



Technical Assistance Report

Project Number: 40364
September 2008

Socialist Republic of Viet Nam: Preparing the Central Region Rural Water Supply and Sanitation Sector Project

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 31 August 2008)

Currency Unit	–	dong (D)
D1.00	=	\$0.0000605144
\$1.00	=	D16,525

ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
C&P	–	consultation and participation
CERWASS	–	Center for Rural Water Supply and Environmental Sanitation
CSP	–	country strategy and program
Danida	–	Danish International Development Assistance
IEC	–	information, education, and communication
IEE	–	initial environmental examination
LAR	–	land acquisition and resettlement
MARD	–	Ministry of Agriculture and Rural Development
MOH	–	Ministry of Health
NRWSS	–	National Rural Clean Water Supply and Sanitation Strategy
NTP	–	national target program
O&M	–	operation and maintenance
PCU	–	project coordination unit
PIU	–	project implementation unit
PMU	–	project management unit
PSA	–	poverty and social analysis
RWSS	–	rural water supply and sanitation
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	Targeted intervention (TI-M)
Sector	–	Water supply, sanitation, and waste management
Subsector	–	Water supply and sanitation
Themes	–	Inclusive social development, gender and development
Subthemes	–	Human development, gender equity in capabilities

NOTE

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

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I. INTRODUCTION

1. The Government of Viet Nam (the Government) has requested the Asian Development Bank (ADB) for technical assistance (TA)¹ to support the preparation of the Central Region Rural Water Supply and Sanitation Sector Project. The TA supports the National Rural Clean Water Supply and Sanitation Strategy (NRWSS) up to 2020,² the Comprehensive Poverty Reduction and Growth Strategy, and Viet Nam's commitment to achieving the Millennium Development Goals for rural water supply and sanitation (RWSS). A TA Fact-Finding Mission visited Viet Nam and reached agreement with the Government on TA impacts, outcome, outputs, activities, cost, implementation and financing arrangements, and terms of reference. The TA is included in the Viet Nam country strategy and program (CSP) 2007–2010.³ The design and monitoring framework is in Appendix 1.

II. ISSUES

2. In recent years, Viet Nam has made significant progress in improving rural residents' reliable access to clean water. About 19 million (30%) of rural households currently have access to clean water, as defined by Ministry of Health (MOH) standards.⁴ However, many rural residents still rely on shallow wells, ponds, and streams, which are often biologically contaminated. In some cases, women and children spend an hour daily collecting water from distant sources. Significant differences in the coverage and quality of RWSS services exist among different regions and income groups.

3. Rural sanitation in Viet Nam follows a comparable trend. By the end of 2006, about 6.4 million rural households used hygienic latrines, compared with only 2.7 million in 1999. However, half of rural residents lack proper toilet facilities and use open ground, fields, local drains, and watercourses for disposing of excreta and wastewater. Only 17% of rural markets provide access to public toilets and clean water, and less than 70% of schools and kindergartens, and only 58% of commune health stations, have proper latrines. Raising rural awareness of safe water, sanitation, and hygienic practices will require effective information, education, and communication (IEC) campaigns and increased resources. Efforts are also required to promote and market sanitary latrines through cooperation with nongovernment organizations and the private sector. IEC funds need to be decentralized from provinces to districts and communes and supported by training programs. MOH should monitor the effectiveness of IEC approaches.

4. The Government is committed to improving water supply and sanitation services in rural areas in terms of access, quality, reliability, and sustainability. In 2001, the Government launched its NRWSS, which sets as targets safe water supply for 85% of the rural population by 2010⁵ and 100% by 2020. It also sets a target of 70% of rural households using hygienic latrines and practicing good personal hygiene by 2010 and 100% by 2020. In 1998, the Government issued a decision⁶ to establish the National Target Program I for Rural Clean Water Supply and Environmental Hygiene (NTP I). The achievements and problems encountered in implementing

¹ The TA first appeared in the business opportunities section of ADB's website on 9 May 2008.

² Promulgated in Prime Minister's Decree No. 104 (25 August 2000).

³ ADB. 2006. *Country Strategy and Program (2007–2010): Viet Nam*. Manila.

⁴ Decision 09/2005/QĐ-BYT.

⁵ Of which, half (42.5% of the rural total) will have access to clean water as defined by MOH standards.

⁶ Decision No. 237 (3 December 1998).

NTP I were evaluated in 2005, and a report⁷ was prepared by the Ministry of Agriculture and Rural Development (MARD).

5. Based on the results of evaluations for first 5 years of implementation, the Government established in March 2006 the NTP II, which identifies water supply and sanitation needs and targets for rehabilitating, expanding, or developing facilities in rural areas up to 2010. The NTP II has guided sector development over the past 2 years, including investments funded by the Government and development partners. A review of NTP II implementation will be prepared in October 2008. The NRWSS will be updated in 2008 to reflect the Government's increasing emphasis on sanitation and community participation in view of concerns about food safety and infectious disease. The NTP II provides a balanced, stepwise approach to RWSS development with increased focus on sanitation, giving a much bigger role to MOH than did NTP I in the implementation of sanitation and hygiene campaigns.

6. Significant investments are required to improve RWSS. The NTP II estimates that D22,600,000 million (\$1.4 billion) will be required for the period 2006–2010, with D3,400,000 million (\$210 million) to be financed by international development partners. The operation and maintenance (O&M) of RWSS infrastructure needs to be improved, and community and private sector participation in managing facilities needs to be strengthened to improve sustainability. Low coverage of safe water supply, poor sanitation conditions, and unhygienic practices worsen the frequency and severity of such water-related diseases as diarrhea and cholera and are major determinants of child morbidity and mortality among the poor and vulnerable.

