. The likelihood of these risks actually happening, along with their severity, will of course vary from place to place and will be contingent upon the actions taken to anticipate and mitigate them, but they do illustrate the extent to which changing climate conditions are likely to affect the Mekong Delta as well as other parts of Vietnam. Addressing these challenges will need concerted actions across the delta and in a wider area.

<sup>7</sup> Ribbe, L. et al (2013) Comparison of key drivers regarding their significance for hydro-meteorological extremes and their impacts on selected hotspots in the Mekong River Basin GIZ, Bonn



Flooded streets in Can Tho City  
Copyright © GIZ, Thanh Nguyen

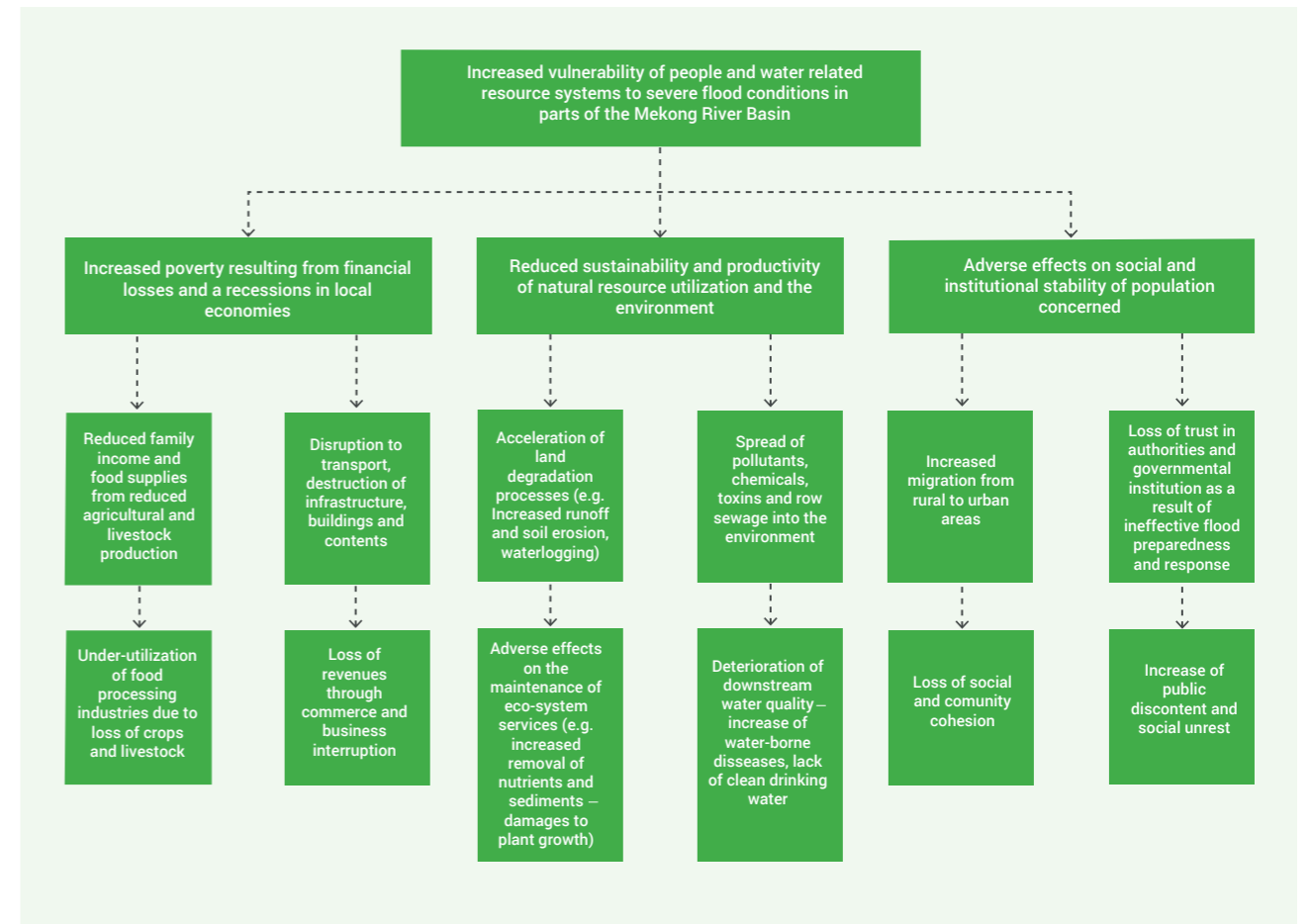


Figure 3: Potential Effects of Increased Flood-Related Vulnerability in the Mekong Basin

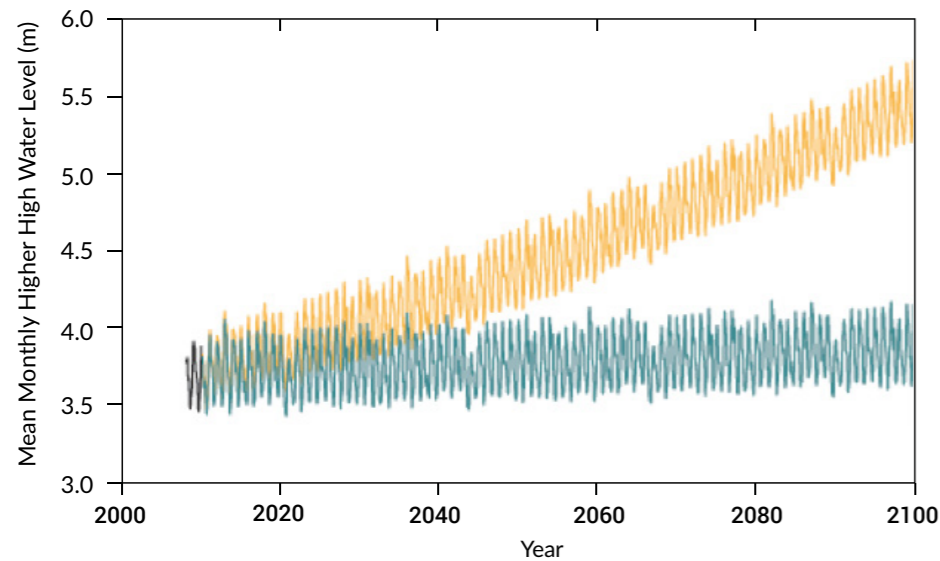
### Climate Change Adaptation and Mitigation

The Mekong Delta is one of the most vulnerable regions in one of the most vulnerable countries to the impacts of climate change. A recent report<sup>8</sup> notes that “The Mekong Delta is particularly vulnerable to the impacts of climate change due to the impacts of increased flooding and sea level rise. The population of more than 17 million people in the Mekong is directly impacted by changes in upstream flow and water quality conditions. In the worst-case scenario, by 2050: (i) sediment inflows to the delta will be reduced by 94%; (ii) Dry season flow volumes will

reduce by 18%; (iii) average annual flood flow volumes will decrease by 22%; and (iv) peak daily flood flows will increase dramatically with the historic 1 in 100 year flood event becoming a 1 in 20 year event and the 1 in 10 year flood event becoming a 1 in 5 year event” (page 21). As Figure 5 shows, the combination of sea level rises and land subsidence will have profound and far-reaching impacts, with large areas likely to experience increased salinity and inundation.

<sup>8</sup> Ministry of Agriculture and Rural Development (2016) Regional Environmental Assessment Report on Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project MARD, Hanoi

**Figure 4: Predicted Sea Level Rises in the Mekong Delta <sup>9</sup>**



Constructed sea-level rise scenarios under climate change for an emission case for an Intergovernmental Panel on Climate Change model plus a net subsidence of 9 millimeters per year (yellow) in contrast with the historical eustasy condition without climate change (blue) and rectified to the contemporary tide record (black) at Vung Tau, Vietnam.

Potential climate change impacts are far-reaching: the ADB<sup>10</sup> noted that the Mekong Delta is one of the three most vulnerable deltas in the world and goes on to state that “in the Mekong Delta, increases in the extent and duration of flooding, changes in wet season and dry season precipitation, inundation from sea level rise, and changes to salinity intrusion could be significant threats to the region’s agricultural and fisheries productivity, as well as remaining natural coastal ecosystems” (page 1).

The need to respond to these risks is clear and widely recognized, and indeed (as we shall see) climate change is already an important factor in motivating existing coordination efforts in the Mekong Delta. As the MARD report notes “An integrated approach is required that assesses the regional impacts and shared benefits of the proposed investments, aligns with policy drivers and identifies areas for improved inter-provincial cooperation” (page 21). A central part of any response to climate change in the Mekong Delta will be to strengthen resilience at regional, provincial and community levels as part of this coordinated approach. A recent report<sup>11</sup>suggested that institutionalizing resilience will result in the more efficient use of resources, more organized and coordinated implantation actions, being better prepared to deal

with future challenges, both foreseen and unexpected and being better able to meet the needs of people and communities.

The need for a concerted response to the risks associated with climate change has been recognized by the Government of Vietnam for some time and is reflected in the National Strategy on Climate Change in Decision 2139/QĐ-TTg issued on December 05, 2011. This strategy calls on all agencies and levels of government to work in concert to respond to climate change challenges and introduce sustainable adaptation measures. In an area such as the Mekong Delta, which is vulnerable to multiple and severe climate change impacts, this is best achieved through a concerted and coordinated strategy across the whole region.

**Disaster Management**

The Mekong Delta is an area that both depends on the positive benefits of the annual river floods and suffers acutely from the negative impacts of changes to the characteristics of the area’s hydrological regime. It is important to take account of the positive benefits but also to reflect the frequent incidence of loss of life and

substantial economic damage. Planning the development of the region must find the right balance between reducing risks and taking advantage of the benefits that floods can bring.

A few examples from recent years reflects this. In 1996, flooding in the Mekong Delta killed 180 people, submerged or damaged nearly 800,000 houses, and tens of thousands of people were given emergency relief. In September 2000, 480 people were killed in floods as waters in the Mekong Delta near Cambodia rose to historically high levels. In 2001, 390 people, mostly children, were killed in floods in the Mekong Delta region in the south. In 2002 around 170 people, the majority of them children, died during severe flooding in the Mekong Delta area. In October 2005, AFP reported: “Fifty-seven people have perished in floods ravaging the Mekong delta in southern Vietnam and in the central region over the last

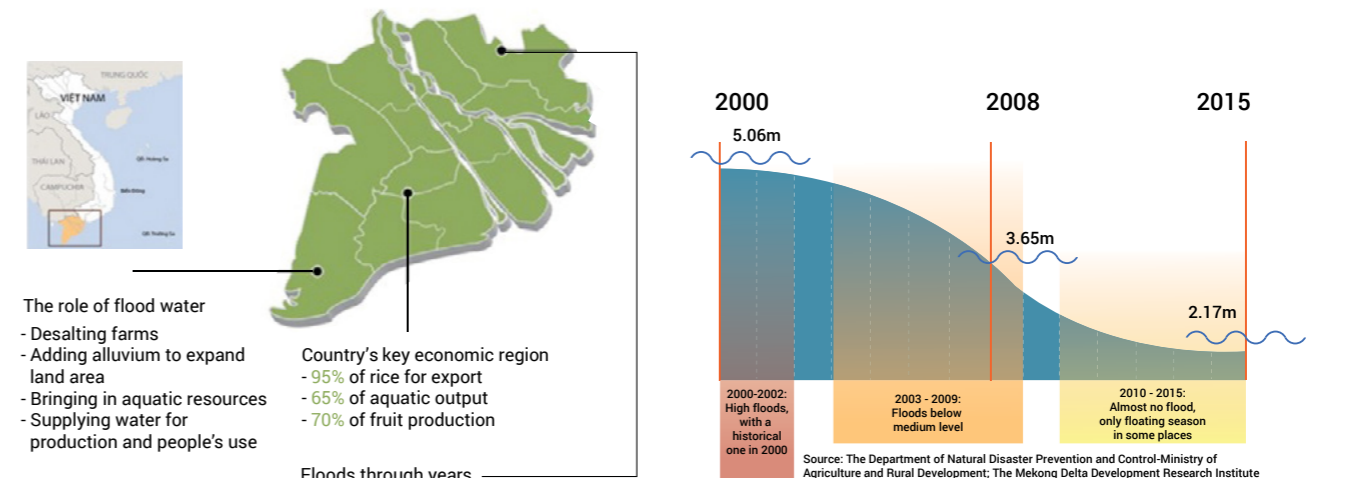
several weeks”. More recently, Deputy Director of the Natural Disaster Management Authority in MARD stated that in 2017 386 people in the Mekong Delta lost their lives and 2.7 billion USD in damages and destruction to public and private infrastructure as a result of floods.

As Figure 5 shows, the last 15 years or so have seen a decline in the levels of the annual riverine floods caused by waters coming down the Mekong River from upstream areas of the basin. This is reducing hazards from excessive river floods in the delta area closest to the Cambodian border but is also precipitating the loss of flood benefits in many areas and is a factor in the increased penetration of tidal floods and saline groundwater (see below). The potential negative economic impacts, identified in Figure 6, could affect both the whole Mekong Delta region and the national economy as a whole.

**Figure 5: Riverine Floods in the Mekong Delta**

**FLOODS IN MEKONG DELTA REGION BECOME FEWER**

More than 80 percent of water sources in the Mekong Delta region are supplied by the Mekong River. In the flood season of 2016, the region is facing possible early drought and saltwater intrusion due to the exhaustion of conserved water.



