Asian Development Bank

Viet Nam Resident Mission

Ha Noi, 28 April 2010

Ms. Thinh Thi Hong
Director General
International Cooperation Department
State Bank of Viet Nam
47 - 49 Ly Thai To Street, Ha Noi
Fax: 38250612

Subject: TA 7516-VIE: Technical Assistance for Preparing Comprehensive Socioeconomic Urban Development Project – Viet Tri, Hung Yen and Dong Dang

Dear Ms Hong,

We are pleased to inform you that on 12 April 2010, the Asian Development Bank (the ADB) approved the provision of technical assistance (the Technical Assistance) to the Government of the Socialist Republic of Viet Nam (the Government), in an amount not exceeding the equivalent of US$1,200,000 for preparing the Comprehensive Socioeconomic Urban Development Project – Viet Tri, Hung Yen and Dong Dang. The Technical Assistance will be financed and carried out pursuant to (i) the Technical Assistance Framework Agreement between the Government and the ADB dated 1 May 1996 (the Framework Agreement), and (ii) the arrangements described in paragraphs 12 and Appendixes 5 of the Concept Paper attached hereto as Annex 1. As indicated in the Concept Paper, the Provincial People's Committees (PPCs) of Phu Tho, Hung Yen, and Lang Son will be the executing agency for the Technical Assistance.

The Technical Assistance will be provided entirely as a grant from the ADB's Special Fund.

If these arrangements are acceptable to you and the PPCs, kindly have all three copies of this letter countersigned on behalf of the Government and PPCs, in the spaces provided below. Please retain one copy each for your and PPCs' records, and return one original copy to ADB.

Mr James P. Lynch, Director, Transport and Urban Development Division, Southeast Asia Department, will henceforth be responsible for all matters pertaining to the implementation of the Technical Assistance. All communications on this matter may therefore be addressed to him.

Thank you for your continued cooperation.

Sincerely yours,

Ayumi Konishi
Country Director

Units 701-706, Sun Red River Building
23 Phan Chu Trinh St. Ha Noi, Viet Nam
www.adb.org/vietnam

Tel (844) 3933 1374
Fax (844) 3933 1373
adbvrm@adb.org

Confirmed:

On behalf of the Government

Name: NGUYEN VAN BINH

Designation: DEPUTY GOVERNOR

Date: AUGUST 10TH, 2010

PHÓ THỐNG ĐỐC

NGUYỄN VĂN BÌNH

On behalf of the Provincial People's Committee of Phu Tho

Name: NGUYEN NGOC HAI

Designation: VICE - CHAIRMAN

Date: JULY 5TH, 2010

NGUYEN NGOC HAI

On behalf of the Provincial People's Committee of Hung Yen

Name: DANG MINH NGOC

Designation: VICE - CHAIRMAN

Date: JULY 5TH, 2010

PHÓ CHỦ TỊCH

ĐẶNG MINH NGỌC

On behalf of the Provincial People's Committee of Lang Son

Name: NGUYEN VAN THANH

Designation: VICE CHAIRMAN

Date: July, 15th, 2010

PHÓ CHỦ TỊCH

Nguyễn Văn Thanh

Attachment: a/s

cc: Principal Counsel/OIC (A. Djusupbekova)
Assistant Controller, CTLA
Directors, SETU/COS2

ADB

Concept Paper

Project Number: 41462
March 2010

Socialist Republic of Viet Nam: Comprehensive Socioeconomic Urban Development Project – Viet Tri, Hung Yen and Dong Dang

Asian Development Bank

I. THE PROJECT

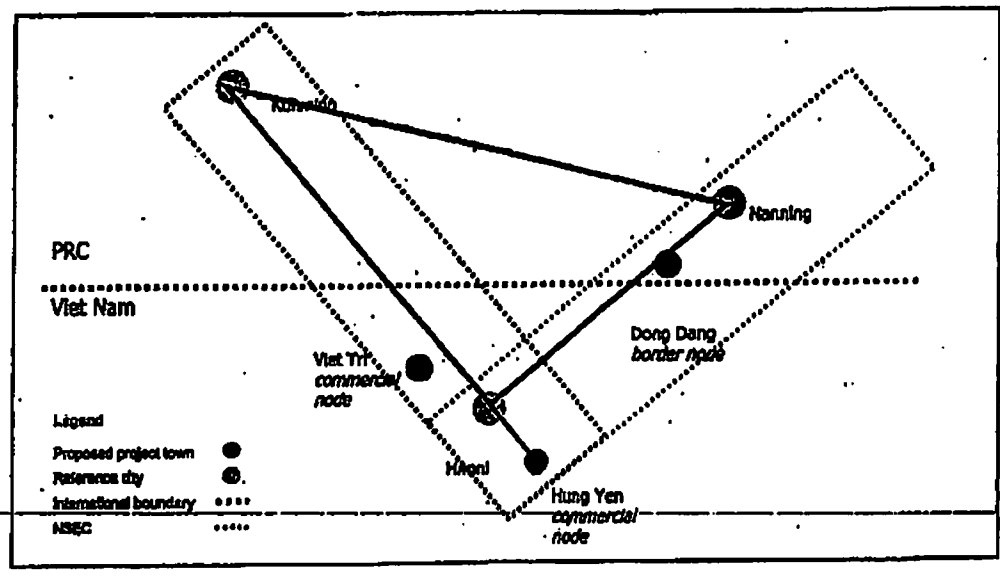
A. Rationale

1. The proposed Project will address critical urban development issues of Viet Tri, Hung Yen, and Dong Dang in northern Viet Nam along the North-South economic corridor (NSEC), in contributing to the transformation of the NSEC from transport corridor into full-fledged economic corridor and in complementing Hanoi as alternative growth centers.[1] The basic project information is provided in Appendix 1.

