

Financial Times  
Thai Press Reports

April 11, 2006 Tuesday

## **WORLD BANK, BRITAIN INVESTIGATE POSSIBLE FRAUD IN VIETNAM AID PROJECTS**

Section: Regional News - The World Bank and Britain will send a team of investigators to Vietnam next month to look into possible fraud in aid projects worth tens of millions of dollars. Alleged corruption has been uncovered within the Transportation Ministry's Project Management Unit.

The World Bank and the British government's Department for International Development financed about \$140 million of the projects' costs, which total more than \$2 billion.

The scandal forced Vietnam's transportation minister to resign this week; numerous other officials have been arrested. Now, the World Bank and DFID plan to **send investigators to Vietnam to find out which of their projects were affected.**

Head of DFID's Vietnam office, Bella Bird, says the investigators will look into both financial and construction irregularities.

**"They will be looking at the quality of the contracting process, looking for any evidence of misprocurement, and they will also be looking at the quality of the actual things that have been constructed,"** said Bird.

The Vietnamese media report that in roads built by Project Management Unit 18, **high-quality absorbent sand was replaced with low-quality sand, which made the roads vulnerable to erosion.** Two-point-eight-million dollars of government money vanished in those projects.

In other cases, **new bridges were found to be cracking and sinking.** Foreign donors worry that such practices are not confined to Project Management Unit 18.

The Vietnamese government says more than 700 Project Management Units are involved in aid projects. Pham Si Liem, vice chairman of Vietnam's construction association, says the problem is that no law governs how these units operate.

Liem says the Project Management Units function as both investors and contractors, making abuse easy. He calls it a backward management system that needs to be reformed.

But in a news conference, Vietnamese Foreign Ministry spokesman Le Dung says foreign donors have no reason to worry.

Le Dung says the Vietnamese government is reviewing all the legal documents related to the management of foreign development aid in Vietnam. He also says that Vietnam pursuing the PMU-18 case so strongly is a sign to donors that the country is determined to stamp out corruption.

"If the government does continue with this level of response, I think it will build confidence in the international community that the government is serious about tackling corruption," agreed DFID director Bird. "And it could be a turning point for the better for Vietnam." Corruption has been an increasing problem in Vietnam as the country has liberalized its economy and received increasing amounts of foreign aid and investment. But as in many countries where corruption is extensive, business people, aid agencies and donor governments are increasingly becoming frustrated with the losses caused by graft in Vietnam. - VOA