<sup>9</sup> Powell, J., 2011, Forecast Mekong: navigating changing waters:  
<sup>10</sup> ADB (2013) Climate Risks in the Mekong Delta ADB, Manila  
<sup>11</sup> 100 Resilient Cities (2016) Resilience in Action Rockefeller Foundation

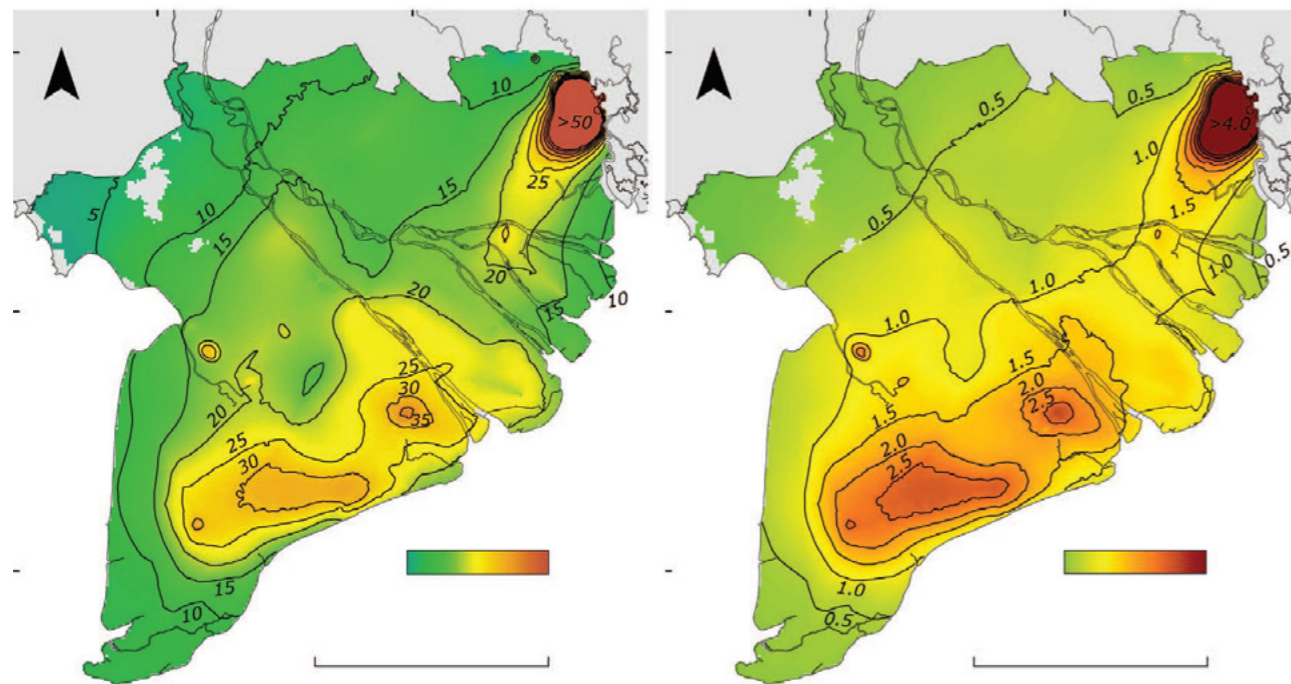
Land subsidence is a major and increasing problem in the Mekong Delta, most of which is only 1-2 meters above sea level. A recent study showed that many areas are sinking at a rate of between 1-3 cm per year and a large part of the delta has sunk between 25-35 cm in the past 25 years<sup>12</sup>. The paper argues that groundwater extraction is a major cause of this subsidence, with most parts of the delta having a rapidly falling water table as excessive amounts of water are pumped out for agriculture, industry, domestic use, desalting land and other purposes.

The impact of land subsidence can be combined with that of sea level rises (see Figure 7) which is predicted to occur at a rate of 9 mm a year in the Mekong Delta area. These rises would be of some significance on their own but, when combined with land subsidence, changed river flows, changes to coastal land cover and increased

development in exposed locations, means that the risks of saline intrusion, tidal flooding and storm surge impacts are all significantly increased and change the disaster risk profile of the Mekong Delta.

The figure shows (a) modelled cumulative subsidence due to groundwater extraction-induced during 25 years of groundwater exploitation from 1991 to 2016; and (b) modelled groundwater extraction-induced annual subsidence rates for 2015.

Figure 6: Land Subsidence in the Mekong Delta<sup>13</sup>



<sup>12</sup> Utrecht University website (2017) article from the Urbanizing Deltas of the World programme dated 1st June 2017.

<sup>13</sup> Minderhoud, Erkens, P., Pham, V., Bui, V., Erban, L., Kooi, H. and Stouthamer, E. (2017) Impacts of 25 years of groundwater extraction on subsidence in the Mekong delta, Vietnam Environmental Research Letter 12.



Topographical survey in Ca Mau City  
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### Water resources management

The effective management of the abundant but variable water resources of the Mekong Delta underpins the region's economic success. There are long traditions of "living with the floods" and substantial investments have been made in water resources infrastructure over several generations. Despite this, the hydrological conditions of the region are changing rapidly and a number of factors are combining to cause substantial and, in all likelihood, irreversible changes to key aspects of the Mekong Delta's hydrological dynamics:

- The evidence available suggests that the quantity of water entering Vietnam in the Mekong River is falling in both wet and dry seasons, with the construction of dams and increased extractions in the upstream river basin likely to be at least a substantial part of the cause of this.

- Sea level rise is exposing larger areas to coastal flooding and saline intrusion and the penetration inland of brackish water increases every year. It is also resulting in increasing salinity in a number of groundwater aquifers, especially in coastal areas.
- Land subsidence see Figure 7, caused in part at least by the over-abstraction of groundwater throughout the delta, is making many areas that were previously safe from all but the most extreme floods much more vulnerable, especially to tidal flooding when the effects of subsidence are combined with sea level rises.
- The loss of mangroves and land-use changes are found throughout the Mekong Delta, meaning many areas are more vulnerable to coastal flooding and riverine and in consequence more people and infrastructure are vulnerable to the impacts of these floods.

Saline intrusion is an increasing problem. As Figure 8<sup>15</sup> shows, it now affects a large part of the delta with a wide coastal band now faced with salinity problems throughout the year and an increasingly wide area facing problems on a seasonal basis. This affects both surface and groundwater and is an increasing challenge for agriculture, for domestic water supplies, for the integrity of many deltaic ecosystems and for other aspects of water resources use.

The changes to the seasonal climate dynamics and river flows from upstream in the Mekong are not just affecting the flood regimes. Reduced dry season flows are also resulting in increasing drought risks, with a particularly

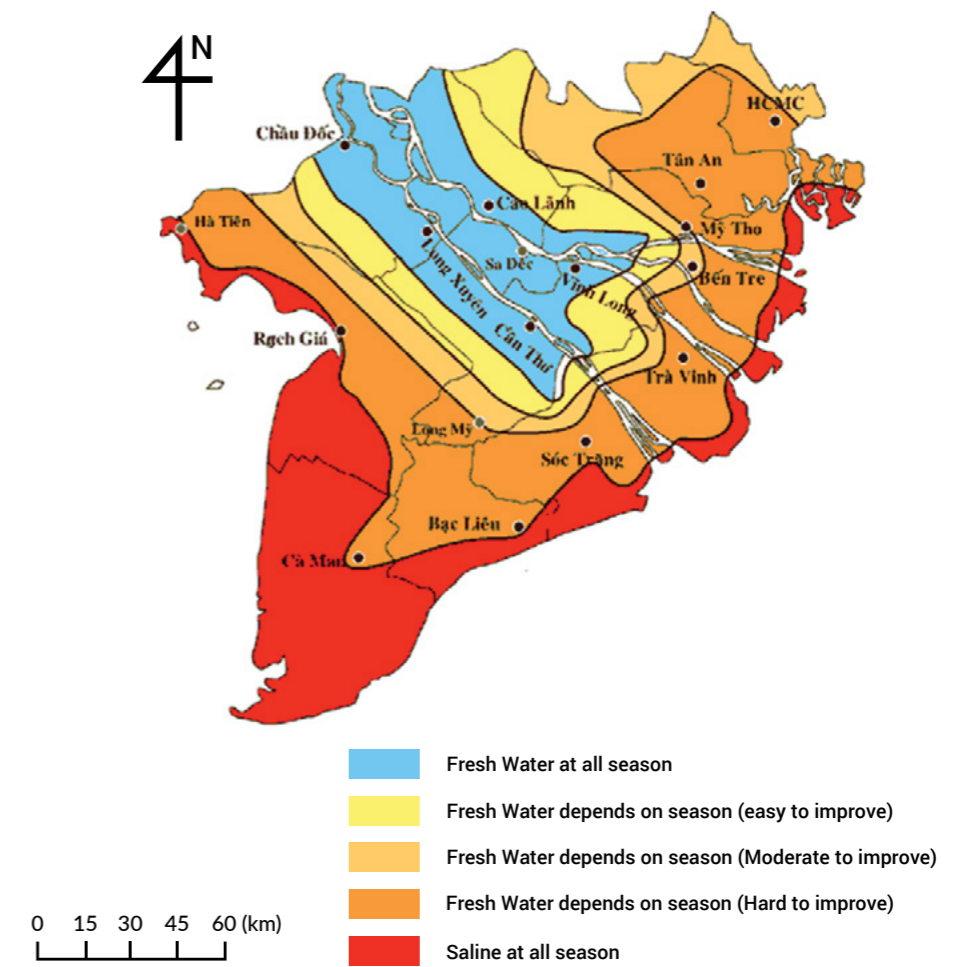
severe drought in 2016 following low rainfall and river flows in 2014 and 2015<sup>16</sup>.

The water shortages were combined with saline intrusion so that salt is now found in fields in an increasing number of Mekong Delta provinces. This had a severe impact upon agricultural production in a number of areas of the delta, with the production of rice, fruits and other essential dry season crops affected. It also affected the drinking water supply of 575,000 people and impacted upon critical services such as hospitals and schools. The Department of Crop Protection estimated that the economic cost of the drought to be 1.5 billion USD.



Fishing is a part of life for Mekong residents  
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Figure 7: Saline Intrusion in the Mekong Delta<sup>14</sup>



<sup>14</sup> U.S. Geological Survey General Information Product 126, 8 p

<sup>15</sup> Akira Yamashita (2017) Flood in the Mekong Delta Can Tho University, Department of Environmental Management and Natural Resources

<sup>16</sup> Tatarski, M. (2016) Mekong Delta drought wreaking economic havoc AECNews.com March 28th 2016



River in An Giang Province  
Copyright © GIZ



Travel by boat at Tra Su Melaleuca Forest in An Giang Province  
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## Transport

Transportation in the Mekong Delta is key constraint upon sustainable development and, despite substantial investments over some time, many parts of the Delta remain poorly connected to regional economic hubs and the outside world. A recent World Bank report<sup>17</sup> cited figures that 50 percent of manufacturing firms in the Mekong Delta region cited road transport as a major constraint on their businesses. Transport in the Delta is a complex mix of road, rail and waterways, with freight in particular depending on a network of 4,800 km of navigable inland waterways. The same World Bank report stated that 70 percent of freight (especially low value bulk goods such as rice, cement and other building materials and fertilizer) was moved by boat, with the rest using a 28,000 km road network, of which 1,700 km are national roads.

Although infrastructure investments are improving the situation, the World Bank states that "Large areas of the Delta were not served by roads (only 35 percent of provincial roads and ten percent of rural roads were paved) or the roads were poorly maintained due to insufficient fund allocations, poor forecasting of future needs and periodic impacts of extreme weather" (page 1). One issue is that the nature of the delta, with low-lying lands that are subject to frequent flooding and bisected by extensive waterway networks, makes both the construction and maintenance costs of road in the Delta high and construction times longer than elsewhere, the more so because of the frequent need to build bridges and embankments.

It can be expected that water transport will continue to be important in the future, which is a valuable resource but which makes the coordinated planning of the Delta's transport system more complex. National roads are the

responsibility of the Regional Road Management Unit 7 (RRMU-7) under the Vietnam Roads Administration (VRA). Provincial roads fall under the respective PPCs, which do not necessarily coordinate their activities with adjacent provinces. The main waterways are managed by the Vietnam Inland Waterways Administration (South) (VIWA-S) but responsibility for the myriad smaller waterways is not clear. The need to improve coordination in the planning and management of the Delta's transport network was recognized as long ago as 2006, when the government published the Transport Strategy: Transition, Reform, and Sustainable Management and efforts have been made to improve the situation since then but there are still not strong and coherent structures to address the complex transport needs of the Mekong Delta. It is an area where effective coordination between the provinces and with national authorities would bring clear benefits.

A number of important major investments have been made or are planned. The recent opening of the Cao Lanh Bridge in the southern province of Dong Thap (see photo) to link two banks of Tien River has addressed an important issue for transport in the Mekong Delta and further such national-level projects are planned. There are also plans for a high-speed rail link connecting Ho Chi Minh City and Can Tho through a public-private partnership using nearly \$5 billion from a Canadian investment fund. The double-track, wide-gauge railway is expected to run 139 kilometers, connecting Can Tho and the nearby provinces of Long An, Tien Giang and Vinh Long to HCMC and beyond.

The Ministry of Transport recently stated<sup>18</sup> that, whilst major investments have been made in a number of cases works have been delayed or encountered significant construction problems. The Ministry has plans to plans to

<sup>17</sup> World Bank (2017) Implementation Completion Report for the Mekong Delta Transport Infrastructure Development Project World Bank, Washington D.C.

<sup>18</sup> Viet Nam News report 8th June 2018, Viet Nam News website [www.vietnamnews.com](http://www.vietnamnews.com).

complete 46 transport works by 2020, 39 of them roads, at a total cost of VND76.5 trillion (US\$3.35 billion), whilst another 19 road projects costing VND66.1 trillion (\$2.9 billion) are also under way with other sources of funding. Such major developments are an essential part of the transport future of the Delta, but on their own they are not enough. They need to be coordinated with the expansion of the provincial transport networks which, in turn, also need to be coordinated with each other. Road, rail and water transport need to be developed to ensure efficient exchanges between them and the needs of agriculture, industry, commerce and local communities all need to be taken into account in decisions on the future development of the Delta's transport system.

### Electrical Power Generation and Distribution

The Mekong Delta has few conventional energy resources and has in the past depended on electricity generated using resources from elsewhere. It is a major and expanding electricity market and ensuring the long-term sustainable supply of power is essential for the development of the region. Contemporary developments in the power sector in Vietnam present tremendous opportunities for the expansion of electricity generation and distribution within the Mekong Delta but, to achieve this, a coordinated and coherent strategy that links the provinces together and establishes clear contractual relationships with both private sector investors and national agencies such as EVN will be needed.