2. The NSEC which connects southeastern People's Republic of China (PRC) with the Greater Mekong Subregion (GMS) countries is a dynamic and rapidly developing area. In particular, the eastern branch of the NSEC, connecting Kunming (Yunnan Province, PRC) and Nanning (Guangxi Zhuang Autonomous Region, PRC) to Hanoi and northern Viet Nam, is experiencing rapid growth arising from foreign direct investments, cross-border trade, and flows of goods and people. In PRC, two ADB financed projects are being prepared along the NSEC.[2]

3. Three urban areas, Viet Tri (an industrial base located on the Noi Bai–Lao Cai expressway, Phu Tho Province), Hung Yen (a growth center shifting from agricultural base to light industry and services, Hung Yen Province), and Dong Dang (a border town at the Viet Nam–PRC border, Lang Son Province) were identified as the project cities. They are located along the NSEC outside Hanoi. Increased traffic and trade along the NSEC has resulted in tremendous development pressures on these urban areas. Basic urban infrastructure and municipal services are insufficient both in terms of meeting the existing demands and the demands that are expected to be induced by increased movements of goods and people. The lack of urban infrastructure and services as well as insufficient capability to plan for the future growth is a significant constraint to the local socioeconomic development. At the same time, such shortcomings hinder the transformation of the NSEC from transport corridor into full-fledged economic corridor which provides for the efficient flows of goods and people, resulting in the increased trade and private investment. A conceptual scheme of the spatial locations of the key cities is shown in Figure 1.

Figure 1: Conceptual spatial relationships among key cities



[1] A project preparatory technical assistance is required to prepare the proposed Project.
[2] The Guangxi Beibu Gulf Cities Development Project and the Guangxi Southwestern Cities Development Project.

4. The proposed Project is in line with the Viet Nam's Socio-Economic Development Plan 2006–2010 which envisions Viet Nam to become an industrialized country by 2020. In the Orientation Master Plan for Urban Development to 2020, the Government aims to develop model cities and divert rural migration away from the large cities through the development of secondary cities and strengthening of rural-urban linkages. The proposed Project will address the GMS strategy to transform transport corridors into full-fledged economic corridors as identified in ADB's Regional Cooperation Strategy and Program for GMS (2009-2011) and confirmed during the 15th Ministerial Meeting of the GMS Economic Cooperation Program and the GMS Development Dialogue. ADB's Country Strategy and Program (CSP) for Viet Nam 2007–2010 emphasizes the need to target infrastructure investments in small and medium-sized cities, particularly those along the GMS economic corridors. The Assessment, Strategy and Roadmap (ASR) for the urban development sector in Viet Nam that is expected to be completed by June 2010 will accord a priority on the integrated urban development approach in corridor towns.

5. Lessons learned from ADB's experience in the urban development sector include (i) reducing implementation delays by shortening procurement, strengthening the capacity and skills of project management units (PMUs), and reducing project start-up time; (ii) reducing the time for revising and finalizing designs and bidding documents; (iii) improving consultant quality; (iv) preparing more judicious covenants; (v) identifying and applying lessons; and (vi) strengthening risk analysis.[3] The proposed decentralized approach is expected to address the lessons (i) and (ii) through reduction of the Government's approval steps. Other lessons will be studied during project preparation and adequately incorporated in the project design.

B. Impact, Outcome, and Outputs

6. The problem tree and preliminary design and monitoring framework are provided in Appendix 2 and 3 respectively. The Project's expected impact will be to develop Viet Tri, Hung Yen, and Dong Dang to complement Hanoi as northern Viet Nam's economic centers and to contribute to the transformation of the NSEC from transport corridor to full-fledged economic corridor. The outcome of the Project will be improved urban infrastructure and municipal services in the project cities through investing in urban infrastructure construction and upgrading, and strengthening local governments' urban management capacities.

7. The Project will comprise five components: (i) urban roads and drainages, (ii) water supply and sanitation, (iii) solid waste management, (iv) border gate facilities, and (v) institutional capacity building. Although the details will be further determined during the project preparatory technical assistance (TA), some indicative subcomponents have been identified. The urban roads and drainages component will (i) construct roads to connect Noi Bai–Lao Cai expressway which is under construction with the city center and existing industrial zone in Viet Tri, (ii) construct roads and drainages in the newly developed urban areas in Viet Tri and Hung Yen, and (iii) improve existing roads and drainages in Hung Yen including those in old quarter that has an unique history as an old river port. The water supply and sanitation component and the solid waste management component will improve and/or expand the selected existing facilities in the project cities. The border gate facilities component will focus on the Huu Nghi border gate in Dong Dang which is located on the Hanoi–Lang Son expressway. The border gate facilities to be upgraded under the Project will include roads, parking lots, warehouses, and office buildings.[4] The institutional capacity building component will support increased efficiency and management capacity of the relevant local government agencies.

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[3] ADB. 2009. *Sector Assistance Program Evaluation – Viet Nam: Urban Services and Water Supply and Sanitation Sector.* Manila.

