



Technical Assistance Report

Project Number: 49026
PPTA
September 2015

Socialist Republic of Viet Nam: Preparing the Basic Infrastructure for Inclusive Growth in the Northeast Provinces Sector Project

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. A project preparatory technical assistance (PPTA) is necessary to provide sound evidence to justify proceeding with the loan project. It will define the scope, cost, procedures for identifying subprojects, financing plan, implementation arrangements, procurement strategy, technology issues, capacity development needs and post-project operation and maintenance arrangements. It is necessary to establish measures for adherence to the safeguard policies of both the government and Asian Development Bank. The PPTA would provide guidance to maximize the socioeconomic benefits such as impacts on poverty, gender and fair employment practices. It would also provide project advance action support.

B. Major Outputs and Activities

2. The PPTA will detail a project design that is economically, financially and technically feasible. It will provide advance drafts of the complete set of documentation necessary for the ADB to proceed with internal processing. It will prepare feasibility studies for representative subprojects (RSP) and comprehensive criteria for road sections, water supply, and agriculture and rural value chain (ARVC) infrastructure, and institutional arrangements under the project. Feasibility studies will be prepared for two road RSPs, two water supply RSPs, and ARVC RSP.¹

3. There are currently insufficient resources for the PPTA to prepare the Project to complete ADB's readiness filters. Additional resources will be sought during the PPTA but the timing of milestones is presented according to currently allocated resources and will be revised if additional resources are secured. Table A3.1 summarizes major outputs and activities.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion	Major Outputs	Expected Completion
Multisector assessment	Mar 2016	Inception report	Dec 2015
Social poverty, and gender survey and impact assessment and surveys	Jul 2016	Interim report including draft PSA and Gender assessment report. Draft final report; estimated project costs;	Aug 2016 Dec 2016
Assessment of the technical feasibility.	Sep 2016	IEE and EMP; PSA and gender; SPRSS; REPF; REMDP ^a for each project province;	
Due diligence on the economic and financial feasibility	Nov 2016	GAP; economic and financial analysis; financial management assessment;	
Completion of safeguard requirements. Feasibility Study for RSPs completed.	Nov 2016	procurement capacity assessment; and draft RRP, and linked documents. Final report for ADB Advance Actions completed	Feb 2017 Dec 2017

IEE=initial environmental examination, EMP=environmental management plan, GAP=gender action plan, PSA=poverty and social assessment, REMDP=resettlement and ethnic minority development plan, REPF=resettlement and ethnic planning framework, RRP=report and recommendation of the president, SPRSS=summary poverty reduction and social strategy.

^a The project categorization will be B for both Involuntary Resettlement and Indigenous People. It will improve the living condition and have no physical displacement of ethnic minority people, nor will it impact on their identity, culture, and customary livelihoods, but it may cause minor land acquisition and resettlement. The combined document will provide a good practice for implementation and supervision.

Source: Asian Development Bank.

¹ Close liaison will be kept with International Fund for Agricultural Development (IFAD) as a potential cofinancier.

C. Cost Estimate and Proposed Financing Arrangement

4. The PPTA is estimated to cost \$800,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The government will provide in-kind contributions (footnote 4). The detailed cost estimate of the PPTA is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (16.5 person-months)	371.25
ii. National consultants (42.5 person-months)	191.25
b. International and local travel	62.00
c. Reports and communications	4.75
2. Equipment ^b	8.00
3. Workshops, training, seminars, and conferences ^c	11.00
a. Facilitators	2.00
b. Training program and conferences	9.00
4. Surveys	56.75
5. Miscellaneous administration and support costs ^d	10.00
6. Representative for contract negotiations ^e	5.00
7. Contingencies	80.00
Total	800.00

^a Financed by the Technical Assistance Special Fund (TASF-V) of the Asian Development Bank.

^b Equipment for office work will be procured in accordance with ADB's Procurement Guidelines (April 2015, as amended from time to time). The equipment purchased will comply with the guidelines on accountability of TA purchased assets. Upon PPTA completion the equipment will be turned over to the EA:

Type	Quantity	Unit Cost (\$)	Cost (\$)
Photocopier	2	1,000	2,000
Computer	4	1,000	4,000
Printer	2	1,000	2,000

^c Workshops, training, seminars, and conferences.

