

ASIAN DEVELOPMENT BANK

TAR: OTH 37156

TECHNICAL ASSISTANCE

FOR

RURAL, URBAN, AND SUBREGIONAL LINKAGES

IN THE MEKONG REGION:

A HOLISTIC APPROACH TO DEVELOPMENT AND POVERTY REDUCTION

September 2003

ABBREVIATIONS

ADB	–	Asian Development Bank
BTOR	–	back-to-office report
GMS	–	Greater Mekong Subregion
Lao PDR	–	Lao People's Democratic Republic
NGO	–	nongovernment organization
TA	–	technical assistance

NOTE

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

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I. INTRODUCTION

1. Urban areas in the Mekong region are the locus of forward and backward linkages. Backward linkages occur through economic and demographic interactions between urban and rural areas while forward linkages take place through the interface, in the urban centers, of national and subregional¹ marketing and production channels. The extent to which urban areas can play an effective role in properly integrating rural economy and population with national, subregional, and global markets and in broad-based distribution of globalization benefits, depends on the nature of rural-urban-subregional linkages to be largely influenced by urban strategies. With proper strategies, these linkages can leverage balanced rural and urban development and broad-based national growth. However, the current knowledge of rural-urban-subregional linkages in the Mekong region is inadequate to formulate appropriate strategies. In response to the issue, a fact-finding mission visited Cambodia, the Lao People's Democratic Republic (Lao PDR), and Viet Nam during May 2003. Based on discussions with stakeholders and a review of relevant policy and strategy documents, including the 10-year Strategic Framework for the Greater Mekong Subregion (GMS) program of economic cooperation, the mission formulated and reached an understanding with the governments on the objective, scope, cost, financing plan, and implementation arrangements of the regional technical assistance (TA)². The TA is intended to help fill the knowledge gap on rural, urban, and subregional linkages and develop effective strategies to promote mutually supportive rural and urban development and competitive cities and towns in the process of subregional economic integration in the Mekong region. The TA framework is in Appendix 1.

II. ISSUES

2. Until recently, most development and poverty reduction efforts have been compartmentalized, focusing on either "urban" or "rural" issues with little consideration of the interrelations between the two. In countries that are at early stages of urbanization and where poverty is predominantly a rural phenomenon, the development agenda has been dominated by rural concerns whereas in countries with higher levels of urbanization, efforts have been biased towards urban interests. However, it is now increasingly recognized that rural and urban development is interdependent. There are economic and demographic linkages reflected in the flows of goods, services, people, labor, capital, and information across the urban and rural space. In an economic sense, rural producers need markets, services, information and capital that are mostly found in the urban areas while demographic linkages (rural-to-urban migration and commuting) form a critical means of access to nonfarm employment and livelihood diversification for the rural poor (Appendix 2). These linkages between urban and rural areas mean that changes in one affect the other: investments in urban and rural areas are not mutually exclusive, but can be mutually supportive, if they are properly planned.

3. Some countries in the Mekong region have acknowledged rural and urban development interdependencies. For example, the Lao PDR has made, in its national development plan, a commitment to strengthening rural to urban market linkages to support its rural development strategy. A recent project, in the Lao PDR's small towns, demonstrated significant potential impact of urban investments on the surrounding poor rural hinterland in terms of (i) expanded marketing, know-how, and agricultural input for rural produce; (ii) improved urban services, amenities, and commodities that are of vital importance to rural well-being; and (iii) increased nonfarm jobs for the rural poor. Viet Nam has also recognized the importance of rural-urban linkages. A principal thrust of Viet Nam's Central Region Development Strategy (2000) is to enhance rural-urban linkages. Moreover, rural-urban linkages are a high priority item on the

¹ Subregion, in this paper, refers to the Greater Mekong Subregion, which comprises Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, and the Yunnan Province of People's Republic of China, which are included under the ADB-supported GMS economic cooperation program. Initiated in 1992, the program has been strengthening economic linkages among the countries through infrastructure and nonphysical interventions.

² The TA first appeared in *ADB Business Opportunities* (Internet version) on 23 April 2003.

agenda of the Viet Nam Urban Forum, composed of representatives of the government agencies and development partners.

