



# Technical Assistance Report

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Project Number: 48122-001  
Regional—Capacity Development Technical Assistance (R-CDTA)  
November 2015

## Greater Mekong Subregion: Capacity Development for Economic Zones in Border Areas (Cofinanced by the People's Republic of China Regional Cooperation and Poverty Reduction Fund)

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
BEZ	–	border economic zone
CBEZ	–	cross-border economic zone
CTDP	–	corridor towns development project
GMS	–	Greater Mekong Subregion
PRC	–	People's Republic of China
SLEDP	–	strategic local economic development plans
SSCP	–	section-specific concept plan
TA	–	technical assistance

## NOTE

In this report, "\$" refers to US dollars.

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## CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 48122-001</b>	
<b>Project Name</b>	Greater Mekong Subregion: Capacity Development for Economic Zones in Border Areas	<b>Department /Division</b>	SERD/SEUW
<b>Country</b>	REG, CAM, PRC, LAO, MYA, THA, VIE	<b>Executing Agency</b>	Asian Development Bank
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>Financing (\$ million)</b>	
✓ Water and other urban infrastructure and services	Urban policy, institutional and capacity development		0.90
		<b>Total</b>	<b>0.90</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Global and regional transboundary environmental concerns		
Regional integration (RCI)	Pillar 1: Cross-border infrastructure Pillar 4: Other regional public goods		
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional development	Some gender elements (SGE)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
Partnerships (PAR)	Bilateral institutions (not client government) Official cofinancing		
Private sector development (PSD)	Conducive policy and institutional environment		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Regional	High
<b>6. TA Category:</b>	A		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.50</b>	
Capacity development technical assistance: Technical Assistance Special Fund		0.50	
<b>Cofinancing</b>		<b>0.40</b>	
Regional Coop. & Poverty Reduction Fund		0.40	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>0.90</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems	No		
Use of country public financial management systems	No		





## I. INTRODUCTION

1. Economic and infrastructural integration in border areas is critical to development of regional corridors. Hence, economic zones in border areas are one possible vehicle for targeting urban infrastructure development, attracting investments, and enhancing cooperation in border areas and beyond. The Greater Mekong Subregion (GMS) Strategic Framework, 2012–2022 focuses on widening and deepening the GMS economic corridors, strengthening capacity of local governments, and business planning and research analysis about transforming transport corridors into economic corridors. The technical assistance (TA) will improve the capacities of GMS border towns in the development and management of economic zones in border areas. These are towns close to the boundary between two countries. It will strengthen the capacity of institutions working in the border areas ahead of the fourth corridor towns development project (CTDP) in 2018, while contributing to GMS initiatives in various sectors (e.g., human resource development). The TA paper was agreed to at the Fourth Meeting of the GMS Task Force on Urban Development in Nay Pyi Taw from 18 to 19 August 2015. The TA is prioritized in the GMS Urban Development Strategic Framework, 2015–2022. It is included in the Asian Development Bank (ADB) Regional Cooperation and Integration Pipeline for Southeast Asia, 2015–2017 and the Regional Investment Framework Implementation Plan, 2014–2018.<sup>1</sup> The design and monitoring framework is in Appendix 1.<sup>2</sup>

## II. ISSUES

2. Border areas offer opportunities for bilateral cooperation, gross domestic product growth, and job creation. They are populous, rapidly developing, and often well demarcated. They are connected by modern transport infrastructure and have the potential of becoming growth centers for strengthened rural–urban linkages. Some border areas have economic and political systems as well as cultures and languages similar with their neighboring borders, which are conducive to the development of working relationships across borders. Border points along a transport corridor have the potential of linking markets and industrial centers while also facilitating trade and development to the economic hubs that anchor the transport corridors.<sup>3</sup>

3. Economic zones at the border, supported by preferential policies, can harness comparative advantage, strengthen industrial links, and generate spillover effects (e.g., economic benefits of increased trade) between two countries sharing a common border. They can play an important role in economic integration by (i) lowering the transaction costs resulting from border effects, (ii) addressing insufficient supply of transborder public goods, (iii) providing a platform for local firms to enter into regional or global supply chains, and (iv) reducing the inefficiencies in providing reliable industrial infrastructure and urban services that enhance the livability and quality of life of residents and workers in border areas. Joint management of industrial and urban services at the border are another potential area where collective efforts might improve the delivery of services, and environmental management in border areas.

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<sup>1</sup> GMS Cooperation Program, Fifth GMS Summit. 2014. *Greater Mekong Subregion (GMS) Regional Investment Framework Implementation Plan, 2014–2018*. Manila; Asian Development Bank (ADB). 2015. *GMS Urban Development Strategic Framework, 2015–2022*. Manila; ADB. 2015. *Regional Cooperation and Integration Pipeline for Southeast Asia, 2015–2017*. Manila; ADB. 2011. *The GMS Economic Cooperation Program Strategic Framework, 2012–2022*. Manila.

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 24 July 2015. ADB will not undertake any activities until a no-objection in writing is obtained from the relevant developing member countries.

