

ASIAN DEVELOPMENT BANK

TAR:VIE 33307

TECHNICAL ASSISTANCE
(Financed by Japan Special Fund)

TO THE

SOCIALIST REPUBLIC OF VIET NAM

FOR PREPARING THE

KUNMING-HAIPHONG TRANSPORT CORRIDOR PROJECT

December 2002

CURRENCY EQUIVALENTS

(as of 12 December 2002)

Currency Unit	–	dong (D)
D1.00	=	\$0.0001
\$1.00	=	D15,395

ABBREVIATIONS

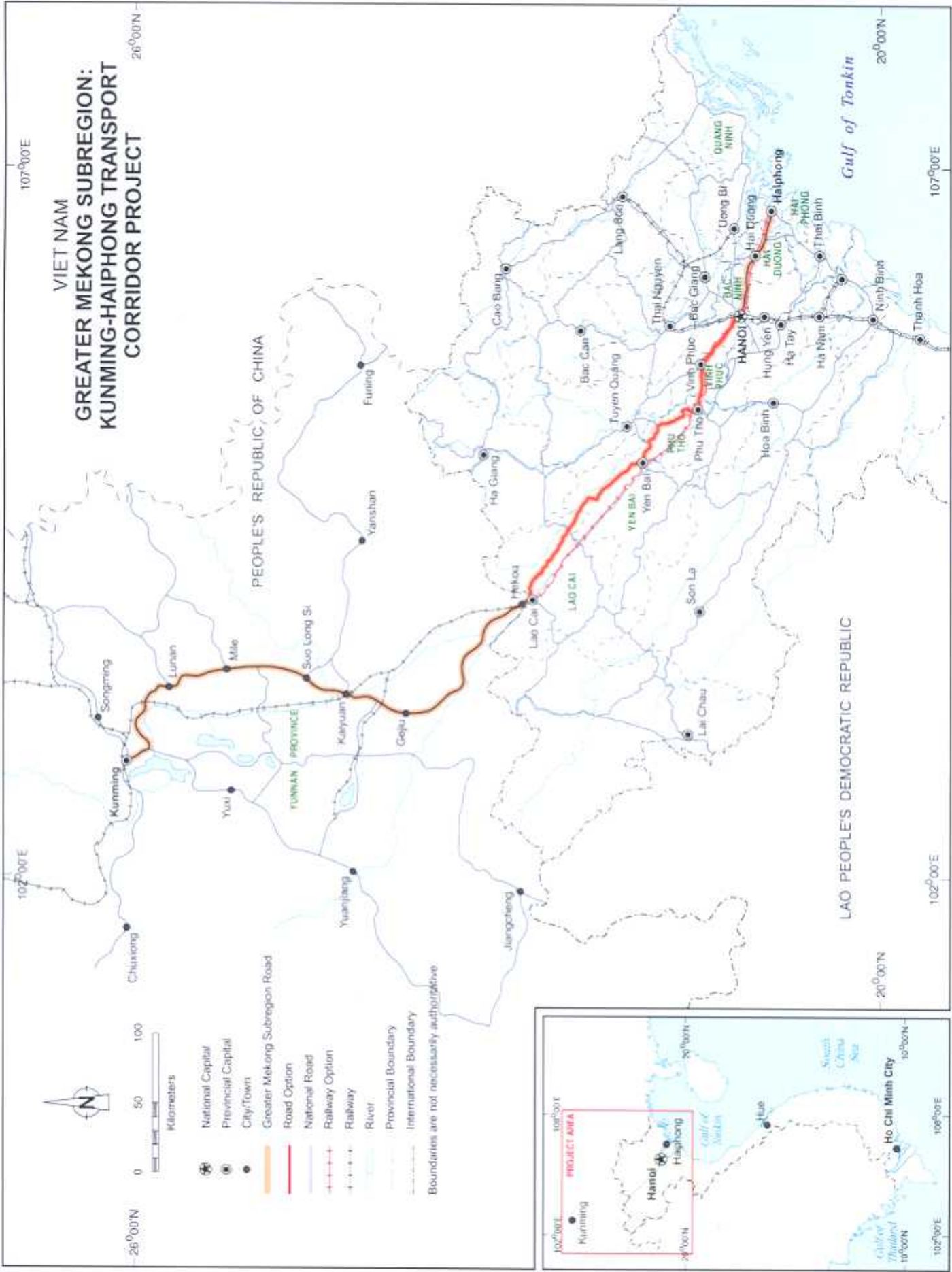
ADB	–	Asian Development Bank
GMS	–	Greater Mekong Subregion
JICA	–	Japan International Cooperation Agency
PRC	–	People's Republic of China
TA	–	technical assistance

