



Technical Assistance Report

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Policy and Advisory Technical Assistance (PATA)
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Policy Coordination and Planning of Border Economic Zones of the People's Republic of China and Viet Nam

(Financed by the People's Republic of China Regional
Cooperation and Poverty Reduction Fund)

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
BEZ	–	border economic zone
GMS	–	Greater Mekong Subregion
PRC	–	People’s Republic of China
TA	–	technical assistance

NOTE

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

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POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 49400-001	
Project Name	Policy Coordination and Planning of Border Economic Zones of the People's Republic of China and Viet Nam	Department /Division	EARD/EAPF
Country	REG, PRC, VIE	Executing Agency	Asian Development Bank
2. Sector	Subsector(s)	Financing (\$ million)	
✓ Industry and trade	Trade and services		0.40
		Total	0.40
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
Regional integration (RCI)	Pillar 2: Trade and investment		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Partnerships (PAR)	Implementation Regional organizations	No gender elements (NGE)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Not Applicable	
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG8, SDG17		
6. TA Category:	B		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		0.40	
People's Republic of China Regional Cooperation and Poverty Reduction Fund		0.40	
Counterpart		0.00	
None		0.00	
Total		0.40	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	

I. INTRODUCTION

1. The governments of the People's Republic of China (PRC) and the Socialist Republic of Viet Nam requested policy and advisory technical assistance (TA) from the Asian Development Bank (ADB) to support policy coordination and planning of border economic zones (BEZs). After consultation in the PRC in November 2015 and in Viet Nam in April and September 2016, and follow-up consultations, ADB and the governments reached an understanding on the TA objectives, scope, implementation arrangements, costs, and terms of reference. The design and monitoring framework is in Appendix 1.¹

II. ISSUES

2. Promoting balanced regional development is a strategic priority of both governments, and underpins efforts to accelerate improvements to living standards in the border areas of the PRC and Viet Nam.² As emphasized in the PRC's Thirteenth Five-Year Plan, 2016–2020 and Viet Nam's Sustainable Development Strategy for 2011–2020, regional connectivity and integration can serve as an engine of growth for underdeveloped border regions.³

3. BEZs are instruments of investment and trade to enhance the connectivity and economic integration of border areas. They generate opportunities to develop better supply chains between industries in border regions and open up these areas to much larger markets, helping them capitalize on local comparative advantages.

4. The establishment of BEZs was adopted as a tool to harness border development as part of the Greater Mekong Subregion (GMS) cooperation framework, of which Viet Nam and the PRC's border areas of Yunnan Province and Guangxi Zhuang Autonomous Region are constituents; this is reflected in the implementation strategy of the GMS North–South Economic Corridor (linking the two countries) endorsed at the 15th GMS Ministerial Conference on 19 June 2009.⁴ Both governments had taken this approach forward in the early 1990s by establishing BEZs at international border-crossing points, notably at Hekou–Lao Cai and Pingxiang–Dong Dang.⁵ However, the business community on both sides of the border was largely absent in planning these zones, and the initiatives did not attract the level of investment required to maximize their impact.⁶

¹ The TA is listed in ADB. 2016. *Country Operations Business Plan: People's Republic of China, 2016–2018*. Manila; and ADB. 2014. *Greater Mekong Subregion: Regional Investment Framework Implementation Plan (2014–2018)*. The TA first appeared in the business opportunities section of ADB's website on 28 September 2016.

² The annual average income in Western PRC remains below the national average, and the seven Vietnamese border provinces have per capita incomes ranging from a fifth to a third of the national average. ADB. 2011. *Cross-Border Economic Zone Roadmap*. Consultant's report. Manila (TA 7356-REG).

³ Government of the PRC. 2016. *Thirteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China, 2016–2020*. Beijing; and Government of Viet Nam, Congress of Viet Nam Communist Party. *Viet Nam Sustainable Development Strategy for 2011–2020*. Ha Noi.