7. Several development partners support RWSS in Viet Nam. With ADB support, MARD launched RWSS partnership with all development partners in November 2005 to improve donor coordination. The Danish International Development Assistance (Danida), the Australian Agency for International Development (AusAID), and the Government of the Netherlands currently support the NTP II through the implementation of the Sector Program Support to Water, Sanitation, and Hygiene Promotion. This program provides budgetary support with grants of \$125 million for a 5-year period⁸ and \$8 million in TA for nine provinces and includes several benchmarks and triggers for Government compliance with reform of the sector. The program will be evaluated in October 2008, at the end of its 2-year pilot phase. The World Bank is implementing an RWSS project in four provinces of the Red River delta and is preparing a second phase of the project to cover eight additional provinces.

8. The CSP prioritizes rural infrastructure development, including RWSS, for the strategic focus on social equity and balanced development in Viet Nam. The TA and ensuing project will also support the CSP's strategic focus on environment through the improvement of RWSS facilities and sanitation and hygiene education. The TA and ensuing project will complement other ADB interventions in the North Central and South Central regions. These regions have lower access to water facilities than the national average at all income levels, and for the poor in particular. Only 12.9% of the poorest 20% households in the North Central Region and 16.0% in the South Central Region have access to clean water, compared with the national average for poor households of 22.7% (footnote 7). In these two regions together, more than 3 million poor are without access to clean water.

⁷ MARD. 2005. *Building Strengths to Change Directions, Joint Government of Viet Nam–Donor Review of RWSS and Health in Viet Nam*. Hanoi (May).

⁸ Including \$62 million from Danida, \$38 million from AusAID, and \$25 million from the Government of the Netherlands.

9. Lessons identified from past experiences of ADB and other development partners include the need to:

- (i) involve communities in identifying appropriate RWSS technologies and designs to help them understand the links between water and sanitation toward improving health and hygiene, generate demand for sanitation facilities, and improve the O&M of facilities;
- (ii) assess and strengthen human and institutional capacity in provinces, districts, and communes to promote the decentralization of RWSS O&M services;
- (iii) devote sufficient resources to raw water assessments to minimize water treatment costs and the risk of water shortages;
- (iv) prepare comprehensive RWSS projects that support water and sanitation measures, community participation, health awareness, and the preparation in the local language of training and O&M manuals for facilities; and
- (v) establish a database on water quality and quantity with baseline indicators and effective monitoring and evaluation systems.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

10. The impact of the TA is the improved and sustainable use of water supply and sanitation facilities and the adoption of safe hygiene practices by the rural population in the project area. It will contribute to the Government's goal of providing safe water to 85% of residents in rural areas, and for 70% of the rural households to use hygienic latrines and practice good personal hygiene, by 2015. This is expected to contribute to reducing the incidence of water-related diseases in the project area, particularly benefiting women and children.

11. The outcome of the TA is a sector project and a set of policy reform recommendations to develop RWSS and improve environmental conditions in six priority provinces in the North Central and South Central regions. This is expected to improve water supply and sanitation services for rural residents, in particular for women, in terms of access, quality, reliability, and sustainability. The TA supports the preparation of a sector project that will help the Government's efforts toward achieving the Viet Nam Millennium Development Goals for water supply and sanitation, with particular attention to sanitation. It will also assess the possibility of providing support through a sector-wide approach. The TA is consistent with and supports MARD's policies and programs as outlined in its NRWSS and the NTP II. An initial poverty and social analysis is in Appendix 2.

12. The TA will have the following outputs: (i) a national RWSS analysis including a sector profile, evaluation of sector institutions,⁹ policies, strategies and plans, and recommendations to further strengthen the sector's regulatory, planning, and management capacity; (ii) an assessment of a potential sector-wide approach to intervention and the identification of triggers and benchmarks;¹⁰ (iii) the identification of investments sites in the six provinces, applying need- and demand-based criteria, including the incidence of poverty, water and sanitation coverage, and the availability of safe and adequate surface and groundwater sources; (iv) the formulation of a typology of subprojects, including ranking and screening criteria, and the identification of

⁹ Particular attention will be paid to assessing the roles of responsibilities of different institutions at the national, provincial, district, and commune levels and recommending ways to improve decentralization.

¹⁰ The TA will closely coordinate with AusAID, Danida, and the Government of the Netherlands to assess the possibility of a sector-wide approach for budgetary support to the NTP II, based on the evaluation of the pilot phase of the Sector Program Support to Water, Sanitation, and Hygiene Promotion.

six core subprojects representing a cross section of the geographical area previously determined; (v) the preparation of feasibility studies for the six core subprojects; (vi) the development of an overall sector investment project including scope, cost estimates, financing plan, implementation arrangements, flow of funds mechanism, assessment of risks and mitigation measures, and economic, financial, social, and environmental analysis; and (vii) appraisal of private sector participation in RWSS to identify potential public-private partnership demonstration initiatives in rural areas. The TA will develop a typology of water supply projects such as wells, tube wells, ponds with treatment facilities, small piped-water systems, household filters, improved rainwater-harvesting systems, and small-scale private and public sanitation systems. It will design a campaign to raise awareness of water use and hygiene issues.