NOTE

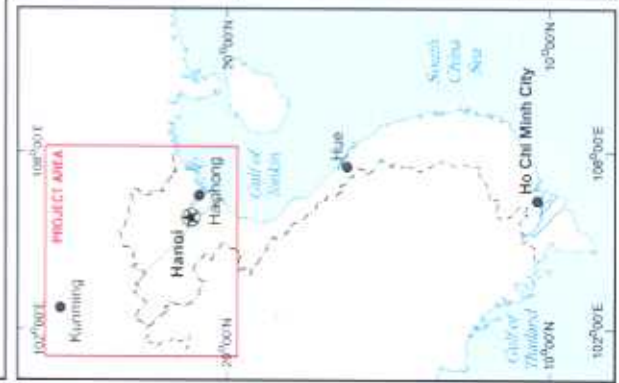
In this report, "\$" refers to US dollars.

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VIET NAM GREATER MEKONG SUBREGION: KUNMING-HAIPHONG TRANSPORT CORRIDOR PROJECT



- National Capital
 - Provincial Capital
 - City/Town
 - Greater Mekong Subregion Road
 - Road Option
 - National Road
 - Railway Option
 - Railway
 - River
 - Provincial Boundary
 - International Boundary
- Boundaries are not necessarily authoritative



I. INTRODUCTION

1. The Government of the Socialist Republic of Viet Nam has requested the Asian Development Bank (ADB) for technical assistance (TA) to prepare the Kunming-Haiphong Transport Corridor Project. The TA was identified as a priority regional transport project under the ADB-supported Greater Mekong Subregion (GMS) Economic Cooperation Program and is included in ADB's TA program for Viet Nam. The TA Fact-Finding Mission visited Viet Nam from 30 September to 12 October 2002 and held discussions with the Government on the goals, purpose, scope, implementation arrangements, costs, and terms of reference of the TA.¹

II. ISSUES

2. Viet Nam has actively supported cooperation within the GMS. Cross-border road projects have been the most tangible signs of Viet Nam's contribution to GMS integration. The Phnom Penh-Ho Chi Minh City Highway and East-West Transport Corridor projects have helped to strengthen infrastructure linkages with Cambodia, Lao People's Democratic Republic, and Thailand. The proposed project will connect Yunnan Province of the People's Republic of China (PRC) with Viet Nam. ADB's assistance will help to further develop the subregional transport system.

3. In 1994, ADB supported a preliminary feasibility study to identify high priority GMS transport projects, and the Kunming-Haiphong transport corridor was selected as an important one. It includes three transportation modes: a road linking Kunming to Lao Cai to Haiphong; a railway from Kunming to Lao Cai to Hanoi to Haiphong; and the Red River Navigation Improvement Project, which connects Yunnan Province with Viet Nam via inland waterways. The road project was found to be economically viable, whereas more investigations were required to examine the economic viability of the other two options.

4. The 865-kilometer (km) Kunming-Haiphong road passes through Yunnan Province of the PRC and nine provinces of Viet Nam.² The road network in Yunnan Province is well developed, partly two-lane and partly four-lane expressway. On the Viet Nam side, the project road extends from Lao Cai to Hanoi and then to Haiphong. The civil works for improving the highway from Hanoi to Haiphong were carried out under assistance from other aid agencies, and thus only the 282-km section from Lao Cai to Hanoi needs to be upgraded to complete the entire Kunming-Haiphong link. This road covers sections of national highways 1, 3, and 4D, plus the full length of national highway 70 and a large part of national highway 2. Most of the sections of the project road in Viet Nam are narrow with unusable shoulders and contain a number of bridges with limited capacity. Daily traffic volume varies between 1,300 and 2,500 passenger car-converted units.³ Within these levels, the share of motorcycles and bicycles is very high around population centers. Considerable delays are experienced due to motorcycles and nonmotorized vehicle traffic on the road. Because the existing road sections in Viet Nam are underdeveloped, cross-country traffic is currently negligible, but this is expected to change with the cross-border arrangements that will be in place by 2005 between the PRC and Viet Nam.

¹ The TA first appeared in *ADB Business Opportunities* on 22 July 2002.

² Lao Cai, Yen Bi, Phó Thủ, Vinh Phúc, Hanoi, Bac Ninh, Hi Dong, Quang Ninh, and Haiphong provinces.

³ Passenger car unit is defined as converting volumes of mixed traffic with trucks, buses, recreational vehicles, passenger cars, motorcycles and other vehicles to equivalent volumes of passenger cars.