<sup>3</sup> P. Srivastava. 2011. Regional Corridors Development in Regional Cooperation. *ADB Economics Working Paper Series*. No. 258. Manila: ADB; D. Li and E. Daly. 2014. Stimulating Border Economic Transformation. Presentation for the Central Asia Regional Economic Cooperation–Indonesia–Malaysia–Thailand Growth Triangle Workshop on Economic Corridor Development: Lessons from Practice. Kuala Lumpur. 8–9.



4. Past studies have shown that border crossings are the weakest link in realizing the full potential of economic corridor development.<sup>4</sup> These studies reached the following conclusions:

- (i) while transport networks help to improve infrastructure connectivity, delays and costs are incurred at the border due to a lack of cross-border infrastructure and poor logistics. Physical infrastructure at border points is often substandard and lacks coordinated urban planning and development, modern information, communication and technology, and logistics infrastructure;
- (ii) environmental protection and biodiversity conservation in border areas is important, as watershed and catchment areas have no political or state boundaries. It is difficult to identify the source of damage, and the party responsible for remedial measures;
- (iii) geographical and sociopolitical nature of border areas further accentuate difficulties at the border, as they may be located in mountainous areas and populated by ethnic minorities. Military presence and socio-ethnic conflicts also may be the norm where the borders are contested. Such instability discourages traders and investors due to high cost of trade, time, and inefficiency; and
- (iv) unsafe migration practices, weak communicable disease control, and lack of human resources are additional risks facing border communities.

5. Defining and establishing cross-border economic zones (CBEZs) in the GMS is a challenge, as they span across two or more national boundaries and require collective efforts of countries involved.<sup>5</sup> Countries are often concerned with sovereignty issues and the legal and practical difficulties of reaching agreement to enable operations in CBEZs (e.g., harmonizing policies and legislation). Another issue is the notion of shared interests; while participating countries should perceive mutual and reciprocal benefits as a basis for shared interests to materialize, the benefits of a CBEZ are often lopsided and inequitably distributed.<sup>6</sup> Other challenges include insufficient infrastructure, low levels of foreign direct investment, weak legal and institutional frameworks and arrangements, and inadequate enabling policies.

6. A border economic zone (BEZ) differs from a CBEZ as it is confined within a single national territory but still requires collaboration across borders. The preferred model of economic zone development in the GMS is unknown and will vary; however, it should be based on two types of agglomeration economies (localization and urbanization) where production is facilitated by a clustering of economic activity sufficient to form and grow a city. Studies on economic zones in the GMS have drawn on various success factors for border economic collaboration similar to those used in a Indonesia–Malaysia–Thailand Growth Triangle study.<sup>7</sup> These factors can help determine the nature of economic zone development and levels of intervention (Supplementary Appendix A). A technical note on special economic zones in the GMS found that a change in focus is necessary from traditional reliance on fiscal incentives and

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<sup>4</sup> R. Banomyong. 2008. Logistics Development in the Greater Mekong Subregion: A Study of the North–South Economic Corridor. *Journal of Greater Mekong Subregion Development Studies*. 4 (December). pp. 43–58; D. Lalkaka et al. 2011. *Cross-Border Economic Zone Road Map*. Consultant’s report. Manila; R.L. Wallack et al., 2011. Institutional Development and Capacity Building. Consultant’s report. Manila; A. Aggarwal. 2011. The Strategic Importance of Border Economic Zones in Developing GMS Economic Corridors: Background Paper. The Phnom Penh Plan for Development Management 7th GMS Development Dialogue.

<sup>5</sup> ADB. 2011. The Strategic Importance of Border Economic Zones in the Development of the GMS Economic Corridors. Summary of proceedings of the Phnom Penh Plan for Development Management, 7th GMS Development Dialogue.

<sup>6</sup> Z. Wang. 2011. *Cross Border Economic Zones: A Strategy for Economic Corridor Development*. Paper prepared for the Phnom Penh Plan for Development Management, 7th GMS Development Dialogue.

<sup>7</sup> Footnote 4 for D. Lalkaka et al. 2011 and R.L. Wallack et al, 2011. M. Lord et al. 2014. Scoping Study for the Special Border Economic Zone in the Indonesia–Malaysia–Thailand Growth Triangle. Consultant’s report. Manila; G. Aboni et al. 2013. Scoping Study on Developing Border Economic Areas and Cross-Border Linkages between Thailand and its Neighbors. Consultant’s report. Manila. Supplementary Appendix A outlines these success factors.

wage restraint, to facilitating a more effective business environment to foster competitiveness, local economic integration, innovation, and social and environmental sustainability.<sup>8</sup>

7. Economic zone development at the border requires effective urban, economic, and social planning; environmental protection; and governance mechanisms for implementing policies, especially those related to human resources, labor movements, and standards. Section-specific concept plans (SSCPs) were prepared for parts of the GMS economic corridors, and strategic local economic development plans (SLEDPs) were prepared for towns in the GMS CTDPs. Both link local spatial plans and socioeconomic development plans with national economic strategies and urban trends for a section of a corridor or town. A joint border action plan will build on these plans to provide a basis for further collaboration between the countries at the borders by highlighting (i) the comparative advantage of a location, (ii) the socioeconomic dimensions of border area investment, (iii) perceived returns, and (iv) priority infrastructure development to support forecasted economic growth in the area.<sup>9</sup> It will help to improve operational and financial efficiency of urban services at the border, where services are often managed by a special committee.<sup>10</sup> It would be linked to other GMS sector initiatives.