B. Methodology and Key Activities

13. The RWSS sector analysis will consider previous assessments prepared by ADB and partners and add value to them by exploring issues that they did not study in detail. The feasibility study and sector project design will build on the preliminary lessons identified from other ongoing RWSS projects and programs, as well as rural development projects, and include improvements. General socioeconomic data and information on the RWSS situation of each participating province will be included in the inception report. The TA will assess the economic justification and feasibility of providing budgetary support to the NTP II in conjunction with development partners and identify key policy, institutional, financial management issues, as well as triggers and benchmarks for consideration by ADB and the Government during the inception phase.

14. The feasibility study of core RWSS subprojects will be done in two phases. During phase 1, the consultants will conduct an initial review and develop a shortlist of about 10–12 areas for sample RWSS subprojects. Based on initial proposals from participating provinces, priority areas will be evaluated against the Government priorities, ongoing provincial support provided by development partners in the sector, stakeholder consultations, and site inspections. During phase 2, feasibility studies will be conducted for a sample of six subprojects, one from each province selected from the shortlist. The feasibility studies for each subproject will include financial, economic, environmental, and social analyses, including gender, minority, and resettlement safeguards.

15. Consultants' key activities will include surveys, reviews, and assessments for delivering specified TA outputs; a series of stakeholder consultations and TA workshops to disseminate information and seek consensus on project design; and the preparation of TA reports. Participatory planning and appraisal techniques will be used to understand community priorities and perceptions regarding RWSS. ADB will hold dialogue with the Government on policy and institutional changes proposed under the TA, and with development partners to avoid overlap and duplication in RWSS investments.

C. Cost and Financing

16. The total cost of the TA is expected to be \$750,000 equivalent. The Government has requested ADB to finance \$600,000 equivalent. The TA will be financed on a grant basis from ADB's TA funding program. The Government will finance the remaining \$150,000 in kind, covering the costs of office accommodation, transport, and utilities; remuneration for counterpart staff; and training and workshop facilities. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing project. The cost estimates and financing arrangements are in Appendix 3.

D. Implementation Arrangements

17. MARD will be the Executing Agency for the TA. A project management unit (PMU) will be established within the Center for Rural Water Supply and Environmental Sanitation (CERWASS), which is under the authority of MARD. Provincial project implementation units (PIUs) will be established at the end of the TA inception phase in each participating province. The national PMU will be responsible for the day-to-day coordination and monitoring of TA activities and will provide guidance to consultants, facilitate stakeholder workshops, and supervise surveys. The PMU will include a full-time project director, deputy director, and accountant. The PIUs will facilitate TA implementation in the provinces. To provide overall guidance for the TA, a steering committee will be established and chaired by the vice minister of MARD, with representatives of the international cooperation, water resources, and planning departments of MARD, CERWASS, NTP II standing office, Ministry of Finance, Ministry of Planning and Investment, State Bank of Viet Nam, and Preventive Medicine Department of MOH.

18. A team of five international and six national consultants will be recruited to provide specialized services totaling 33 person-months (13 international and 20 national). The team of consultants will be engaged as a firm in accordance with ADB's *Guidelines on the Use of Consultants* (January 2007, as amended from time to time), following the quality- and cost-based selection method and using a simplified technical proposal. International consultants will include the (i) team leader and expert on rural water supply and sanitation (6.5 person-months); (ii) economist and financial specialist (2 person-months), (iii) social development and resettlement specialist (2 person-months), (iv) environment specialist (1.5 person-months), and social survey specialist (1 person-month). National consultants include the (i) deputy team leader and water supply engineer (7 person-months), (ii) gender and social development expert (4 person-months), (iii) resettlement expert (2 person-months), (iv) environment expert (2 person months), (v) social survey and data collection expert (3 person-months), and (vi) RWSS private sector specialist (2 person-months). The outline terms of reference are in Appendix 4.

19. The TA will be implemented over 7 months, from December 2008 to June 2009. The consultant will submit an inception report within 1 month of TA start-up, which will propose the methodology for carrying out activities for the full TA duration and recommendations for priority provinces. An interim report, which will incorporate survey findings, a draft feasibility study, and an assessment of the possibilities for budgetary support, will be submitted within 3 months of TA implementation. A draft final report will be submitted within 5 months of TA implementation. The final report will incorporate comments from the Government and ADB and will be submitted at the end of TA implementation. Tripartite meetings of the Government, ADB, and the consultant team will be held during the inception, midterm, and completion phases of the TA. Key findings and outputs of the TA will be disseminated by workshops and stakeholder discussions. All equipment will be procured in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time) and will be given to CERWASS at the end of TA implementation.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of Viet Nam for preparing the Central Region Rural Water Supply and Sanitation Sector Project, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>The rural population of the project area uses improved and sustainable water supply and sanitation facilities and adopts safer hygiene practices.</p>	<p>By 2015: Percentage of rural residents that have access to and use safe water supply sources is 85%</p> <p>Percentage of rural residents that have better sanitation facilities and use improved hygiene practices is 70%</p> <p>Percentage of poor and vulnerable rural households will access to water supply is 40%</p>	<p>Evaluation of the RWSS Strategy up to 2020 and National Target Program II (2005–2010)</p> <p>Statistics from MARD's RWSS data base</p> <p>Baseline and follow-up socioeconomic survey</p> <p>TA report and recommendations</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • MARD's commitment to policy reform and institutional strengthening • Final TA outputs meet the requirements of the Government and ADB • Effective project design coordination and management
<p>Outcome</p> <p>A sector project design and a set of policy reform recommendations to develop RWSS and improve environmental conditions in six priority provinces in the North Central and South Central regions agreed on by the Government and ADB</p>	<p>By 31 August 2009: TA recommendations are agreed by the Government and ADB and included in a sector project for approval in 2009</p>	<p>TA report, including feasibility study of investments in sample subproject towns</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Strong government commitment to and support for the TA and sector • Available counterpart staff and effective collaboration among agencies
<p>Outputs</p> <p>1. RWSS sector analysis including a sector profile, evaluation of sector institutions, policies, strategies and plans, and recommendations to further strengthen the RWSS sector regulatory, planning, and management capacity prepared</p>	<p>Key recommendations identified, including benchmarks and triggers for a potential sector-wide approach to intervention (end of month 1)</p>	<p>TA progress report and recommendations</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • MARD and relevant agencies in the provinces have available information and are ready to provide it. • Support from stakeholders at provincial and national levels
<p>2. A potential sector-wide approach to intervention and identification of triggers and benchmarks is assessed</p>	<p>Recommendation and justification for using a sector-wide approach prepared with suggested triggers and benchmarks (end of month 1)</p>	<p>TA progress report and recommendations</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Assessment of the bilateral donors on pilot sector wide approach intervention completed
<p>3. The geographical coverage of investments (six provinces) applying need- and demand-based criteria, including incidence of poverty, water and sanitation coverage, and availability of safe and adequate surface and groundwater sources, identified</p>	<p>Selection criteria prepared and agreed by Government (end of month 1)</p> <p>Six provinces and target districts selected (end of month 1)</p>	<p>TA progress report and recommendations</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Selection criteria for provinces promptly prepared and accepted by MARD • Provinces are prioritized and selected without delay