PPTA Inception, institutional capacity building workshops, tripartite progress review meetings, provincial and government high level FNEP conferences. Includes participants' travel and related logistical costs, fees, and related costs for external resource persons. Fees for resource persons and facilitators, who are government officials, will be covered by the government.

^d Consultants office administration.

^e The user division, in consultation with ADB Operations Services and Financial Management Department, will decide on the mode of negotiation. ADB. 2010. Specific Requirements for Recruiting Consultants by ADB. *Project Administration Instructions*. PAI 2.04. Manila.

Source: Asian Development Bank Estimates

D. Consulting Services

5. The ADB financed PPTA will require services of 16.5 person-months (p-m) of international and 42.5 p-m of national consultants to be provided by a consulting firm. The firm will be recruited through quality- and cost-based selection method (QCBS) using a quality-cost ratio of 90:10 and simplified technical proposal according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). If qualified, a specialist may take on more than one position. Table A3.3 provides details of the consultant requirements from the firm.

Table A3.3: Summary of Consulting Services Requirement Provided by the Firm

International Specialist Positions	p-m ^a	National Specialist Positions	p-m
Team leader and transport economist	5.0	Deputy team leader and transport economist	6.0
Road engineer	2.0	Road engineer	3.5
Road network, maintenance planning and safety planner	1.5	Road network, maintenance planning and safety planner	1.0
Agricultural and rural economist	1.5	Geotechnical engineer	2.5
Productive rural infrastructure engineer	1.5	Bridge engineer	2.5

International Specialist Positions	p-m^a	National Specialist Positions	p-m
Agribusiness value chain	1.5	Productive rural infrastructure/water engineer	2.0
Financial management	1.5	Water supply infrastructure engineer	2.0
Procurement and advance action	2.0	Agronomist and agribusiness value chain	3.0
		Financial management	4.0
		Procurement and advance action	4.0
		Social Safeguards	4.0
		Social development and gender	4.0
		Environment and climate change safeguards	4.0
Total	16.5		42.5

^a p-m = person-months.

Source: Asian Development Bank.

6. The outline terms of reference for the PPTA consultants are described in paras 7 to 18. In general it is preferable that: all specialists have 15 years of relevant experience; international specialists have an academic equivalent of a master's degree and experience working in Viet Nam and the Greater Mekong Subregion; national specialists have an undergraduate degree. One specialist, if qualified, may take on more than one position.

7. Team leader and transport economist (IS 5 p-m + NS 6 p-m). The specialists will be economists and will coordinate the inputs of the consulting team and assess: the financial and economic project viability;² options for minimum life cycle technologies and strategies, prepare project cost estimates and financing plan; liaise with other relevant projects; supervise the preparation of all reports required by ADB, including the draft RRP and its linked documents and the feasibility study of the RSP; and the subproject screening and prioritizing.

8. Road engineer (IS 2.0 p-m). A professional engineer with experience in designing and constructing sustainable roads in mountainous terrain in tropical and subtropical developing countries. The specialist will have expertise in road slope stability issues and have experience: with geotechnical assessments, tunneling and potential climate change impacts. Provide engineering related inputs for the project in general and especially for the RSP FSs. Screen the long-list of potential subprojects for technical feasibility.

9. Road engineer (NS 3.5 p-m), Geotechnical engineer (NS 2.5 p-m), and Bridge engineer (NS 2.5 p-m). They will be professional engineers qualified and experienced in their respective engineering disciplines in the design and construction of roads in hilly and mountainous terrain. They will provide support: to the international road engineer; to the preparation of FS for the RSPs; to screen the long-list of potential subprojects for technical feasibility.

10. Road network, maintenance planning and safety (IS 1.5 p-m + NS 1 p-m). A professional transport network planner with experience in the planning and management of safe road systems in developing countries. Outline the O&M and road safety strategy for improved roads.