4. Nevertheless, despite the widespread acceptance of the concept of rural-urban linkages in the Mekong region, there still remains inadequate knowledge of the interconnectivities of rural and urban development and the particular ways these linkages can be affected positively. In some Mekong countries, such as Cambodia, with relatively higher proportions of rural populations, this knowledge gap has led to a tendency to focus development efforts solely within rural boundaries. At the urban level, inadequate knowledge of rural-urban linkages has resulted in planning and management practices that have been ineffective at exploiting the potential role that urban areas can play in promoting complementarities for rural development and reducing poverty within and beyond urban boundaries. These practices have been reflected (i) in some cases as the concentration of economic activities, wealth, and population in few larger cities, such as Ho Chi Minh City and Hanoi in Viet Nam, at the expense of extensive rural regions with little access to essential urban markets and services; and (ii) in other cases, like the in the city of Phnom Penh, as initiatives to stop rural-to urban migration by overlooking the basic needs of the migrant populations, with destructive effects on labor markets and the livelihood of the poor. Inappropriate urban strategies have also meant ill-defined public investments in wrong locations, i.e., inefficient use of scarce resources available for development and poverty reduction.

5. Furthermore, the prevailing knowledge gap about rural-urban linkages has been compounded by changing forms of rural and urban relationships under the current phenomenon of global and subregional integration in the Mekong region. The linkages have gone beyond the national boundaries and been further complicated. Growing globalization of production processes, cross-border trade, foreign investment, and labor mobility among the regions' countries have made the regions' national economies increasingly interdependent. In this process, the urban areas, as the locations of massive markets, production, know-how, innovation, and management and financial skills and resources, have emerged as strategic places. Beside being home-towns and centers for marketing and servicing for their national regions, urban areas have become crucial nodes for subregional interaction and servicing of firms, markets, and financial operations.

6. At the same time, the process of integration, reinforced by major subregional infrastructure and nonphysical interventions under the GMS economic cooperation program, is rapidly transforming the urban systems in the region. More importantly, the four GMS flagship programs of north-south, east-west, and southern economic corridors, and Facilitating Cross-border Trade and Investment have significant effects on the urban areas on these corridors and borders. For example Danang, on the eastern end of the east-west corridor in Viet Nam, is rapidly becoming an important agro-processing and manufacturing center, a business hub of the Viet Nam central region, and a significant gateway for exports of the GMS to global markets. Border towns, such as Mukdahan in Thailand and Savannakhet in the Lao PDR, are evolving into areas of major interface between the Lao PDR's natural resources and Thai capital and skills. Lao Cai in Viet Nam, a border crossing point between Yunnan Province of the People's Republic China and Viet Nam on the northern economic corridor, is flourishing with the trade sector growing at 40% per year. Towns such as Sisophon and Battambang on the southern corridor in Cambodia are becoming subregional centers as a result of the enhanced linkages of production and trade being created by the southern corridor.

7. Major implications of the expanded interconnectedness and accompanying transformation are that (i) the growth and welfare of urban centers and their rural hinterlands are no longer affected only by internal factors, but are also influenced by forces far beyond national borders; (ii) cities and towns are increasingly placed in a competitive framework of subregional intercity networks; and (iii) economic corridors create significant opportunities to strengthen the

rural-urban-subregional linkages in the poorer sections of the Mekong region, and present considerable planning and management challenges for the urban areas to meet the new demands of the integration process. Understanding of the forces of subregional integration as well as the prominent roles that urban areas are playing and will play in the subregional integration process is vital to devising and implementing appropriate strategies that will unleash the potential of urban areas to exploit the new opportunities for the benefit of the region's poor.

8. If the Mekong region is to grow in a balanced way, there is need for policy-makers and planners (i) to develop a clear understanding and knowledge of interdependencies between rural and urban development and the symbiotic relationships and effects between the region's urban areas and the subregional integration process, and (ii) to promote appropriate national and local-level urban strategies that can influence rural-urban-subregional linkages to enhance the urban support for rural development and poverty reduction while maximizing pro-poor benefits from the subregional integration process.