8. Linking action plans to investment is essential in translating any concept into action. Investments under the first and second GMS CTDPs have focused on urban development infrastructure in towns along the corridors. The third CTDP focuses on the role of city clusters in enhancing a country's competitive advantage in its border area. The TA will provide a way forward for the fourth GMS CTDP in 2018 and other initiatives through the completion of essential diagnostic studies and implementation of a capacity development program. It will build on lessons from regional and national urban development projects in the GMS.<sup>11</sup>

### III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

#### A. Impact and Outcome

9. The impact will be enhanced economic and infrastructural integration of urban centers in border areas for regional corridor development and cooperation in the GMS. The outcome will be strengthened capacity of border area institutions in preparation for the fourth CTDP.

<sup>8</sup> ADB. 2014. *Technical Note on Special Economic Zones in the Greater Mekong Subregion*. Consultant's report. Manila.

<sup>9</sup> The joint border action plan would need to be linked to the GMS economic corridor development strategies and action plans. ADB. 2010. *Strategy and Action Plan for the Greater Mekong Subregion East–West Economic Corridor*. Manila; ADB. 2010. *Toward Sustainable and Balanced Development: Strategy and Action Plan for the Greater Mekong Subregion North–South Economic Corridor*. Manila; and ADB. 2010. *Sharing Growth and Prosperity: Strategy and Action Plan for the Greater Mekong Subregion Southern Economic Corridor*. Manila.

<sup>10</sup> SSCP's were prepared for Bavet–Moc Bai (Cambodia–Viet Nam), Mohan–Boten (PRC–Lao People's Democratic Republic), and Myanwaddy–Mae Sot (Myanmar–Thailand). SLEDPs were prepared for Battambang, Bavet, Kampot, Neak Loeung, Poipet, and Sihanoukville (Cambodia); Dansavanh, Houayxay, Kaysone Phomvihane, and Luang Namtha, and Phine (Lao People's Democratic Republic); and Hpa-An, Mawlamyine, and Myawaddy (Myanmar); Lao Bao, Dong Ha, Moc Bai, Bac Giang, Mong Cai, and Sa Pa (Viet Nam).

<sup>11</sup> See footnote 4 for D. Lalkaka et al. 2011. ADB. 2014. *Technical Assistance for Myanmar: Third Greater Mekong Subregion Corridor Towns Development Project*. Manila; ADB. 2013. *Technical Assistance for the Second Greater Mekong Subregion Corridor Towns Development Project*. Manila; ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grant to the Socialist Republic of Viet Nam for the Greater Mekong Subregion Corridor Towns Development Project*. Manila; ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Loan and Grants Kingdom of Cambodia for the Greater Mekong Subregion Southern Economic Corridor Towns Development Project*. Manila; ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Administration of Grant to the Lao People's Democratic Republic for the Greater Mekong Subregion East–West Economic Corridor Towns Development Project*. Manila; ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan Socialist Republic of Viet Nam for the Comprehensive Socioeconomic Urban Development Project in Viet Tri, Hung Yen, and Dong Dang*. Manila.

## B. Methodology and Key Activities

10. **Output 1: Scoping study of potential border economic zone development in the Greater Mekong Subregion is completed.** The output will help to increase awareness and understanding about the different models of economic zone development and their applicability in the GMS. Three border areas will be selected from 17 priority border areas listed in the GMS Urban Development Strategic Framework, 2015–2022 (Supplementary Appendix A). Using a multicriteria assessment, these three border areas will be selected for further BEZ planning and development in output 2 based on parameters that will be developed using the economic zone factors and elements listed in paragraph 7 and Supplementary Appendix A.<sup>12</sup> The final selection of the three border areas will depend on (i) results from the multicriteria assessment and field visits to the five top border areas, (ii) a review of ongoing initiatives in GMS, (iii) focus group discussions with border communities, (iv) consideration of localized cross-border area trade arrangements (plus informal agreements), and (v) mapping of parallel ADB and other development partner regional and national initiatives along the prioritized border area to demonstrate synergies with other GMS sector initiatives. The output will also review the experience of economic zone development in the region, such as the experience of the People's Republic of China and Kazakhstan in developing a CBEZ at Khorgos as a good example of bilateral cooperation. The output will increase ADB and GMS governments' understanding about economic zone development in the GMS and help identify areas for further discussion.

11. **Output 2: Comprehensive institutional and capacity development program is prepared and implemented.** The output will help strengthen the institutional capacity of border area institutions through preparation and implementation of a capacity development program for each of the three border area prioritized (output 1). The capacity development program will (i) include preparation of a joint BEZ action plan, which will focus on urban planning and infrastructure prioritization, as it supports one of the stages of economic zone development (Supplementary Appendix A); and (ii) build on other GMS initiatives to include a joint border area urban and spatial plan (para. 8), a capacity needs assessment, actions for policy and institutional development, steps for attracting private sector participation, a value chains and logistics analysis, and a list of prioritized investments in urban infrastructure.