⁴ ADB. 2010. *Toward Sustainable and Balanced Development: Strategy and Action Plan for the Greater Mekong Subregion North–South Economic Corridor*. Manila.

⁵ The PRC established a border cooperation economic zone in Hekou in 1992, and expanded preferential policies for the zone in 2000. In addition, the PRC established the Pingxiang Integrated Free Trade Zone in 2008. Several special economic zones had been established in Pingxiang before that. Viet Nam established a BEZ in Lang Son in 1997 and the Dong Dang–Lang Son Border Gate Economic Development Zone in 2008. The Lao Cai Border Gate Economic Zone was established in 2008.

⁶ ADB. 2011. *Cross-Border Economic Zone Roadmap*. Consultant's report. Manila (TA 7356-REG).

5. The governments of the PRC and Viet Nam requested ADB TA, which began implementation in 2009, to support upgrading existing BEZs and to reinvigorate border areas.⁷ A BEZ road map, prepared under this TA, provided advice on the immediate steps to be taken toward coordinated development.⁸ Joint commitment was marked by the 2013 signing of a memorandum of understanding on BEZ development by the PRC's minister of commerce and Viet Nam's minister of industry and trade.⁹

6. The importance of enhancing cooperation at the borders was reinforced during the 9th Meeting of the PRC–Viet Nam Economic and Trade Cooperation Committee held in Beijing in October 2015 and by the state visit of PRC President Xi Jinping to Viet Nam in November 2015. Negotiations for renewing the 1998 Cross-Border Trade Agreement were completed in September 2016, and the two governments are preparing a comprehensive bilateral agreement on establishing cross-border economic cooperation zones.¹⁰

7. Despite recent progress, the two governments can do more to coordinate and integrate the development of the BEZ-designated border areas.

8. First, economic cooperation in border areas between the two countries has been limited to a simple model of border trade, driven by preferential policies to facilitate duty-free trade by border residents. Implementing a more comprehensive model, currently under negotiation, will require new policies, laws, and regulations, as well as a better understanding of the business environment. For instance, the development and support needs of local industries, which are disadvantaged by weak supply chains and incomplete linkages to regional value chains, are not well understood and must be addressed to generate additional economic activity and trade.

9. Second, realizing cross-border synergies involves continually harmonizing trade-related policies, laws, and regulations; and BEZ development plans. No effective BEZ development and management coordination platform exists to operationalize the high-level agreements that have so far been the core focus of bilateral efforts. This has led to limited collaboration at the local level and between central government agencies. Furthermore, limited participation of businesses in the planning of the initial BEZs contributed to private investment falling short of expectations; the absence of a forum for dialogue with the private sector remains.

10. Last, lingering inefficiencies in the BEZ operating environments constrain growth in trade. The World Bank's Doing Business 2015 and 2016 reports show that administrative delays and costs associated with cross-border trade remain high in the PRC and Viet Nam.¹¹ Reducing inefficiencies in border clearance processes is a priority, as they add to transaction costs and impede trade flows.

⁷ ADB. 2009. *Technical Assistance for Developing Cross-Border Economic Zones between the People's Republic of China and Viet Nam*. Manila.

⁸ These steps included formulating and sharing master plans and a high-level agreement to proceed. Although the master plans for BEZ development, prepared on each side of the border, were shared, a joint master plan has not yet been agreed. A joint expert group, also recommended under the road map, has not yet been established. Investments initiated in border areas identified for BEZ development have been largely uncoordinated. Footnote 6 and ADB. 2011. *Developing Cross-Border Economic Zones between the PRC and Viet Nam: Institutional Development and Capacity Building*. Consultant's report. Manila (TA-7356 REG).

⁹ Four pairs of border cities were selected for BEZ development: Dongxing–Mong Cai, Hekou–Lao Cai, Longbang–Tra Linh, and Pingxiang–Dong Dang.

¹⁰ The Cross-Border Trade Agreement was signed on 12 September 2016.

¹¹ World Bank Group. 2016. *Doing Business 2016: Measuring Regulatory Quality and Efficiency*. Washington, DC; and World Bank Group. 2015. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC.