5. The Kunming-Lao Cai-Haiphong railway link, formerly known as the Indochina railroad, consists of 468 km between Kunming and the Vietnamese border and 385 km within Viet Nam from Lao Cai to Haiphong via Hanoi. The line has an annual capacity of 5 million tons per year on the PRC side but much lower on the Viet Nam side. Traffic estimates indicate that in 1999 about 1.2 million tons of cargo and about 0.6 million passengers used this link in Viet Nam. A railway improvement project would require renovation of railway structures and signal and communication facilities along the entire length of the railway line in Viet Nam, rehabilitation or reconstruction of most of the bridges, and investments in rolling stock and other facilities.

6. While the inland water mode is principally serving domestic transport requirements at present, the Red River Inland waterway improvement project has significant potential for serving greater international traffic in GMS. Japan International Cooperation Agency (JICA) is preparing a feasibility study for this project. The scope of the project includes dredging, provision of navigation aids, port improvement, and realignment of shoals.

7. Viet Nam has an extensive program for road network upgradation and railway modernization in the medium term. Regional projects such as the Kunming-Haiphong Transport Corridor Project present special challenges, as the benefits from such projects accrue to the region as a whole, whereas the country needs to assume large debt and face social and environmental impacts. The Government has requested ADB to include in its scope financing options for such projects so as to maximize benefits for the country while regional objectives are also met.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

8. The purpose of the TA is to assist the Government to prepare a Project to upgrade the Kunming-Haiphong transport corridor over the sections in Viet Nam. The Project will strengthen the regional infrastructure network and will also improve the domestic transportation system connecting Hanoi with the northern provinces. The improved transport network will not only enhance access to Lao Cai Province, which is among the poorest in Viet Nam and has a number of ethnic minorities, but will also open up opportunities for growing trade and investment in the region.

9. The TA will be implemented in two phases: the first phase will examine the prefeasibility and viability of improvements in roads, railways or inland waterways to select the optimum transport mode for this corridor. JICA has funded a feasibility study to explore the overall feasibility and viability of inland water system improvements and a report is expected to be available in the early 2003. This phase will review all important aspects necessary to suggest the appropriate transport mode, including comparative analysis of the technical feasibility of all options, economic and financial viability, resettlement, and other social impacts for the Kunming-Haiphong Transport Corridor Project. Outline terms of reference for this phase of the study are in Appendix 1.

10. Depending on the outcome of the first phase, a detailed feasibility study will be undertaken for either the road improvement or railway improvement. Outline terms of reference for the second phase are in Appendix 1. The key outputs of the TA are summarized below:

- (i) a comparative analysis of the economic and financial viability as well as resettlement and other social impacts of railway versus road improvement for the Kunming-Haiphong transport corridor;
- (ii) assessment of the resource requirements and development of financing options, including assessment of the availability of public and private resources for transport projects; assessment of private sector capacity to undertake such projects; comparative analyses of financing options such as lease, concessions, management contracts, build-operate-transfer, long-term domestic bonds, etc.; and suggested policy and other measures necessary to implement large transport projects as public-private partnership projects;
- (iii) feasibility and viability studies as per the detailed terms of reference identified in Appendix 1, including all drawings, specifications and data required for tendering of the project;
- (iv) detailed environmental impact assessment and summary environmental impact assessment in accordance with the ADB's *Guidelines on the Environmental Impacts of Infrastructure Projects, Environmental Assessment Requirements of the Asian Development Bank*, and Environment Policy;
- (v) a resettlement plan as per the ADB's *Policy on Involuntary Resettlement and Handbook on Resettlement: A Guide to Good Practice*;
- (vi) an ethnic minorities development plan, in accordance with the ADB's *Policy on Indigenous Peoples*;
- (vii) assessment of institutional arrangements, including proposed mechanisms to collect road user charges for domestic and international traffic to generate adequate resources to cover debt service and road operation and maintenance costs if the road is selected as the optimum mode;
- (viii) a reform program for institutional strengthening of the railway if the feasibility study covers it; and
- (ix) prequalification and bid documents for the civil works, and terms of reference for construction supervision consulting services.

B. Methodology and Key Activities

11. The TA will cover the following major activities in the first phase: (i) review the present condition of the Kunming-Haiphong transport network; (ii) evaluate the viability of the rail versus road options from the point of view of technical, environmental, social, resettlement, economic, and financial analyses and submit to ADB and the Government a set of recommendations on the optimum mode and phasing; (iii) assess the preliminary social, environmental, and resettlement impacts of the road and railway options; and (iv) identify and explore all possible sources of finance (such as build-operate-transfer, lease, bonds, etc.) to fund this transport corridor project. The recommendations of the studies will be prepared as a Phase I report and discussed at a tripartite meeting with ADB and the Government to decide on the optimum transport mode.