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
4. A typology of subprojects, and identification of six core subprojects representing a cross section of the geographical area previously determined is determined	Six sample subprojects identified (end of month 3)	TA progress report and recommendations	Assumptions <ul style="list-style-type: none"> • Provinces accept the recommended criteria • Identified subprojects are representative.
5. Feasibility studies for each of the six subprojects completed	Feasibility study prepared for six priority subprojects that are financially, economically, environmentally, and socially sustainable (end of month 5)	TA progress report and recommendations	Assumption <ul style="list-style-type: none"> • Feasibility studies are good samples, representative of typical water and sanitation projects.
6. Overall sector investment project including scope; cost estimates; financing plan; implementation arrangements; economic, financial, social and environmental analysis; and assessment of risks and mitigation measures developed	Project document, including all required information, prepared (end of month 5)	TA progress report and recommendations	Assumption <ul style="list-style-type: none"> • The consultants have consulted with the Government and ADB and agreed on the recommended project scope.
7. Private sector participation in the RWSS sector to identify potential public-private partnership demonstration initiatives in rural areas is appraised	Public-private partnership initiatives identified for demonstration in pilot projects (end of month 5)	TA progress report and recommendations	Assumption <ul style="list-style-type: none"> • Private water vendors and/or operators are found in at least one participating province.

Activities with Milestones	Inputs
<p>1.1 Review RWSS documents and regulations (e.g., the Government's NRWSS, NTP II, sector investment plans) (end of month 1).</p> <p>1.2 Review past RWSS project documents for lessons (end of month 1).</p> <p>1.3 Collect and analyze information on national and provincial RWSS administration structures, personnel management, budget, and staff for administration, service quality control, budget control systems, decision-making process, and public relations. Identify human and other resource constraints. Review administrative and financial structures at the provincial, district and commune levels for the selected provinces (end of month 1).</p> <p>1.4 Review and assess existing training programs for RWSS, develop a capacity development action plan to guide future activities, and recommend improvements to existing training (e.g., modalities) (end of month 1).</p> <p>2.1. Consult with development partners and Government to assess the possibility of developing a sector-wide approach to interventions (end of month 1).</p> <p>2.2. Identify triggers and benchmarks (end of month 1).</p> <p>3.1. Consult with the Government and donors on geographical coverage of the project (end of month 1).</p> <p>3.2. Recommend criteria and procedures for the selection of participating provinces (end of month 1).</p> <p>3.3 Organize an inception workshop (end of month 1).</p> <p>4.1. Recommend criteria and procedures for identifying and appraising subprojects and subproject screening, evaluation, and approval criteria (end of month 3).</p> <p>4.2. Identify the specific sites for the sample feasibility studies (end of month 3).</p> <p>5.1 Organize key stakeholder workshops (e.g., for provinces and districts) to discuss project proposal and appraisal reports and TA workshops to share information and seek consensus on project design at interim and final review (end of month 5).</p> <p>5.2. Prepare economic, financial, environmental, and social analyses for the six sample subprojects (end of month 5).</p> <p>6.1. Prepare sector performance targets and indicators and external assistance to the sector and lessons (end of month 5).</p> <p>6.2. Prepare a problem tree and a project design and monitoring framework for the project, project components, detailed project cost estimates, implementation arrangements and schedule, indicative procurement packaging, and draft procurement plans (end of month 5).</p> <p>6.3. Prepare terms of reference for consulting services; project impacts, benefits, and risks; and a project performance monitoring system (end of month 5).</p> <p>7.1 Identify lessons from ADB and other donor-supported RWSS projects with private sector participation and ADB pilot activities in Tien Giang Province (end of month 5).</p> <p>7.2 Review the legal and regulatory framework for private sector participation in the RWSS sector and recommend policy, institutional, and organizational improvements (end of month 5).</p>	<p>ADB - \$600,000</p> <ul style="list-style-type: none"> • Consulting Services: \$480,000 • Equipment and Office Supplies: \$15,000 • Workshops, Seminars, Reports and Translations: \$20,000 • Surveys: \$10,000 • Miscellaneous Administration: \$15,000 • Contingencies: \$60,000 <p>Government - \$150,000</p> <ul style="list-style-type: none"> • Office Accommodation and Transport: \$55,000 • Remuneration and Per Diem of Counterpart Staff: \$70,000 • Others: \$25,000