III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The TA impact will be improved integration along the GMS North–South Economic Corridor, in line with the Strategy and Action Plan for the Greater Mekong Subregion North–South Economic Corridor (footnote 4). The outcome will be enhanced capacity to develop, manage, negotiate, and promote BEZs in the border areas of the PRC and Viet Nam.¹²

B. Methodology and Key Activities

12. The TA will deliver three outputs.

13. **Output 1: Policy recommendations for coordinated border economic zone development formulated.** The TA will support BEZ implementation by formulating a medium-term BEZ development strategy and action plans for each country and area identified for BEZ development. The strategy and plans will provide guidance for policy, legal, and regulatory improvements; and help target investment sources and export market opportunities to inform BEZ promotional activities. They will also incorporate monitoring tools to measure the BEZs' economic and social impact, and will be designed to reflect national development priorities.

14. Several studies will inform the BEZ development strategy and action plans, and are expected to include

- (i) an assessment of existing policies, legal and regulatory frameworks, and institutional mechanisms for BEZ development and management;
- (ii) a market feasibility study to determine the competitive advantages of BEZ-designated areas and industries, and assess market potential, as well as market surveys to forecast potential investment demand and identify investors;
- (iii) an assessment of border clearance processes for key goods and services to identify physical and nonphysical bottlenecks to trade, and gaps in border infrastructure and bilateral coordination; and
- (iv) an assessment of cross-border labor and employment policies—including legal safeguards and mechanisms to implement labor rights and working standards—as well as other factors of cross-border mobility, to formulate recommendations to strengthen and coordinate cross-border labor protection mechanisms.

15. The scope of research may be adjusted, as needed, to respond to issues that emerge during bilateral negotiations and regional agreement implementation.¹³

16. **Output 2: Coordination mechanisms for the development and management of the border economic zones and public–private coordination strengthened.** The TA will provide localized support for joint planning and coordination of provincial governments in the PRC and Viet Nam with linkages to national processes and, where required, will support ongoing bilateral negotiations to establish cross-border economic cooperation zones. The project team will work with government authorities to identify the preferred support modality, and will coordinate with

¹² Footnote 9. The designated border areas are subject to change based on the outcome of ongoing bilateral negotiations and priorities identified during the inception workshop.

¹³ These include negotiations pertaining to a forthcoming agreement on establishing cross-border economic cooperation zones, and the implementation of the 2016 Cross-Border Trade Agreement.

an ADB initiative working across six countries to facilitate urban planning and infrastructure development in GMS border areas.¹⁴

17. In addition, the TA will finance public–private forums to strengthen coordination and help assess the feasibility of the BEZ development plans based on investors’ needs. Private sector participants may include the GMS Business Forum, GMS Freight Transport Association, research institutions, and other stakeholders.¹⁵ Consultations with the private sector will serve to prescribe policy options to attract domestic and foreign direct investment in priority industries, including fiscal incentives, hard and soft infrastructure facilities, access to finance and capital, business facilitation, governance, and BEZ management structure. The frequency of the public–private forums will be determined based on the needs identified during implementation.

18. **Output 3: Capacity building of government stakeholders conducted.** The TA will include a capacity-building and training component on topics agreed at inception and that emerge during implementation and consultations, with the participation of resource persons (as required). Capacity building may include on-the-job training for staff members of relevant government agencies on BEZ development, management, and promotion; and on effective negotiation with potential investors. The TA will seek opportunities to promote knowledge exchange and international good practice learning. The GMS Economic Corridors Forum and GMS Governors Forum may also be used as venues for knowledge-sharing activities.

19. The TA will help formulate BEZ operational guidelines to complement training and knowledge-sharing activities. The guidelines will address capacity-building needs identified by the assessment and during consultations with both governments for BEZ development, management, negotiation, and promotion.

20. Stakeholders will be consulted through an inception workshop, two preliminary consultations to present and discuss findings, and a final strategy dissemination and discussion workshop.