12. Depending on the recommendations and discussions with the Government, in the second phase, a feasibility study will be prepared, either for road improvement from Lao Cai to Hanoi or railway improvement from Lao Cai to Haiphong. The major activities will include (i) prepare a feasibility report for the railway or road network, (ii) prepare an environmental (category A) impact assessment, (iii) prepare social assessments as per ADB's applicable guidelines, (iv) carry out detailed poverty analyses, (v) prepare a plan for involuntary resettlement and ethnic minorities development, (vi) prepare a self-contained report on financing options for transport projects as public-private partnerships, and (vi) perform other studies identified in the outline terms of reference.

13. An initial social and poverty assessment has been carried out for a road project. The summary assessment is presented in Appendix 2, and a detailed analysis is available as Supplementary Appendix A. The existing alignment for the road project may require significant resettlement, and hence steps will be needed to identify minor realignments and bypasses so as to reduce the scale of resettlement. Railway improvement is not expected to involve significant resettlement, but this will be further examined during TA implementation if the railway is chosen.

C. Cost and Financing

14. The cost of the TA is estimated to be \$1,250,000 equivalent, comprising a foreign exchange cost of \$723,000 and a local currency cost of \$527,000 equivalent. ADB will finance \$1,000,000 equivalent covering the entire foreign exchange cost and \$277,000 equivalent of the local currency cost. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will finance \$250,000 equivalent in terms of local logistic support, counterpart staff, and other costs including vehicles. The detailed costs are presented in Appendix 3.

15. The Government has been informed that provision of the TA does not commit ADB to finance any ensuing investment project.

D. Implementation Arrangements

16. The first phase of the study will be implemented by individual experts for about 28 person-months inclusive of 7 person-months of international and 21 person-months of domestic consultants. The international consultants will include 3 person-months for a transport specialist/team leader, 2 person-months for a railway and highway engineer, and 2 person-months for a financial specialist. The domestic consultants will include 7 person-months for traffic surveyors, 6 person-months for engineering support, 2 person-months for initial environmental impact assessment, and 6 person-months for initial social impact assessment. The Ministry of Transport will submit to the Government the results of the Phase I. Phase II will commence after the Government's decision on the selected option is available.

17. The second phase of the TA will be implemented by a firm of consultants to prepare a feasibility study for either a road improvement project or a railway upgradation project, depending on the outcome of the first phase. This phase will require consulting services of about 90 person-months, inclusive of 20 person-months of international and 70 person-months of domestic consultants including surveyors and data enumerators. The expertise needed for the consulting services will include transport planning, highway or railway engineering, structural and other engineering, unexploded ordnance clearance, economic analysis, financial analysis, environmental impact assessment, social assessment, drafting, and contract preparation. The team leader of the consultants will require expertise in multimodal transport, cross-border traffic,

toll arrangements, institutional reform, and project management. The consultants will be recruited by ADB in accordance with its *Guidelines on the Use of Consultants*.

18. The TA will be implemented by the Ministry of Transport (Project Management Unit 5 and Vietnam Railways), which will provide four full-time counterpart staff and a similar number of part-time support staff located in Hanoi. The TA will be prepared in close consultation with the PRC Government and especially with the Yunnan Provincial Government. The provincial departments of transport in Viet Nam will provide temporary office space, transport, all available maps, reports, and other data needed by the consultants as well as staff to work with the consultants on the required surveys. The consultants will provide on-the-job training to staff of the Ministry of Transport, Project Management Unit 5 and Vietnam Railways and provincial departments of transport, as necessary, to undertake and actively participate in the TA and understand subsequent project implementation activities.

19. TA implementation will commence in January 2003 and is expected to be completed by April 2004. The TA implementation schedule is given in Appendix 4.

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 \$1,000,000 on a grant basis to the Government of Viet Nam for preparing the Kunming-Haiphong Transport Corridor Project, and hereby reports this action to the Board.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

I. PHASE I

1. Outline terms of references for the experts are summarized below. The team leader will be selected from among the experts to coordinate, guide, and ensure quality of the work program of all individual experts and to be responsible for preparation of the Phase I report. The report will be submitted within in 3 months of the commencement of service.