9. Subregional integration is a major element in promoting sustained growth and a better life for all in the country strategies and the poverty reduction partnership agreements of Cambodia, Lao PDR, and Viet Nam. The TA will complement the GMS economic cooperation program supported by Asian Development Bank (ADB). The "GMS Strategic Framework, 2002" stresses the need to complement the sector approach with mechanisms for enhanced cross-sector linkages. The TA will contribute to developing a cross-sectoral approach to development, and thus enhance the overall development impact of individual sector interventions in the Mekong region. It will particularly complement the four GMS flagship programs.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

10. The long-term goal of the TA is to contribute to poverty reduction and broad-based growth in the Mekong region by promoting the synergies of positive rural, urban, and subregional linkages. The objectives are (i) to increase awareness and knowledge of task managers in the Mekong region on rural-urban-subregional linkages, (ii) to assess the issues and opportunities that are arising from rural-urban-subregional interdependencies and that have significant implications for poverty reduction in the region, and (iii) to determine appropriate national and local urban strategies and potential areas of interventions that will foster mutually supportive rural-urban development and enable urban areas to consolidate gains from subregional integration for the benefit of the nations' poor.

11. The TA will cover Cambodia, Lao PDR, and Viet Nam. Other GMS countries will be studied as the complementarities, especially of subregion-level analyses, require. The TA will result in a guiding framework that will offer an overview and analysis for understanding and influencing rural-urban-subregional linkages in the three participating countries. The output will also offer clear strategies to harness the positive urban-rural-subregional linkages for broad-based national development. The TA will improve urban strategy formulation and the project design that will foster the role of urban areas in support of rural development, broad-based growth, and national poverty reduction. It will influence the design of future urban projects e.g., Lao PDR Northern and Central Region Urban Development. Moreover, a greater awareness of rural-urban-subregional linkages in the region in general, and improved urban strategy formulation in particular, will result in enhanced national planning and programming and subregional strategy formulation. The TA will support the Lao PDR country strategy and program and the Viet Nam central region development strategy, both of which aim at strengthening rural-urban linkages and competitiveness of the countries in the subregional integration process. Cambodia will gain from increased understanding of development linkages between and impacts of subregional integration on urban centers and their rural counterparts. In

addition, the TA is expected to add to the emerging literature on rural-urban linkages in a globalizing world.

B. Methodology and Key Activities

12. The TA will be implemented in two partially overlapping phases. In the first phase of the TA, an overview of rural, urban, and subregional linkages will be undertaken in each of the participating countries. The second phase of the TA will be assigned to more specific analyses and studies focusing on the selected geographic regions. The selected geographic regions will prioritize the GMS economic corridors, and are likely to include border areas and specific geographic areas that are prioritized by ADB and the participating governments for future development assistance. The TA will

- (i) review and assess, in the three participating countries, types and forms of economic and demographic linkages between urban and rural areas in relation to specific urbanization patterns and various categories of urban settlements and assess the implications of these linkages for both urban and rural development;
- (ii) assess the impact of prevailing urbanization patterns and national urban systems on rural development and poverty reduction as well as the subregional integration process;
- (iii) analyze the changing character of urban areas, national urban systems, and emerging subregional interurban network produced by increased transnational interactions, especially as a result of the ongoing development of the four GMS flagship programs of north-south, east-west, and southern economic corridors and facilitating cross-border trade and investment;
- (iv) analyze the impact of subregional integration process, including the effects of the four GMS flagship programs on the relationship of urban areas with their national regions and rural hinterlands and emerging opportunities and challenges for regional development and poverty reduction;
- (v) assess the new demands placed on the urban areas as a result of the subregional integration and measures to enhance the competitiveness of urban areas while strengthening the positive linkages with the rural hinterland;
- (vi) examine national and local-level urban and regional policies and strategies, institutional and governance frameworks, as well as sector policies such as trade, industry, agriculture, which have a bearing on rural-urban-subregional interactions; and assess the strength and weaknesses of these policies in promoting mutually beneficial urban and rural development and exploiting the transnational opportunities for the benefits of the nations' poor; and
- (vii) determine areas and the nature of urban interventions in policy (spatial, fiscal, economic), regulatory, institutional, and operational (investment strategies) terms that will promote mutually reinforcing urban and rural development and enable urban areas to maximize pro-poor benefits from subregional cooperation.

13. The TA, to the extent possible, will build on and use existing studies under the GMS economic cooperation program and will coordinate with relevant projects, e.g., the Lao PDR Northern Region Strategic Action Plan and the TA for Markets for the Poor. The TA, through workshops and consultative meetings, will be used as a process of learning on rural-urban-subregional linkages in the Mekong region. These forums will provide challenging empirical assessments and advice to task managers who are in charge of urban/regional strategy formulation and investment decisions with far-reaching consequences for the quality of life of the urban and rural populations. A subregional workshop is also planned at the end of the TA to share with the country task managers, development partners, and other stakeholders, the TA outputs.