C. Cost and Financing

21. The TA is estimated to cost \$500,000, of which \$400,000 will be financed on a grant basis by the People’s Republic of China Regional Cooperation and Poverty Reduction Fund and administered by ADB. The central and provincial governments of the PRC and Viet Nam will provide counterpart support in the form of counterpart staff; office space; support for consultant missions, training, workshops, and conferences, including document translation and interpretation; and other administrative and logistic services. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

22. ADB will serve as the executing agency. The East Asia Department’s Public Management, Financial Sector, and Regional Cooperation Division will serve as the focal point

¹⁴ ADB. 2015. *Technical Assistance for Greater Mekong Subregion: Capacity Development for Economic Zones in Border Areas*. Manila.

¹⁵ The GMS Business Forum is a joint initiative of the chambers of commerce of the GMS countries, and has participated in GMS meetings on the policy and regulatory reforms necessary to promote trade and investment in the GMS. The GMS Freight Transport Association was established in 2012 as a subsidiary body of the GMS Business Forum to highlight trade and transport facilitation issues and help identify solutions.

and will administer the TA in coordination with the Southeast Asia Department and concerned resident missions. The PRC's Development and Reform Commission of the Government of the Guangxi Zhuang Autonomous Region (in collaboration with the Department of Finance and Department of Commerce) and Viet Nam's Ministry of Industry and Trade will share responsibility for implementation, as implementing agencies, with coordination support from a project consultant. The implementing agencies will coordinate with other authorities, including participating provincial authorities that manage the BEZs in the PRC's Yunnan Province and Viet Nam, to ensure their involvement in all TA activities. Provincial authorities in Viet Nam may lead the implementation of selected TA outputs, where relevant. TA progress and outputs will be presented by relevant authorities of the PRC and Viet Nam at the GMS Governors Forum and GMS Economic Corridors Forum.

23. The TA will require 7.5 person-months of international consultant inputs and 12 person-months of national inputs. Given the varied and specialized nature of TA activities, consultants will be recruited on an individual basis, as described in the terms of reference (Appendix 3), following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).¹⁶

24. The TA will be monitored and evaluated based on the activities implemented and outputs delivered, following the agreed timeline and budget. The team leader will submit an inception report, quarterly progress notes, and draft final and final reports. Review missions will be the main mechanism to monitor and assess the TA. The outputs, particularly the findings and recommendations from the studies, will be disseminated through workshops, stakeholder consultations, and publications, where relevant. Key project deliverables will be translated into Chinese and Vietnamese.

25. The TA will begin on 1 March 2017 and end on 29 March 2019.

IV. THE PRESIDENT'S DECISION

26. The President, acting under the authority delegated by the Board, has approved ADB administering 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 for the Policy Coordination and Planning of Border Economic Zones of the People's Republic of China and Viet Nam, and hereby reports this action to the Board.

¹⁶ Consultants will be engaged on a lump-sum basis where feasible. TA proceeds will be disbursed following ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with Integration along the GMS North–South Economic Corridor improved (Strategy and Action Plan for the Greater Mekong Subregion North–South Economic Corridor) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Capacity to develop, manage, negotiate, and promote BEZs in the border areas of the PRC and Viet Nam enhanced	Policy or regulatory reform initiative for BEZ development presented to the GMS ministerial meeting in 2019 (2016 baseline: bilateral discussions initiated)	Annual GMS ministerial meeting and senior officials' meeting reports TA completion report	The PRC and Viet Nam governments are unable to agree on key cross-border legal issues.
Outputs 1. Policy recommendations for coordinated BEZ development formulated 2. Coordination mechanisms for the development and management of the BEZs and public–private coordination strengthened 3. Capacity building of government stakeholders conducted	By 2019 1. BEZ development strategy and action plans submitted to government officials (2016 baseline: no integrated and coordinated BEZ development strategies) 2a. At least one bilateral coordination meeting held at the provincial level (2016 baseline: not applicable) 2b. At least one public–private forum, with at least 50 participants, conducted (2016 baseline: not applicable) 3a. At least one capacity-building and knowledge-sharing workshop on topics agreed at inception stage and that emerge through TA research held (2016 baseline: not applicable) 3b. BEZ operational guidelines submitted to government officials (2016 baseline: not applicable)	1. Consultant reports and minutes of final workshop meeting 2a–b. Minutes of meetings 3a. Minutes of two workshops 3b. Consultant reports	Coordination capacity among border provinces is weak.
Key Activities with Milestones 1. Policy recommendations for coordinated border economic zone development formulated 1.1 Organize and conduct TA inception workshop (by July 2017). 1.2 Prepare core studies to inform dialogue on developing BEZs and formulating strategy and action plans (by March 2018). 1.3 Present preliminary findings at a consultation workshop with policy makers, the private sector, other stakeholders, and outside experts as required (by April 2018). 1.4 Prepare the BEZ development strategy and action plans for each participating country (by			