ADB = Asian Development Bank, MARD = Ministry of Agriculture and Rural Development, NRWSS = National Rural Clean Water Supply and Sanitation Strategy, NTP = national target program, RWSS = rural water supply and sanitation, TA = technical assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	Viet Nam/Central Region Rural Water Supply and Sanitation Sector Project		
Lending/Financing Modality:	Sector Project	Department/ Division:	Southeast Asia Department/ Social Sectors Division

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

Project preparatory technical assistance (TA) was included in the Viet Nam country strategy and program 2007–2010^a as a firm TA for 2008. The TA will help develop a sector project that supports the National Rural Clean Water Supply and Sanitation (RWSS) Strategy up to the year 2020 and the Comprehensive Poverty Reduction and Growth Strategy of the Government of Viet Nam (the Government). The Government's RWSS Strategy sets the target of supplying clean water to 85% of the rural population by 2010 and 100% by 2020. It also sets a target of 70% of rural households using hygienic latrines and practicing good personal hygiene. The National Target Plan II lists the RWSS needs of rehabilitation, expansion, or development. The TA is aligned with the Socioeconomic Development Strategy 2001–2010, which highlights the Government's commitment to increasing the distribution of sanitized water to the population in rural areas for poverty reduction. The 5-year Socioeconomic Development Plan 2006–2010 specifies the directions and tasks of the 10-year strategy, especially clean water and sanitation facilities in schools, public places, and homes in rural areas. The TA supports Viet Nam's commitment to achieving the Millennium Development Goals (MDGs) for RWSS by 2015.

B. Targeting Classification

1. Select the targeting classification of the project:

General Intervention Individual or Household (TI-H); Geographic (TI-G); Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification: The RWSS sector plays a significant role in reducing poverty. Reliable access to safe water is a fundamental human need, and the lack of clean water affects people's physical and social health. The effects of low coverage of safe water supply and poor sanitation conditions are seen in the frequency of water-related disease outbreaks (e.g., diarrhea and cholera), severity of illness, and subsequent death. Lack of clean water, inadequate sanitation and unhygienic practices are the main causes of disease. Improved water supply and sanitation helps reduce poverty and improve opportunities, especially for women and young girls through (i) time and costs saved in purchasing, collecting, treating, and storing water; (ii) improved health and hygiene; and (iii) increased access to income-generating and schooling opportunities. Improved water supply and sanitation reduce the risk of water-related and environmental diseases, which have high economic and social consequences for individuals and households (e.g., high medical expenses and lost working days).

C. Poverty Analysis

A poverty and social analysis (PSA) will be required to support the overall design of the sector project and the feasibility studies of sample subprojects. The analysis will assess the poverty and social conditions of the population in about six provinces that will be selected for sector project design and feasibility. The analysis will (i) determine the types of impacts—positive or negative—on different population groups; (ii) identify measures to reduce the risk of negative effects on population groups from land acquisition and resettlement and on the environment; and (iii) identify enhancement measures that could support ongoing government programs and/or specific project activities for more equitable project outcomes. The analysis will build on lessons from previous projects implemented by other development partner in RWSS in Viet Nam. In addition, the analysis should include a review of experiences from community and pro-poor components that have been designed for past ADB-supported projects in urban water supply and environmental improvements. The PSA will include information on ethnic groups and gender. Data will be disaggregated by poverty level, gender, and ethnic group. A comprehensive PSA will inform the project-preparation process and help identify opportunities for an enhanced project design that is pro-poor and community driven.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

The Government has made significant progress in improving reliable access to safe water for residents in rural areas. In 1998, about 17 million of the rural population had access to safe water. Currently, approximately 40 million people, or about 62% of the rural population, have access to safe water, of which 30% of households are supplied with clean water as defined by Ministry of Health standards. The number of rural households using hygienic latrines increased to 6.4 million by the end of 2005 from 2.7 million in 1999.

The TA will focus on preparing a sector project that covers six provinces in the Northern Central and Southern Central regions of Viet Nam. Improving RWSS systems in these two regions is a high priority. The Southern Central Region includes eight provinces, and the Northern Central Region includes six provinces. Based on existing information, the primary beneficiaries of the TA and ensuing project will be rural residents, especially women and

girls. Many rural residents often rely on shallow wells, ponds, and streams, which are often biologically contaminated. Women and children may spend as much as 1–2 hours each day collecting water from distant sources. Half of rural residents do not have proper toilet facilities and use open ground, fields, drains, and watercourses for disposal of excreta and wastewater. Public sanitation facilities are limited, as only 70% of schools and kindergartens and 58% of commune health stations have proper latrines, and only 17% of rural markets provide access to public toilets and clean water. Public awareness and materials have been developed in the past and aim to change behavior in proper water use and improved hygiene. A review of these materials and communication efforts will be required to ensure resources are not used to duplicate previous efforts in developing communication materials but enhanced efforts under the ensuing project.

B. Consultation and Participation

1. A stakeholder analysis will be undertaken to identify key project stakeholders, their project-related interests, and their role in determining project feasibility and success. A wide range of stakeholders and beneficiaries will be consulted during project preparation, including Government officials working on ongoing RWSS projects. Other stakeholders include government agencies; international and bilateral agencies; nongovernment organizations; mass organizations (e.g., the Viet Nam Women's Union); provincial, district, and commune authorities; civil society; private water vendors; and project-affected people and communities. Stakeholders and their roles will be disaggregated by sex and ethnic group where possible.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)? During project preparation, a series of stakeholder consultations and TA workshops disseminated information and sought consensus on project design to aid the preparation of required TA reports. Participatory planning and appraisal techniques will be used to understand community priorities and perceptions regarding RWSS. Informant interviews and focused group discussions will be held with men and women from different ethnic groups, jointly and individually.