12. The joint BEZ action plan will consider legal aspects to enable and promote economic zones, particularly in cases where countries may have a formal agreement for border economic zone development. It will consider safe migration, the presence of an informal cross-border labor force, and social and environmental impacts of BEZ development. It will be linked to other GMS sector initiatives important for economic zone development (e.g., transport and trade facilitation action program and agro-products). It will reflect perceptions of local communities, governments, and operators and businesses. The output will help identify countries that may require additional assistance to help resolve country-specific constraints.

13. The capacity development program, based on a needs assessment, will also include a proposal for a joint urban management structure in integrated urban development through coordinated approaches and joint prioritization of public infrastructure investment. Each capacity development program will be tailored to each of the three border areas selected in output 1 and may be applicable to any of the stages of economic zone development (Supplementary Appendix A). Any proposal for a joint urban management structure will identify ways of involving the public, private, and/or local community in operation and maintenance. It will aim to improve operational and financial efficiency of services.

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<sup>12</sup> The number of border areas selected is subject to available financing for the fourth GMS CTDTP.

14. **Output 3: Flagship program for the fourth Greater Mekong Subregion Corridor Towns Development Project is defined and applied.** The output will prepare a working paper to guide preparation of the fourth GMS CDTP or another GMS initiative in urban development. GMS CTDPs are characterized by the following features: (i) cross-sector or multisector and involve two or more countries, (ii) based along GMS corridors, (iii) include a combination of infrastructure development and capacity development activities, and (iv) financed by public and/or private sector investments. The fourth GMS CTDP will focus on urban infrastructure development in the three border areas prioritized in output 1, each with a joint BEZ action plan to demonstrate the alignment of urban planning and infrastructure development with projected economic growth at the border areas.

15. The main risks to the TA hinge on participating governments' understanding of the BEZ concept; participating GMS governments' political commitment to cooperating across sovereign boundaries; and financing to carry forward the policy and institutional recommendations into an investment project. The TA will manage these risks and minimize their effects.

### **C. Cost and Financing**

16. The TA is estimated to cost \$900,000, of which \$500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V) and \$400,000 will be financed on a grant basis by the PRC Regional Cooperation and Poverty Reduction Fund and administered by ADB. The GMS governments will provide counterpart support in the form of counterpart staff, meeting rooms, and other in-kind contributions. TA disbursement will be front-loaded utilizing the PRC Regional Cooperation and Poverty Reduction Fund first. The GMS governments have been informed that TA approval does not commit ADB to finance any ensuing TA or investment project.

### **D. Implementation Arrangements**

17. The TA will be implemented over 3 years (10 November 2015 to 8 November 2018). ADB will be the executing agency; the Urban Development and Water Division of the Southeast Asia Department will implement the TA. GMS national coordinators (or delegated representatives) will coordinate the TA in their respective countries. Joint border task force groups, comprising of representatives from different line ministries may be set up to for the TA at each border. The TA will work with other GMS sector initiatives in coordinating site visits, collecting data collection, and ensuring synergies. ADB will engage TA consultants through a firm in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time), following fixed budget selection (full technical proposal). The firm will include seven international specialists (22 person-months) and GMS national research coordinators during implementation. National experts shall be confirmed by respective countries. Goods will be procured using the shopping procedure, as packages will be less than \$100,000 equivalent each. TA disbursements will be in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). A timeline for the proposed fourth GMS CTDP is in Supplementary Appendix B.

## **IV. THE PRESIDENT'S DECISION**

18. The President, acting under the authority delegated by the Board, has approved (i) ADB administering a portion of technical assistance not exceeding the equivalent of \$400,000 to be financed on a grant basis by the People's Republic of China Regional Cooperation and Poverty Reduction Fund, and (ii) ADB providing the balance not exceeding the equivalent of \$500,000 on a grant basis, for the Greater Mekong Subregion: Capacity Development for Economic Zones in Border Areas, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

<b>Impacts the Project is Aligned with</b>			
Enhanced economic and infrastructural integration of urban centers in border areas for regional corridor development and cooperation in the GMS (GMS Urban Development Strategic Framework, 2015–2022) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<b>Outcome</b> Strengthened capacity of border area institutions in preparation for the fourth CTDTP.	By 2019: a. At least three border areas are selected with the potential for border economic zone development b. A joint BEZ action plan for each selected border area prioritizes economic and infrastructure development actions for implementation c. Border area urban planning and management skills of men and women from selected border institutions enhanced d. New approach is defined and applied to the fourth GMS CTDTP	a. TA regional workshop proceedings b. Joint BEZ action plans c. TA training and workshop reports d. TA final report	Lack of commitment by GMS governments to develop economic zones in selected border areas
<b>Outputs</b> 1. Scoping study of potential BEZ development in the GMS is completed	By 2018: (2015 Baseline: 0) 1a. A scoping study is finalized 1b. At least three border areas in the GMS are selected for further study 1c. Awareness in ADB and among GMS countries is increased about the potential economic zone development models applicable in the GMS	1a–1c. TA consultant reports	Political interests influence the border area selection process during the scoping study exercise
2. Comprehensive institutional and capacity development program is prepared and implemented	By 2018: (2015 Baseline: 0) 2a. A joint BEZ action plan is adopted for each border area selected under output 1, with time-bound actions, cost estimates, and a prioritized list of infrastructure investments 2b. Institutional reviews are completed by participating countries for each border area selected under output 1 (jointly or separately)	2a–2b. TA consultant reports  2a. Participating government endorsement letters for the joint BEZ action plans	Lack of government commitment to developing economic zones in border areas. Lack of government commitment to adopting a joint urban management structure in the border area