2. **Transport Specialist/Planner.** The consultant will (i) review overall development prospects in the region of the Kunming-Haiphong transport corridor, past trends, ongoing projects, and future prospects and plans; (ii) review and assess the quality and applicability of the existing preliminary feasibility studies on highway improvement (Hanoi–Lao Cai) and railway upgradation prepared by the Government, together with the findings of other relevant studies and projects in Viet Nam; (iii) review and assess the reports prepared by the Japan International Cooperation Agency for inland waterway transport; review overall sector plans for road, railway, and inland waterways network improvements; prepare sector reviews for roads, railways and inland waterways covering aspects such as, network condition, institutional arrangements, tariff, maintenance, investments, and future plans; undertake origin-destination surveys for passengers and freight traffic at suitable locations along the transport corridor in Viet Nam and the People's Republic of China (PRC) to decide on the possible capacity and design parameters for each transport option; (iv) prepare and justify traffic forecasts for the transport corridor, providing the basis for and assumptions used for them; (v) evaluate the viability of the road, railway, and inland waterways options from the point of view of technical, environmental, social, resettlement, economic, and financial analyses; and submit final recommendations on the optimum mode for the transport corridor and appropriate phasing using the relevant Asian Development Bank (ADB) Guidelines; carry out least-cost analysis to recommend the optimal project scope, design, and time phasing for the investment options between road, railway and inland waterways; and (vi) recommend an investment strategy for financing of the transport corridor project, including possible mechanisms and financing instruments to be used to mobilize internal and external resources.

3. **Engineer.** The consultant will: (i) review the existing prefeasibility reports prepared by the Government of Viet Nam, assessing the overall quality and accuracy of their basic assumptions; review the basic assumptions for the design of the road and the railway, technical specifications used, quantity estimates, and rates used to determine capital costs; review and assess the most appropriate upgrading program for the Lao Cai–Hanoi road network and renovation program for the Lao Cai–Haiphong railway network, on the basis of potential traffic, right of way availability, capacity, and desired speed; (ii) examine the feasibility of interconnection with the PRC railway from Kunming to Lao Cai; review the capacity of the existing railway lines connecting Kunming to Lao Cai to Haiphong, and the existing road network connecting Kunming to Hanoi via Lao Cai; identify existing and future constraints; and make recommendations on the facilities to be developed to meet the traffic demands for the transport corridor; and (iii) prepare preliminary capital and operating cost estimates for developing investment projects for road and railway modes, in consultation with the transport specialist/planner for the current and most likely traffic forecasts for passenger and freight traffic for the transport corridor project; and estimate all other costs such as cross-border facilities necessary to ensure easy movement of traffic between PRC and Viet Nam on this transport corridor.

4. **Financial Expert.** The consultant will:(i) review various models of project financing practiced in Viet Nam and other developing countries in the region for infrastructure projects, especially those applicable to transport sector projects; assess the likely investments and review all possible modes of financing that are feasible for the transport corridor project; (ii) assess the financial viability of both road and railway options, tariff structures, and the sustainability of these investment options as per ADB's Guidelines for the Financial Governance and Management of Investment Project Financed by the Asian Development Bank; and (iii) assess alternative build-operate-transfer models and their applicability to the Kunming-Haiphong Transport Corridor Project; assess private and public sector capacity in Viet Nam to fund such projects; explore other alternatives, including foreign investments, for supporting such projects and identify possibilities where the Government needs to focus attention; and suggest possible sources of financing for the project.

5. **Social and Environmental Expert.** The consultant will (i) review and assess the preliminary social, environmental, and resettlement impacts of the road, railway and inland waterways options; carry out an initial environmental examination for the transport corridor in accordance with ADB's overall policies on the environment; undertake preliminary social analyses for the road and railway options as per the applicable ADB guidelines and ADB's *Policies on Involuntary Resettlement* (1995), *Indigenous Peoples* (1999), and *Gender and Development* (1998); identify the affected populations and principal beneficiaries of the project; assess and identify potential poverty and other risks; and (ii) evaluate the likely social impact of the project, particularly the potential for indigenous peoples or other vulnerable groups to be significantly and adversely affected; indicate whether an indigenous people's development plan will be needed for each of the options; identify the scale of resettlement involved in both options, including the ethnic minorities that may be affected due to this project; and prepare a comparative analysis of the overall social impacts of both options.

II. PHASE II

6. Depending on the outcome of the Phase I analysis of the technical assistance (TA), a feasibility study for the project will be prepared for either the road, the railway, or the inland waterway option. If the road option is recommended, the feasibility study will cover a project to improve approximately 282 kilometers (km). In case the railway option is selected, the feasibility study will cover sections of railway in Viet Nam that need to be upgraded to connect Kunming to Haiphong. If the inland waterway option is recommended, the outline Terms of Reference for consulting services will be prepared with reference to the feasibility report under preparation with the Japan International Cooperation Agency to be prepared by March 2003.