[4] Soft aspects of cross-border facilitation such as single-stop/single-window inspection, transit traffic regimes, and exchange of traffic rights, will be covered by the GMS Cross-Border Transport Agreement.

C. Investment and Financing Plans

8. The indicative project investment cost is estimated at $100 million. The Project was included in the ADB's CSP during the CSP midterm review conducted in December 2009 with the total loan amount of $90 million comprising (i) a loan of $20 million from ADB's ordinary capital resources and (ii) a loan of $70 million from ADB's Special Funds resources. The Government will allocate the counterpart funds of $10 million mainly to cover taxes and duties. The Korea Eximbank (KEXIM) expressed its interest in parallel cofinancing the Project with a loan amount between $10 and $50 million. The Government and ADB will further coordinate with KEXIM during the project preparation to identify a package suitable for KEXIM cofinancing. The tentative financing plan is provided in Table 1.

Table 1: Tentative Financing Plan

Source	Amount ($ million)	Share of Total (%)
Asian Development Bank	90.0	81.8–60.0
Cofinancier[a]	10.0–50.0	9.1–33.3
Government	10.0	9.1–6.7
Total	**110.0–150.0**	**100.0**

[a] Cofinancing from Korea Eximbank to be confirmed.
Source: Asian Development Bank estimates.

D. Indicative Implementation Arrangements

9. The Project will be implemented in a decentralized manner and the local governments will take primary responsibility for project preparation and implementation. The Provincial People's Committees (PPCs) of Phu Tho, Hung Yen, and Lang Son will be the Executing Agencies (EAs) or the Line Agencies (LAs) in Vietnamese term, responsible for preparation and implementation of the project activities in their respective cities. Project steering committees (PSCs) will be established in each province headed by the PPC vice chairman and comprising representatives of the relevant provincial and local government agencies. The PSCs will be responsible for project coordination and providing policy guidance. The City People's Committee (CPCs) of Viet Tri and Hung Yen, and the Lang Son PMU for Civil Construction Projects will be the Implementing Agencies (IAs) or the Project Owners (POs) in Vietnamese term. Phu Tho PPC and Viet Tri CPC will be the lead coordinators to liaise with the project cities and the concerned central government agencies. A PMU will be established under the respective IA or PO and will be properly staffed with full time staff and an English-speaking project coordinator. The PMUs will be responsible for coordinating detailed preparation and implementation of project activities.

II. DUE DILIGENCE REQUIRED

10. Due diligence required under the project preparatory TA will include (i) selection of the most suitable technology, equipment, and facilities considering the capacities of the local authorities to manage, operate, and maintain; (ii) assessment of economic and financial viability and sustainability for each of the infrastructure investment components; (iii) assessment of policy and legal, capacity, and other institutional issues and mechanisms related to the financial management, procurement, and anticorruption; (iv) conduct of a poverty, social, and gender analysis, and preparation of a poverty and social strategy, a gender action plan, and a participation strategy; and (v) review of impacts on environment, involuntary resettlement, and indigenous peoples. The initial poverty and social analysis is in Appendix 4.

III. PROCESSING PLAN

A. Risk Categorization

11. The proposed Project is categorized as *low risk* because (i) a loan amount will be $90 million (less than $200 million); (ii) ADB's previous experience in the urban development sector in Viet Nam has a sound record;[5] (iii) Phu Tho PPC, the lead coordinator, and Lang Son PPC have experiences in administering externally financed projects by ADB, the World Bank, and Japan International Cooperation Agency that will supplement the relatively weak capacity of Hung Yen PPC; and (iv) safeguard categorization is considered Category B for environment and involuntary resettlement, and Category C for indigenous peoples.

B. Resource Requirements

12. A project preparatory TA is required to (i) review and analyze the existing urban development plans, (ii) determine the feasibility of the proposed investments for infrastructure development and improvement, and (iii) prepare an institutional capacity building program. The TA will follow the Government's Decision 48/2008/QD-ttg on *Common General Guidelines on Feasibility Study Preparation for Official Development Assistance (ODA) Projects Funded by the Five Banks* issued on 4 March 2008. The outline of the TA requirements is provided in Appendix 5.

C. Processing Schedule

13. The major milestones up to loan effectiveness are listed in Table 2.

Table 2: Proposed Processing Schedule

Milestones	Expected Completion Date
(Project Preparatory TA Reconnaissance Mission)[a]	(9–13 November 2009)
(Project Preparatory TA Fact-Finding Mission)[a]	(27January–2 February 2010)
Peer Review (sector-focused and cross-departmental)	February–March 2010
Approval of Project Concept Paper	April 2010
Start of project preparatory TA	August 2010
TA Draft Final Report	February 2011
Loan Fact-finding Mission	March 2011
Peer Review	May 2011
Staff Review Meeting	June 2011
Loan Negotiations	July 2011
Board Considerations	August 2011
Loan Effectiveness	November 2011

[a] The mission was conducted under the former business procedures.
TA = technical assistance.
Source: Asian Development Bank

IV. KEY ISSUES

14. Key issue which the Project may face will be delays in project implementation particularly at the start-up stage. Capacity assessments will be required under the project preparatory TA to identify the areas that need to be strengthened under the institutional capacity building component. Resource allocation will be considered to help the EAs or LAs and IAs or POs engage project management consultants, review the feasibility studies, and prepare the detailed designs, to ensure the smooth start-up of the Project.

