



## Viet Nam: Support to Border Areas Development Project

Project Name	Support to Border Areas Development Project	
Project Number	48189-002	
Country	Viet Nam	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	<b>Loan 3499-VIE: Support to Border Areas Development</b>	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 106.51 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development	
Sector / Subsector	<b>Industry and trade</b> - Trade and services <b>Transport</b> - Road transport (non-urban)	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The proposed project supports the Cambodia_Laos_Viet Nam (CLV) Development Triangle Area (DTA) objectives of facilitating the flow of goods, people, and investment capital and exploring agriculture, forestry, and tourism potential by accelerating economic growth within Viet Nam's Development Triangle Area (VDTA) consisting of Kon Tum, Gia Lai, Dak Lak, Dak Nong, and Binh Phuoc provinces. The CLV-DTA is characterized by a high concentration of ethnic minority population, low gross domestic product (GDP), and persisting poverty pockets. The key impediments to more inclusive growth are insufficient transport and other basic infrastructure, including irrigation, water supply and wastewater treatment, and rural roads as well as limited institutional capacity. To improve the efficiency in public investment and benefit from economies of scale and synergies with ongoing or planned projects, the Government is increasingly advocating for the integrated area approach under which neighboring localities work toward common development goals and jointly enhance their competitiveness. The integrated area development approach was also recommended by the Viet Nam Country Partnership Strategy (CPS) Final Review Validation, 2012_2015, conducted by ADB's Independent Evaluation Department, as a means to ensure synergies among and maximize inclusion and other development impacts of projects. The proposed project supports this area development scheme in the VDTA.</p>	

Project Rationale and Linkage to Country/Regional Strategy	<p>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 km<sup>2</sup>. 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.</p> <p>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.</p> <p>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.</p>
Impact	Engine and gateway within the five VDTA provinces to wider regional and international markets established.

## Project Outcome

Description of Outcome	Movement of goods, vehicles, and people among the five VDTA provinces increased
Progress Toward Outcome	
<b>Implementation Progress</b>	
Description of Project Outputs	Road infrastructure in five VDTA provinces rehabilitated VDTA plans and facilities for transport and trade facilitation with a focus on inclusive growth developed Institutional capacity for VDTA investment planning, project design and implementation, and resource management strengthened
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

## Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

## Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

## Stakeholder Communication, Participation, and Consultation

During Project Design	The Project will be designed in a consultative and participatory manner. Views and suggestions from relevant stakeholders, particularly central and provincial governments (i.e. the Ministry of Planning and Investment, Ministry of Transport, Ministry of Culture, Sports and Tourism, Provincial Peoples Committees (PPC) of the five DTA provinces), and development partners will be duly considered under the proposed Project.
During Project Implementation	The Project will be implemented in a consultative and participatory manner. Views and suggestions from relevant stakeholders, particularly central and provincial governments (i.e. Ministry of Planning and Investment, Ministry of Transport, Ministry of Culture, Sports and Tourism, Provincial Peoples Committees (PPC) of the five DTA provinces), and development partners will be duly considered.

## Responsible Staff

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Responsible ADB Division	Viet Nam Resident Mission
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## Timetable

Concept Clearance	19 Dec 2014
Fact Finding	30 May 2016 to 18 Jun 2016
MRM	25 Jul 2016
Approval	08 Dec 2016
Last Review Mission	-
Last PDS Update	08 Dec 2016

## Loan 3499-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
08 Dec 2016	04 May 2017	-	30 Jun 2023	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	122.11	Cumulative Contract Awards			
ADB	106.51	08 Dec 2016	0.00	0.00	0%
Counterpart	15.60	Cumulative Disbursements			
Cofinancing	0.00	08 Dec 2016	0.00	0.00	0%

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Project Page	<a href="https://www.adb.org/projects/48189-002/main">https://www.adb.org/projects/48189-002/main</a>
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