Automatic rain gauge at Hang Pagoda, Sam Mount, Chau Doc, An Giang Province, supported by GIZ  
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Renewable energy power generation is expanding rapidly in Vietnam and will be a major, if not the dominant, generation source in the coming decades. As Figure 8 shows, many parts of the Delta have very high solar energy suitability potentials and there are also considerable areas where wind power is an attractive option. Indeed, the Delta already has a major wind power scheme, the Bac Lieu Wind Farm in Bac Lieu Province on the southern edge of the Mekong Delta (see photo). This scheme has been developed on a 540 ha near-shore site and has an installed capacity of 99.2MW from 62 1.6MW wind turbines. Construction started in 2010 and

the first electricity was generated in 2013. It now has a gross annual electricity output of 335.2GW/h and offsets 151,331t of CO<sub>2</sub> emissions a year. The wind farm was constructed using private investment of \$244.4 million<sup>19</sup>. There are also important opportunities for much smaller-scale investments in renewable energy. The recent approval of a feed-in tariff system means that roof-top solar energy for households and businesses becomes very attractive because they can sell any excess electricity produced to the grid, helping to pay for the initial investment.

Figure 8: Existing and Predicted Costs of Renewable Energy

GLOBAL WELGHTED AVERAGE DATA									
	Investment costs (2015 USD/kW)		Percent change	Capacity factor		Percent change <sup>2</sup>	LCOE (2015 USD/kW)		Percent change
	2015	2015		2015	2015		2015	2015	
<b>Solar PV</b>	1 810	790	-57%	18%	19%	8%	0.13	0.06	-59%
<b>CSP (PTC: parabolic trough collector)</b>	5 550	3 700	-33%	41%	45%	8.4%	0.15 -0.19	0.09 -0.12	-37%
<b>CSP (ST: solar tower)</b>	5 700	3 600	-37%	46%	49%	7.6%	0.15 -0.19	0.08 -0.11	-43%
<b>Onshore wind</b>	1 560	1 370	-12%	27%	30%	11%	0.07	0.05	-26%
<b>Onshore wind</b>	4 650	3 950	-15%	43%	45%	4%	0.18	0.12	-35%

Source: IRENA (2018) Renewable Energy Statistics 2018

<sup>19</sup> All figures from www.power-technology.com website



This type of development is closely in line with national policies and also reflects the transformation of the economics of power generation in recent years, with renewable energy now as cheap as or cheaper than conventional power generation and expected to become even cheaper in the coming decade (See Figure 10). This is in straight financial terms and does not take into account many other positive features of renewable energy such as their much lower environmental and human health impacts, their flexibility and short run in returns on investments (conventional power stations can take up to 10 years to show a return on investment), the fact that the production and use of power can be closer together and the reduced need to import fuels for power generation.

Changes to Vietnam's power sector are in the modern time rapid and are changing the fundamental operational characteristics of the sector from a large, monolithic state enterprise to a diverse, decentralized sector with multiple actors involved and extremely attractive investment opportunities for private sector investors, both domestic and from overseas. The changing cost and technological specifications of renewable energy generation, in particular solar and wind energy, are leading to the expansion of investment proposals in many different areas in Vietnam. Recent articles in the Vietnam Investment Review<sup>20</sup> cite information on both the existing and potential future expansion of solar-based generation capacity and the levels of investments available from the private sector, including substantial international finance, to finance what is seen as a profitable and potentially low risk area of investment. These articles also suggested that "there are two major bottlenecks that make the implementation of solar power projects in Vietnam difficult, namely the mechanisms established in national policy and the technical capabilities of local businesses".

These are areas that would benefit greatly from improved coordination at the regional level so that local potentials can be realized and effective links to national policies and planning can be established. This is in line with direction in which the sector is developing, with new approaches to planning, the increasing importance of the private sector as a source of investments, the introduction of innovations such as a wholesale electricity market and an auctioning system, the accelerating growth of variable renewable energy and an increased emphasis on decentralized planning at the provincial and regional level.

<sup>20</sup> Vietnam Investment Review 13th December 2017 Foreign players are rushing to Vietnam's lucrative solar market and 25th January 2018 Vietnam's solar potential to reach hundreds of GW in near future.



# 3

## The Legal and Policy Framework



Meeting of SECO, GIZ and leaders of Ca Mau PPC and relevant departments  
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Ms. Luisa Bergfeld, First Secretary of German Embassy and GIZ met with Deputy Prime Minister Vuong Dinh Hue and leaders of some ministries at Mekong Delta Forum, September, 2017  
 Copyright © Vu Thanh Chung, Journalist of the Vietnam Government Portal

The establishment of new approaches to achieve climate-resilient development is central to the government's thinking and the approach that is to be piloted in the Mekong Delta will, if successful, be assessed and adapted to the characteristics of other regions of the country. During the present decade, the Government of Vietnam has issued a number of decrees and policies that impact on climate resilience planning, regional and provincial planning and investment budgeting. In 2014, the Prime Minister issued Decision 245/QĐ-TTg approving the master plan for socio-economic development for the Mekong Delta Key Economic Region. The master plan indicates that Can Tho, Ca Mau, An Giang and Kien Giang are the key provinces for commerce and trade in the Mekong Delta, especially rice, fruit and aquaculture production and processing. Decision 941/QĐ-TTg issued in 2015 established a coordination body and Decision 2059/QĐ-TTg established a steering committee and council to develop the economy in the selected provinces and cities. The council leadership is the PPC/CPC chairs and the CPC chair from Can Tho was the chair from 2015-2016. Decision 2360/QĐ-TTg was issued by the Prime Minister on the 22th December 2017 and promotes regional economic development through a regional council and working groups at provincial and ministerial levels.

Decision 593/QĐ-TT issued by the Prime Minister on the 6th April 2016 and its Action Plan presented in Decision 2220 issued on the 17th November 2016 outline the pilot for regional coordination in the Mekong Delta by developing inter-provincial projects and programmes as well as institutional development for the region. On the 18th January 2017, the government issued Decision 64/QĐ-TTg establishing the National Steering Committee for Regional Coordination in the Mekong Delta to supervise the implementation of the pilot activities to 2020. MPI issued Decision 625/QĐ-BKHĐT on the 5th May 2017, presenting the list of indicators and criteria for the preparation and selection of inter-provincial projects in the Mekong Delta for the period 2016-2020. On the 22nd June 2018, MPI issued Decision 4259/BKHĐT-KTDPLT to provide guidance to ministries and provinces on step-by-step process and assessment tool

to identify priority projects using the indicators presented in Decision 625/QĐ-TTg

There is a clear government trend to establish regional development across the country whilst at the same time recognizing that each region has its own challenges. The recognition of the need for this approach by the government is reflected in Resolution 120/NQ-CP on Sustainable and Climate-Resilient Development in the Mekong Delta of Viet Nam, which was signed on 17th November 2017. The Resolution addresses a range of issues and defines key responsibilities for a wide range of agencies. One central premise is that climate change and sea level rise are irreversible and that long-established traditions of living with and adapting to floods in the Mekong Delta need to be at the center of the development approach and extended to address new challenges such as salinization. The Resolution states that "Water resources should be the core factor and the basis for developing strategies and policies" (Article 3). The Resolution also states that a "Comprehensive and integrated approach to socio-economic development of the Mekong Delta, boost development connectivity and cooperation of intra region and between the Mekong Delta and Ho Chi Minh City, the South East provinces and other regions, between Viet Nam and other countries", a position that reflects well the need to enhance cooperation within and between cities and provinces.

To support the implementation of Resolution 120/NQ-CP, on the 18th December 2017, the Office of Government issued Decision 13449/VPCP-NN to present the Prime Minister's directives to ministries and provinces for the implementation of Resolution 120/NQ-CP. The Prime Minister provided further guidance with Decision 68/QĐ-CP issued on the 15th January, 2018. The Ministry of Agriculture issued Decision 816/QĐ-BNN-KH on the 7th March, 2018 to guide the development of inter-provincial agricultural projects.

One important issue is that, in national legislation, the definition and scope of 'the region' remains unclear. Firstly, Decision No. 593 is limited to the definition of programmes and projects with



The German Ambassador, Swiss Ambassador and leadership of the Committee on Science, Technology and Environment, National Assembly launching the Book "Climate Change Adaptation in Vietnam" Copyright © GIZ



Workshop on the Implementation of regional coordination in social and economic development in the Mekong Delta, March, 2019 Copyright © GIZ

regional scale or with regional characteristics. Secondly, the Law on Planning uses a different definition of region and regional planning. Here, the region is defined as several adjacent provinces or centrally-administered cities which are located in a river basin or have similarities in terms of natural, socio-economic, cultural, demographic, and infrastructure conditions as well as long-term connections. Thirdly, the definition of "economic region" is different in the two organisations for economic regions established by the national government. The Southern Key Economic Region has two provinces and the Mekong Delta Key Economic Region has 4 provinces. Regional and sub-region functions need to be clearly defined in national legislation<sup>21</sup>.

In practice, the pilot regional coordination according to Decision 593/QĐ-TT has been limited to inter-provincial projects based on the current state management procedures and mechanisms<sup>22</sup>. However, what is critically required is the removal of bottlenecks and gaps in the present system and transition to new procedures and mechanisms. For example, a new and important initiative in Decision 593/QĐ-TT is to set up an "innovative financial mechanism for regional investment". This is a "leap forward" in financial management, however the State Budget Law defines that there are only two levels of budget: central and local. Decision 593/QĐ-TT outlines the allocation of a "minimum amount of 10% of the total investment allocated to the provinces in the region from the state budget to implement regionally coordinated projects and programmes".

At the same time, Resolution 120/NQ-CP requests the National Assembly to consider, adjust, supplement and allocate budget for the implementation of regionally coordinated programmes, schemes, projects and tasks. MPI issued Decision No. 625/QĐ-BKHDT in 2017 defining criteria for identification of regionally

coordinated projects in the Mekong Delta for the period of 2016-2020. The decision provides guidelines and indicators for project selection but so far no regional or sub-regional project has been submitted to national government, which indicates the difficulties faced by the provinces. In addition, other funding resources such as ODA, preferential loans and credits from donors are inaccessible to provinces and as a result financial resources for public private partnership arrangements are extremely limited. Updated financial mechanisms are required for implementing the pilot regional coordination programme in the Mekong Delta.

The Government approves legislation to establish the annual, five-year Socio-Economic Development Plan and Overall Plan for on Socio-Economic Development for the Mekong Delta for national and provincial levels, National Investment Programmes and Mid-Term Public Investment Plans. For the long-term development of the Mekong Delta, the government issued Decision 939 that approved the Overall Plan for the Socio-Economic Development of the Mekong Delta to 2020. This plan includes inter-provincial infrastructure projects such as transport and irrigation. On the 24th April 2018 the government approved Instruction 13/CT-TT guiding the socio-economic development planning process for national and provincial levels for 2019.

On the 5th February 2018 the government issued Resolution 11/NQ-CP to guide ministries and provinces in the implementation process for the Law on Planning. The resolution instructs relevant ministries and PPCs to review existing sector master plans, draft and approve master plans for the period 2021-2030. Ministries are permitted to use up to 10% of the contingency of the mid-term public investment plan 2016-2020 for preparation of the regional master plan.

<sup>21</sup> Conference on 01 August 2018 chaired by MPI on Service Zoning for Implementation of the Planning Law for 2021-2030 which proposes to divide in the country into 7 regions with the Mekong Delta remaining the same.

<sup>22</sup> Dr. Tran Huu Hiep – Article "Removal of bottlenecks for piloting", People's Newspaper Weekend edition dated 9 December 2017.

Resolution 11/NQ-CP also approves sector master plans for the Mekong Delta, which are important because they are the basis for deciding state investment projects and programmes. The master plans are approved by the Prime Minister and include:

- Decision 1397/QĐ-TTg was issued on the 25/9/2012 and approved the Master Plan for Irrigation Management in the Mekong Delta for 2012-2020 with an orientation to 2050.
- Decision 11/QĐ-TTg was issued on the 10/02/2012 and approved the Master Plan for Transport System Development in Key Economic Areas in the Mekong Delta to 2020 with orientation to 2030.
- Decision 8054/QĐ-TTg outlined the Master Plan for the Development of the Electricity System in the Mekong Delta to 2020 and vision to 2025 was issued on the 27th December 2012.
- Decision 2227/QĐ-TTg was issued on the 18/11/2016 and approved the Master Plan for Tourism Development in the Mekong Delta to 2020 with vision to 2030.
- Decision 2140/QĐ-TTg was issued on the 8/11/2016 and approved the Master Plan for Water Supply in the Mekong Delta to 2030 with vision to 2050.
- Decision 68/QĐ-TTg presented the Master Plan for the Construction and Development in the Mekong Delta to 2030 and vision to 2050 and was issued on the 15th January 2018.

In conclusion, there is a plethora of legislation and master plans issued by the government to develop regional and sub-regional coordination resulting in overlaps, gaps and inconsistencies. Sometimes national legislation is not implemented at provincial level because of the lack of guidelines. Master plans are often developed primarily based on technical requirements and lack detailed

information on institutional and financial arrangements necessary to carry out the plan.

After two years of pilot regional coordination according to the Decision 593/QĐ-TT by the Prime Minister and nearly one year of implementation of the Resolution 120/NQ-CP by the Government, despite some achievements, regional coordination has been implemented with slow speed and faces many constraints<sup>23</sup>. A regional coordination committee and a regional database has not yet been established for the issuance of the implementation action plan<sup>24</sup>.

The National Assembly approved the Law on Planning 21/2017/QH14 on the 24th November 2017. This law provides for the development, appraisal, decision or approval, announcement, implementation, assessment and adjustment of planning under the national planning system. The law outlines the responsibility for state management of planning and importantly introduces the establishment of regional Master Plans. The law comes into effect on the 1st January 2019.