C. Cost and Financing

14. The total cost of the TA is estimated at \$450,000 equivalent. ADB will finance \$400,000, on a grant basis from ADB's TA funding program. The participating governments will provide the remaining \$50,000 equivalent, largely in kind. The detailed cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

15. ADB will be the Executing Agency for the TA. The TA focal agencies in each participating country will oversee and coordinate the TA activities. For Cambodia, the focal agency will be the Ministry of Land Management, Urban Planning, and Construction; for Lao PDR, the Department of Housing and Urban Planning under the Ministry of Communication, Transport, Posts, and Construction; and for Viet Nam, the National Institute of Rural and Urban Planning under the Ministry of Construction. Each country will form a task force, chaired by the TA focal agency, and comprising members of national planning agency, ministries responsible for urban and rural development, GMS coordinating body, urban local governments, and other agencies concerned. Mechanisms will be established to closely involve in the TA representatives of the private sector, nongovernment, and mass organizations.

16. The TA will be undertaken by a team of international and domestic consultants to be recruited on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants. About 31 person-months of consulting services will be required, including about 10 person-months of international and 21 person-months of domestic specialists. The team will comprise an international specialist and team leader (7 person-months) with expertise on regional and urban development planning and an international development economist (3 person-months) and domestic specialists in regional and urban planning, development economics, and public administration and governance. The outline terms of reference for consultants and outline of the final report are in Appendix 4.

17. The TA will be implemented over a 13 month period from November 2003 to December 2004, with intervals for review and consultation. The TA focal agencies in each participating country will provide office space, facilities, and suitably qualified counterpart staff. Equipment required under the TA will be procured according to ADB's guidelines for procurement, and turned over to the TA focal agencies upon completion of the TA. An inception report, proposing a sound research methodology, a framework for analysis of rural-urban-subregional linkages, and a work program, will be submitted within 1 month of the TA's start. An interim report, to be submitted by the end of the sixth month of the TA, will provide an overview of rural-urban-subregional development linkages in the three participating countries. A draft final report, containing detailed assessments in and the proposed strategies for the specific regions, will be submitted within 12 months of the TA commencement. A final report will be submitted 1 month after the governments and ADB comment on the draft final report. Tripartite meetings will be held among the participating governments, ADB, and the consultants at key stages of the TA.