A. Technical Viability (if road option is selected)

7. The consultants will prepare technical designs for the civil works of the Lao Cai-Hanoi section in accordance with internationally recognized highway standards such as the American Association of State Highway and Transportation Officials Standards and the Association of Southeast Asian Nations Highway Standards and Criteria. The consultants will undertake the following activities: (i) Carry out all necessary technical, topographical, hydrological, and geo technical investigations to provide a reasonable basis for the detailed design and the cost estimates. Prepare horizontal and vertical realignments of the existing road including planning of new realignments in accordance with internationally recognized highway design standards. (ii) Survey the extent to which unexploded ordnance may be present within the right-of-way of the project road. Develop an approach to clearing it if the survey indicates contaminated areas. (iii) Identify roadside infrastructure (cables, pipelines, etc.) where permanent or temporary

relocation is required, and prepare detailed plans for relocation in cooperation with the concerned infrastructure owners. (iv) Carry out necessary hydraulic and hydrological studies to determine roadside and cross-drainage requirements, highway finished levels, and slope protection works. Prepare an inventory of the existing drainage systems including their location, condition, adequacy, and need for replacement or rehabilitation. Carry out geotechnical investigations to confirm the suitability and availability of material in the borrow pits and quarries. If required, identify and evaluate additional sources of materials. Prepare an inventory of the existing pavement structures including their location, condition, and adequacy; and develop cost-effective pavement designs in the long run, in accordance with the internationally recognized pavement design standards. Carry out geotechnical investigations at the sites where new bridge foundations may have to be constructed, and develop bridge designs in accordance with internationally recognized bridge design standards. (v) Identify locations where road disasters such as erosion, landslides, and slope collapse may occur, and prepare designs for disaster prevention works. (vi) Develop traffic safety improvement measures and facilities with identification of major potential accident-prone areas on the project road such as schools, markets, and sections with poor visibility. (vii) Develop design of environmental mitigating measures on the road itself, and in its immediate vicinity, as recommended in the environmental impact assessment. (viii) Prepare designs for streamlined and coordinated cross-border facilities, taking into account projected cross-border traffic. (ix) Prepare and recommend detailed technical specifications for each work item with drawings and data required for tendering of the project. Calculate quantities for all the work items. Based on the quantities, and taking into account works done for other similar projects in Viet Nam and elsewhere, prepare detailed cost estimates for each work item, break down into foreign exchange and local currency components.

B. Technical Viability (if railway option is selected)

8. If the railway option is selected for preparation of a feasibility study. The consultants will undertake the following activities: (i) Carry out all necessary technical, topographical, hydrological, and geotechnical investigations to provide a reasonable basis for the detailed design and the cost estimates. Review and assess the need for bridge rehabilitation work between Lao Cai and Haiphong, and if necessary design realignment or reconstruction of bridges and tunnels. (ii) Survey the extent to which unexploded ordnance may be present within the right-of-way and develop an approach to clearing it, if the survey indicates contaminated areas. (iii) Develop the design of environmental mitigating measures for the railway expansion and its immediate vicinity, as recommended in the environmental impact assessment. (iv) Review and estimate the requirement for rolling stock (including locomotives, passenger cars, and freight wagons); the requirement and location of maintenance facilities for the rolling stock; and operational arrangements for the project, including provision of facilities such as marshalling yards and workshops and requirements for siding (for bulk material traffic). Review and assess existing signaling and communication systems, and estimate investments and other costs necessary to improve efficiency. (v) Prepare and recommend detailed technical specifications for each work item with drawings and data required for tendering of the project. Calculate quantities for all the work items. Based on the quantities, and taking into account works done for other similar projects in Viet Nam and elsewhere, prepare detailed cost estimates for each work item, break down into foreign exchange and local currency components.

C. Economic and Financial Analyses

9. The consultants will do the following: (i) Prepare physical and socioeconomic profiles for the project influence area along the transport corridor. (ii) Conduct surveys for traffic counts for each major category of vehicle if the road is selected. If the railway is selected, prepare traffic forecasts for the future based on alternative scenarios. Estimate economic vehicle operating costs for road traffic and economic costs for railway traffic with and without the project depending on what option is selected. Prepare an economic analysis for the project as per ADB's *Guidelines for the Economic Analysis for Projects*. (iii) Examine traffic patterns so as to carry out detailed distribution analyses for the project. Identify the benefit share in economic and financial terms accruing to PRC and Viet Nam. Carry out detailed distribution analysis at the regional level. Also carry out distribution analysis for the poor and nonpoor as per ADB's *Handbook on Poverty Impact Assessment*. (iv) Assess the financial viability of the project as per ADB's *Guidelines for Financial Governance and Management of Investment Projects Financed by the Asian Development Bank*. Examine and present alternatives to generate adequate funds for operation and maintenance of the project. Review the organizational structure for maintenance operations and workshops, and identify major constraints to sustainable operations and maintenance. Suggest feasible remedial measures, keeping in view the existing constraints facing Viet Nam.