The Law on Planning<sup>25</sup> indicates that Vietnam's planning system includes, national planning, regional planning, provincial planning, special administrative-economic unit planning and urban planning, and rural planning. Regional planning must conform to national plans and provincial plans must conform to regional plans and national plans. Regional plans and provincial plan will be established for ten years with strategic orientation for 20-30 years.

The law indicates that **regional planning** is aimed at realizing the national goals and objectives at regional level in terms of socio-economic development, national defense and public security activities, urban and rural development and management, population distribution

<sup>23</sup> The assessments are collected and analyzed based on the comments of the provinces, scientists and managers.

<sup>24</sup> MONRE is preparing this Document

<sup>25</sup> Chapter 1, Articles 5, 6, 8, Law on Planning.

and migration, development of inter-provincial sub-regions, infrastructure investment, water resources management according to river basins, sustainable utilization of natural resources and environmental protection based on regional management<sup>26</sup>. The regional Master Plans must integrate mid-term and long-term planning for different sectors across provincial boundaries.

Article 14 of the Law allocates power to organize regional planning to the Prime Minister. The Prime Minister is also responsible for appraisal and approval of regional plans and provincial plans. The Government will elaborate the content of regional planning and provide for integration of sector planning into regional planning. Regional plans include the following main content<sup>27</sup>:

1. Analysis and assessment of factors, natural conditions, special resources of the region.
2. Viewpoints and objectives for regional development.
3. Orientation for the development of key sectors in the region; plans for development, arrangement, selection and provision of resources for development within the region.
4. Orientation for urban and rural development and management; economic zones, industrial parks, export-processing zones, hi-tech parks; tourism areas; research and training areas; sports complex; nature reserves, specific areas that need to be preserved or rehabilitated, historical-cultural sites, scenic landscapes already inventoried and centralized production areas.
5. Orientation for infrastructure development and investment.
6. Orientation for environmental protection, extraction and protection of river basin water, natural disaster preparedness and climate change resilience within the region.
7. List of investment projects in order of priority.
8. Solutions and resources for planning implementation.

According to the Law, the Prime Minister will establish a planning appraisal council to appraise the national and regional planning. President of the planning appraisal council is the Prime Minister or Deputy Prime Minister.

Members of the appraisal council include representatives of ministries, ministerial authorities, local governments and other organizations and individuals. The standing body of the appraisal council shall be decided by the President of the council. The Prime Minister shall approve the national sector plans, regional plans and provincial plans<sup>28</sup>. For the updating and revision of regional plans, the Ministry of Planning and Investment has the responsibility to submit guidelines for adjustments to the regional planning to the Prime Minister for approval<sup>29</sup>.

The government issued Resolution 11/NQ-CP on the 5th February 2018 to guide the implementation process for the Law on Planning. The resolution instructs all ministries and PPCs to review existing sector master plans, draft and approve master plans for the period 2021-2030. MPI and the Office of Government are the lead agencies, with the cooperation of other ministries, for the establishment of the regional master plans.

Vietnam's new Constitution was approved by the National Assembly on the 28th November 2013. Article 52 of the Constitution presents clearly that the state is responsible for the institutional structure of governance and the regulation of the economic system based on market principles, decentralization of state management and the promotion of regional coordination for economic development. However, Article 55 indicates that the state budget system includes budget for national and provincial levels with no reference to budget allocation to the regional level.

The Law on State Budget was issued by the National Assembly on the 25th June 2015. The law indicates that (1) revenues must be collected according to the provisions of the law and related legislation and (2) expenditures shall be made only when the conditions on investment planning in the law are fully met. Articles 6 of the Law indicates that the state budget system includes national and provincial levels. The Law does not include reference to regional level.

The Law on the Organization of Local Government was approved by the National Assembly on the 9th June 2015. Article 2 outlines the different levels of local government

in Vietnam. There is reference to provinces, cities, towns, districts, communes, wards and special economic units, however regional level is not mentioned in the local government structure.

Some Vietnamese experts<sup>30</sup> insist that to ensure a solid legal basis for regional coordination in Vietnam and the Mekong Delta in particular to carry out Party directives and government policy, it is necessary to legislate to establish the region as an administrative and socio-economic unit in Vietnam's administrative system. The present situation has the potential for confusion and contradiction between different laws concerning planning, budgeting, administration and development management.

In conclusion, the issuance of the new Planning Law creates the legal conditions for planning and budgeting for regional coordination. However, the establishment of regional level in the administrative system in Vietnam will involve amending the Constitution and a number of other, related laws. A long-term strategy will be required to update the legal framework so as to ensure effective coordination and efficiency in the development of the country.

<sup>30</sup> For example, Hoàng Thị Tứ – Central Economic Commission, "The role of regional coordination in economic restructuring and transformation of the growth model", Financial Journal, February, 2017.



The Office of the Government and GIZ met with the Chairman of Dong Thap PPC and leaders of the relevant departments on regional coordination  
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<sup>26</sup> Chapter 1, Article 3, Law on Planning.  
<sup>27</sup> Chapter 2, Article 26, Law on Planning.  
<sup>28</sup> Chapter 3, Articles 29,30, 34, Law on Planning.  
<sup>29</sup> Chapter 4, Article 54, Law on Planning.



# 4

## Existing Coordination Initiatives in the Mekong Delta

Boat as a means of transport  
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### Existing regional and sub-regional coordination models in the Mekong Delta

There are a large number of existing or recent initiatives intended to engender regional and sub-regional coordination in the Mekong Delta. Table 1 lists the main ones and shows which of the Mekong Delta provinces have been involved in each one. As can be seen, in a number of the provinces are involved in several, for example, Tien Giang, Hau Giang and An Giang are involved in four initiatives whilst Kien Giang and Can Tho are included in five. All provinces are involved in at least two. Whether this is a good thing or problematic is hard to tell: the potential for synergies between the initiatives is improved but at the same time so is the possibility of confusion and diseconomies that come from multiple and overlapping initiatives. What they do not represent at this time is a coherent and coordinated approach to the development of the Mekong Delta.



Visit of the Swiss Ambassador to FPP Office in Can Tho  
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**Table 1: Existing regional and sub-regional coordination models in the Mekong Delta**

No	Name of prov.	Mekong Delta Region	The South. Key Ec Region	The Mekong Delta Key Ec. Region	Long Xuyen Quadrangle Sub-reg.	The Plain of Reeds Sub-reg.	Ca Mau Pen. Sub-region	West Hau River Sub-region	East. Coastal Sub-reg.	ABCD Mekong Network
1	Long An	x	x			x				
2	Tien Giang	x	x			x			X	
3	Ben Tre	x							X	x
4	Dong Thap	x				x				x
5	Vinh Long	x							x	
6	Tra Vinh	x							x	
7	Soc Trang	x					x	x		
8	Hau Giang	x			x		x	x		
9	An Giang	x		X	x					x
10	Kien Giang	x		X	x		x	x		
11	Bac Lieu	x					x	x		
12	Ca Mau	x		X			x			
13	Can Tho	X		X	x		x			x

From the table above it can be seen that the Mekong Delta includes a total of nine regional, sub-regional and network-based mechanisms for coordination, which are discussed in more detail in the section below, including:

Initiatives that have been established on the basis of Government programmes:

1. Mekong Delta Regional Coordination for social and economic development: 13 provinces
2. The Southern Key Economic Region: 2 provinces
3. The Mekong Delta Key Economic Region: 4 provinces

Initiatives that are established voluntarily by provinces based on common needs, mutual interests and benefits:

1. Long Xuyen Quadrangle Sub-region: 4 provinces.
2. The Plain of Reed Sub-region: 4 provinces.
3. Ca Mau Peninsula Sub-region: 6 provinces and cities
4. Western Hau River Sub-region: 4 provinces
5. Eastern Coastal Sub-region: 4 provinces
6. ABCD Mekong Network: 4 provinces

### The Nine Regional and Sub-Regional Mechanisms for Coordination in the Mekong Delta

The nine existing initiatives listed above all have their own distinctive character but also share some common elements. They provide an important learning experience for the future development of regional coordination in the Mekong Delta and elsewhere in Vietnam. Each is considered briefly in this section.

#### 1. Pilot for Regional Coordination of Socio-Economic Development in the Mekong Delta

Decision 593/QD-TTg issued by the Prime Minister on the 6th April 2016 and its Action Plan presented in Decision 2220 issued on the 17th November 2016 outline the pilot for regional coordination in the Mekong Delta by developing inter-provincial projects and programmes as well as institutional development for the region. This pilot includes the 13 provinces and city in the Mekong Delta, which provides the capacity to ensure stable and consistent social and commercial development across the provinces, and effective infrastructure investments. The pilot is in its early stages of development and needs to be followed to see how the activities in it unfold.

#### 2. The Southern Key Economic Region

The Southern Key Economic Region was established in 1998 and expanded to eight provinces by national

government Decision No.159/2007/QD-TTg dated 10/10/2007 including some provinces in the Mekong Delta, as well as Ho Chi Minh City, Ba Ria Vung Tau, Tay Ninh, Binh Phuoc and Binh Duong. The objective of this organization is to develop social and commercial linkages between the provinces neighbouring Ho Chi Minh City and Ho Chi Minh City. The organization develops value chains and access for markets in Ho Chi Minh City. Meetings are carried out every six months to review progress and develop strategies to improve markets, product quality and value adding measures.

#### 3. The Mekong Delta Key Economic Region

The Mekong Delta Key Economic Region was established by national government Decision No. 492/QĐ-TTg issued on the 16/4/2009 and was part of the Government's programme to establish three regional committees located in the north, center and south Vietnam. The objective was to promote these commercially successful provinces as a hub for sustainable socio-economic development in neighbouring provinces. The aim was to improve livelihoods, reduce inequalities of people across the different provinces and maintain stability. The four member provinces and city meet every six months to report on progress towards the programmes objectives and indicators and outline planning for the next six months. The committee has a budget for operations but does not have any budget to carry out pilot activities.

#### 4. Long Xuyen Quadrangle Sub-Region

Based on common advantages and benefits, leaders of the provinces in the Long Xuyen Quadrangle Sub-Region held discussions on potential sustainable development solutions for the sub-region. Mutual interests motivated the provincial leaders to formalise institutional arrangements. In 2017, the Committee of the Scheme on Coordination for Sustainable Development of the Long Xuyen Quadrangle Region met in Can Tho City to finalize the draft proposal to submit to MPI for appraisal and submission to the Prime Minister. The establishment of this committee did not require Prime Ministerial approval but the committee submitted the proposal to benefit from national level planning and budget allocation for inter-provincial infrastructure investment. The Scheme identified a comprehensive set of seven focal areas for coordination, including: planning (location of space for sub-regional development); production, agriculture and fishery trade promotion; tourism development; water resources management and environmental protection with multi-objectives and climate resilience; investment attraction and incentives; establishment of a sub-regional

database; and regulatory and institutional development for the sub-region. The proposal to the Prime Minister has not yet been approved.

### 5. The Plain of Reeds Sub-Region

The plan on development of the Scheme on Coordination for Sustainable Development in the Plain of the Reed Sub-Region to 2020, and Vision to 2030 was approved by the Prime Minister. The objective of the scheme is to promote the development of local resources and the wetlands ecosystems to pave the foundation and create conditions for linking the Plain of the Reed Sub-region to Ho Chi Minh City. In 2017, the Committee for the Scheme contracted Can Tho University to draft the strategy for the implementation of the Scheme. The Scheme was formed based on spatial linkages in three provinces of Dong Thap, Long An and Tien Giang with 22 districts sharing the wetland ecosystems.

In addition, the three provinces signed a cooperation agreement on tourism development with Ho Chi Minh City named “one journey – three destinations”. The 3 provinces in the Plain of the Reed Sub-Region plan to conduct an awareness raising campaign for local residents and business enterprises on effective coordination to mobilize community participation during the implementation of the Scheme.

### 6. Ca Mau Peninsula Sub-Region

On 30 May, 2017, the four provinces of Soc Trang, Bac Lieu, Ca Mau and Kien Giang signed a Memorandum of Understanding (MOU) on the implementation of the Scheme on Coordination for the Sustainable Development of Ca Mau Peninsula Sub-Region. The MOU defines the objectives, principles, contents and orientation for coordination, the joint implementation plan, content of activities agreed by the provinces, other organizations, associations and experts participating in the Scheme and steps for implementation. The Central Economic Committee of the Party Central Committee is supporting pilot activities to implement the Scheme.

### 7. Western Hau River Sub-Region

Hau Giang and Bac Lieu have signed a cooperation agreement covering 11 areas including: agriculture and industry development, culture-sports-tourism, healthcare and social welfare. Bac Lieu and Hau Giang are the two

neighbouring provinces but Long My District in Hau Giang and Hong Dan District in Bac Lieu are separated by Ngan Dua River. Both districts have high poverty rates and difficult socio-economic conditions and so the leaders of the two provinces agreed to share the cost of building a bridge connecting the two districts and improve the quality of life of the local population. This is a good example of two provinces cooperating to invest in infrastructure and help resolve mutual development problems.

### 8. Eastern Coastal Sub-Region

The eastern coastal sub-region has significant economic potential and strengths, especially in terms of aquaculture, fruit trees and tourism. This sub-region has fresh, salt and brackish water ecosystems that provide advantages in aquaculture production, processing and seaports for trade. It is also the gateway of the Mekong Delta to the East Sea and close to two large cities, Ho Chi Minh City and Can Tho. The leaders of the four provinces in the sub-region (Tien Giang, Vinh Long, Tra Vinh and Ben Tre) held regular discussions and reached an agreement on the necessity for inter-provincial coordination and cooperation for sustainable development. At present the activities for institutionalization of coordination in this sub-region have started and a Steering Committees has been established.