<p>September 2018).</p> <p>1.5 Conduct consultations with stakeholders on the draft BEZ strategy and action plans (by September 2018).</p> <p>1.6 Prepare and present the draft consultant report (by December 2019).</p> <p>1.7 Deliver the final consultant report (by February 2019).</p> <p>2. Coordination mechanisms for the development and management of the border economic zones and public–private coordination strengthened</p> <p>2.1 Facilitate bilateral consultations between provincial authorities (throughout TA implementation).</p> <p>2.2 Identify private sector participants in public–private forums on BEZ development (by March 2018).</p> <p>2.3 Facilitate dialogue with private sector stakeholders at a frequency determined based on needs identified during implementation (throughout TA implementation).</p> <p>3. Capacity building of government stakeholders conducted</p> <p>3.1 As part of TA consultations, assess human and institutional resources and capacity-building needs and outline a capacity-building program, which will be updated during implementation and draw from core studies (throughout TA implementation).</p> <p>3.2 Facilitate a knowledge-sharing and capacity-building workshop for government authorities (throughout TA implementation).</p> <p>3.3 Facilitate on-the-job training, where required (throughout TA implementation).</p> <p>3.4 Prepare the operational guidelines (by October 2018).</p> <p>3.5 Provide TA where required to support operationalizing the BEZ strategy and action plans (throughout TA implementation).</p> <p>Inputs</p> <p>People’s Republic of China Regional Cooperation and Poverty Reduction Fund: \$400,000</p> <p>Note: The central and provincial governments of the PRC and Viet Nam will each provide counterpart support in the form of counterpart staff; office space; support for consultant missions, training, workshops, and conferences, including document translation and interpretation; and other administrative and logistic services.</p> <p>Assumptions for Partner Financing</p> <p>Not Applicable.</p>
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BEZ = border economic zone, GMS = Greater Mekong Subregion, PRC = People’s Republic of China, TA = technical assistance.

^a Asian Development Bank. 2010. *Toward Sustainable and Balanced Development: Strategy and Action Plan for the Greater Mekong Subregion North–South Economic Corridor*. Manila.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
People's Republic of China Regional Cooperation and Poverty Reduction Fund^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	194.0
ii. National consultants	86.0
b. International and local travel	52.0
c. Translation, reports, and communications	18.0
2. Conferences and workshops ^b	
a. Conferences and workshops	20.0
b. Resource persons	15.0
3. Miscellaneous administration and support costs ^c	5.0
4. Contingencies	10.0
Total	400.0

Note: The technical assistance (TA) is estimated to cost \$500,000, of which contributions from the People's Republic of China Regional Cooperation and Poverty Reduction Fund are presented in the table above. The governments of the PRC and Viet Nam will provide counterpart support in the form of workshop and seminar venues, document translation and interpretation support for consultant missions and workshops, associated costs for workshops and seminars, other workshop and seminar logistic and hospitality arrangements such as office supplies and domestic transportation, and other in-kind contributions. The value of government contribution is estimated to account for 20% of the total TA cost.

^a Administered by the Asian Development Bank (ADB).