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowerment

4. Will a C&P plan be prepared? Yes No. A C&P strategy for the ensuing project will be prepared based on (i) an expanded stakeholder analysis undertaken during project preparation and (ii) records of consultations noted in the poverty and social analysis. The C&P strategy will reflect different participation strategies outlined in social safeguard plans and detailed project-implementation arrangements.

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? Vietnamese women play important roles in agriculture and other economic activities and are responsible for a variety of tasks related to water, sanitation, and hygiene in their families and communities. Unsafe water (i.e., high in iron or calcium or contaminated with wastewater) adversely impacts the health of individuals and families (e.g., water-related diseases and reproductive health problems). RWSS improvements help reduce women's household burdens and improve their access to markets, extension and social services, and information. RWSS improvements in schools (e.g., separate toilet facilities for girls and boys) will encourage more girls to stay in school, especially after completing primary education.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No. A gender action strategy will be prepared for the overall sector project based on a gender analysis. The Joint-donor Country Gender Assessment for Vietnam (2006)^b and the Law on Gender Equality (2006) will inform the analysis. The strategy will include specific gender actions that will make the sector project more responsive to women's water supply and sanitation needs.

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?

Yes No. The gender analysis (part of the PSA) will include men and women's different water use and hygiene needs.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	Minor land acquisition and resettlement may be required for the construction of water supply systems (e.g., wells or ponds) and sanitation facilities.	Resettlement and land acquisition of public or private land is expected to be minor.	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	Viet Nam has 54 ethnic minority groups, which represent 12% of its total population.	Most ethnic minorities reside in upland and mountainous areas. The PSA will show the concentration of ethnic minorities in the coastal area and determine if further plans or actions are required.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input checked="" type="checkbox"/> Core Labor Standards	Employment opportunities and core labor standards will be considered during project preparation.	During project preparation, actions may be incorporated to increase the community's access to employment opportunities generated by the ensuing project.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	A range of options for rural water supply systems and sanitation facilities will be explored based on different affordability levels.	Community involvement and ownership is expected to keep systems and facilities affordable. Steps to ensure equal access to RWSS for the poor, ethnic minorities, and other vulnerable groups should be explored.	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Other	None	None	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
1. Does the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			

^a ADB. 2006. *Country Strategy and Program (2007–2010): Viet Nam*. Manila.

^b ADB, Canadian International Development Agency, Department for International Development, and World Bank. 2006. *Viet Nam: Country Gender Assessment*. Viet Nam.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	290.0
ii. National Consultants	131.0
b. International Travel	30.0
c. Local Travel (including land transport)	14.0
c. Reports and Communications	15.0
2. Equipment and Office Supplies ^b	15.0
3. Workshops, Seminars, Reports and Translation, etc.	20.0
4. Surveys	10.0
5. Miscellaneous Administration and Support Costs	15.0
6. Contingencies	60.0
Subtotal (A)	600.0
B. Government Financing	
1. Office Accommodation and Transport	55.0
2. Remuneration and Per Diem of Counterpart Staff	70.0
3. Others	25.0
Subtotal (B)	150.0
Total	750.0

^a Financed by the Asian Development Bank's technical assistance funding program.

^b Includes three computers; one printer; one photocopy machine; and telecommunication equipment.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A consulting firm will be recruited to implement project preparatory technical assistance (TA) for preparing the Central Region Rural Water Supply and Sanitation Sector Project. A total of 13 person-months of international consultant inputs and 20 person-months of national consultant inputs will be required with expertise in (i) rural water supply and sanitation (RWSS) policy and institutional reforms and engineering; (ii) economic and financial analyses; (iii) poverty and social analyses, including gender and ethnic group assessments and land acquisition and resettlement (LAR); (iv) environment; and (v) private sector participation.

A. International Consultants

1. Team Leader and Rural Water Supply and Sanitation Specialist (6.5 person-months)

2. The team leader will coordinate the work of all team members and manage the TA budget. She or he will be responsible for overall TA outputs, including a fully costed sector investment project, and for submitting, in a format that is satisfactory to the Asian Development Bank (ADB), the required inception, interim, and final reports. The final report will incorporate comments received on the draft final report. Specific tasks and outputs include the following:

- (i) Review for lessons government RWSS documents and regulations (e.g., the Government's National Rural Clean Water Supply and Sanitation Strategy, National Target Program (NTP) II, sector investment plans, and the documents of past ADB-supported RWSS projects.
- (ii) Recommend criteria and procedures for selecting participating provinces; identifying and appraising subprojects; and screening, evaluating, and approving subprojects.
- (iii) Organize key stakeholder workshops (e.g., for provinces and districts) to discuss project proposal and appraisal reports and TA workshops to share information and seek consensus on project design at inception, interim, and final review.
- (iv) With the social development specialist, assess the needs, appropriate technology, and affordability of community and household sanitation in the subprojects. Review the role and involvement of small-scale independent providers in the RWSS sector and subprojects for potential public-private partnership initiatives.
- (v) Prepare sector performance targets and indicators; external assistance to the sector and lessons; a problem tree and a project design and monitoring framework for the project; project components; detailed project cost estimates; implementation arrangements and schedule; indicative procurement packaging and draft procurement plans; terms of reference for consulting services; project impacts, benefits, and risks; and a project performance monitoring system.
- (vi) Identify lessons from RWSS projects supported by ADB and other donors. Review the institutional framework for RWSS, including the legal and policy environment, water quality standards, and institutional responsibilities of key sector institutions. Recommend policy, institutional, and organizational improvements. Identify areas for capacity building provincially and nationally.
- (vii) Collect and analyze information on local administration structures, personnel management, budget, and staff for administration, service quality control, budget control systems, decision-making processes, and public relations. Identify human and other resource constraints. Review administrative and financial structures at the provincial, district and commune levels for the selected provinces.