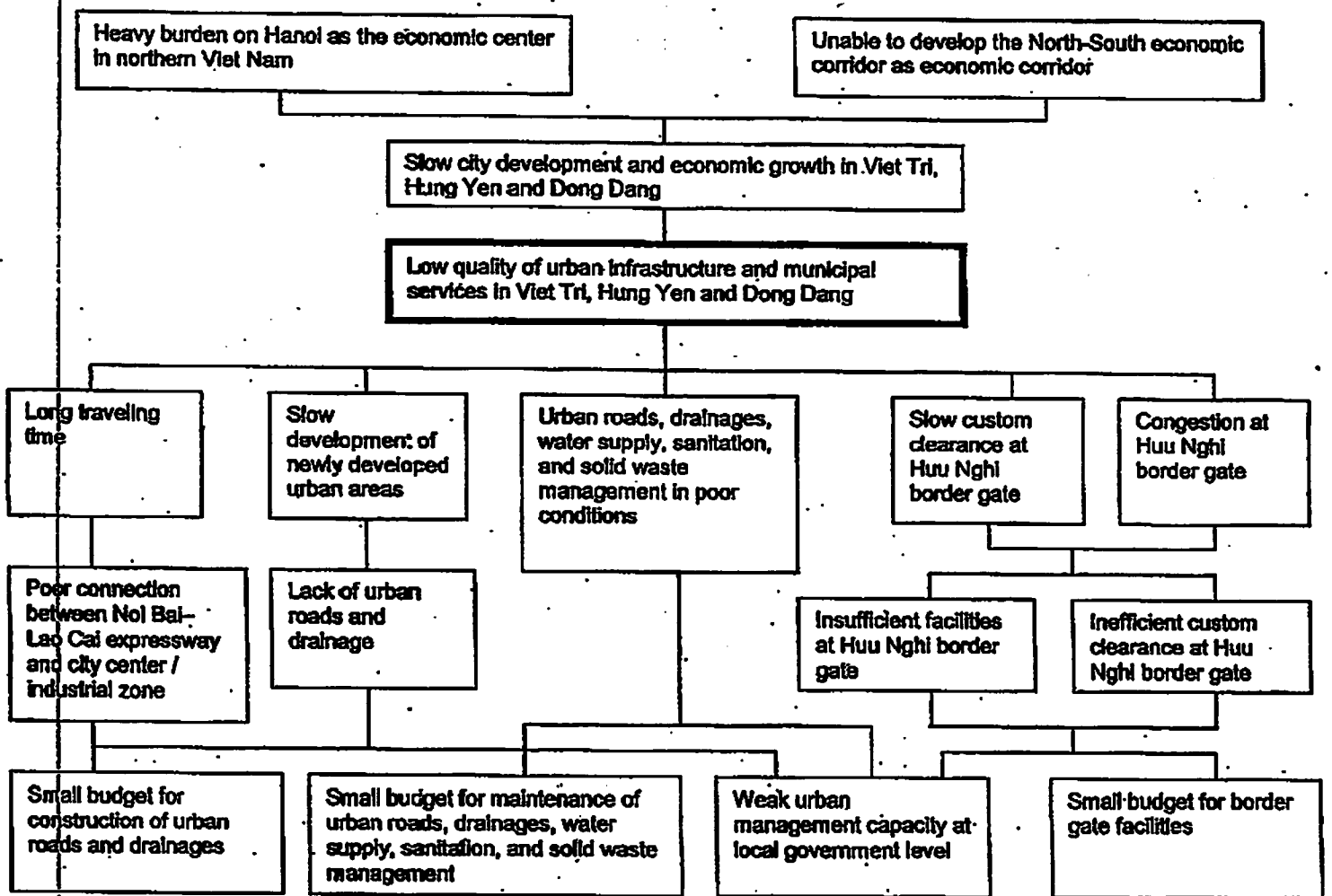
[5] The overall performance of the urban development and water supply and sanitation sector was rated "successful" in the Sector Assistance Program Evaluation for Viet Nam Urban Services and Water Supply and Sanitation Sector conducted in August 2009.

BASIC PROJECT INFORMATION

Aspects	Arrangements
Modality	Project loan
Financing	OCR: $20.0 million ADF: $70.0 million Parallel co-financing: $10.0–60.0 million from Korea Eximbank
COBP/RCOBP	ADB. 2008. Country Operations Business Plan: Viet Nam 2009-2011. Manila Initially the project preparatory TA title was "Comprehensive Development of Selected Cities – Viet Tri and Dong Ha". The project concept has been revised based on the geographical realignment to include Hung Yen and Dong Dang, while Dong Ha was absorbed in another project. Therefore the project title is now "Comprehensive Socioeconomic Urban Development Project: Viet Tri, Hung Yen and Dong Dang".
Classification	Sectors: Multisector, Water supply and other municipal infrastructure services, Public sector management Subsectors: transport and communications, water supply, sanitation, and waste management Themes: Economic growth, Environmental sustainability, Capacity development Subthemes: developing urban areas, human development, public governance Targeting classification: General intervention Location impact: Rural (medium), Urban (high), National (high), and Regional (high) Safeguards: Environment (Category B), Involuntary Resettlement (Category B), Indigenous Peoples (Category C)
Risk categorization	The Project is *low risk*.
Partnership(s)	Korea Eximbank
Use of a PBA	A PBA will not be used.
Parallel PIU	A parallel PIU will not be established.
Department and division	Southeast Asia Regional Department (SERD) Transport and Urban Development Division (SETU)
Mission leader and members	E. Honda M. Buendia, D.N. Hoang, S. Kawazu, A. Velasquez

ADB = Asian Development Bank, ADF = Asian Development Fund, COBP = country operations business plan, OCR = ordinary capital resources, PBA = programmatic based approach, PIU = project implementation unit, RCOBP = regional cooperation operations business plan, TA = technical assistance.