^b Includes venue and equipment rental, incidental costs, and participants' accommodation costs for stakeholder participation, awareness-raising events, and other related workshops in the People's Republic of China and Viet Nam. An advance payment facility will be established within the implementing agency to facilitate events and workshops. If ADB staff act as resource persons and/or facilitators, travel costs may be charged to the TA with prior agreement of the implementing agency. The budget for the international and national workshops is included as a provisional sum.

^c Includes printing, translations, event supplies, meeting assistants to reproduce materials, and other support for workshops.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance (TA) will require 19.5 person-months of consulting services (three international consultants for 7.5 person-months and six national consultants for 12 person-months). The person-months indicated are primarily for planning purposes; sufficient flexibility based on periodic progress assessments will be allowed in determining the duration of expertise required. The international consultants should preferably have a doctorate and/or master's degree or equivalent with at least 10 years of international experience in the area of expertise. The national consultants should preferably have a master's degree or equivalent and about 8 years of professional experience in the area of expertise. All consultants should have working proficiency in English and will conduct TA activities on an intermittent basis as required. Given the TA's varied and specialized activities, consultants will be recruited on an individual basis, following the Guidelines on the Use of Consultants (2013, as amended from time to time) of the Asian Development Bank (ADB).¹ The consultants will be responsible for submitting outputs and other deliverables in a timely manner, and for organizing and implementing all TA activities. All reports are to be of high quality and produced in English with copies in Chinese and Vietnamese. Work timelines and deliverables with dates will be defined at inception, documented in the final inception report, and agreed with the government implementing agencies and ADB.

A. International Consultants

2. **Development Economist and Regional Cooperation Specialist and Team Leader** (2.5 person-months). The team leader will have overall project responsibility and will serve as the technical lead for outputs 2 and 3. The specialist will also act as a project coordinator supporting both implementing agencies. The specialist must have (i) at least 10 years' experience in development; (ii) a doctorate and/or master's degree in economics, international political economy, or other development fields; (iii) a good understanding of the issues and institutional arrangements for economic cooperation in the Greater Mekong Subregion; (iv) experience conducting similar assignments; and (v) demonstrated ability for strategic thinking, and for working effectively with national counterparts and consultants. The specialist will undertake several tasks intermittently over 20 months and in collaboration with the international and national consultants:

- (i) Assist in the coordination of the overall TA components and activities, and serve as a resource person for authorities in the People's Republic of China (PRC) and Viet Nam.
- (ii) Facilitate bilateral consultations with government authorities, knowledge-sharing activities, and public-private forums. This includes organizing and facilitating consultations and workshops, formulating the agenda for discussions, identifying resource persons, and preparing background material, as well as delivering sessions at the workshops as required.
- (iii) Provide on-the-job training where required, including on border economic zone (BEZ) promotion and negotiation with investors; and on how to develop, manage, and promote BEZs.
- (iv) Based on the gaps identified through TA consultations and research, develop BEZ operational guidelines to build the capacity of national authorities in the PRC and Viet Nam on developing, managing, negotiating, and promoting BEZs.

¹ TA proceeds will be disbursed following ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). Consultants will be engaged on a lump-sum basis where feasible.

- (v) Prepare a TA inception report outlining a detailed work plan with timelines formulated and agreed to by all parties at the project inception workshop. Prepare the quarterly progress notes, and the draft final and final TA reports.

3. **Senior Regional Border Economic Zone Specialist and Technical Lead** (3 person-months). The specialist will have overall responsibility for output 1. The specialist will work intermittently over 20 months and in cooperation with the international and national consultants. The specialist should have professional expertise in regional trade. Knowledge of the PRC and/or Viet Nam context is preferable. The specialist will have several responsibilities:

- (i) Conduct an analysis of BEZ-related policy, legal, regulatory, financial, and institutional arrangements; and regional good practices alongside the national consultants. The output will be a strengths, weaknesses, opportunities, and threats analysis of the options available to develop and strengthen the BEZ operating framework.
- (ii) Prepare (a) a market feasibility study of BEZs in designated areas, including identifying the comparative advantages of zone areas and industries, and assessing market potential; (b) a market survey to forecast investment demand and identify potential investors; and (c) a potential investors' catalogue for target promotion. The findings will inform the target investment promotion.
- (iii) Based on the background studies, (a) develop a BEZ development strategy and action plan for each participating country, including identifying how border economies in the PRC and Viet Nam will sustain and optimize economic growth through BEZs over the medium to long term; and (b) map legal and regulatory changes required with the regulatory assessment specialists. This will include consulting with trade enterprises and business executives, government officials, local chambers of commerce, and other partners.
- (iv) Lead discussions with the consultants, the implementing agencies, and ADB to identify issues to cover during workshops and bilateral government consultations, identify resource persons, and prepare background materials; deliver sessions at workshops, as required, including disseminating the output findings and recommendations.
- (v) Help prepare the project inception report, quarterly progress notes, and draft final and final reports.

4. **Senior Business Process Analysis Specialist** (2 person-months). The specialist will assess trade transactions for key goods and services, and develop recommendations for trade facilitation measures, investment in border infrastructure and facilities, and bilateral coordination. Activities will include (i) scope setting with the implementing agencies and ADB, (ii) conducting data collection and processing documentation, and (iii) analyzing identified business processes and proposing recommendations for their improvement. The specialist must have a doctorate and/or master's degree in finance, economics, or law; and extensive experience in international trade in the PRC and/or the Greater Mekong Subregion, and in conducting business process analyses in similar assignments.

B. National Consultants

5. **Economists and Deputy Team Leaders** (one consultant each in the PRC and Viet Nam, 5 person-months total). The economists will work closely with the team leader and senior regional BEZ specialist during implementation and be responsible for (i) coordinating implementation with their respective government counterparts, alongside the team leader who will oversee project coordination across both countries; (ii) assisting the international

consultants with research and data requirements; (iii) planning and arranging public–private forums with the governments, the private sector, and other stakeholders; and helping design a system to share business and investment information between the public and private sectors; (iv) identifying opportunities and measures to promote local private sector participation in BEZ development; and (v) developing tools to measure the BEZs' economic and social impact.

6. **Domestic Regulatory Assessment Specialists** (one consultant each in the PRC and Viet Nam, 4 person-months total). The consultants should be recognized, practicing legal and tax specialists and will support the technical lead in output 1. Tasks include (i) identifying legislation to be modified; (ii) conducting a legal analysis of labor, immigration, and safeguards policies, and the potential impact of BEZ development; (iii) presenting international benchmarks; and (iv) discussing with governments and private stakeholders the proposed remedial measures.

7. **Investment Policy Specialists** (one consultant each in the PRC and Viet Nam, 3 person-months total). The specialists will develop recommendations for investment policy legislation in line with the strategic objectives of the PRC and Viet Nam governments. The specialists must have an advanced degree in finance, economics, or law; extensive experience in investment promotion; and in-country experience. The specialists will (i) review the PRC's and Viet Nam's laws and regulations governing foreign and domestic investment that apply to BEZs between the two countries, and related constraints; (ii) conduct a comparative analysis to provide perspective on the potential replication of models adopted in successful special economic zones in the PRC and internationally; and (iii) develop an investment policy and related recommendations for legislative reforms in each of the two countries, as required.

8. **Reporting requirements.** The consultants' team will submit the following reports to the implementing agencies and ADB:

- (i) an inception report with (a) confirmation of the overall TA rationale and design, (b) recommended adjustments to the terms of reference and timing of specialists' deployment, (c) a schedule of inputs from the consulting team, and (d) a detailed implementation schedule;
- (ii) quarterly reports on implementation progress;
- (iii) knowledge products as defined in the inception report; and
- (iv) draft final and final reports that will comprise a project summary, a summary of policy recommendations, and technical reports.

9. The national consultants will assist the team leader in the dissemination and communication of TA outputs.