### 9. ABCD Mekong Network

The ABCD Mekong is an inter-provincial cooperation organization between four provinces: An Giang, Ben Tre, Can Tho and Dong Thap<sup>31</sup>. The steering and coordination committee for the organization was officially established in May 2015 and includes eight people: four Provincial Party and PPC leaders and four leaders from provincial departments or business associations. The present chairman of ABCD Mekong is the Party Secretary from Dong Thap. The position of organization chairman rotates annually across the provinces. The main activities of the organization include the following:

1. Pilot new innovations and develop the linkages between business associations across the four provinces and, in conjunction with the Business Association of High-Quality Vietnamese Products, develop value chains, access to resources and mutual support mechanisms.
2. Support the development of product brands and distribution networks. Develop a priority business product programme for the four member provinces

3. Support businesses by strengthening their human resource capacity to effectively carry out innovative activities and business models.
4. Establish an information sharing system to broadcast to businesses and guide economic activities across the provinces.

### Donor Supported initiatives: Mekong Delta Working Group and the Mekong Delta Regional Plan

Mekong Delta Working Group

Germany and the World Bank are presently co-chairing the Mekong Delta Working Group. The purpose of the Working Group is to align the different commitments of the donors that are active in the Mekong Delta so that they act with one voice in their support to the Vietnamese Government. The focus of this support is the joint implementation of key processes with regards to coastal resilience/riverbank erosion and livelihood transformation and regional coordination. Presently, four members of the Working Group, UNDP, Dutch Embassy, WB and GIZ, are supporting MPI in setting up a new taskforce and coordination mechanism for the Mekong Delta in response to the closure of the South West Steering Committee. Resolution 120/NQ-CP, issued in 2017, allocated the establishment of the taskforce to MPI. GIZ is also supporting the Office of Government to assess regional coordination in the Mekong Delta and the identify the important role that the regional master plan for the Mekong Delta will play for developing sustainable regional coordination and development. Mekong Delta Regional Plan

With support from the World Bank, MPI is currently preparing the tendering of the development of the Mekong Delta Regional Plan 2021-2030 with outlook to 2050. The assistance supports the implementation of the new Planning Law and government priorities to establish the regional master plan in the Mekong Delta. The support for the regional master plan is part of the Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project and builds on the Mekong Delta Plan established with donor support in 2013. The Mekong Delta Regional Plan is expected to have seven components: baseline analysis; outlook 2030-2050 with regards to objectives indicated in the SDGs, CoPs and others; integrated strategic spatial planning framework; an investment programme; institutional arrangements and the establishment of GIS and a database. It is anticipated

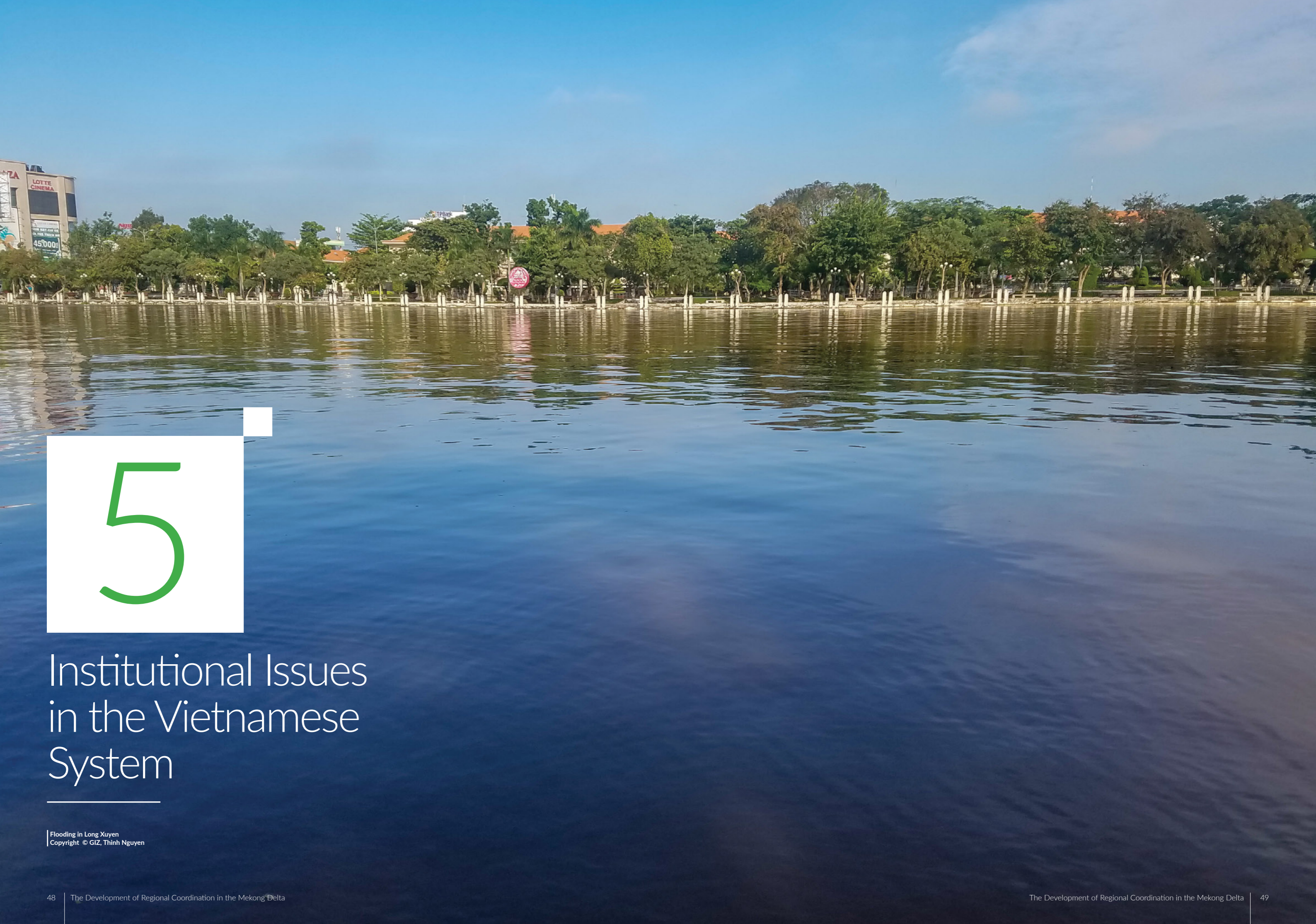
that the regional plan will combine investment, economic development planning and a governance structure for the Mekong Delta (13 provinces/city) based on hydrological, spatial, agricultural and climate change analysis. The World Bank and MPI expect that the regional plan will be the reference document for infrastructure investments and development policy for the Mekong Delta. It is not yet clear when the consultancy to establish the regional plan will start.

After the issuance of Resolution 120/NQ-CP in 2017, the Prime Minister approved the Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project. The project carries a 310 million USD loan from the World Bank and 77 million USD contribution from the Vietnamese Government with the objective to enhance tools for climate-smart planning and improve climate resilience of land and water management practices. One priority of the project is infrastructure investment for 17 of the 42 most urgent locations affected by climate change and coastal and riverbank erosion. To implement these priority projects, the Prime Minister intends to establish a Climate Change in the Mekong Delta Response Fund and allocate 44.5 million USD from the Mid-Term Investment Plan 2016-2020 and 36 million USD from WB9 and GMS1<sup>32</sup>.

<sup>31</sup> ABCD Mekong Là Gì?, cbamekong.org/file.

<sup>32</sup> Official Report No. 185/TB-VPCP issued on the 18/05/2018 by the Office of Government reporting the decisions of PM Nguyễn Xuân Phúc from the meeting to develop solutions for coastal and riverbank erosion in the Mekong Delta.





# 5

## Institutional Issues in the Vietnamese System

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Flooding in Long Xuyen  
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### Institutional Issues at the National Level

The Law on Planning indicates that the Prime Minister has overall responsibility for establishing, appraising and updating regional master plans, and so the role of the Office of Government will be vital for the development of such plans in the future. The Mekong Delta will pilot the transition from traditional ways of planning to the new integrated regional master plan as outlined in the new law. The Office of Government will need to ensure that it has the human and financial resources and institutional capacity to monitor and guide the development of the regional master plan for the Mekong Delta, including the prioritization of infrastructure investments. It will also need to ensure that institutional arrangements for implementing the regional master plan are practical and sustainable. Based on results from the Mekong Delta, the Office of Government would recommend to the Prime Minister to replicate the model in other regions of Vietnam.

The Party's Central Economic Commission is responsible for developing practical orientations for regional and sub-regional planning and coordination in Vietnam. The Commission directly reports to the Politburo and Party's Central Committee, which issue strategic objectives and orientations to the Government. The Commission has requested assistance to carry out pilot activities and regular assessment of regional and sub-regional planning and investments in the Mekong Delta.

The strategic orientation and policy framework for regional coordination established by the Central Committee and Government has resulted in overlaps, gaps, inconsistencies between ministries and other institutions at the national level. The government is following a top down approach allocating responsibilities for infrastructure investment planning and budgeting across various ministries including MPI, the Ministry of Finance (MoF), the State Bank of Vietnam, MoC and MARD. Different departments and ministries are mandated to carry out different aspects of infrastructure investment planning, budgeting and coordination and there is a significant lack of cohesion between them, for example:

- Three departments in the Office of Government are responsible for aspects of regional coordination and economic development in the Mekong Delta including: (1) implementing Resolution 120/NQ-CP (2) central-

provincial relations and (3) regional coordination and economic development.

- Three departments within MPI are responsible for different aspects of investment planning and regional cooperation in the Mekong Delta including: (1) implementation of Decision 593/QĐ-TT on piloting integrated planning and coordination for infrastructure investments in and across multiple provinces (2) implementing some activities under Resolution 120/NQ-CP on climate change and integrated planning and coordination and (3) establishing the multi-sectoral regional master plan for the Mekong Delta according to the new Law on Planning.
- Three agencies including the MoF, MPI and the State Bank of Vietnam are responsible for different aspects of establishing the borrowing plan, negotiating, allocating, managing, using and repaying debt in Vietnam. There is significant overlap in functions, which results in disjunction in planning and budgeting and delays in infrastructure investment projects. Unifying public debt management, for example in MoF, would help resolve this problem.<sup>33</sup>
- Mandates for climate resilient planning and investment are dispersed across ministries, such as the Ministry of Natural Resources and Environment, Ministry for Construction, Ministry of Agriculture and Rural Development and the Ministry of Finance. These ministries often function in silos and do not cooperate well in planning and budgeting.
- Changes are needed in the legal and policy framework and Party directives to ensure consistency and a common strategic approach for regional coordination Between the Party's Central Committee, the National Assembly and Provincial People's Councils. Ensuring a concerted approach to regional coordination in the political structures is essential for sustainability.

Developing regional coordination in Vietnam has been a key priority for the Party since the 6th Party Congress in 1986 and has been linked with "renovating the market growth model, with a focus on improving product quality, labor productivity and competitiveness of the economy". In 2016, the Central Party Committee issued Resolution 5 at the 4th Central Committee Plenum of the 12th Party Congress, which outlined the Party's strategy for institutional change promoting coordination based on regions, sub-regions and key economic regions. The Resolution presented the Party's orientation to renovate mechanisms for decentralization of authority from national level to local levels, including the regional level,



Dr. Dirk Pauschert, GIZ Programme Director at the meeting of German Embassy and GIZ with Deputy Prime Minister Vuong Dinh Hue and leaders of some ministries at the Mekong Delta Forum, 2017  
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and also to establish clear roles and responsibilities for national level and lower levels during this process.

This approach will be piloted in the Mekong Delta. The CEC selected the Ca Mau Peninsula in the Mekong Delta for pilot activities, which focus on carrying out a strategic evaluation of the potential for sub-regional coordination. From the results of the evaluation, the CEC will propose a coordination model for the Ca Mau peninsula and lessons learnt and experiences from the pilot will be presented to a meeting of the Central Committee.

Initial findings from CEC's strategic evaluation include the Ca Mau Peninsula has strengths in rice production and aquaculture but also faces many challenges and development opportunities that cannot be dealt with by the individual provinces and require sub-regional coordination. These issues include: (1) the development of transportation, irrigation and urban infrastructure; (2) the shaping of strategies and models for modern, sustainable and ecological agriculture development towards the global value chain; (3) natural disaster management, climate change and sea level rise resilience; (4) protection and development of water resources,

forest resources and biodiversity; (5) the development of industry, services and renewable energy.

In conclusion, in recent years the Party continues to provide strategic directions and sets orientation for the government to implement with regards to the development of regional coordination, but what is significant is that the Party is also carrying out its own pilot work on regional and sub-regional coordination to independently identify trends and solutions and report to the Central Committee.

### Institutional Issues at the Provincial Level<sup>34</sup>

Leaders from the Provincial People's Committees, Provincial Party Committees and provincial and city departments from the 13 provinces and city in the Mekong Delta identified the need for regional and sub-regional coordination and the many potential opportunities and benefits that this will bring but at the same time are not clear about the conditions and process to establish this coordination. A concern is that the existing policy framework for regional and sub-regional cooperation does not support provincial leaders making decisions on

<sup>33</sup> Nguyen Duc Thanh and Nguyen Hong Ngoc. Evaluation of the Law on Public Debt Management of Vietnam and some Policy Implementations. Policy Discussion PD-07, 2017.

<sup>34</sup> This section is based on consultations conducted with provincial leaders from the Party, government and People's Council in the 13 provinces/city in the Mekong Delta in 2017 and 2018.

<sup>35</sup> Meeting MPI and GIZ, July 2017 and consultations with PPC and Party leaders from 13 provinces in the Mekong Delta.



Delegation of the Committee of Science, Technology and Environment of the National Assembly, Office of the Government, Central Economic Commission, Vietnam Disaster Management Authority – MARD and GIZ met with Federal Ministry for Economic Cooperation and Development on regional coordination in flood resilience and wastewater management  
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key aspect of the coordination process. There is a lack of guidelines and circulars on implementing national policy and national decisions on activities are not followed up with the allocation of national budget. The present level of provincial budgets cannot cover expenditure for the proposed regional and sub-regional coordination activities.