IV. THE PRESIDENT'S DECISION

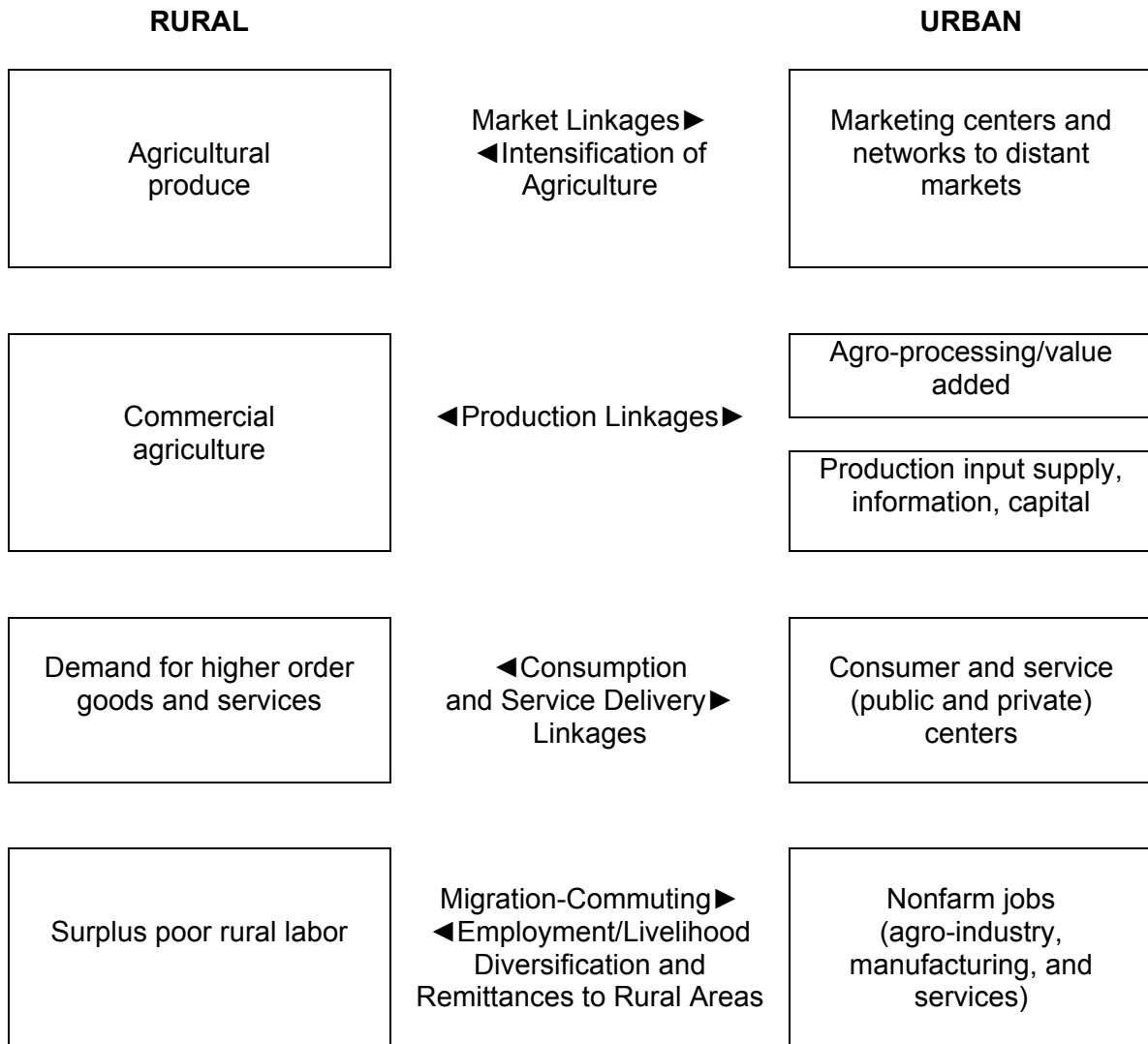
18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis for Rural, Urban, and Subregional Linkages in the Mekong Region: A Holistic Approach to Development and Poverty Reduction, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Reduce poverty and enhance broad-based growth in the Mekong region by promoting the synergies of reciprocal rural, urban, and subregional linkages</p>	<p>Reduction in the poverty incidence; reduction in inequality</p>	<ul style="list-style-type: none"> • National poverty and income distribution indicators • National statistics and reports issued by multilateral and bilateral agencies 	<ul style="list-style-type: none"> • Commitment by participating governments to poverty reduction and broad-based growth
<p>Objectives</p> <ul style="list-style-type: none"> • Increase awareness and knowledge of task managers in the Mekong region on rural-urban-subregional linkages • Assess the issues and opportunities arising from rural-urban-subregional interdependencies with significant bearing on poverty reduction and development efforts • Determine appropriate national and local urban strategies and potential areas of interventions that will foster mutually supportive rural-urban development and enable urban areas to consolidate gains from subregional integration 	<ul style="list-style-type: none"> • Increased awareness and knowledge of task managers about rural-urban-subregional linkages and their implications for rural/ urban development and poverty reduction • A guiding framework documenting rural-urban-subregional interdependencies and recommending strategies to foster the role of urban development for rural development, broad-based growth, and poverty reduction while enhancing urban competitiveness in the subregional integration process 	<ul style="list-style-type: none"> • The extent to which urban/regional development strategies, country and regional economic cooperation strategies and programs, and poverty reduction strategies are reviewed and initiatives taken by the countries and Asian Development Bank (ADB) to reflect in these documents rural-urban-subregional linkages • The extent to which the design of urban projects reflects and promotes the synergies of rural-urban-subregional linkages 	<ul style="list-style-type: none"> • Decision-makers and task managers in the region are closely involved in the technical assistance (TA) and feel ownership of and commitment to the recommendations of the TA • The participating governments will use the knowledge learned from this exercise in their future planning and strategy formulation activities
<p>Outputs</p> <ul style="list-style-type: none"> • A guiding framework that contains: <ul style="list-style-type: none"> (i) an overview and analysis for understanding and influencing rural-urban-subregional linkages, and (ii) clear urban strategies to harness the positive urban-rural-subregional linkages for broad-based national growth and poverty reduction • A process of awareness raising and knowledge management on rural-urban-subregional linkages 	<ul style="list-style-type: none"> • An overview report by May 2004 • Draft strategy report with detailed analyses on selected geographic regions and recommendations by November 2004 • Final report by December 2004 • National and subregional workshops in May and consultations in November 2004 	<ul style="list-style-type: none"> • Consultant reports • Back to office reports (BTORs) of review missions • Consultant reports • BTORs of review missions • Participants list, proceedings of the meetings and workshops 	<ul style="list-style-type: none"> • The three participating governments, especially the task force member, will closely be involved in this exercise • The TA focal agency will cooperate in and facilitate data collection • The stakeholders will actively participate in the learning process through the workshop and consultation meetings