- (viii) Review and assess existing training programs for RWSS, develop a capacity-development action plan to guide future activities, and recommend improvements to existing training (e.g., modalities).
- (ix) Review the assessments prepared by the Australian Agency for International Development, the Government of the Netherlands, and Danish International Development Assistance on pilot budget support to the NTP II and recommend options for the preparation of a project using a sector-wide approach to direct support for the NTP II. Recommend potential triggers and benchmarks for this type of intervention in close coordination with other development partners.

2. Economist and Financial Specialist (2 person-months)

3. The specialist will be responsible for economic and financial analyses and cost estimates for the overall project and sample subprojects. She or he will work with the team leader and review macroeconomic settings and sector financing based on available documentation. The specialist shall provide timely inputs to the team leader for the required reports. Specific tasks include the following:

- (i) Review for incorporation into the project ADB's *Guidelines for the Economic Analysis of Projects*, *Handbook for Integrating Poverty Impact Assessment in the Economic Analysis of Projects*, *Handbook Guidelines for the Economic Analysis of Water Supply Projects*, *Handbook for Integrating Risk Analysis in the Economic Analysis of Projects*, and *Guidelines for Financial Governance and Management of Investment Projects and Criteria for Subsidies*.
- (ii) Identify effective, efficient, and equitable financing mechanisms for cost recovery for each sample subproject, with consideration of differential beneficiaries' contributions to capital, tariffs and other alternatives to enable access for the poor. Provide survey questions to the social survey specialist regarding affordability and people's willingness to pay.
- (iii) Prepare the project economic analyses in form and substance agreeable to ADB, covering demand forecast, least economic cost analysis, economic cost and benefit analysis, economic internal rates of return and average incremental economic costs, sensitivity analysis, benefit distributional analysis, and subsidies.
- (iv) Assess the operational performance and financial management capabilities of a rural water supply company using benchmarking indicators and financial management assessments and prepare a financial management assessment of the company and the potential executing and implementing agencies.
- (v) Review the tariff policy, tariff determination guidelines and other policies, and standards in the rural water supply sector. Assess the performance of past RWSS tariffs to identify improvements. Analyze deficiencies in the design of different tariff structures in the country to help strengthen and disseminate the principles of a good tariff policy.
- (vi) Prepare financial analyses for the project and sample subprojects in form and substance agreeable to ADB, covering financial cost and benefit analysis, financial internal rates of return and average incremental financial costs, sensitivity analysis with respect to major project design and implementation risks, water tariff recommendations, willingness-to-pay assessment, affordability analysis, performance and indicators, and financial projections for a sample small, rural piped-water system.
- (vii) Review the fund-flow arrangements and disbursement experience of other ADB projects, including sanitation components, and recommend improvements for the

ensuing project. Review current fund-flow arrangements for RWSS projects of other donors and particularly for direct budget support to the NTP II.

- (viii) Recommend a fund-flow mechanism for the budget-support mechanism to the selected provinces and assess financial management capacities.

3. Social Development/Resettlement Specialist (2 person-months)

4. The specialist will be responsible for assisting the Executing Agency, the Ministry of Agriculture and Rural Development (MARD), and will do the following:

- (i) Review ADB's *Handbook on Poverty and Social Analysis; Handbook on Resettlement: A Guide to Good Practice; Handbook on Strengthening Participation for Development Results: A Staff Guide to Consultation and Participation; Policy on Gender and Development*; relevant ADB gender checklists; and operational manuals on involuntary resettlement, indigenous peoples, and other topics.
- (ii) With the social survey specialist, plan surveys, including elements of gender and development, resettlement, ethnic groups, and community development. Prepare a socioeconomic profile for each sample project included in the sector project, with data disaggregated by sex, ethnicity, and income where possible.
- (iii) Review implementation arrangements, subproject selection, approval procedures, and criteria from a poverty and social perspective.
- (iv) Prepare social documents and frameworks (e.g., LAR framework, gender strategy, and ethnic group development framework).
- (v) With the resettlement expert, assist MARD in preparing a LAR plan for each sample subproject town following the basic principles of the LAR framework.
- (vi) Integrate gender and ethnic aspects into the project design.
- (vii) With the team leader, assess the needs, appropriate technology, and affordability of community and household sanitation systems in participating provinces.
- (viii) Prepare a community component on public awareness for the ensuing project and review existing programs and approaches to enhance cooperation with the Ministry of Health.
- (ix) Prepare poverty and social analyses and appropriate plans (e.g., a gender strategy and action plan and an ethnic group development framework and plans) for the project and sample subprojects.
- (x) Prepare a participation strategy.
- (xi) Determine the feasibility of adapting traditional, sustainable water, health, and sanitation practices of various indigenous people's, if any, and assess the extent to which traditional and cultural practices may potentially be changed when the ensuing project introduces more modern water supply and sanitation facilities.

