



Viet Nam: Support to Border Areas Development

Project Name	Support to Border Areas Development
Project Number	48189-001
Country	Viet Nam
Project Status	Closed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 8849-VIE: Support to Border Areas Development Technical Assistance Special Fund US\$ 900,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	Industry and trade - Trade and services Transport - Road transport (non-urban)
Gender Equity and Mainstreaming	Some gender elements

Description

The Support to Border Areas Development Project (Project) will help the five participating provinces (the Provinces) of Kon Tum, Gia Lai, Dak Lak, Dak Nong, and Binh Phuoc to better realize their growth potential and become more closely integrated into subregional frameworks including the Greater Mekong Subregion (GMS), the Cambodia _ Lao PDR _ Viet Nam Development Triangle Area (CLV-DTA), and the ASEAN Economic Community (AEC). It will improve the project area's connectivity by developing critical transport infrastructure, leading to increased movement of people, agricultural produce, and other goods. Moreover, it will facilitate logistics and trade, and help develop the Provinces' capacity for investment planning from a regional integration perspective. As the Provinces are at the joint borders of the Cambodia, _Lao_, Viet Nam Development Triangle Area (CLV-DTA) , the project will enable them to serve as an engine and gateway to wider markets for this subregional initiative. The Project is included in the ADB Viet Nam COBP for 2014-2016. A Project Preparatory Technical Assistance (PPTA) is required to develop a project suitable for ADB funding in terms of technical, financial, economic, institutional, sector policy, legal and safeguards contexts, in conjunction with the Country Partnership Strategy (CPS) 2012-2015.

The five provinces have rich natural resources, with agriculture continuing to be a major driver of economic development led by paddy, coffee, rubber and pepper, which are the major export crops. However, their poverty incidence, with exception of Binh Phuoc, is the second highest in the country, standing at 20.3% compared to 12.6% for the whole country in 2011. Ethnic Minority (EM) people account for more than 50% of the poor and in some areas of the DTA poverty rates exceed 80% . The poor households in these areas have not benefited much from national economic development trends. Provincial agricultural planning is largely undertaken on the basis of achieving specific targets, which often has excluded the EMs due to their lack of knowledge, skills and assets, as well as lack of or limited access to social services and employment. Improving the access to higher value markets in Phnom Penh, Vientiane, Ha Noi, Ho Chi Minh City and Bangkok would enable the Provinces to expand value chains and trade of their primary products and stimulate demand for their rural and agricultural production. In recent years, most of the major national roads running through localities within the project area and those linking to large seaports in Central Vietnam (Da Nang, Dung Quat and Quy Nhon) have been rehabilitated. However, road sections, particularly from rural areas and district centers, to national highways need urgent repairs and upgrading both to meet current and potential future transport volumes. Fragmentation in the transport and logistics system directly causes fragmentation particularly agricultural value chains. This leads to inefficiencies resulting in higher costs throughout the input and output chains. Moreover, the opportunity for diversification in rural production to respond to market signals is dampened, since certain higher value goods cannot effectively reach markets at competitive prices.

Viet Nam actively participates in various subregional programs, most notably the GMS but also a leading member of the CLV-DTA. Concerted effort is currently made to transform the existing GMS transport corridors to economic corridors by promoting economic activities, for which Viet Nam has a key role to play. The country is also keen to prioritize development support for the CLV-DTA, which lies between the GMS East-West and Southern Economic Corridors, and therefore could pursue synergies with the GMS program. The CLV-DTA development plans are outlined in its Master Plan 2020, but progress in achieving the planned targets is modest. For example, a number of Border Economic Zones (BEZs)