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Activities</p> <ul style="list-style-type: none"> • Broad assessments of nationwide rural-urban-subregional interdependencies and their implications for rural and urban development and national poverty reduction efforts • Preparation of an overview report on rural-urban-subregional linkages with tentative general recommendations and suggestions for priority geographic regions for further detailed studies • Conduct of national workshops to discuss the overview report and internal presentation • Detailed assessment of rural-urban-subregional linkages in selected geographic regions • Determination of the conclusive strategies and interventions to promote mutually reinforcing urban and rural development and enable urban areas to maximize pro-poor benefits from subregional cooperation, and • Conduct of subregional workshop to discuss the draft guiding framework and to disseminate TA findings • Finalization of guiding framework 	<ul style="list-style-type: none"> • Completion by May 2004 of the overview of the rural-urban-subregional linkages • By May 2004 • Completion, by November 2004, of the draft guiding framework, indicating areas and nature of urban interventions at policy and operational levels that will promote mutually reinforcing urban and rural development and maximize pro-poor benefits from subregional cooperation • By November 2004 • By December 2004 	<ul style="list-style-type: none"> • Consultant work plans • TA Progress reports • BTORs of TA review missions • Feedback from national stakeholders and all partners • Consultant work plans • TA Progress reports; • BTORs of TA review missions • Feedback from national stakeholders and all partners 	<ul style="list-style-type: none"> • Timely recruitment and mobilization of consultants • Timely and effective feedback from stakeholders and especially task forces • Adequate counterpart staff support by TA focal agencies
<p>Inputs (\$000)</p> <ul style="list-style-type: none"> • Consultants • Workshops • Equipment • Others • Governments • ADB Missions 	<ul style="list-style-type: none"> • \$295.0 • \$20.0 • \$10.0 • \$75.0 • \$50.0 	<ul style="list-style-type: none"> • Progress reports 	<ul style="list-style-type: none"> • Effective project management

RURAL-URBAN DEVELOPMENT LINKAGES



COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. International	
i. Remuneration	170
ii. Per Diem	35
b. Domestic	
i. Remuneration	75
ii. Per Diem	0
c. International Travel	15
2. Equipment ^b	10
3. Surveys, Reports, and Publication ^c	17
4. Workshops ^d	20
5. Administration and Support Costs ^e	10
6. Contingencies	48
Subtotal (A)	400
B. Government Financing	
1. Office Accommodations and Facilities	26
2. Counterpart Staff Remuneration	18
3. Workshop Facilities	6
Subtotal (B)	50
Total	450

^a Financed by ADB's TA funding program.

^b Includes cost of 3 sets of computers and appurtenances and printers.

^c Includes cost of data collection and junior research assistants.

^d Includes an amount of \$3,600 for orientation training for the staff of TA focal agency.

^e Includes office supplies, communications, translation, and other miscellaneous administration expenses.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

A. Urban and Regional Planner and Team Leader (International, 7 person-months)

1. The international consultant will have an advanced degree in regional development planning, urban strategy formulation, and planning and management. He or she will have (i) proven excellent analytical skills; (ii) extensive experience in the development planning process, policy analysis; advice, and intersectoral assessments; and (iii) working experience in Asia. Supported by the domestic consultants, the team leader will provide overall guidance to, and supervise and coordinate the work of the domestic consultants. The team leader will take overall responsibility for the quality and timeliness of the technical assistance (TA) outputs, and preparation and consolidating of the reports of the domestic consultants. The team leader will closely coordinate and liaise with the TA focal agencies and task force members and other agencies concerned in the three participating countries. The team leader will, with the assistance of the domestic consultants, plan and organize a range of consultative meetings and a broad-based workshop prior to the submission of the draft final report. Major tasks of the international consultant will include, but not be limited to, the following:

- (i) Develop, with the assistance of the development economist, an overall research methodology and framework for analysis of rural-urban-subregional linkages. Determine primary and secondary data requirements, and design specific surveys and other tools for primary data collection in field and community appraisals.
- (ii) Review all relevant government and Asian Development Bank (ADB) policy and strategy documents on urban and regional development, sector strategies such as trade and industry that have impact on the spatial distribution of economic activities and studies, related to the Greater Mekong Subregion (GMS), e.g., east-west and northern economic corridors preinvestment studies, the Joint Development Study for Economic Cooperation Plan Between Thailand Cambodia, Thailand Border Towns Development Project, Thailand Northeast Region Development Study, GMS Tourism Development Project, and available literature on rural-urban linkages and the best practices in and outside the region on rural-urban linkages and globalization.
- (iii) With the assistance of the development economist, review, analyze, and assess, in the three countries, types and forms of urban-rural interactions with focus on economic and demographic linkages in relation to specific urbanization patterns and various categories of urban settlements and distinct national regions.
- (iv) Assess the impact of prevailing urbanization patterns, national urban systems, and the state of urban development on rural and national development and poverty reduction as well as the subregional integration process.
- (v) With the assistance of the development economist, provide an overview of the implications of these forms of interactions for both urban and rural development and subregional integration.
- (vi) Identify the areas and regions for more detailed analyses and assessment of rural-urban-subregional interdependencies. Consider, in prioritization, the GMS economic corridors, border areas, regions that are prioritized for future ADB

assistance, and the areas that will best reflect the impact of rural-urban-subregional interactions on development and poverty reduction.

- (vii) Examine the changing nature and character of urban areas, national urban systems, and evolving subregional interurban network as produced by increased transnational interactions, including those resulting from the ongoing development of the four GMS flagship programs of north-south, east-west, and southern economic corridors and Facilitating Cross-border Trade and Investment.
- (viii) With the assistance of the development economist, review the impact of subregional integration process, including the impact of the four GMS flagship programs on the relationship of urban areas with their national regions and rural hinterlands and emerging opportunities and challenges for regional development and poverty reduction.
- (ix) Assess the new demands placed on the urban areas as a result of subregional integration process and GMS programs and projects in terms of infrastructure, services, management, and governance systems. Assess the measures necessary to enhance the competitiveness of urban areas while strengthening positive linkages with the rural hinterland.
- (x) With the assistance of the development economist, review and analyze national and local-level urban/regional policies, strategies, and sectoral policies (i.e., agriculture, trade, industry, and finance) that have bearing on rural-urban-subregional linkages and spatial distribution of economic activity, and poverty reduction strategies. Also assess the institutional, governance, planning, and management frameworks at national and local levels, in terms of their strengths and weaknesses, to promote pro-poor and mutually beneficial urban and rural development and to exploit the transnational opportunities.
- (xi) With assistance from local consultants, conduct consultative meetings and national and regional workshops to present the study findings and exchange views with the government representatives and other stakeholders, including local governments, the private sector, and nongovernment organizations (NGOs), at key stages. Assist with dissemination of study findings within and outside ADB.
- (xii) With the assistance of the development economist and local consultants, determine the areas and nature of urban interventions at policy (spatial, fiscal, and economic), regulatory, institutional and management, and operational (investment strategies) terms that will promote mutually reinforcing urban and rural development and enable urban areas to maximize pro-poor benefits from subregional cooperation.
- (xiii) Where applicable, propose new approaches to regional and local development, e.g., cluster development or enhanced provincial and district planning.
- (xiv) With the assistance of local consultants, and through informal meetings, consultations, and workshops, build up awareness of and knowledge about rural-urban development linkages in the context of subregional integration.