4. Environment Specialist (1.5 person-months)

5. The specialist shall provide timely inputs to the team leader for the required reports. Specific tasks include the following:

- (i) Assess the environmental impacts of the proposed project, including individual and cumulative direct and/or indirect impacts during construction and operation.
- (ii) Collect data on environmental conditions in the core subprojects, including an inventory of natural and man-made resources. Identify topographical, climatic, hydrological, and ecological patterns that may affect, or be affected by, outcomes.
- (iii) Conduct an initial unexploded ordnance survey for pilot subprojects.
- (iv) Help MARD prepare (a) an initial environmental examination (IEE) for the overall project, (b) IEEs for each core subproject; (c) a summary initial environmental

examination; and (d) an environmental assessment and review framework to cover the project and sample subprojects. The environmental documents will accord with ADB's *Environment Policy* (2002) and *Environmental Assessment Guidelines* (2003), and the Government's environmental requirements.

- (v) Recommend (a) measures to safeguard the environment before, during, and after project implementation; (b) mitigation and enhancement measures and the monitoring program, including cost implications and an institutional setup, for undertaking the program; (c) capacity-building needs; and (d) the responsible agency for environmental monitoring during project implementation.
- (vi) Help MARD conduct public consultations to obtain and incorporate views from stakeholders on potential impacts and mitigation measures proposed in the IEEs.
- (vii) Help MARD secure environmental clearance certificates for each core subproject.
- (viii) Prepare information to comply with ADB and government guidelines.

5. Social Survey Specialist (1 person-month)

6. The social survey specialist will do the following:

- (i) Determine the purpose and size of any social surveys for the project; and
- (ii) Develop social surveys to capture issues of affordability and willingness to pay for RWSS systems, the contribution of RWSS to people's improved health and reduced health expenditure, socioeconomic profiles of small towns, and LAR impacts.

7. The specialist will coordinate the surveys, develop a database, clean data, supervise data entry, provide simple frequencies and cross-tabulations, and, with the national social survey and data-collection expert, provide timely submissions to the team leader for the required reports.

B. National Consultants

1. Deputy Team Leader and Water Supply Specialist (7 person-months)

8. The expert will help the team leader implement the TA. The expert will provide timely inputs to the team leader for the required reports and assist in designing a comprehensive RWSS project that includes support for a community-participation and health-awareness component and making available Vietnamese-language training and operating manuals. She or he will help prepare

- (i) general feasibility assessments of engineering designs for six sample projects; and
- (ii) detailed feasibility assessments of RWSS, including associated RWSS infrastructure improvements in the selected sample subproject towns.

9. The engineer shall provide timely inputs to the team leader for the required reports. Specifically, he or she will

- (i) conduct field surveys to assess service levels, physical and environmental conditions, and the operation and maintenance of existing rural water infrastructure for rehabilitation;
- (ii) conduct raw water assessments and analyze topography, natural drainage flows, the layout of water supply systems, etc.;
- (iii) review and assess recommended design standards, unit water consumption levels, and water supply technologies;
- (iv) review the designs of previously built water-supply systems and recommend the most cost-effective and appropriate technology;
- (v) discuss RWSS investment needs with MARD, MOH and provincial governments;

- (vi) prepare a preliminary design and costing for basic RWSS with prioritize activities and time-bound sequencing of RWSS improvement and associated infrastructure; and
 - (vii) help assess LAR and environmental impacts.
- 2. Gender and Social Development Expert (4 person-months)**
10. The expert, with the social development specialist, will assist MARD in the following:
- (i) Determine the purpose and size of any social surveys for the project.
 - (ii) Prepare poverty and social assessments of sample subprojects.
 - (iii) Consult with governments, beneficiaries, affected people, and other stakeholders using participatory planning techniques to seek opinions and gain agreement on project design (consultations will be held separately by sex and ethnic group).
 - (iv) Prepare relevant social plans, including the gender action plan, ethnic group plans, and participation plan.
 - (v) Develop the public awareness and community actions component, working with the social survey specialist and expert to ensure relevant question are included.
- 3. Resettlement Expert (2 person-months)**
11. The expert, with the social development specialist, will help MARD assess the potential LAR impacts of the sector investment project and subprojects in each sample subproject town. Exploring alternatives to avoid or minimize the scope of LAR will include the following:
- (i) Help MARD prepare a LAR plan in accordance with Government regulations, ADB's *Involuntary Resettlement Policy* (1995) and *Operations Manual F2 on Involuntary Resettlement* (2006) (the expert may also use ADB's *Handbook on Resettlement* [1998] as a guide).
 - (ii) Help MARD conduct and document consultations with affected people to ensure that ADB's disclosure requirements for resettlement planning are met. Each LAR plan will include a socioeconomic profile of affected people, the scope of LAR by component, specific impacts on women and vulnerable groups, an entitlement matrix, a detailed budget with unit cost estimates based on replacement cost for lost assets, implementation schedules, management arrangements, and arrangements for internal and external monitoring and evaluation. She or he will ensure that resettlement implementation arrangements are integrated into the overall project design.
- 4. Environment Expert (2 person-months)**
12. The expert will work with the environment specialist in undertaking environmental assessments and consultations, gathering data and information, and reviewing regulations and the framework for obtaining environmental clearance certificates, or their equivalent, for each subproject.
- 5. Social Survey and Data Collection Expert (3 person-months)**
13. The expert will work with the social survey specialist to design, pilot, implement, and code the social surveys.
- 6. RWSS Private Sector Specialist (2 person-months)**
14. The consultant will identify opportunities and the potential for private sector participation and public-private partnerships in the provision, operation, and management of RWSS services.