11. Agricultural and rural economist (IS 1.5 p-m). Experience in economic and financial assessment of agricultural and rural investment projects for bilateral and multilateral funding organizations. Support the team leader for the financial and economic assessments and detailed cost estimates and financial plan in relation to the agricultural and rural development aspects.¹²

12. Productive rural infrastructure/water engineer (IS 1.5 p-m + NS 2 p-m + NS 2 p-m). A professional engineer with experience in designing and constructing productive rural infrastructure in mountainous terrain in tropical and subtropical developing countries. The specialist will have infrastructure expertise related to: water supply; rural access; and irrigation. Provide engineering related inputs for the project in general and especially for the RSP

² In accordance with ADB's Guidelines for Economic Analysis of Project (1997), Key areas of Economic Analysis of Project, An Overview (2003), and ADB's Financial Management and Analysis of Projects (2005).

feasibility studies. Assist in the screening of the long-list of potential subprojects for technical feasibility.

13. Agronomist and agribusiness value chain (IS 1.5 p-m + NS 3 p-m). The specialists will: (i) identify potential agriculture and rural products with good market potential (ii) carry out an analysis of selected ARVCs identifying gaps and obstacles and design measures to address them; and (iii) outline a training program on production and processing needed for ARVCs.

14. Financial management (IS 1.5 p-m + NS 4 p-m). Recognized professional accountancy qualification and experience in financial due diligence (FDD). Ensure all financial management due diligence as per ADB's Financial Management and Analysis of Projects (2005).³

15. Procurement and advance action (IS 2 p-m + NS 4 p-m). Ensure governance and procurement due diligence is carried including: (i) procurement risk and capacity assessment and strategy; (ii) drafting the procurement plan; (iii) prepare a management and risk mitigation plan; (iv) provide relevant inputs to the PAM; (v) procurement classification; and (vi) prepare master documents for each type of contract in the draft procurement plan. Provide assistance to the Government for an efficient project start up.

16. Environment and climate change (NS 4 p-m). In accordance with ADB's Safeguard Policy Statement (2009) prepare: (i) environmental framework; and (ii) for the initial environmental examination, and environmental management plan (if needed) for the RSP.

17. Social safeguard Specialist (Resettlement and Indigenous People) (NS 4 p-m). In accordance with ADB's Safeguard Policy Statement (2009) prepare (i) a resettlement and ethnic minority planning framework, and (ii) a resettlement and ethnic minority plan for the RSPs.

18. Social development and gender specialist (NS 4 p-m). The specialist, in cooperation with a survey team, will carry out a poverty and social impact assessment, stakeholder analysis, gender analysis with sex disaggregated data and information to prepare the Poverty and Social Impact Assessment, including Summary Poverty Reduction and Social Strategy, Gender Action plan, to develop the stakeholder analysis, the stakeholder communication strategy, and the consultation and participation plan.

E. Implementation Arrangements

19. The EA for the PPTA will be the FNEP PPCs. The PPTA consultants will be based in the FNEP coordinating province.⁴ A project preparation unit (PPU) will be established in each of the FNEP. The coordinating province will liaise with all the PPUs and report to the Ministry of Planning and Investment and ADB.⁵ The government was advised that approval of the PPTA does not commit ADB to finance any ensuing loan. The PPTA will be implemented from 1 November 2015 to 31 December 2017. Table A3.4 presents the proposed processing and implementation schedule.

Table A3.4: Proposed PPTA Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Concept clearance/PPTA approval	11 September 2015
Fielding of PPTA consultants	15 November 2015
Midterm review	1 June 2016
Submission of final report for ADB	28 February 2017
Government approval of feasibility study	15 April 2017
Financial closure of TA	31 March 2018

Source: Asian Development Bank.

³ ADB. 2014. Financial Management, Cost Estimates, Financial Analysis, and Financial Performance Indicators. Operations Manual. OMG2/BP. Manila. FDD in accordance with ADB's requirements as per the guidance provided at <http://www.adb.org/projects/operations/financial-management-resources>

⁴ They will provide to the PPTA consultants: office space, counterpart staff, office staff and translators, domestic transport for counterpart staff and basic office and communications equipment and associated costs.

⁵ Disbursements as per ADB's Technical Assistance Disbursement Handbook (2010 as amended from time to time).