PROBLEM TREE



PRELIMINARY DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Viet Tri, Hung Yen, and Dong Dang become economic centers which complements Hanoi in northern Viet Nam.	Attract additional private investments and trade.	Government statistics, decrees, reports.	**Assumptions** • Full Government, Peoples' Committees, and beneficiary commitment and support to the Project. **Risks** • Occurrence of adverse external economic events.
Outcome Urban infrastructure and municipal services in Viet Tri, Hung Yen, and Dong Dang are developed and operates efficiently,	By 2016 Travel time for each of the newly constructed road sections in Viet Tri and Hung Yen reduced from XX minutes to XX minutes. Number of population served by improved/ expanded water supply and sanitation in Viet Tri, Hung Yen, and Dong Dang increased from XX to XX. Number of population served by improved/ expanded solid waste management in Viet Tri, Hung Yen, and Dong Dang increased from XX to XX. Time required for custom clearance at the Huu Nghi border gate reduced from XX hours to XX hours.	City Annual Report. City Annual Report. City Annual Report. City Annual Report.	**Assumptions** • Project facilities properly operated and maintained. **Risks** • Project facilities damaged by natural disasters such as typhoon and flooding.
Outputs 1. Urban roads and drainages are constructed/	By 2016 XX km of roads connecting Noi Bai–Lao Cai expressway with the	Project implementation plan and reports prepared by PMUs/ IAs	**Assumptions** • KEXIM cofinances the Project.

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
Improved.	city center and existing industrial zone constructed in Viet Tri. XX km of roads and drainages in the newly developed urban areas constructed in Viet Tri and Hung Yen. XX km of existing urban roads and drainages improved in Hung Yen.	or POs.	**Risks** • High turnover of PMU staff. • Unforeseen difficult construction conditions.
2. Existing water supply and sanitation facilities are improved.	XX km of existing water supply distribution lines and XX sanitation facilities are upgraded/ expanded in Viet Tri, Hung Yen, and Dong Dang.	Project implementation plan and reports prepared by PMUs/ IAs or POs.	
3. Existing solid waste management facilities are improved.	XX existing solid waste management facilities improved/ expanded in Viet Tri, Hung Yen, and Dong Dang.	Project implementation plan and reports prepared by PMUs/ IAs or POs.	
4. Huu Nghi border gate facilities in Dong Dang are upgraded.	XX km of roads, XX parking lots, XX warehouses, and XX office buildings constructed.	Project implementation plan and reports prepared by PMUs/ IAs or POs.	
5. Efficiency and management capacity of IAs or POs are strengthened.	XX staff of the IAs or POs in project cities acquire appropriate level of knowledge on financial management and operation and maintenance of the project facilities.	Project implementation plan and reports prepared by PMUs/ IAs or POs.	
Activities with Milestones 1.1 Complete detailed design by 2012. 1.2 Complete land acquisition and resettlement by 2013. 1.3 Conduct prequalification and bidding by 2013. 1.4 Sign contracts by 2013. 1.5 Construct/ improve urban roads and drainages by 2016. 2.1 Complete detailed design by 2012. 2.2 Complete land acquisition and resettlement by 2013. 2.3 Conduct prequalification and bidding by 2013.			**Inputs** **ADB: $90 million** **$20 million OCR** **$70 million ADF** **Government: $10 million** **Cofinancing: KEXIM $10million--$50**

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
2.4 Sign contracts by 2013. 2.5 Improve water supply and sanitation facilities by 2016. 3.1 Complete detailed design by 2012. 3.2 Complete land acquisition and resettlement by 2013. 3.3 Conduct prequalification and bidding by 2013. 3.4 Sign contracts by 2013. 3.5 Improve solid waste facilities by 2016. 4.1 Complete detailed design by 2012. 4.2 Complete land acquisition and resettlement by 2013. 4.3 Conduct prequalification and bidding by 2013. 4.4 Sign contracts by 2013. 4.5 Upgrade border facilities by 2016. 5.1 Review and update the financial management and institutional capacity assessments by 2012. 5.2 Prepare guidelines/ manuals for financial management and operation and maintenance by 2013. 5.3 Develop training materials and programs on financial management and operation and maintenance by 2013. 5.4 Conduct training for the IAs or POs by 2016.			million (to be confirmed)

ADB = Asian Development Bank; ADF = Asian Development Bank's Special Funds resources; IA = implementing agency; KEXIM = Korea Eximbank; OCR = ordinary capital resources; PO = Project Owner.
Source: Asian Development Bank

James P. Lynch
Director, SETU

Kunio Senga
Director General, SERD

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	VIE: COMPREHENSIVE SOCIOECONOMIC URBAN DEVELOPMENT PROJECT: VIET TRI, HUNG YEN AND DONG DANG
Lending/Financing Modality:	Project
Department/ Division:	SERD/SETU

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

1. Based on the country poverty assessment, the country partnership strategy and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

Viet Nam's rapid economic growth has been impressive, averaging 7% per year for the past 8 years. In parallel, urban poverty has been reduced from 25.1% in 1993 to 13.7% in 2004. However the effects have not been even, whereby most of the returns have accrued to the major metropolitan areas of Hanoi and Ho Chi Minh City, which are increasingly becoming congested. To enable balanced development, the Government is increasingly relying on secondary city development to accelerate economic growth, modernize technical and social infrastructure to attract investment and improve living standards, reduce gaps in development and living standards between urban and rural areas, and ensure sustainable urban development, which is reflected in its Socio-Economic Development Plan 2006–2010 and Orientation Plan for Urban Development to 2020.