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>2c. At least 10 training programs are implemented in border area urban planning and management with a focus on economic integration</p> <p>2d. At least 30% of the attendees of the training courses are qualified women from institutions working in the border areas</p>	<p>2c. TA consultant reports on training programs</p> <p>2d. TA training attendance sheets</p>	
<p>3. Flagship program for the fourth GMS CTDP is defined and applied</p>	<p>By 2018: (2015 Baseline: 0)</p> <p>3a. A working paper is prepared, outlining a new approach to future CTDPs</p> <p>3b. The three border areas selected under output 1 undergo further feasibility testing under the project preparation TA for the fourth GMS CTDP</p>	<p>3a. TA consultant draft working paper</p> <p>3b. The project preparation technical assistance for the fourth GMS CTDP includes the three border areas</p>	<p>Limited financing available to fully realize the feasibility of a joint BEZ pilot (or its equivalent)</p>

### Key Activities with Milestones

#### 1. Scoping study of potential border economic zone development in the Greater Mekong Subregion is completed

- 1.1 Develop parameters for each BEZ element (Q2 2016)
- 1.2 Conduct a TA regional inception workshop to agree on the parameters and approach (Q2 2016)
- 1.3 Conduct a multicriteria assessment based on the BEZ parameters and elements, including ongoing economic zone development initiatives in the region (Q2–Q3 2016)
- 1.4 Prepare a draft report on the scoping study for discussion (Q2–Q3 2016)
- 1.5 Visit the five top border areas (Q3 2016)
- 1.6 Conduct focus group discussions with border communities (Q3 2016)
- 1.7 Review formal and informal cross-border area trade arrangements (Q3 2016)
- 1.8 Map parallel ADB and other development partner regional and national initiatives in the prioritized border areas (Q3 2016)
- 1.9 Revise the scoping study to incorporate findings and results, and select three border areas (Q4 2016)
- 1.10 Conduct a TA regional results workshop for output 1 results (Q4 2016)

#### 2. Comprehensive institutional development and capacity development program is prepared and implemented

- 2.1 Review information in section-specific concept plans for the economic corridors and strategic local economic development plans for the GMS CTDPs (Q2–Q3 2016)
- 2.2 Prepare an institutional review for each selected border area (Q2–Q3 2016)
- 2.3 Develop a joint BEZ action plan for each selected border area prioritized in output 1, including completion of perception surveys (Q3–Q4 2016)
- 2.4 Develop an institutional and capacity development program for border institutions in the selected border areas (Q3–Q4 2016)
- 2.5 Coordinate with the project preparatory TA team for the fourth GMS CTDP in refining the institutional arrangements to support infrastructure investments proposed (Q4 2016)
- 2.6 Conduct a TA regional workshop to discuss the draft joint BEZ action plan, results of perception

<b>Key Activities with Milestones</b>
<p>surveys, and the draft capacity development program (Q4 2016)</p> <p>2.7 Revise joint BEZ action plan and capacity development program for each selected border area in output 1 (Q1 2017)</p> <p>2.8 Conduct a TA regional workshop to agree on the joint BEZ action plan and capacity development program (Q2 2017)</p> <p>2.9 Conduct institutional workshops in each of the selected border areas (Q2 2016–Q4 2017)</p> <p>2.10 Complete an evaluation of each capacity development program (Q4 2017)</p> <p><b>3. Flagship program for the fourth Greater Mekong Subregion Corridor Towns Development Project is defined and applied</b></p> <p>3.1 Coordinate with the project preparatory TA team for the fourth GMS CTDP in refining the institutional arrangements to support infrastructure investments proposed (Q1–Q4 2017)</p> <p>3.2 Develop a working paper with a renewed approach to GMS CDTPs based on TA results and lessons (Q4 2017–Q1 2018)</p> <p>3.3 Conduct a regional workshop to discuss the working paper and approach (Q4 2017–Q1 2018)</p> <p>3.4 Revise approach and incorporate into the fourth GMS CDTP TA review missions (Q1 2018)</p> <p>3.5 Conduct a final TA workshop to review TA results and draft knowledge product (Q2 2018)</p>
<p><b>Inputs</b></p> <p>ADB: \$500,000 (grant)</p> <p>People's Republic of China Regional Cooperation and Poverty Reduction Fund: \$400,000 (grant)</p> <p>Note: The GMS governments will provide counterpart support in the form of counterpart staff, meeting rooms, and other in-kind contributions.</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Not applicable.</p>

ADB = Asian Development Bank, BEZ = border economic zone, CTDP = corridor towns development project, GMS = Greater Mekong Subregion, TA = technical assistance.