Annually, the Party Secretary in each province issues a Resolution to direct socio-economic development and infrastructure investment for the province. The resolution outlines the orientations for the provincial SEDP, sector plans and master plans in each province. Across the provinces, the contents of these resolutions have different objectives, targets solutions and priorities. When provincial leaders negotiate to establish inter-provincial cooperation, a problem emerges on how to ensure the objectives of the inter-provincial cooperation are consistent with the objectives outlined in the Party Resolutions from the participating provinces. Provincial leaders said that the Central Committee should issue clear directives to provincial Party Secretaries to develop provincial resolutions consistent with regional coordination objectives. In the Mekong ABCD

organization, the provincial party secretaries form the steering committee and rotate in the position of organization chair, which helps resolve this issue.

Each province has approved master plans for each sector and annual socio-economic development plans. These plans are the basis for the design, construction and budgeting for all provincially funded infrastructure projects and programs. Each province develops its own plans, leading to an estimated 200 sector and provincial development plans. Difficulties arise trying to integrate these plans and budgets in the province because of conflicting demands on scarce resources. The mechanisms to ensure an effective transition to a coherent regional or sub-regional plan that also requires budget allocation from the provinces is unclear.

A goal established by MPI in Decision 593/QĐ-TT to commit 10% of national budget to implement projects specifically aiming at integrated planning at the regional level has not been implemented. National budgets are allocated only on a provincial basis and provincial leaders are often unwilling to plan and commit provincial budget to activities that do not directly benefit their province<sup>35</sup>.

Most provincial investment projects and programmes are designed and implemented according to provincial sectoral master plans, which do not have the scope for contributing to regional planning and coordination.

Each year, PPCs submit the annual socio-economic development plan and budget to the Provincial People's Council for approval. Inter-provincial cooperation involves provinces allocating state budget for activities and some of this budget may be used for purposes outside the province. The role of the People's Council is to represent the rights of the province's citizens and the council may not agree that provincial resources should be used for funding cooperation measures with other provinces.

The Department of Planning and Investment in Ca Mau said that the province has participated in sub-regional cooperation for a decade, for example, Ca Mau is cooperating with Bac Lieu and Soc Trang for the production and processing of seafood but these provinces have different technical capacity and economic development which hinders the cooperation. The PPC in Ca Mau, said that climate change adaptation activities must be better coordinated, "Salt water intrusion and coastal and river-bank erosion is affecting many provinces. Ca Mau wants to develop cooperation with similarly affected provinces with higher socio-economic conditions to learn from their experiences on responding to the problems and at the same time develop their economy sustainably. However, there is no regulatory or institutional framework to support this".

There are examples of provinces cooperating effectively. The PPC in Kien Giang, commented that "Kien Giang and An Giang have a close working relation on many issues centered on the regulation of irrigation and drainage for agricultural production, pollution control and trade." He said that "The PPC was in discussion with Ca Mau about cooperation to ameliorate problems of coastal protection and riverbank erosion. However, this cooperation is informal. National policy is required to formalize this type of cooperation so state management can be structured more effectively and budget can be allocated."

Provincial leaders commented that it was important to include Ho Chi Minh City in the process to establish regional coordination in the Mekong Delta. The city is a huge market and technical hub neighbouring the Mekong Delta and has a significant influence on the economy of the delta. Presently, many companies from Ho Chi Minh City have opened factories in different provinces in the Mekong Delta with most of the financial benefit from business activities returning to Ho Chi Minh City.

Provincial leaders in the Mekong Delta said they require a regional strategy to more effectively negotiate with these companies.

Leaders in the provinces considered that the pilot on regional coordination did not introduce a new organizational model or innovations, and cannot be effectively implemented using the present legal/policy and institutional framework. The PPC in Tien Giang, commented that "National government issues policy on regional coordination but provinces do not have the human or financial resources to carry out the policy. A comprehensive capacity development programme on regional coordination issues is needed."

The new Law on Planning will come into effect in 2019 and includes the establishment of regional master plans with the Mekong Delta as the first. The new regional master plan will build on existing sector master plans and present an integrated strategy for the region. Leaders commented that the regional master plan should include institutional arrangements to monitor and assess the implementation of the plan and there must be a strong coherence between the regional master plan, the provincial socio-economic development plan and the Resolution issued annually by the provincial Party Secretary. Ensuring that the 13 socio-economic development plans and 13 Party resolutions are consistent with the regional master plan will require human resource capacity development and financial resources at national and provincial levels. The PPC in Long An, said, "We urgently need a regional master plan and all master plans from the 13 provinces/city must be aligned with this regional master plan." He emphasized that, "For the regional master plan, provinces must 'compromise' their demands and this needs to be combined with clear policy directions from the Party and government."

The Law on Planning indicates that the Prime Minister is responsible for the establishment, appraisal and updating the regional master plan. Provincial leaders said that it was critical that the Prime Minister was the 'champion' to focus political will to carry out the transition to the new integrated regional approach. Provincial PPC and Party leaders said that a permanent unit should be established to support the drafting process of the regional master plan, and after the plan is approved to monitor, assess and prepare revisions to the regional master plan. This could be a role suitable for the private sector, consultants and universities. The PPC in Vinh Long suggested to establish a service providing centre under the General Statistics Office to function in this role.

<sup>35</sup> Meeting MPI and GIZ, July 2017 and consultations with PPC and Party leaders from 13 provinces in the Mekong Delta.

Historically, provinces cooperate for irrigation and drainage management such as An Giang, Can Tho and Kien Giang in the Long Xuyen Quadrangle. Leaders in these provinces identified that there is potential for these provinces to build on the present institutional arrangement, and negotiate and develop a concerted plan to respond to the impacts of climate change and environmental problems such as salt-water intrusion and riverbank erosion.

Provinces are collaborating to develop cooperation models consistent with their demands and resources. For example, Dong Thap, An Giang and Tien Giang have contracted the Can Tho University to draft a strategic plan for tourism development for the Dong Thap Muoi ecological parkland. Tra Vinh in cooperative with Vinh Long and Ben Tre has contracted Fulbright University in HCMC to establish a strategic plan in three areas: tourism, agricultural production and post agricultural production. The PPC vice chair in Tra Vinh, said, "A main problem was the lack of access to information about what other provinces are doing and issues that other provinces are cooperating.<sup>36</sup>" For example, he said that he did not have information about Mekong ABCD for example, including the objectives of the organization, its network, operations, and priority products.

The Party leadership from Dong Thap, said that, "We have been discussing regional coordination in the Mekong Delta for several decades and the situation is still perplexing. A key point is that all issues such as coastal and riverbank erosion and transport touch on institutional arrangements and other problems, so we need to prioritize. Provincial leaders need to direct progress to resolve problems". He also said that, "The big problem in the Mekong Delta is farmers only think about seasonal production, and enterprises only think about business"<sup>37</sup>. As a result, value chains, economies of scale and commercial linkages are not well developed, which impacts on farmers' incomes and overall economic growth for the region.

According to the report of the Steering Committee of the Mekong Delta Key Economic Region term 2017-2020 on the implementation of policies for the Mekong Delta Key Economic Region<sup>38</sup>, regional coordination in the Mekong Delta is faced with the following challenges:

1. Coordination among the provinces is implemented with slow speed; the strengths and advantages of the provinces and cities in this region have not been brought into play. Transportation infrastructure has not been a priority investment, causing constraints and difficulties for the social and economic development of the region and thus limiting the motivation required to promote the development of the Mekong Delta.
2. The provinces and cities in the Mekong Delta Key Economic Region are affected by the impacts of climate change, sea level rise, drought and saltwater intrusion that significantly influence social and economic development. The provinces in the Mekong Delta in general and in the Mekong Delta Key Economic Region in particular share a lot of similarities. However, they have not implemented good coordination in management, planning, branding, establishment of regional materials, product value chain. There is still competition among provinces that is not favourable for the development of regional coordination.
3. Ministries and central agencies have not issued guidelines or submitted to the Prime Minister policies for promulgation to form a solid policy framework for provinces in the Mekong Delta Key Economic Region.
4. The Steering Committee of the Mekong Delta Key Economic Region has not taken a leading role and there is still a lack of close linkages and mutual support for development among the ministries, agencies and provinces.<sup>39</sup>

#### Decentralization: Central – Provincial Relations

While the aim of decentralization is to transfer greater authority and power to the provincial level to plan, manage and execute government programs and budgets more effectively, across the provinces, the decentralization process has been implemented inconsistently. Implementing decentralization in Vietnam requires restructuring the alliance between central and provincial levels and between provincial level and below. This restructuring is very complex. It needs central government to transfer more power and authority to the provincial level, while at the same time retaining sufficient power not only to maintain national order and stability, but also to supervise provinces to ensure they follow the national legal and policy framework. Restructuring the alliance between central and provincial levels is a long process. It depends on the commitment and push



The Committee of Science, Technology and Environment of the National Assembly and GIZ on the field trip to the landslide area in Con Ngoai, Ben Tre Province  
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<sup>36</sup> Discussion in Tra Vinh. 20/9/2017.

<sup>37</sup> The Tran, "The blockage of Mekong Delta is that farmers only think about seasonal production, and enterprises only think about business", Young Intellectual, 2017.

<sup>38</sup> Report No. 29/BC-HĐVDBSCL dated 30/5/2018.

<sup>39</sup> Official Report No. 29/BC-HĐVDBSCL dated 30/5/2018 by the Steering Committee of Mekong Delta Key Economic Region.

of national leaders, coupled with the receptiveness of provincial leaders to take up new responsibilities. Restructuring the alliance also requires strong leadership from the Central Committee of the Party, as well as the participation of communities in the cities and towns as well as rural areas.

After the Sixth Party Congress in 1986 initiated the Doi Moi process, decentralization became a central level priority. The Party's vision for decentralization was to establish a policy framework to support Vietnam's rapid economic growth and market reform. After 1986, Vietnam made remarkable progress in transforming its economy, reducing poverty, making the transition towards an industrialized and urban society, and integrating globally. Vietnam graduated to middle-income country status in 2012. The Twelfth Party Congress in January 2016 reaffirmed the Party's earlier commitment to the reform process and to furthering and deepening decentralization.<sup>40</sup> The Party also committed to renovating the master planning process. It started in key priority areas that included transport, electricity and water supply, and drainage. The Party proposed to restructure the management of state-owned businesses, speed up the equitization process of state-owned companies, introduce performance-based management contracts for public service delivery, and further develop the policy environment to encourage Public Private Partnerships (PPPs) and Foreign Direct Investment (FDI) in the provinces.

The decentralization process was central to the range of government reforms. It was intended to improve the reliability and effectiveness of public service delivery, enhance accountability and governance at provincial level, increase equity between levels of government, and promote stability. Thus, local governments were empowered to make decisions over what would affect them and involve community participation in planning and other decision-making. Fiscal decentralization shifted control and responsibility for the distribution and sources of financial resources to local government. Fast economic growth in many provinces stimulated pressure on central authorities for further fiscal decentralization, simply because the management system established under central planning proved to be incompatible with the requirements of a market-oriented economy.

During this decade, the central government continued to update the legal and policy framework for decentralization. In 2017, provinces have extensive state management responsibility and authority for most areas of local

development except areas such as national security and national projects, for example, large hydroelectricity generation. Provincial People's Committees leaders approve local government organization, procedures and provincial regulations for the different sectors. Provincial People's Councils approve the annual socio-economic development plan and budget.

After Doi Moi, rapid growth and industrialisation in provinces were established as benchmarks for growth by the central government. Some provinces utilized the opportunities that decentralization provided and successfully developed alliances with the private sector to help achieve development goals, for example, in car and motor-bike assembling. Ensuring stability and security for private sector investment attracted considerable Foreign Direct Investment in provinces such as Vinh Phuc, Da Nang and Dong Thap and other provinces in the Mekong Delta.

#### Planning Issues in the Vietnamese System

The process for investment planning is significantly changing after the issuance of the Law on Planning by the National Assembly in 2017. For the first time, Vietnam will establish an integrated regional master plan and budget including a multi-sector approach for socio-economic development and infrastructure investment for each region in the country. An important task is to ensure cohesion between regional master planning and other planning processes such as the SEDP at national and provincial levels, specific national government programs and Mid-Term Public Investment Plans. This section outlines the different planning mechanisms and conditions that will need to be harmonized in the development of regional master plans.

The Law on Planning introduces a comprehensive regional master plan that integrates all of the various national and sectoral requirements as a new component of the national planning system. Most importantly, the regional master plan must be acknowledged by government at all levels as the principal vehicle for the territorial application and implementation of national strategy and policy initiatives and sectorial orientations, and so it serves the purpose of a regional framework for development. Master plans for provinces and centrally administered cities are subordinate to it, as they are the vehicle for the implementation of the regional plan. Orientations embodied in the new plan should include the following:

1. Compliance with national strategy and policy initiatives, and sectorial orientations.
2. Promotion of climate resilience, "green-growth", SMART city initiatives, and sustainable development.
3. Identification and promotion of regional advantages.
4. Identification and resolution of regional social, economic and environmental development constraints.
5. Formulation of a framework for the subordinate provincial master plans that promote efficient urban systems suitable for the region, and propose solutions that address regional development constraints.
6. Multi-directional communication, in that it will propose initiatives upwards to the national level that will be advantageous to the regions, as well as downwards to subordinate levels for implementation.

Presently, at the highest level of government strategy is the Socio-Economic Development Plan (SEDP) for 2016 – 2020, which formulates the Government's socio-economic objectives for the planning period and beyond.<sup>41</sup> This SEDP, ratified by the National Assembly in 2016, emphasizes protection of the environment, adaptation to climate change and the management of waste from urban and industrial areas. Targets in the SEDP include that Vietnam aims to become an industrialized country by 2020 with GDP per capita of at least \$3,200 and average GDP growth of 6.5 to seven percent per year, with 85 percent of output coming from the industrial and service sectors by 2020. This will be linked to major advances in strengthening its institutions and legal system, increasing human capital and improving the transport network.

The national level guides the SEDP process at provincial and lower levels. Each year departments submit sector development plans to DPI that assesses each department's plan. After revisions are made to the department plans, DPI amalgamates them into a provincial SEDP which is submitted to the Party Secretary for review and then the PPC for appraisal before sending to the provincial People's Council for approval. This well-entrenched and familiar process will need to be significantly revised and updated to accord with the requirements of regional master planning.