As the focus on developing priority transport corridors to promote trade, tourism, and investments in the subregion is now shifting to the development of full-fledged economic corridors to promote broader, economic development and added investments, towns and nodes along these corridors will assume increasingly important roles. ADB's country partnership strategy for the urban sector emphasizes targeted infrastructure investments in small and medium cities along economic corridors, thereby diverting mass migration from the large cities, in particular, Hanoi and Ho Chi Minh City. The comprehensive socioeconomic urban development approach will systematically identify the strategic economic development planning as well as infrastructure and capacity building needs to ensure economic growth, inclusive social development, and environmental sustainability to alleviate poverty in the project cities.

B. Targeting Classification

1. Select the targeting classification of the project:

☒ General Intervention ☐ Individual or Household (TI-H)
☐ Geographic (TI-G) ☐ Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification

The proposed Project will generally improve the living conditions especially public health condition of those who live in the project cities by providing new/ upgraded urban infrastructure and municipal services. Improved urban infrastructure and services will also increase economic opportunities for people live in the project cities, leading to poverty reduction.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

Not applicable.

2. What resources are allocated in the PPTA/due diligence? Sufficient resources will be allocated to ensure due diligence:

Social development/gender specialist (international, 1.5 person months), resettlement specialist (international, 2 person-months), social development specialist (national, 3 person-months), community development specialist (national, 3 person-months, national), and resettlement specialist (national, 4 person months, national).

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

The proposed Project will increase access to affordable urban services through infrastructure investments and capacity building. During project preparation, it will be determined if project investments in specific spatial areas within the target zone would particularly contribute to the well-being of poor and socially excluded groups bearing in mind that the Project may reinforce existing social inequalities by strengthening the relatively affluent areas, whilst overlooking the poor areas. The consultations with the stakeholders will also be conducted to identify the spatial composition and social boundaries of the target areas.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

The potential beneficiaries are the residents, people's committees, and business communities in the three project cities. They stand to benefit from infrastructure investments and capacity building programs.

2. What are the potential needs of beneficiaries in relation to the proposed project?

The needs of beneficiaries relate to accessible, affordable, and reliable urban services, improved productivity, and increased employment opportunities.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

Potential constraints include lack of effective formal and informal mechanisms to enable poor and marginalized groups to access the proposed benefits and services. During project preparation, assessment of social risks and effectiveness of governance institutions will be conducted to formulate mitigation measures to address the constraints.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

People's Committees, communities, and business community. Other stakeholders that will be consulted during the early stages of the TA include: (i) women's unions, (ii) civil society organizations, and (iii) development partners.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Participatory and stakeholder workshops will be conducted during the initial stages of project design to gauge beneficiaries' understanding and expectations. This will be followed up by public consultations.

3. What level of participation is envisaged for project design?
☐ Information sharing ☒ Consultation ☐ Collaborative decision making ☐ Empowerment

4. Will a C&P plan be prepared? ☒ Yes ☐ No Please explain.

The C&P is considered an important tool to enable voice and participation, and ultimately, ownership of the project by beneficiaries.

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?

The need to ensure women's participation in project design and implementation.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? ☒ Yes ☐ No Please explain.

A gender action plan will be prepared under the TA.

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?
☐ Yes ☒ No Please explain

Project facilities constructed or improved under the Project are expected to benefit equally for men and women.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	There will be land acquisition in association with civil works for infrastructure construction and upgrading. This will affect some paddy lands and about 10 households	The type of investments may fall under Category B. Lands to be acquired will be mostly agriculture lands. Affected people have already been informed about the Project. The potential resettlement impacts will be further determined during the TA.	☒ Full Plan ☐ Short Plan ☐ Resettlement Framework ☐ No Action ☐ Uncertain
Indigenous Peoples	The majority of the population is of Kinh ethnicity.	The type of investments may fall under Category C. Further survey will be conducted to determine the potential impacts on indigenous peoples.	☐ Plan ☐ Other Action ☐ Indigenous Peoples Framework ☒ No Action ☐ Uncertain
Labor ☐ Employment Opportunities ☐ Labor Retrenchment ☐ Core Labor Standards	The Project must ensure that opportunities to work be given to project-affected people, possibly for construction works.	In designing civil works for infrastructure upgrading, steps will need to be taken to ensure that core labor standard requirements, protection against child labor, and prevention of discrimination against women will be adequately addressed.	☐ Plan ☐ Other Action ☒ No Action ☐ Uncertain
Affordability	Not yet known.	A survey will be conducted to review willingness to pay, ability to pay, and cost-sharing mechanisms.	☐ Action ☐ No Action ☒ Uncertain
Other Risks and/or Vulnerabilities ☐ HIV/AIDS ☐ Human Trafficking ☐ Others (conflict, political instability, etc.), please specify	Not yet known.	Further investigation on other risks will be conducted under the TA.	☐ Plan ☐ Other Action ☐ No action ☒ Uncertain

IV. PROJECT PREPARATORY TECHNICAL ASSISTANCE/DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? ☒ Yes ☐ No If no, please explain why.