<sup>a</sup> ADB. 2015. *Greater Mekong Subregion Urban Development Strategic Framework, 2015–2022*. Manila.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

Item	Amount
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	201.3
ii. National consultants	44.6
b. International and local travel	78.4
c. Reports and communications	11.2
2. Training, seminars, and conferences <sup>c</sup>	112.0
3. Surveys	5.6
4. Miscellaneous administration and support costs <sup>d</sup>	5.6
5. Contingencies	41.3
<b>Subtotal (A)</b>	<b>500.0</b>
<b>B. People's Republic of China Regional Cooperation and Poverty Reduction Fund<sup>b</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	158.1
ii. National consultants	35.0
b. International and local travel	61.6
c. Reports and communications	8.8
2. Training, seminars, and conferences <sup>c</sup>	88.0
3. Surveys	4.4
4. Miscellaneous administration and support costs <sup>d</sup>	4.4
5. Contingencies	39.7
<b>Subtotal (B)</b>	<b>400.0</b>
<b>Total</b>	<b>900.0</b>

Note: The technical assistance (TA) is estimated to cost \$900,000, of which contributions from the Asian Development Bank and the People's Republic of China Regional Cooperation Poverty Reduction Fund are presented in the table above. Disbursement of the TA will be front-loaded to utilize the People's Republic of China Regional Cooperation Poverty Reduction Fund first. The Greater Mekong Subregion governments will provide counterpart support in the form of counterpart staff, meeting rooms, and other in-kind contributions on a voluntary basis. The value of government contribution is estimated to account for 10% of total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V).

<sup>b</sup> Administered by the Asian Development Bank.

<sup>c</sup> Includes at least six TA regional workshops (inception, at least four TA review workshops, and a final workshop).

<sup>d</sup> May include administration costs, such as office space, equipment rental, and office recurrent costs.

Source: Asian Development Bank estimates.



## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The regional capacity development technical assistance (TA) will require the services of a consulting firm comprising a team of international experts with experience in regional cooperation and integration, economic growth development, urban planning and management, institutional analysis and reform, capacity development, cross-border transport and trade policies, social development, and environment safeguards. The Asian Development Bank (ADB) will engage seven international specialists for 22 person-months and national research coordinators from the Greater Mekong Subregion (GMS) member countries (the number will be determined during implementation) in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time), using fixed budget selection. National experts shall be confirmed by respective countries.

2. **Scope of work, timing, and resources.** This appendix outlines the scope of work of the TA and should be read with the TA paper, which provides the rationale, objectives and outputs, implementation arrangements, design and monitoring framework, and overall budget. One firm will be recruited to coordinate and implement the activities for the proposed TA. The TA will be implemented over a period of 30 months.

3. **Expertise of the consulting firm.** The firm shall have at least 5 years of technical experience in three areas: (i) conducting institutional reviews and preparing, delivering, and evaluating capacity development programs; (ii) conducting scoping studies and multicriteria assessments; and (iii) developing strategies and action plans. The firm must be able to communicate TA results in a clear and concise manner for audiences from different cultural backgrounds and disciplines. The firm should have experience in at least three projects (including TA projects) in the GMS and a good track record of delivering high-quality results. Familiarity with ADB guidelines and policies is desirable. Interested firms are requested to highlight these aspects in their expressions of interest, as well as prepare a detailed description of how they propose to undertake the assignment in the approach and methodology section of their technical proposal if short-listed. The indicative list of outputs to be delivered under the assignment is in Table A3.1.

**Table A3.1: Anticipated Deliverables by Output**

Output	Deliverables	Anticipated Timing	Payment Milestones
TA Report	Draft inception report, including a review of similar experiences in the GMS and other regions  Final inception report with comments matrix (including proceedings of inception workshop)	Q2 2016	ADB's acceptance of revised inception report
1	Draft scoping study draft  Revised scoping study with comments matrix  Proceedings for each regional TA workshop (approximately 2)	Q3 2016  Q4 2016	ADB's acceptance of draft scoping study and revised scoping report
2	Institutional review of institutions in each prioritized border area under output 1 (minimum of three)  Draft perception survey questionnaire and outline of capacity development, including joint BEZ action plan	Q2–Q3 2016  Q2 2016	ADB's acceptance of institutional reviews

Output	Deliverables	Anticipated Timing	Payment Milestones
	Draft joint BEZ action plan (one per prioritized border area), perception survey results, and capacity development program (minimum of 3)	Q3–Q4 2016	Draft joint BEZ action plans and results of the perception surveys
	Summary of proceedings and results from each TA regional workshop (approximately two) and each institutional workshop (approximately 10)	Q2 2016–Q4 2017	
	Revised joint BEZ action plan and capacity development program per prioritized border area (minimum of three) with comments matrix	Q1 2017	Revised joint BEZ action plan and capacity development program
	Evaluation report on the capacity development programs	Q4 2017	Evaluation report of the capacity development evaluation programs
3	Draft working paper	Q4 2017–Q1 2018	ADB's acceptance of draft working paper
	Proceedings from regional TA workshops and coordination meetings (approximately four)		
	Revised working paper with comments matrix	Q1 2018	Revised working paper
TA Report	Proceedings from the TA final workshop and draft TA completion report	Q3 2018	ADB's acceptance of TA completion report

ADB = Asian Development Bank, BEZ = border economic zone, GMS = Greater Mekong Subregion, TA = technical assistance.