D. Detailed Environmental and Social Impact Analyses

10. In preparing alignment the consultants will explore alternative routes and realignments to minimize resettlement. Specifically, the consultants will undertake the following activities: (i) Prepare detailed environmental impact assessment and summary environmental impact assessment reports in accordance with the relevant ADB guidelines and Environment Policy; (ii) Develop suitable mitigation measures to be included in the project designs, cost estimates and contract documentation, for adverse impacts during construction or thereafter; (iii) Identify and prepare socioeconomic profiles of the project-affected communities in the project areas in terms of household sizes, demographic trends, income sources and levels, occupations, socioeconomic conditions, social service infrastructure, and social organizations, in accordance with relevant ADB guidelines and publications. The profiles will include gender and local ethnic minority profiles. Carry out further surveys as necessary; (iv) Undertake social and poverty analyses as per the relevant ADB guidelines. Identify the affected populations and principal beneficiaries of the project. Evaluate the likely social impact of the project, particularly the potential for indigenous peoples or other vulnerable groups that may be affected adversely due to the Project. The social analysis should identify the need to develop an ethnic minorities development plan in accordance with the ADB's Policy on Indigenous Peoples; (v) Review and assess the impacts of land acquisition or loss of land use on affected people and prepare an implementable resettlement plan as per ADB's *Policy on Involuntary Resettlement and Handbook on Resettlement: A Guide to Good Practice*. Preparation should involve full stakeholder participation including participation of the executing and implementing agencies; (vi) Assess the risk of HIV/AIDS¹, Sexually Transmitted Disease, and trafficking of women and children; design appropriate mitigation measures as needed, including an awareness and preventive education program that complements existing programs; (vii) Assess the need for road safety measures and identify appropriate measures; and (viii) Assess land issues, usufruct issues, titles, the potential for in-migration, and the potential impact of in-migration upon the

¹ Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome.

land-use rights of the affected communities along the roads. Identify means of protecting the land-use rights of the communities.

E. Financial Aspects

11. The consultants will undertake the following activities: (i) Assist the Government in developing an appropriate legal and regulatory framework for revenue generation to cover debt service and reasonable operations & maintenance costs of the project. Given the level of traffic, suggest alternatives levels of fees, user charges, or tariffs to recover debt service and operation and maintenance costs. Propose appropriate location(s) for the toll booths if the road is the selected option. (ii) Propose an action program for institutional strengthening for the transport corridor to ensure sustainable management in consultation with the Government.

F. Contract Documentation and Others

12. The civil works will be carried out in accordance with ADB's *Guidelines for Procurement*. Tasks to be undertaken by the consultants will include the following (i) Develop contract packages suitable for international competitive bidding and local competitive bidding. (ii) Assist the Ministry of Transport agencies dealing with the project in preparing prequalification documents for the civil works in accordance with ADB's *Guide on Prequalification for Civil Works*, and in preparing draft bid documents in accordance with ADB's *Sample Bidding Documents for Civil Works*. Develop detailed project implementation schedules. Prepare confidential cost estimates for each contract package. (iii) Prepare detailed terms of reference, staffing and other inputs, and cost estimates for the consulting services required for construction supervision. (iv) Provide assistance to Government in preparation of feasibility study required for meeting the processing formalities of the Government.