The government also initiates issue-based national programmes to focus planning and budgeting onto an emerging crisis. In May 2018, the Government established a Climate Change in the Mekong Delta Response Fund to respond to the coastline and riverbank erosion crisis. MARD estimated that the fund requires 320 million

USD for 42 projects with special attention in An Giang, Dong Thap, Ca Mau and Bac Lieu. The Prime Minister announced that initially the government allocated 44.5 million USD from the Mid-Term Investment Plan 2016-2020 and 36 million USD from WB9 and GMS1 to fund 17 top priority projects.<sup>42</sup> For the remaining projects, the PM will prioritize a part of the annual budget central government allocates to Mekong Delta provinces and mobilize funds from international development partners. The Climate Change in the Mekong Delta Response Fund will combine government and ODA funds and funding from other sources including the private sector. To develop the investments for the fund, the PM allocated to MARD the responsibility to establish estimates for each province in the Mekong Delta and send to MoF and MPI. MoF has the responsibility to submit the final proposal to the PM. The institutional arrangements for the Climate Change in the Mekong Delta Response Fund are not yet clear yet.

#### Budgeting and Finance Issues in the Vietnamese System

In 2017, the total budget of the 12 provinces in the Mekong Delta was 4,545 million USD. National government allocated a budget of 1,669 million USD for provincial budgets and national program such as the coastal and riverbank erosion programme. The remainder of provincial budgets was from local revenues. Can Tho City does not receive funds from the national budget and national programs. The national programs are managed and implemented by ministries with support from individual provinces. In 2016, there was over 700 million USD in Foreign Direct Investment in the Mekong Delta.<sup>43</sup> An investment pipeline needs to be developed consisting of concrete inter-provincial infrastructure investment projects in the Mekong Delta during the process to establish the regional master plan.

Measures to strengthen decentralized planning have been paralleled by the assignment of greater levels of financial responsibility and control to cities and provinces by measures such as the Decree No. 16/2016/ND-CP approved on the 16th March 2016 on management and use of official development assistance and concessional loans granted by foreign sponsors and Decree No. 52/2017/NĐ-CP dated 28/04/2017 on the Management of On-Lending of Official Development Assistance (ODA) loans and Government's Concessional Loans to People's Committees of Provinces and Centrally-Run Cities. With these changes, provinces are responsible for all or some portion of debt payments. Provinces need to retain more

<sup>40</sup> Central Committee of the Communist Party, [Political Report of the Politburo for the Twelfth Party Congress], 2016.

<sup>41</sup> Ministry of Planning and Investment. 2016. The Five-Year Socio-Economic Development Plan 2016–2020. Ha Noi, Viet Nam.

<sup>42</sup> Official Report No. 185/TB-VPCP issued on the 18/05/2018 by the Office of Government reporting the decisions of PM Nguyễn Xuân Phúc from the meeting to develop solutions for coastal and riverbank erosion in the Mekong Delta.

<sup>43</sup> MoF, Annex 09/CKTC-State Budget, 2017.



revenue and, where possible, generate more revenue through service user charges, so they can take control and responsibility for local budget allocation decisions and public project selection.

There are significant delays in the selection and financing of infrastructure projects for the Mekong Delta. One main cause of the delays is there are three agencies, MPI, MoF and the State Bank of Vietnam, involved in the process of establishing the borrowing plan, negotiating, allocating, managing, using and repaying debts in Vietnam. In addition, transparent, systematic and up-to-date figures on public debt is required so that regional investment planners can effectively monitor, analyse and evaluate the status of borrowing and repayment of public debt. These figures also provide the basis for forecasting

finance requirements and the development of regional strategies, regulations and plans for the Mekong Delta.

Decision 593/QĐ-TT outlines the allocation of a “minimum amount of 10% of the total investment allocated to the provinces in the Mekong Delta from the state budget to implement regionally coordinated projects and programmes.” However, the State Budget Law defines that there are only two levels of budget: central and local. So far, this financial mechanism has not been implemented and the contradiction between the two legal provisions needs to be resolved if provincial authorities are to proceed with any level of certainty over their rights and responsibilities.



# The Way Forward for Regional Coordination and Provincial Cooperation in the Mekong Delta

Fishing at the flooded rice fields in the Mekong Delta  
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## Conclusions

Challenges associated with increased risks of climate change impacts and a range of other factors, such as water resources, transport and energy, discussed above will accelerate in the future and will be particularly severe in the Mekong Delta. At the same time strengthening management systems and increasing investments in these areas will create development opportunities across the Delta. Meeting these challenges and realizing these opportunities in an efficient and sustainable manner will involve concerted action in a number of areas. Central to this will be higher levels of coherence and cooperation in planning and budgeting and actions at different administrative levels. This coherence will depend upon a supportive law, policy and legislative environment.

The idea of regional and sub-regional cooperation is not new: initiatives date back over 20 years and in the Mekong Delta more than six sub-regional organizations have been established by provincial leaders based on the principles of voluntary participation, mutual interest and demand-responsiveness. These principles should be embedded in future plans systems to establish regional coordination as part of the regional master plan for the Mekong Delta. As part of this, provincial leaders from the provincial Party and PPCs need to play a central role in the consultation process to establish regional coordination.

What is new is the context within which these issues are being considered. There are a number of changes to Vietnam's economy and society and commensurate changes to the planning and administrative system that make the imperative for greater regional coordination even greater, especially in the Mekong Delta where a number of these factors come together to necessitate new systems for planning and management. The dynamics of climate and environmental change have already been identified and are affecting agriculture and natural resource management which are key components of the region's economy (and are of vital importance to the country as a whole). The economy is also diversifying, largely driven by private sector investments from outside the region (with concerns raised over the ability of individual provinces to negotiate such arrangements). The private sector is also increasingly dominant in some areas of service provision such as electrical power generation (such as the Bac Lieu Wind Farm) and water supply provision. Finally, the government has introduced a variety of measures in recent years that are intended to restructure planning processes and revitalize decentralization. These factors together set the context in which regional cooperation should be considered.

Provincial leaders are reluctant to recommend the establishment of a steering committee or taskforce for regional coordination in the Mekong Delta. Presently, they are members of many steering committees, councils and boards and these have produced limited benefits. The perspective of provincial leaders is that the Prime Minister should play a central role in developing regional coordination and establishing a strong policy and regulatory framework. The Prime Minister should be committed to the supervision of the regional master plan, allocating responsibilities to different ministries and ensure the close involvement of PPC chairmen and Party Secretaries from the 13 provinces and city.

The establishment of the integrated regional master plan for the Mekong Delta, as required by the 2017 Law on Planning, is central to the Government's push for regional coordination in the country. To be successful, there needs to be consensus among national and provincial leaders that the regional master plan must be the principal vehicle for the territorial application and implementation of national strategy and policy initiatives and sectorial orientations, and so serve the purpose of a regional framework for socio-economic and infrastructure development and natural resource management. However, the drafting of the regional master plan and then the institutionalization of this plan across the Mekong Delta will require substantive changes to existing laws and policy, a significant reorientation of deeply embedded ways of planning and budgeting, increased decentralization from national to regional and provincial levels, fiscal policy reforms and, perhaps, the establishment of the region as an administrative level. The national government and Central Party Committee need to show strong leadership for these changes to happen and they cannot wait until the results of a pilot plan are available as this pilot is unlikely to succeed without an appropriate legal and regulatory framework. The Prime Minister and key Central Committee members need to be the 'champions' of change.

The lead implementing ministry for Decision 593/QD-TTg is MPI, while the lead implementing ministry for Resolution 120/NQ-CP is MoNRE. Both pieces of legislation aim to improve regional coordination. This overlap in responsibility has affected implementation measures. It is essential that any institution established for regional coordination, such as a national committee, needs to be chaired by and have the regular decision-making involvement of the Prime Minister, and not leave implementation and strategy for regional coordination to a specific ministry. One ministry cannot effectively take



the lead in organizing other ministries to cooperate for regional coordination. This has been the case so far and the results have been limited.

The Office of the Government and Prime Minister's Consultants Group should play a central role in assessing and monitoring progress towards the regional master plan led by MPI and supported by other ministries and development partners. The Office of Government should then keep the Prime Minister regularly informed of progress during the drafting of the regional master plan so that the Prime Minister can be pro-active in steering the process and provide effective oversight. The effective implementation of the regional master plan will also depend on linking infrastructure investment planning and budgeting. Decision 593/QD-TTg outlined that 10% of national budget allocated to the provinces was for inter-provincial infrastructure investment projects. This mechanism has not been effectively implemented and measures to ensure that it is followed are a matter of some urgency.

Fragmented, sector-based master planning must evolve towards more effective alignment of key decisions within an integrated regional master plan framework, reflecting the new approach to planning enshrined in the 2017 Law on Planning. Most importantly, the regional master plan will come into effect on the 1st January 2021 and there should be consistency in the targets and priorities outlined in the preceding national mid-term public

investment plan, national five-year and annual SEDP, and special national programmes established by the Prime Minister. SEDPs and master plans developed by provinces and centrally administered cities need to be subordinate to the regional master plan, as they are the vehicle for the implementation of the regional plan.

Present legislation such as Decision 593/QD-TT and Resolution 120/QD-CP includes the establishment of new institutional arrangements for regional coordination and other activities. To avoid overlap and ensure consistency, institutions and activities need to be developed in the context of the new Law on Planning and the regional master plan and an effective strategy to do this needs to be developed and agreed with the provinces and other key stakeholders.

After two years, there has only been limited progress towards regional coordination in the Mekong Delta through the implementation of Decision 593/QD-TTg and Resolution 120/NQ-CP. Looking to the future, the complexity of and substantial changes required for a transition to regional master planning, it is essential that the approach taken is practical and expectations are not set too high. The model of the Prime Minister allocating key leadership responsibility to one ministry has had very limited results. **A new model is required.**

**The new model** involves five pillars. The first pillar is the National Assembly which oversees the implementation



of the Law on Planning, will supervise revisions to the Law on Environmental Protection as well as propose a new law on climate change. The second pillar is the Party's Central Committee and the Central Economic Commission in particular, which provide the strategic direction for regional and sub-regional organization and planning.

The third pillar is selected ministries, which would continue to take responsibility for the technical aspects of regional planning in accordance with the Prime Minister's decisions, for example MPI and MoNRE. The fourth pillar is the Office of the Government, which needs to play a central role in monitoring progress by MPI, MoNRE, other ministries and development partners towards regional coordination in the Mekong Delta. The Office of Government needs to conduct its own assessments and appraisals to keep the Prime Minister regularly informed of progress during the drafting of the regional master plan so that the Prime Minister can be pro-active in oversight and steering the process. The Prime Minister's Consultants' Group will support the Office of the Government and the Prime Minister by providing results of evidence-based research to support the Prime Minister's decisions.

The fifth pillar is provincial leaders from the Party and People's Committees in the Mekong Delta. Provincial leaders need to be involved from the outset in developing regional coordination, new institutional arrangement and the preparation of the regional master plan. In the new way of doing things, to ensure the involvement and commitment of provincial leaders to regional coordination and the regional master plan, the regulatory mechanisms need to be renovated or replacement mechanisms established.

With under two years to draft, appraise and approve the regional master plan, the government should not be too optimistic in terms of the sophistication of the plan. A permanent unit could be established to support the drafting process, and after the plan is approved monitor, assess and prepare revisions to the regional master plan. This could be a role suitable for the private sector and universities. An alternative is to establish a service providing centre under the General Statistics Office to carry out this function. The regional master plan would be regularly updated, and quality improved over time.

### Recommendations for the Way Forward

The analysis presented in this report and the conclusions above all indicate that there are a number of reform measures that need to be introduced to ensure that the introduction of regional master plans can be successfully

achieved, and higher levels of regional coordination developed. The recommendations in this section give a clear direction for where such reforms are needed. The main recommendations are as follows:

1. Revise the legal framework so it is consistent with the new Law on Planning, which introduces the region and regional planning into political, planning and budgeting structures and systems. This means that the Law on the Organization of Local Government, the Law on the Organization of the National Government, the Budget Law, the Law on Public Debt Management as well as the Constitution will need to be updated.

A host of new decrees, decisions, circulars, set of indicators for investment selection, appraisal and assessment, regulations and implementation guidelines are necessary to implement the revised legal framework at the provincial level. These need to be drafted at the national level and need to take into account the practical requirements of provinces/city through a comprehensive stakeholder consultation process.

2. The national government and Central Party Committee should show strong leadership to 'push down' directives and policy to implement regional coordination in the Mekong Delta. The Prime Minister and key Central Committee members need to be 'champions' of change. There should be strong cohesion between Party directives and government policy and leaders should have the political will to ensure the directives and policy are implemented.
3. According to the Law on Planning, to prepare, appraise and approve the regional master plan, a committee will be established and chaired by the Prime Minister. However, this committee is temporary and will be dissolved after serving out its responsibilities. This committee should be given permanent status.

The Prime Minister should have regular updates and close involvement in decision-making through the regional master plan drafting process. The Office of the Government and Prime Minister's Consultants Group should play a central role in assessment and monitoring the drafting process of the regional master plan and keeping the Prime Minister regularly informed of progress and the necessary actions required by the Prime Minister to provide oversight and steer the process.

4. Using the principles of voluntary participation and demand-driven approaches, provincial leaders have

established more than six sub-regional organizations. Based on this experience, provincial leaders from the Party and PPCs should play a central role in the consultation process to establish regional coordination to ensure that decisions about regional coordination and the regional master plan are aligned with their interests and needs. Advocacy will be required to persuade the provincial leaders to compromise provincial interests for the greater regional 'good'. However, the policy and regulatory mechanisms used so far for regional coordination have had limited results. In the new way of doing things, to ensure the involvement and commitment of provincial leaders to regional coordination and the regional master plan the regulatory mechanisms need to be renovated and replacement mechanisms established.