Source: Asian Development Bank.

4. The consulting firm will work closely with ADB on day-to-day TA implementation activities. It will provide specific inputs and timely project progress reports for review and approval prior to proceeding to the next stage of implementation. The team of specialists proposed should have the ability to bring stakeholders together and facilitate multidisciplinary discussions. A summary of the experts required for the assignment is in Table A3.2.

**Table A3.2: Summary Consultant Inputs**

Specialist	No. of person-months	Output		
		1	2	3
<b>International</b>				
Regional border economic zone specialist and team leader	10			
Regional and urban planner	3			
Economist	3			
Institutional development specialist	3			
Private sector specialist	1			
Social development specialist	1			
Natural resource and environment specialist	1			
<b>Subtotal</b>	<b>22</b>			
<b>National (from Greater Mekong Subregion countries)</b>				
Research coordinators (to be recruited during implementation based on need and scoping study results in output 1, and confirmed by respective countries)				

Note: Black-colored boxes indicate a consultant's primary responsibility for output deliverables.

Source: Asian Development Bank.

## A. International Specialists

5. All international specialists will be required to provide intermittent inputs during the 30 months of implementation. All international specialists will be required to have demonstrated the following qualifications, unless otherwise stated: (i) work experience of at least 5 years in the GMS, with complementary experience in other regions; (ii) preferably 3 years of project design or implementation experience; (iii) ability to work with multidisciplinary and diverse teams; (iv) ability to be results- and solution-oriented; (v) excellent English language and communication skills; (vi) ability to work with multiple stakeholders, including governments, communities, the private sector, and ADB and development partners; and (vii) ability to produce regular high-quality written reports, presentations, and project briefs and updates.

6. **Regional border economic zone specialist and team leader** (international, 10 person-months, intermittent). The specialist shall have at least a bachelor's degree in international trade and economics (or a related field) as well as the following additional qualifications: (i) at least 10 years of experience working in regional trade and investments, with knowledge of and familiarity with the factors and elements for assessing feasibility of economic zone development in cross-border areas; and (ii) work experience of at least 5 years in the GMS and preferably 3 years in other regions. The specialist will be responsible for delivering on all outputs, and specifically on the tasks required to deliver (i) the TA inception, midterm, and draft final and final reports; (ii) output 1 (border economic zone [BEZ] parameter development, multicriteria assessment, and stakeholder consultations); (iii) output 2 (joint BEZ action plans); and (iv) output 3 (a flagship program for the fourth GMS Corridor Towns Development Project [CTDP]). The TA inception report will include a review of economic zone development in border areas in the GMS and other regions. The specialist will also share TA results with the ADB Urban Sector Group. The specialist will also coordinate with the GMS Transport and Trade Facilitation Program.

7. As team leader, the specialist will be responsible for leading, managing, and coordinating the activities of the consultant team. The specialist will be required to provide regular updates (at a frequency to be determined) to the ADB project officer and support the overall quality of reports. The specialist should have the following qualifications: (i) a minimum of a bachelor's degree; (ii) preferably 10 years of experience in team leadership for TA and/or other projects in the GMS or Southeast Asia; (iii) experience working with ADB or similar organizations; (iv) experience as a team leader for at least two TA and/or other projects; (v) excellent English language skills (written and oral); (vi) ability to consolidate inputs to produce high-quality, concise, well-written reports on time; (vii) ability to facilitate a team of experts and reach consensus; (viii) ability to provide guidance during missions and implementation; and (ix) ability to effectively liaise with clients (ADB, governments, communities, and the private sector).

8. **Regional and urban planner** (international, 3 person-months, intermittent). The specialist shall have at least a bachelor's degree in urban planning and infrastructure development (or a related field) as well as the following additional qualifications: (i) at least 10 years of experience working in regional or urban planning and development, with preferred experience in regional planning in border areas or economic zone development; and (ii) preferably 5 years of project design or implementation experience. The specialist will contribute to output 1 (parameter development and community discussions), output 2 (preparing and finalizing border area development plans that will form part of the joint BEZ action plans, and joint urban management options for service delivery and preparation of capacity development programs), and output 3 (developing a flagship program for the fourth GMS CTDP). The specialist must be results- and solution-oriented, and must work well with team members, ADB, and the GMS governments. The

specialist also will coordinate with the GMS Task Force on Urban Development and the GMS Subregional Transport Forum.