2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social, and/or gender analysis, and C&P during the PPTA/due diligence? ☒ Yes ☐ No If no, please explain why.

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government has identified the priority areas to be covered under the ensuing loan Project and prepared outline technical studies for the proposed subprojects. It is required to conduct a project preparatory technical assistance (TA) to review these studies and develop a Project suitable for ADB funding in terms of technical, financial, economic, institutional, sector policy, legal, and safeguard contexts, in conjunction with the country partnership strategy (CPS), operational experience, and lessons from evaluations of previous projects.

B. Major Outputs and Activities

2. The TA will (i) review and analyze long- and medium-term urban development plans for Viet Tri, Hung Yen, and Dong Dang; (ii) determine the feasibility of the proposed investments for infrastructure construction and improvement covering (a) preliminary engineering designs, (b) cost estimates and financing plan, (c) financial and economic viability and sustainability, (d) environmental and social soundness, and (e) detailed implementation arrangements; and (iii) prepare an institutional capacity building program. The TA will also prepare the project administration manual (PAM) that includes all the information and schedules describing project implementation. The major outputs and activities of the TA are summarized in Table A5.1.

Table A5.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
1. Preparatory activities	September 2010	Inception report	September 2010
1.1 Conduct stakeholder consultations			
1.2 Establish TA methodology			
1.3 Develop work program			
2. Sector analysis	November 2010	Interim report	November 2010
2.1 Review the Government's urban development plans and prepare recommendations for improvements			
2.2 Conduct socioeconomic surveys and prepare baseline data			
2.3 Conduct SWOT analysis			
2.4 Refine Project rationale			
3. Feasibility assessment	February 2011	Draft final report	February 2011
3.1 Prepare preliminary engineering designs			
3.2 Prepare cost estimates and financing plan			
3.3 Assess economic and financial viability and sustainability		Final report	May 2011
3.4 Assess environmental and social soundness, and prepare IEEs and RPs			
3.5 Develop detailed implementation arrangements			
4. Institutional capacity building	February 2011	Draft final report	February 2011
4.1 Identify key stakeholders			
4.2 Assess institutional capacity constraints			
4.3 Develop institutional capacity building plan		Final report	May 2011
4.4 Prepare PAM			

IEE = initial environmental examination; PAM = project administration manual; RP = resettlement plan; SWOT = strengths, weaknesses, opportunities, and threats; TA = technical assistance.
Source: Asian Development Bank

C. Cost Estimate and Proposed Financing Arrangement

3. The TA is estimated to cost $1.5 million equivalent, of which $1.2 million equivalent will be

financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-IV). The Government will finance the remaining $300,000 equivalent. The Government was advised that approval of the TA does not commit ADB to finance any ensuing project. The detailed cost estimate is presented in Table A5.2.

Table A5.2: Cost Estimates and Financing Plan
($'000)

Item			Total Cost
A.	ADB Financing[a]		
	1.	Consultants	
		a. Remuneration and per diem	
		i. International consultants (26 person-months)	728.0
		ii. National consultants (48 person-months)	120.0
		b. International and local travel	80.0
		c. Reports and communications	20.0
	2.	Equipment (computer, printer, etc.)[b]	24.0
	3.	Workshops, training, seminars, and conferences[c]	
		a. Facilitators	16.0
		b. Training program	16.0
	4.	Surveys	30.0
	5.	Miscellaneous administration and support costs[d]	40.0
	6.	Representative for contract negotiations[e]	6.0
	7.	Contingencies	120.0
		Subtotal (A)	1,200.0
B.	Government Financing		
	1.	Office accommodation and transport	170.0
	2.	Remuneration and per diem of counterpart staff	100.0
	3.	Contingencies	30.0
		Subtotal (B)	300.0
		Total	1,500.0

[a] Financed by the Asian Development Bank's Technical Assistance Special Fund.

[b] Equipment

Type	Quantity	Cost
2 desktop computers with software, 2 laptop computers with software, 1 laser color printer, 1 photocopying machines, and 2 sets of office furniture (1 meeting table with 8 chairs, 4 work tables and chairs, 4 filing cabinets). One set each for Viet Tri, Hung Yen, and Dong Dang.	3 sets @$8,000	$24,000

[c] Workshops, training, seminars, and conferences

Purpose	Venue
Inception, interim, and draft final workshop	Hanoi

[d] Miscellaneous administration and support costs

Include $24,000 to lease vehicles	
Consultants use for fieldwork and liaison purpose	Expected length of use: 8 months

[e] In accordance with the project administration instructions on recruiting consulting firms for TA assignments, the user division, in consultation with COSO, will decide on the mode of negotiation. Negotiations are usually conducted by correspondence when the assignment budgets are equal to or less than $600,000. ADB. Recruiting Consulting Firms for Technical Assistance Assignments. *Project Administration Instructions.* PAI 2.02D. Manila

Source: Asian Development Bank

D. Consulting Services

4. All consultants will be engaged through firm(s). The TA will require 9 positions and 26 person-months (pm) of international consulting services, and 12 positions and 48 pm of national consulting services. ADB will select and engage consultants in accordance with ADB's *Guidelines on Use of*

Consultants and other arrangements satisfactory to ADB for the selection and engagement of domestic consultants. The quality- and cost-based selection method, using full technical proposal procedures, will be followed.

