

Dien Bien's next agricultural push starts with \$54 Mn water investment

11 September 2026 | News

AFD financing will support an integrated water-management programme in Tuan Giao, aimed at strengthening water security, expanding irrigation, improving farm productivity and building climate resilience across Dien Bien province



Vietnam and France are putting water infrastructure at the centre of a broader agricultural and climate-resilience push in Dien Bien province, with a financing package worth nearly VND1.39 trillion (\$54 million) for an integrated water-resources management project in Tuan Giao district. The financing agreements were exchanged on September 10 at the Élysée Palace in Paris by Vietnamese Minister of Finance Ngo Van Tuan and French Development Agency (AFD) Director General Christophe Lecourtier, in the presence of Vietnamese Party General Secretary and State President To Lam and French President Emmanuel Macron.

The project, titled "Integrated Water Resources Management for Livelihoods, Climate Change Adaptation and Socioeconomic Development in Tuan Giao District, Dien Bien Province," is designed to address a problem that increasingly sits at the intersection of agriculture, infrastructure and climate policy: how to make limited water supplies more reliable while protecting rural economies from drought, erosion and flooding.

\$45 Million Loan Anchors Water Investment

The project will be financed through a \$45 million AFD loan, a \$1.7 million non-refundable grant from the Water and Natural Resources Management Fund, entrusted to AFD for management, and nearly \$12 million in counterpart funding. The AFD loan has an 18-year maturity, including a seven-year grace period. It is denominated in euros and carries an interest rate of six-month EURIBOR plus 0.97 per cent a year.

Dien Bien People's Committee is the project owner, with the provincial Department of Agriculture and Environment serving as the implementing agency. The project proposal was approved by the Vietnamese Government in August 2024, followed by provincial approval of the investment policy in December 2024 and formal project approval in June 2025.

Water Security Becomes an Agricultural Growth Lever

At its core, the project is intended to improve how water is stored, regulated, distributed and used across Tuan Giao. The programme will strengthen water-resource management, regulate supplies between river basins, address drought risks and reduce erosion and flooding. It will also develop connections between water-regulation networks across sub-regions, gradually completing local irrigation infrastructure and improving the operation and management of water resources.

The agricultural implications are significant. The project is expected to provide irrigation for 21,000 hectares of agricultural land, creating more reliable conditions for crop production while improving water availability during periods of climatic stress. It is also designed to support a shift towards higher-value, longer-term crops such as macadamia, potentially raising the economic value generated from local farmland and encouraging farmers to move beyond traditional cropping models.

That makes the investment more than an infrastructure project. By improving the reliability of water supplies, it seeks to create the conditions for farmers to make longer-term decisions about what they grow and how they invest in their land.

35,000 People to Gain Domestic Water Access

The benefits extend beyond agriculture. The project is expected to provide a stable domestic water supply for around 35,000 people, while reducing disaster risks associated with drought, flooding and erosion. Better-connected irrigation and water-regulation systems should also improve the province's ability to manage water across different sub-regions, rather than treating individual water systems as isolated assets. That integrated approach is increasingly important as climate variability places pressure on both agricultural production and rural infrastructure.

Climate Adaptation Built Into the Investment

The project also carries an environmental objective. By improving water management, rehabilitating degraded hills and strengthening environmental protection, the programme is expected to contribute to climate-change adaptation and greenhouse-gas emissions reduction in Tuan Giao and across Dien Bien province.

For a mountainous agricultural region, the underlying proposition is straightforward: stronger water infrastructure can reduce exposure to climate shocks while creating the foundation for more productive and higher-value farming. The Vietnam-France financing therefore places water at the centre of a wider rural-development strategy — linking irrigation, household water security, agricultural diversification and climate resilience in a single investment framework.