



## Viet Nam: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project: Viet Nam

Project Name	Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project: Viet Nam		
Project Number	49387-003		
Country	Viet Nam		
Project Status	Proposed		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	<b>Loan: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project: Viet Nam</b>		
	concessional ordinary capital resources lending / Asian Development Fund		US\$ 45.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration		
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development		
Sector / Subsector	<b>Transport</b> - Road transport (non-urban) - Water transport (non-urban) <b>Water and other urban infrastructure and services</b> - Other urban services - Urban flood protection		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Description	The project will help transform secondary towns in the Greater Mekong Subregion (GMS) eastern economic corridor into economically inclusive, competitive tourism destinations by improving transport infrastructure, urban sanitation, and capacity to sustainably manage tourism growth. It will boost trade in services by promoting cross-border tourism and deepen GMS and Association of Southeast Asian Nations (ASEAN) regional cooperation and integration. About 168,000 residents are expected to benefit from climate-resilient infrastructure development, improved urban greenspace, cleaner beaches, and better access to economic opportunities.		

Project Rationale and  
Linkage to  
Country/Regional Strategy

Forecasts suggest that Asia and the Pacific will be the world's fastest-growing region through 2030, when it will receive 535 million tourists, or 30% of the global market share. In 2016, ASEAN countries received 116 million international tourists, up 42% compared with 2011. ASEAN arrivals are expected to grow 5.1% per year and reach 187 million in 2030. Within ASEAN, Viet Nam, Cambodia and the Lao PDR actively cooperate to promote multicountry tour programs that connect their economies with larger, more affluent regional markets.

Viet Nam's international tourist arrivals reached 10.01 million in 2016 after growing by just over 10% annually since 2009. Top source markets are the People's Republic of China (27%), the Republic of Korea (15%), and Japan (7%). Domestic tourism is also substantial, with more than 62 million trips in 2016. Tourism contributes nearly 5% to Viet Nam's gross domestic product and generates 72% of service exports, directly supporting 1.9 million jobs the majority are held by women in small and medium-sized enterprises (SMEs). The government targets a 10% gross domestic product contribution by 2020, when tourism is expected to generate \$32.5 billion and sustain 1.05 million new tourism-related jobs.

Government efforts to upgrade gateway airports, transnational railways and highways, and secondary roads to boost travel and trade are supported by the Asian Development Bank (ADB) and other development partners. Regional policies to liberalize transport services and ease cross-border tourism complement physical infrastructure investments. For example, Viet Nam permits prearranged tourist visas on arrival for 182 countries, electronic visas for 46 countries, and grants 15-day tourist visa exemptions to citizens of all ASEAN countries. As a result, the number of visitors arriving by air in 2016 was 8.3 million, and 1.5 million entered using private buses or personal vehicles.

Even with these strengths and opportunities, Viet Nam ranks low in the World Travel & Tourism Competitiveness Index, mainly because secondary destinations lack sufficient transport infrastructure, urban sanitation and public spaces, and high-quality tourism services. Other underlying problems are inadequate public infrastructure asset maintenance, weak tourism planning, and ineffective marketing, which collectively undermine the business-enabling environment for tourism. Consequently, in 2016, Viet Nam's share of ASEAN international tourist arrivals was only 8.6%. Imbalanced tourism growth within the country is another consequence of underinvestment in secondary destinations, with more than half of international tourist arrivals and corresponding benefits accruing to Ha Noi, Ho Chi Minh City, Ha Long Bay and Da Nang.

Secondary towns in Viet Nam's segment of the GMS eastern corridor are vulnerable to climate change and natural disasters. Risks include stronger and more frequent typhoons, storm surges along the eastern seaboard, and intensifying rainfall and flooding in major river valleys. These risks are exacerbated by limited country capacity to integrate adaptation and mitigation solutions. Countering climate change and natural disasters requires finance and knowledge to retrofit and construct climate-resilient infrastructure and promote resource-efficiency certification programs. Public awareness campaigns to promote lower-carbon travel, emission offsets, and environment-friendly tourism services are also needed.