- (xv) Identify follow up actions for policy dialogue and country-specific TAs as necessary.
- (xvi) Prepare, by the end of the sixth month of the TA, a report providing an overview of rural-urban-subregional interdependencies in the three participating countries, implications for rural/regional and urban development, and tentative recommendations.
- (xvii) Prepare, by the end of the 13th month of the TA, a report providing detailed analyses and recommendations with specific reference to appropriate national and local-level urban policy and strategies, specific approaches to regional and local development, and appropriate institutional and governance frameworks to strengthen positive rural-urban-subregional linkages nationwide and in selected geographic regions. Define and make reference broadly to the complementary interventions in other sectors without which the proposed strategies will not work.

B. Development Economist (International, 3 person-months)

2. The economist will have an advanced degree in development economics with specialty on analyzing and advising on the spatial aspects of trade, industry, finance and agriculture sector policies and strategies, and intersectoral policy analysis. The economist will do the following.

- (i) Assist the team leader in developing an overall research methodology for the study. Determine primary and secondary data requirements, source of the data, and design specific surveys and other tools for primary data collection for assessing economic linkages between urban and rural development.
- (ii) Review and assess the country economic sector strategies, such as trade, industry, finance, and agriculture that have an impact on the spatial distribution of economic activities.
- (iii) Together with the team leader review, analyze, and assess, in the three countries, types and forms of economic interdependencies between urban and rural development in relation to specific urbanization patterns and various categories of urban settlements and distinct national regions.
- (iv) Assess the implications of these various forms of interactions for both urban and rural development and subregional integration.
- (v) Assist the team leader in assessing the impact of the subregional economic integration process, including the impact of the four GMS flagship programs, on the relationship of urban areas with their national regions and rural hinterlands and emerging opportunities and challenges for regional development and poverty reduction.
- (vi) Assist the team leader in determining the areas and nature of urban spatial fiscal and economic strategies that are at national and local levels, and that will enhance the impact of urban development on rural and regional development while enhancing the competitiveness of urban areas in subregional cooperation.

C. Domestic Consultants

3. The domestically recruited consultants in each of the three participating countries will have expertise in urban and regional planning, public administration, finance, and local governance. They will be recruited from academic institutions or the private sector. Major tasks of the consultants will include, but not be limited to, the following.

- (i) Under the direction of the team leader, collect data, implement specific techniques for field and community situation appraisal, analyze the data, and assess rural-urban subregional linkages and development of urban strategies to support rural development and allow urban areas to obtain maximum benefits from subregional integration. Where needed, provide guidance and direction to the junior research assistants.
- (ii) Analyze the strengths and weaknesses of prevailing institutional set ups and governance frameworks and determine appropriate strategies to improve existing national and local level urban planning and management and governance systems that will facilitate mutually supportive rural and urban development and subregional integration.
- (iii) Assess the existing and the potential roles that the private sector and NGOs have and can have in strengthening rural and urban linkages. Advise on the specific areas where the private sector and NGOs can contribute.
- (iv) Assess the capacity-building requirements at the national and local level for formulating and implementing strategies for enhanced rural-urban-subregional linkages.
- (v) Assist and take part as resource persons in organizing and conducting various stakeholder meetings and workshops.
- (vi) Provide orientation training to the staff of the TA focal agencies and other key partners in analyzing and assessing rural-urban-linkages.
- (vii) Assist the team leader in carrying out all the tasks and producing the TA outputs.

D. Outline of the Final Report

4. The final report will include an executive summary, an introduction, and five chapters. The introduction will describe the objective, scope, and methodology of the study. The first chapter will provide an analytical description of the types and forms of rural-urban linkages in the context of prevailing urbanization patterns in the three countries and the broad implications for rural and regional development. The second chapter will analyze how rural-urban relationships are changing under the phenomenon of subregional integration especially as a result of GMS flagship programs in the three countries. The effects of subregional integration on urban areas, especially of the four GMS flagship programs, will be reviewed in the third chapter, with appropriate measures to strengthen the competitiveness of urban areas while maintaining their positive development linkages with the rural hinterlands. In chapter four, a review of relevant government strategies and policies and programs will be undertaken in order to assess their strengths and weaknesses in promoting mutually supportive rural-urban development and exploiting the transnational opportunities. Based on the preceding analyses, chapter five will

present a framework, containing the areas and nature of national and local urban interventions at policy (spatial, fiscal, and economic), regulatory, institutional and management, and operational (investment strategies) terms.

5. The detailed contents of the final report will be developed during the overview stage by the TA consultants, in consultation with ADB and stakeholders in the participating countries.