Project Rationale and Linkage to Country/Regional Strategy

Despite the steady increase in agricultural production and export as well as overall poverty reduction over the recent years, VDTA provinces are still faced with development challenges, particularly slow growth, persisting income and non-income inequality of vulnerable and disadvantaged groups, and low competitiveness primarily due to inadequate physical infrastructure, untapped business and livelihood development opportunities, and weak institutional capacity for investment planning and resource management. The VDTA has a population of 5,114,780, of whom 33% belong to ethnic minorities, spread over 51,552 km². Approximately 77% of the population is rural and agriculture is the main livelihood. The GDP per capita in the VDTA stood at \$1,683 in 2014, about 80% of the national average. In 2014, the project provinces' average poverty rate at 9% based on the national poverty line was higher than the national average of 6%, but for ethnic minorities the average was 19%. In all VDTA provinces, the share of the ethnic minority poor among the total provincial poor is disproportionately high compared to the ethnic minority population share of the total provincial population, representing 47% in Binh Phuoc, 63% in Dak Lak, 62% in Dak Nong, 85% in Gia Lai, and 93% in Kon Tum, which suggest that the ethnic minorities are not benefiting as much from the development process. VDTA's ethnic minorities also have limited access to economic assets and opportunities as well as social services. The VDTA is the largest agricultural producer in the CLV-DTA, with the five main industrial crops being coffee, rubber, pepper, cassava and cashew kernels, which are traded on international commodity markets, but the low quality has prevented farmers and local traders from fully capturing existing and potential demand. The majority of exports are transported through Ho Chi Minh City (HCMC) port via arterial National Highway 14, to which some production areas in the VDTA are not connected and agricultural producers thereby miss a critical income opportunity. The VDTA has three major international border gates with facilities only adequate to handle the current level of trade. Although the VDTA has many interesting tourism features, visitor numbers are modest with limited growth due to underdeveloped basic infrastructure and tourism value chains. The project will help VDTA overcome these constraints by (i) building greater and safer transport connectivity by upgrading critical roads linking producers to markets, and rural communes to commercial and administrative centres; (ii) improving access to schools and healthcare services; (iii) supporting transport and trade facilitation; (iv) promoting inclusive community based tourism to improve the livelihoods of rural people, especially ethnic minorities marginalized by recent economic development ; and (v) strengthening provincial capacity for more strategic investment planning and efficient project management. This integrated area approach will help rural communes to diversify economic and employment opportunities by connecting them to increasing trade and passenger flows. Related policies and strategies. The project is aligned with Viet Nam's Socio-Economic Development Plan 2016-2020 , which includes the objective of expanding the domestic market, promoting export, and sustaining a trading surplus. More specifically, the SEDP proposes to strengthen domestic markets and promote exports through a closer linkage between production, processing and distribution; improving the quality and competitiveness of local products, especially those which can be considered as Viet Nam's trademark ; and more fully utilizing existing and potential incentives under various trade agreements.

Impact

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design The TA was designed in a consultative and participatory manner. Views and suggestions from relevant stakeholders, particularly central and provincial governments, executing agencies for ODA projects, and development partners, were duly considered under the TA.

During Project Implementation The TA was implemented in a consultative and participatory manner. Views and suggestions from relevant stakeholders, particularly central and provincial governments, executing agencies for ODA projects, and development partners, were duly considered under the TA.

Business Opportunities

Consulting Services The PPTA is expected to require a total of 70 person-months (p-m) of consulting services (consisting of 21 p-m of international and 49 p-m of national experts). The consulting services will be provided by a joint venture of international and national consulting firms, which has been recruited in accordance with the Asian Development Bank's (ADB's) Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (April 2013, as amended from time to time), using Quality Cost Based Selection (QCBS), 90% quality and 10% cost, with full technical proposal. In addition, individual consultants have been recruited for preparing the strategy and acting as facilitators for workshops and seminars and providing support on agriculture, logistics and trade issues.

Responsible Staff

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Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	19 Dec 2014
Last Review Mission	-
Last PDS Update	29 Mar 2017

TA 8849-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
19 Dec 2014	05 Mar 2015	05 Mar 2015	29 Feb 2016	31 Dec 2016	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
900,000.00	0.00	200,000.00	0.00	0.00	0.00	1,100,000.00	19 Dec 2014	866,538.54

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