Table A5.3: Summary of Consulting Services Requirement

International Name of Positions	Person-months	National Name of Positions	Person-months
Urban development specialist/Team leader	7	Civil engineer/Deputy team leader	7
Municipal engineer/Civil engineer	3	Urban development specialist	4
Municipal finance specialist	3	Civil engineer	5
Institutional development specialist	3	Finance specialist	4
Economist	3	Institutional development specialist	4
Social development/gender specialist	1.5	Capacity building specialist	3
Resettlement specialist	2	Economist	4
Environment specialist	2	Social development specialist	3
Procurement specialist	1.5	Community development Specialist	3
		Resettlement specialist	4
		Environment specialist	4
		Procurement specialist	3

Source: Asian Development Bank

5. The outline terms of reference for the TA consultants are described in paras. 6–15.

6. The team leader will (i) assist in the overall organization of the TA; (ii) guide, supervise, and coordinate the work of all team members; and (iii) take overall responsibility for preparing reports and consolidating reports prepared by all team members. The deputy team leader will assist the team leader to accomplish tasks.

7. The international and national urban development specialists will (i) review existing urban development policies, plans, reports, standards, and studies; (ii) assess future development needs; and (iii) prepare recommendations for improvements.

8. The international urban development specialist, international municipal engineer/civil engineer, and national civil engineers will (i) consult key stakeholders to identify major issues and bottlenecks to urban service delivery; (ii) confirm the priority areas and finalize the infrastructure investment subprojects; (iii) collect and analyze information on urban infrastructure and civil works; (iv) prepare preliminary engineering design and cost estimates; and (v) prepare an operation and maintenance plan.

9. The international municipal finance specialist and national finance specialist will (i) conduct financial management assessment and recommend measures to strengthen financial management capacities; (ii) prepare a project financing plan, and design the funds flow and disbursement mechanism; (iii) propose auditor arrangements; and (iv) prepare a financial analysis for each subproject.

10. The international and national economists will (i) conduct socioeconomic surveys and prepare baseline data, (ii) SWOT analysis, (iii) refine the project rationale, and (iv) prepare economic analyses for individual project components as well as the Project as a whole following ADB's guidelines.

11. The international and national procurement specialists will (i) conduct the procurement capacity assessment; (ii) prepare a procurement plan; and (iii) identify specific advance actions with funding sources, time frame, and responsibilities.

12. The international and national environment specialists will (i) collect data on environmental

conditions, (ii) assess the environmental impacts of the infrastructure works, and (iii) prepare an initial environmental examination (IEE).

13. The international and national resettlement specialists will (i) prepare resettlement plans (RPs); (ii) help the Government initiate a participatory process for RP preparation; and (iii) assess the capacity of the responsible institutions to plan, update, and implement RPs, and propose training programs.

14. The international and national institutional development specialists and the national capacity building specialist will (i) identify policy, institutional, and human resource bottlenecks for urban management; (ii) assess the managerial, technical, and administrative capacities; (iii) review existing training programs; (iv) prepare an institutional analysis, and (v) develop capacity development programs.

15. The international social development/gender specialist, national social development specialist, national and community development specialist will (i) help conduct socioeconomic surveys, (ii) review the Government policies and strategies for poverty reduction and gender development, (iii) conduct a public perception survey to identify public problems and development priorities, (iv) conduct a poverty and social analysis, (v) prepare a poverty and social strategy, (vi) prepare a gender action plan, and (vii) prepare a participatory strategy.

E. Implementation Arrangements

16. The Provincial People's Committees (PPCs) of Phu Tho, Hung Yen, and Lang Son will be the Executing Agencies (EAs) or Line Agencies (LAs) in Vietnamese term while City People's Committees (CPCs) of Viet Tri and Hung Yen, and the Lang Son Project Management Unit (PMU) for Civil Construction Projects will be the Implementing Agencies (IAs) or Project Owners (POs) in Vietnamese term. Phu Tho PPC and Viet Tri CPC will be the lead coordinator to liaise with the project cities and the concerned central government agencies. The TA consultants will be based in Viet Tri, and Phu Tho PPC and Viet Tri PPC, as lead coordinator, will provide an office accommodation. When the consultants work in Hung Yen and Dong Dang, the relevant IAs or POs will provide office space for them to work together with the project city counterparts. PMUs will be established under the respective IAs or POs. The Government will also provide qualified counterpart staff, office administrative support services and logistics, and necessary data and reports.

17. Disbursements under the TA will be done in accordance with the ADB's *Technical Assistance Disbursement Handbook (January 2008, amended from time to time)*. The consultants may procure equipment through shopping in accordance with ADB's *Procurement Guidelines*. Upon completion of the TA, equipment procured under the TA will be transferred to the IAs or POs.

18. The proposed PPTA processing and implementation schedule is listed in Table A5.4.

Table 5.4: Proposed Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
TA commencement	August 2010
Inception report	September 2010
Interim report	November 2010
Draft final report	February 2011
Final report	May 2011
Financial closure	August 2011

Source: Asian Development Bank