5. MPI has the responsibility to draft the regional master plan. A roadmap for the drafting process of the regional master plan is essential. The Government and development partners should carry out a consultation process with ministries and provinces to prepare this roadmap as the regional master plan comes into effect on the 1st January 2021. The roadmap should include:
  - a. Activities planned for implementing Decision 593/QD-TTg and Resolution 120/NQ-CP should be strategic and aim to complement and integrate into the regional master plan
  - b. Discuss and decide the international and national expertise required for the preparation of the regional master plan by MPI, OoG and other ministries. Expertise would be required in at least the following areas:
    - » International integrated planning models and application in Vietnam
    - » Urban and rural economics, public debt finance, PPP and investment promotion
    - » Public consultation
    - » Institutional arrangements for regional coordination
    - » Integrating new approaches into planning and budgeting such as climate resilience, green growth and SMART cities
    - » Natural Disaster Management
    - » Value chains and market promotion
    - » Transport planning and traffic management
    - » Land use, environmental and water resource management
    - » Social, tourism and recreation planning
    - » Urban and rural ecology
    - » Development management and control

- c. Capacity development for national and provincial leaders as well as the commercial sector and rural and urban communities on the benefits and advantages of regional coordination. This will help ensure that all stakeholders are on board for the changes and possible tensions that will happen during the transition from provincial based planning and investment to a focus on regional planning and investment.
  - d. The process to integrate the SEDP, mid-term public investment plan and special national programmes into the regional master plan.
  - e. To ensure that the regional master plan is implemented it must be linked to infrastructure investment budgeting. Decision 593/QD-TTg presented the 10% budget mechanism; 10% of national budget allocated to the provinces should be used for inter-provincial infrastructure investment projects. This mechanism has not been successful. A review of this mechanism at national and provincial levels is required and a national level decision on a new mechanism issued. The new mechanism should be aligned with the regional master plan.
6. A consultation process should be carried out to review the advantages and disadvantages to establish the 'region' as a new administration level in the government political system, resulting in the national, regional and provincial levels being the three main levels in the administrative system.
  7. Sub-regional organizations have been successful in the Mekong Delta and have developed and improved value chains for specific products. It is important to include Ho Chi Minh City in the process to establish regional coordination in the Mekong Delta. The City is a huge market and technical hub neighbouring the Mekong Delta and has a significant influence on the economy of the delta. Presently, many companies from Ho Chi Minh City have opened factories in different provinces in the Mekong Delta with most of the financial benefit from business activities returning to Ho Chi Minh City. Companies are negotiating hard with leaders from different provinces for the best deal and leaders are forced to agree to unfair conditions to secure deals ahead of their neighbouring provinces. A regional strategy so provinces can operate collectively and more effectively negotiate with these companies is required.

8. A permanent unit should be established in 2019 to support the drafting of the regional master plan and in readiness to monitor, assess and prepare revisions to the regional master plan after approval, and so the regional master plan could be regularly updated, and quality improved over time. This unit should include the private sector, consultants and universities. The unit should report to the Office of Government and an information sharing mechanism established so data and information is shared with relevant ministries and the 13 provinces and city. The mandate of this unit should include:

- Maintaining a database on data and information relevant to the regional master plan
- Function as the information sharing mechanism on regional and sub-regional coordination
- Storage of technical data on climate change and resilience, water resources, land subsidence, coastal and riverbank erosion and other issues
- Maintain transparent, systematic and up-to-date figures on public debt so regional investment planners can effectively monitor, analyse and evaluate the status of borrowing and repayment of public debt.

- Monitor and regularly assess regional and sub-regional coordination mechanisms
- Monitor and regularly assess the implementation of the regional master plan
- Report to the national committee and provide advice on required amendments to the regional master plan

9. Government partners recommend that achieving these changes will benefit greatly from sustained support from international development partners and several are already active in a number of areas that will contribute to these changes. For a start, because of the prominence of the integrated regional master plan for development in the Mekong Delta, the Government will benefit greatly from international technical expertise during the drafting of the plan.



Floating Market in the Mekong Delta has attracted a lot of national and international tourists  
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## Annex: Legal framework related to regional coordination

No.	Name/ document number	Issue date	Contents	Note
<b>Party documents</b>				
01	Resolution of the 8th National Party Congress	28/6/1996-01/7/1996	Report on the five-year Socio-Economic Development Direction 1996-2000.	
02	Resolution of the 9th National Party Congress	19-22/4/2001	Report on the ten-year Socio-Economic Development Strategy 2001-2010 and the Report on the Direction and Tasks of five-year Socio-Economic Development 2001-2005.	
03	Resolution of the 10th National Party Congress	25/4/2006	Report on the Direction and Tasks of Socio-Economic Development in the 5 years 2006-2010.	
04	Resolution of the 11th National Party Congress	12-19/01/2011	Five-year Socio-Economic Development Strategy 2011-2015.	
05	Resolution of the 12th National Party Congress	20-28/01/2016	Report on the 5 year implementation of the 11th Congress Resolution (2011-2015) and the Directions and Tasks for the 5 years 2016-2020.	
<b>In General</b>				
06	No number	28/11/2013	The Constitution of the Socialist Republic of Vietnam (effective from January 1, 2014).	Article 52
07	76/2015/QH13	19/6/2015	Law on Organization of the Government	
08	77/2015/QH13	09/6/2015	Law on Organization of Local Government.	
09	87/2015/QH13	20/11/2015	Law on Oversight Activities of the National Assembly and People's Councils.	
10	57/2014/2013	20/11/2014	Law on Organization of the National Assembly.	
11	83/2015/QH13	25/6/2015	Law on State Budget.	
12	49/2014/QH13	18/6/2014	Law on Public Investment	
13	21/2017/QH14	24/11/2017	Law on Planning	
14	21/NQ-CP	21/3/2016	Decentralization of state management between the Government and People's Committees of provinces and centrally-run cities.	
15	34/2007/QD-TTg	12/3/2007	Promulgating the Regulation on the establishment, organization and operation of inter-branch coordination organizations.	
16	63/QD-TTg	12/01/2018	Approving the Public Investment Restructuring Scheme for the 2017-2020 period and with orientation to 2025.	
<b>Key Economic Region</b>				
17	245/QD-TTg	12/02/2014	Approving the Master Plan on Socio-Economic Development of the Mekong Delta Key Economic region through 2020, with orientations Toward 2030.	
18	492/QD-TTg	16/4/2009	Approving the Scheme on the Establishment of the Mekong River Delta Key Economic Region.	

No.	Name/ document number	Issue date	Contents	Note
19	136/NQ-HDV	21/11/2016	Resolution of the First Conference of the Mekong Delta Economic Zone Council for the 2016-2020 period.	
20	2360/QD-TTg	22/12/2015	Regulation on the organization and coordination development of the key economic regions in the period of 2015-2020.	
21	941/QD-TTg	25/6/2015	Coordination Organization of the key economic areas.	
22	73/NQ-CP	26/8/2016	Approve the policy on investment of target programs in the period 2016-2020.	
23	1584/QD-TTg	10/8/2016	Establishing the Central Steering Committee for National Target Programs in 2016-2020.	
24	2059/QD-TTg	24/11/2015	Establishing the Steering Committee and the Key Economic Zone Council for the 2016-2020 period.	
25	1256/QD-TTg	21/8/2017	Socio-economic development program in the period 2016-2020.	
26	159/QD-TTg	10/10/2007	Regulations on coordination among ministries, sectors, localities and key economic regions.	
27	1874/QD-TTg	13/10/2014	Approving the Master Plan on Socio-Economic Development of Central Vietnam's Key Economic Region Through 2020 and with Orientations toward 2030.	
<b>Cross-sectoral, interregional river basin coordination</b>				
28	171/2007/QD-TTg	14/11/2007	Establishment of Cau River Basin Committee.	
29	157/2008/QD-TTg	01/12/2008	Establishment of Dong Nai Basin Committee.	
31	38/2001/QD-BNN-TCCB	09/4/2001	Establishment of the Dong Nai river basin planning management board.	
32	39/2001/QD-BNN-TCCB	09/4/2001	Establishment of the Hong-Thai Binh river basin planning management board.	
33	20/2005/QD-BNN	13/4/2005	Establishment of the Vu Gia - Thu Bon river basin planning management board.	
34	37/2001/QD-BNN-TCCB	09/4/2001	Establishment of the Cuu Long river basin planning management board.	
35	14/2004/QD-BNN	09/4/2004	Regulations on Organization and operation of the river basin planning management board.	
36	13/2004/QD-BNN	08/4/2004	Establishment of the Office of River Basin Planning Management.	
37	41/2006/QD-BNN	15/5/2006	Establishment of the Srepok River Basin Council	
38	41/2006/QD-BNN	25/5/2006	Establishment of the Srep River Basin Management Office.	
39	363/QD-BNN/TCCB	11/5/2006	Establishment of the Cau River Basin Planning Management Sub-Committee located in the Thai Binh- Red River Delt	
40	157/2008/QD-TTg	01/12/2008	Establishment of the Committee for Environmental Protection in the Dong Nai River Basin.	

No.	Name/ document number	Issue date	Contents	Note
41	1404/QD-TTg	31/8/2009	Establishment of the Committee for Environmental Protection in the Nhue River-Day River Basin.	
42	171/2007/QD-TTg	14/11/2007	Establishment of the Committee for Environmental Protection in the Cau River Basin	
<b>Mekong River Delta</b>				
43	2270/QD-TTg	21/11/2013	Implementation Plan of the Political Bureau's conclusions No. 28-KL /TW dated August 14, 2012, on the orientations, tasks and solutions for socio-economic development and security and defense maintenance in the Mekong River delta by 2020.	
44	939/QD-TTg	17/9/2013	Approving the Overall Plan on Socio-Economic Development of the Mekong River Delta till 2020.	
45	593/QD-TTg	06/4/2016	Pilot coordination mechanism to promote regional linkage for socio-economic development in the Mekong Delta in the 2016-2020 period.	
46	2220/QD-TTg	17/11/2016	Implementation Plan of Decision 593 dated 06/04/2016 of the Prime Minister on the Pilot regulations on the coordination of socio-economic development in the Mekong Delta in the 2016-2020 period.	
47	64/QD-TTg	19/01/2017	Establishment of the inter-sectoral steering committee for the Mekong Delta region in 2016-2020 period.	
48	625/QD-BKHDT	05/5/2017	Promulgation of the set of criteria to identify the Mekong Delta linkage project for the 2016-2020 period.	
49	120/NQ-CP	17/11/2017	Sustainable and Climate-Resilient Development of the Mekong Delta.	
51	13449/VPCP-NN	18/12/2017	Plan for implementation of Resolution No 120/NQ-CP dated 17/11/2017 of the Government on Sustainable and Climate-Resilient Development of the Mekong Delta.	
51	417/QD-TTg	13/4/2019	Overall program of implementing Resolution No 120/NQ-CP dated 17/11/2017 of the Government on Sustainable and Climate-Resilient Development of the Mekong Delta.	
52	19/NQ-HDND	07/12/2018	Socio-economic development plan of Tien Giang People's Council year 2019.	
53	09/NQ-HDND	07/12/2018	Socio-economic development plan of Cà Mau province year 2019	
54	249/2015/NQ-HDND 123/KH-UBND	10/12/2015 30/7/2018	Socio-economic development plan of Long An province in the 5 years of 2016-2020. Socio-economic development plan of Long An province years 2019.	
55	13/2018/NQ-HDND	07/12/2018	Socio-economic development plan of Bến Tre province year 2019.	
56	193/2018/NQ-HDND	06/12/2018	Socio-economic development plan of Đồng Tháp province year 2019.	

No.	Name/ document number	Issue date	Contents	Note
57	196/NQ-HDND	14/12/2018	Socio-economic development plan of Kiên Giang province year 2019.	
58	75/2018/NQ-HDND	07/12/2018	Socio-economic development plan of Trà Vinh province year 2019.	
59	144/NQ-HDND	13/12/2018	Socio-economic development plan of Vĩnh Long province year 2019	
60	10/2018/NQ-HDND	06/12/2018	Socio-economic development plan of Bạc Liêu province year 2019.	
61	21/NQ-HDND	07/12/2018	Socio-economic development plan of An Giang province year 2019.	
62	26/NQ-HDND	07/12/2018	Implement socio-economic, national defense-security tasks year 2018 and Direction of 2019 in Can Tho city.	
63	19/NQ-HDND	07/12/2018	Socio-economic development plan of Sóc Trăng province year 2019.	
64	13/2018/NQ-HDND	07/12/2018	Implement socio-economic development, national defense and security in 2018 and objectives, targets, solutions for socio-economic development, national defense and security in 2019.	
65	01/BB-UBND	30/05/2017	A Memorandum of Understanding on the Development and Implementation of the Joint sustainable development Project for Ca Mau Peninsula.	
<b>Planning, implementation plan for linking Mekong Delta of Ministries and branches</b>				
66	1291/QD-BNN-KH	10/4/2017	Action plan for linking agricultural and rural development in the Mekong Delta in the 2016-2020 period.	
67	2227/QD-TTg	18/11/2016	Master Plan for Tourism Development in the Mekong Delta until 2020, vision to 2030.	
68	2140/QD-TTg	08/11/2016	Approving water supply in the Mekong Delta until 2030 with a vision to 2050.	
69	816/QD-BNN-KH	07/03/2018	Action plan for implementing Resolution 120/NQ-CP dated 17/11/2017 of the Ministry of Agriculture and Rural Development.	
70	68/QD-TTg	15/01/2018	Adjustment of construction planning of the Mekong Delta until 2030 with a vision to 2050.	
71	1397/QD-TTg	25/09/2012	Irrigation planning in the the Mekong Delta for the period 2012-2020 and orientation to 2050.	
72	11/2012/QD-TTg	10/02/2012	Planning for transport development in the key economic region of the Mekong Delta until 2020, orientation to 2030.	
73	8054/QD-BCT	27/12/2012	Electricity planning in the Mekong Delta until 2020, orientation to 2020.	

ND-CP = Government Decree    BTC = Ministry of Finance    QD = Decision    QD-TTg = Decision by Prime Minister

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