9. **Economist** (international, 3 person-months, intermittent). The specialist shall have at least a bachelor's degree in economics (or a related field) as well as the following qualifications: (i) at least 10 years of experience working on value chains and logistics management; (ii) work experience of preferably 3 years in the GMS, with complementary experience in other regions; and (iii) at least 5 years of project design or implementation experience. The specialist will contribute to output 1 (BEZ parameters), output 2 (joint BEZ action plans and institutional review and capacity development programs), and output 3 (developing a flagship program for the fourth GMS CTDP). The specialist must be results- and solution-oriented, and must work well with team members, ADB, and the GMS governments. The specialist will coordinate with the GMS Business Forum.

10. **Institutional development specialist** (international, 3 person-months intermittently). The specialist shall have at least a bachelor's degree in public policy and administration or human resource development (or a related field) as well as the following qualifications: (i) at least 10 years of experience working in policy and institutional reviews and capacity development programs, with preferred experience working in economic zone development; and (ii) at least 3 years of project design or implementation experience, with experience in implementing and monitoring capacity development programs. The specialist will be responsible for delivering the results in output 2 in coordination with other experts (institutional review of, and preparing, implementing, and monitoring of capacity development program and related policy recommendations). The specialist will contribute to output 1 (BEZ parameter development and community discussions), output 2 (joint BEZ action plans), and output 3 (developing a flagship program for the fourth GMS CTDP). The specialist will also coordinate with various GMS initiatives, such as the GMS Working Group on Human Resource Development.

11. **Private sector specialist** (international, 1 person-month, intermittent). The specialist shall have at least a postgraduate degree in business management (or a related field) as well as the following qualifications: (i) at least 10 years of experience working with the private sector, especially in opening opportunities for private sector participation and facilitating public-private partnership transactions; (ii) at least 5 years of work experience in the GMS, preferably with 3 years of complementary experience in other regions; and (iii) at least 5 years of project design or implementation experience. The specialist should have experience attracting private sector investments in economic zone development. The specialist will contribute to output 1 (BEZ parameters, Association of Southeast Asian Nations Economic Community linkages, and local private sector interviews), output 2 (joint BEZ action plans and institutional review and capacity development programs), and output 3 (developing a flagship program for the fourth GMS CTDP). The specialist must be results- and solution-oriented, and must work well with team members, ADB, and the GMS governments. The specialist will coordinate with the GMS Business Forum.

12. **Social development specialist** (international, 1 person-month, intermittent). The specialist shall have at least a bachelor's degree in social policy or social sciences (or a related field) as well as the following qualifications: (i) at least 10 years of experience working in social policy analysis and assessments, and action plan development; and (ii) at least 5 years of project design or implementation experience, with experience in social policy and action, safe migration, and the informal sector. The specialist will preferably have experience in cross-border social and gender impacts. The specialist will contribute to output 1 (BEZ parameters and community discussions), output 2 (joint BEZ action plans, and institutional review and capacity development programs), and output 3 (developing a flagship program for the fourth GMS

CTDP). The specialist must be results– and solution–oriented, and must work well with team members, ADB, and the GMS governments. The specialist also will coordinate with the GMS Working Group on Human Resource Development.

13. **Natural resource and environment specialist** (international, 1 person-month, intermittent). The specialist shall have at least a bachelor's degree in natural resources or environment economics (or a related field) as well as the following qualifications: (i) at least 10 years of experience working in environmental policy, assessment, and management; and (ii) at least 5 years of project design or implementation experience, with experience in agriculture, environment policy, and safeguards. The specialist will contribute to output 1 (BEZ parameters and community discussions), output 2 (joint BEZ action plans and institutional review and capacity development programs, looking especially at transborder environment governance issues), and output 3 (developing a flagship program for the fourth GMS CTDP). The specialist must be results– and solution–oriented, and must work well with team members, ADB, and the GMS governments. The specialist will also be responsible for coordinating with the GMS Working Group for Environment, the GMS Working Group on Agriculture, and the GMS Environment Operations Center in Bangkok, Thailand.

## **B. Research Coordinators**

14. Regional coordinators will be recruited from GMS member countries on a needs basis. They will be recruited to work with the international consultants in providing intermittent inputs to the output results and deliverables during the implementation period. National experts shall be confirmed by respective countries prior to final selection. An estimated 22 person-months of services for national research coordinators has been included in the consulting contract and will be allocated as a provisional sum, requiring prior ADB approval of the proposed terms of reference and experts. It is anticipated that two regional coordinators will be recruited initially to assist with output 1 (defining the elements and parameters, and conducting consultations). Other research coordinators will be recruited once the border areas have been selected; at that time, the nationality and expertise required for each research coordinator or associate will be known. Areas of possible expertise needed include law and legal frameworks, logistics management, economics, urban planning, training design and delivery, customs and trade, and survey design and administration.

15. While more specific terms of reference will be developed during implementation, in general, research coordinators will be required to have the following qualifications, unless otherwise stated: (i) work experience of at least 5 years in their country, with complementary experience in the GMS; (ii) at least 3 years of project design or implementation experience; (iii) ability to work with multidisciplinary and diverse teams; (iv) ability to be results– and solution–oriented; (v) excellent English language and communication skills; (vi) ability to work with multiple stakeholders, including governments, communities, the private sector, and ADB and development partners; and (vii) ability to produce regular high-quality written reports, presentations, and project briefs and updates.