To help remove these constraints, the project builds on ADB's ongoing GMS Tourism Infrastructure for Inclusive Growth Project in Viet Nam and the GMS Sustainable Tourism Development Project (2008 2015) by selectively financing climate-resilient rural roads, water transport infrastructure, seaside storm defenses, public greenspace improvements, and capacity building for better destination management, all of which is needed to boost tourist arrivals and spending in secondary destinations. Priority investments are (i) road improvements to link small towns with rural community-managed tourist attractions, (ii) ferry ports to increase passenger-handling capacities and give private operators the facilities needed to expand water transport and recreation services, (iii) seawalls, coastal revetments, and drainage improvements in flood-prone areas, and (iv) capacity building to support the implementation of ASEAN tourism standards and infrastructure operation and maintenance (O&M). The integrated design will assist Hoa Binh, Nghe An, Quang Binh, Quang Tri, and Thua Thien Hue provinces attract more and higher-spending visitors, thus contributing to more balanced tourism growth and employment-intensive SME development in lagging areas.

Impact	Sustainable, inclusive, and more balanced tourism development achieved (ASEAN Tourism Strategic Plan 2016-2025)
Outcome	Tourism competitiveness of secondary towns in Viet Nam increased
Outputs	1. Urban-rural access infrastructure and urban environmental services improved 2. Capacity to implement ASEAN tourism standards strengthened 3. Institutional capacity for tourism destination management and infrastructure O&M strengthened
Geographical Location	Nation-wide

#### Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

#### Summary of Environmental and Social Aspects

Environmental Aspects	The project is categorized B for environment. The participating provinces prepared one initial environmental examination and five environmental management plans (EMPs), each covering the project's area of influence and all road, ferry pier, coastal protection, and public space improvement subprojects. The EMPs provide adequate measures to mitigate the expected minor and temporary construction impacts and the potential adverse environmental impacts of increased tourism activity, particularly in coastal environments and near protected areas. Better roads, drainage and flood protection, safe ferry piers, improved public green space, and the adoption of ASEAN tourism standards are expected to generate overall net environmental benefits. Loan covenants require contractors and destination management agencies to comply with initial environmental examination and EMP mitigation measures.
Involuntary Resettlement	The project is categorized B for involuntary resettlement. Land acquisition and business disruption will affect 176 households (759 affected people) in four provinces (Hoa Binh, Nghe An, Quang Tri, and Thua Thien Hue). There are 20 severely affected households (86 severely affected people). One house-cum-shop will be physically displaced, and 72 households are classified vulnerable including 56 Muong ethnic minority households. Due diligence confirms at preliminary design there are no involuntary resettlement impacts expected in Quang Binh. Three resettlement plans and one combined resettlement and ethnic minority development plan were prepared by the provincial executing agencies with the assistance of social development specialists. All plans reflect meaningful consultations with affected households and include suitable livelihood improvement programs and grievance redress mechanisms. The initial resettlement and compensation costs are estimated at \$813,256. This amount is considered adequate based on the inventories of losses prepared in consultation with the affected households. PPCs will appoint qualified PMU staff to properly implement the plans using project resources.
Indigenous Peoples	The project is categorized B for indigenous peoples. The project will positively affect Muong ethnic people by creating culturally appropriate jobs, diversifying income, and strengthening their involvement in tourism management and decision making. Ethnic groups will equally benefit from improved access to economic opportunities and social services, better destination management, and capacity building. The project will not displace ethnic households from traditional or customary lands or negatively impact ethnic minority identity, culture, or customary livelihood systems. The resettlement and ethnic minority development plan identifies the potential negative impacts, and contains adequate measures to mitigate them.

#### Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Schipani, Steven M.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Viet Nam Resident Mission
Executing Agencies	<i>Hoa Binh Provincial People's Committee No. 8, An Duong Vuong Road, Phuong Lam Ward, Hoa Binh City Provincial People's Committee Thua Thien Hue 14 Le Loi Street, Hue City, Thua Thien Hue Hue Viet Nam Provincial People's Committee of Nghe An Province Nghe An, Viet Nam Provincial People's Committee of Quang Binh Province 50 Ly Thuong Kiet, Dong Hoi, Quang Binh Vietnam Provincial People's Committee of Quang Tri Province 45 Hung Vuong, Dong Ha Town, Quang Tri Vietnam</i>

#### Timetable

Concept Clearance	01 Mar 2020
Fact Finding	13 Jun 2018 to 16 Jun 2018
MRM	06 Sep 2018
Approval	-
Last Review Mission	-
Last PDS Update	05 Nov 2018

Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=49387-003">http://www.adb.org/forms/request-information-form?subject=49387-003</a>
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Date Generated	09 November 2018
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