SUMMARY INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis			
Sector identified as a national priority in country poverty analysis? Yes		Sector identified as a national priority in country poverty partnership agreement? Yes	
Contribution of the sector/subsector to reduce poverty in Viet Nam: Poverty incidence in Viet Nam fell from 70% in 1990 to around 32% in 2000. While significant in terms of magnitude, progress in poverty reduction remains fragile, with a significant number of “near poor” clustered just above the poverty line. To support the Government in pursuing balanced economic growth and reduction of poverty, the Country Strategy Program Update 2003–2005 for Viet Nam and the Poverty Partnership Agreement between Viet Nam and the Asian Development Bank (ADB) emphasize regional cooperation through cross-border trade and access to markets within the region. This project will help develop the subregional transport system and improve intersectoral linkages through the development of an economic corridor. Remoteness and disconnection have been identified as factors for poor people’s inability to benefit from economic growth. Improved transport infrastructure will contribute to regionally balanced and equitable economic growth by stimulating agricultural production, increasing access to employment opportunities, and facilitating better access to social services .			
B. Poverty Analysis		Proposed Classification: Other	
What type of poverty analysis is needed? The poverty analysis to be undertaken in the project preparatory technical assistance will focus on the impact of transport corridor on social service delivery, movement of goods and people, and their impact on poverty. It will include an assessment of the ability of the poor to benefit from resulting economic activities, including a review of the potential barriers for the poor to benefit from economic growth. A distributional analysis between stakeholders will be prepared. The core analysis will be based on existing data such as the census, and national socioeconomic surveys, with poverty indicators and poverty database developed by the Government of Viet Nam. The study will make use of existing surveys and reports.			
C. Participation Process			
Stakeholder analysis The project will be prepared in a participatory manner. All stakeholders and affected people, including women and ethnic minorities, will be fully consulted during preparation of a resettlement plan and an indigenous people’s development plan. All affected households will be surveyed and will participate in the inventory of lost assets, identification of compensation and resettlement preferences, and a replacement cost study. A participation strategy will be included in the resettlement plan and the ethnic minorities development plan. Participation strategy required: Yes			
D. Potential Issues			
Subject	Significant, Not Significant, Uncertain, None	Strategy to Address Issues	Plan Required
Resettlement	Significant	An estimate of 1,400 hectares of land will have to be acquired for the whole road, and around 236,000 persons will be affected in Lao Cai, Yen Bai, and Phu Tho provinces alone. The number of affected people in the other provinces may be additional. A full resettlement plan acceptable to ADB will be prepared.	Full, Resettlement Plan

Subject	Significant, Not Significant, Uncertain, None	Strategy to Address Issues	Plan Required
Gender	Significant	The project will prepare (i) measures to ensure that women receive adequate benefits, and (ii) measures to assist women in affected villages. Gender concerns will be mainstreamed in both the resettlement plan and the indigenous people's development plan.	No
Affordability	None		No
Labor	None	The project will not have a direct impact on labor retrenchment. It will create employment opportunities during construction. As much as possible, the project will hire labor from among the local people during construction.	No
Indigenous People	Significant	The project will have an adverse resettlement impact on ethnic minority communities in Lao Cai and Yen Bai provinces. The ethnic minorities development plan will be prepared to mitigate the adverse impact and to ensure that they can cope with changes and improve their livelihood in the new settlement area.	Ethnic minorities development plan
Other Risks/ Vulnerabilities	Significant	The project will give special assistance and support to the elderly, the disabled, and children. The vulnerability of local people to HIV-AIDS ¹ , sexually-transmitted diseases, and trafficking of women and children will be addressed through a community-based awareness-raising program.	No

¹ Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome.

COST ESTIMATES AND FINANCING PLAN
(\$ '000)

Item	Foreign Exchange	Local Currency	Total Cost
A. ADB Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	560.0	0.0	560.0
ii. Domestic Consultants	0.0	152.0	152.0
b. International and Local Travel	40.0	5.0	45.0
c. Vehicle Rental	0.0	30.0	30.0
d. Reports and Communications	5.0	10.0	15.0
2. Surveys and Laboratory Testing	10.0	20.0	30.0
3. Seminars and Conferences	0.0	10.0	10.0
4. Representative for Contract Negotiations	8.0	0.0	8.0
5. Contingencies	100.0	50.0	150.0
Subtotal (A)	723.0	277.0	1000.0
B. Government Financing^b			
1. Counterpart Staff	0.0	100.0	100.0
2. Provincial Survey Staff	0.0	120.0	120.0
3. Maps, Reports and Documentation	0.0	30.0	30.0
Subtotal (B)	0.0	250.0	250.0
Total	723.0	527.0	1250.0

^a Financed by the Japan Special Fund.

^b In kind.

Source: Asian Development Bank.

IMPLEMENTATION SCHEDULE

	2002		2003											
	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Phase I: Individual Consultants														
Consultant selection		■												
Contract negotiation and signing			■											
Implementation				■	■	■	■							
Decision on the Project scope						■								
Phase II: Firm Consultants														
Advertisement on ADBBO	■	■												
Shortlisting by CSC			■											
Proposal preparation by consultants				■	■									
Proposal evaluation by ADB					■	■	■							
Contract negotiation and signing							■							
Implementation								■	■	■	■	■	■	■

ADB=Asian Development Bank; ADBBO=Asian Development Bank Business Opportunities; CSC= Consultant Selection Committee