



# Viet Nam: Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces

Project Name	Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces								
Project Number	41461-013								
Country / Economy	Viet Nam								
Project Status	Closed								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 2682-VIE: Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces</td></tr><tr><td>Asian Development Fund</td><td>US\$ 82.00 million</td></tr><tr><td colspan="2">Loan 2683-VIE: Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces</td></tr><tr><td>Asian Development Fund</td><td>US\$ 26.00 million</td></tr></table>	Loan 2682-VIE: Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces		Asian Development Fund	US\$ 82.00 million	Loan 2683-VIE: Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces		Asian Development Fund	US\$ 26.00 million
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Loan 2683-VIE: Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces									
Asian Development Fund	US\$ 26.00 million								
Strategic Agendas	Inclusive economic growth								
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development								
Sector / Subsector	Agriculture, natural resources and rural development / Irrigation - Rural flood protection - Rural water policy, institutional and capacity development - Rural water supply services Transport / Road transport (non-urban)								
Gender	Effective gender mainstreaming								
Description	<p>The project will rehabilitate and upgrade deteriorated but critical rural infrastructure in 15 mountainous provinces of northern Viet Nam. These provinces have a combined population of 12.2 million people and are among the poorest in the country. Overall poverty rates average about 27%, but are considerably higher in more isolated areas, where poverty levels may be 50%-60%. One of the main reasons for these high levels of poverty is limited access to productive assets and infrastructure (such as irrigation water systems), and physical isolation. The project will focus on improving small- to medium-scale irrigation and/or drainage systems, rural roads, and district and commune markets. The project will include 40-45 subprojects. Rehabilitation and upgrading of rural infrastructure is expected to have a positive impact on the lives and livelihoods of the population in the project area, providing easier access to inputs (including irrigation water), markets, health services, higher levels of education, and employment opportunities, while reducing production and marketing costs.</p>								
Project Rationale and Linkage to Country/Regional Strategy	<p>The majority (84%) of the population of the northern mountain provinces live in sparsely populated villages, dispersed where land is suitable for agriculture. The incidence of poverty remains consistently higher than in other parts of Viet Nam. While poverty has been reduced nationwide, from 28.9% in 2002 to 16.0% in 2006, and 11.0% in 2008, equivalent figures in the northern mountain provinces were 47.9% in 2002, 32.3% in 2006, and 27.0% in 2008. These figures reflect the more difficult environment and terrain, and the lack of commercial opportunities, arable land, and water resources. Poverty rates among some ethnic minorities in the project area are 70%-80% due to lower levels of access to rural infrastructure, limited opportunities for commercial activity, relatively lower education and skill levels, and low population densities.</p> <p>The 15 northern provinces are comparatively underdeveloped in national terms; this is reflected in the physical infrastructure. While the government and international development partners have invested in rural infrastructure since 1995, a huge backlog of unimproved infrastructure remains. Much of the existing infrastructure is in poor condition due to age, inadequate design and construction, and insufficient maintenance. Nationwide, only two-thirds of the 3 million ha provided with irrigation facilities is currently being irrigated. In the project area, irrigation schemes supporting over 200,000 ha are in need of rehabilitation. Within these schemes, of the 50,000 kilometers (km) of primary and secondary irrigation canals, only 16,270 km or 32% are lined, leaving the majority in need of lining to reduce water loss. Improving irrigation water management is critical to food security in the face of increased food demands and the effects of climate change.</p> <p>In the case of rural roads, only 11.0% in the Northeast and 6.6% in the Northwest are either concrete-surfaced or sealed. This compares with 44.5% in the more developed region of the Red River Delta and 28.0% in the South Central Coastal region. The north has predominantly earth and gravel roads, which are particularly unsustainable in hilly and mountainous terrains, where intense rainfall accelerates their deterioration leading to unaffordably high maintenance and repair costs. Furthermore, the distances faced by northern communities to the nearest all-weather road are much higher than elsewhere, averaging 4.4 km in comparison to 1.7 km in the Red River Delta. Distances are a key obstacle to accessing a range of services, including health services. For example only 23% of communities in the Northwest have access to a doctor compared with a national average of 60%. The quality of transport infrastructure is crucial to reaching medical attention, an especially important consideration for the welfare of women and children.</p> <p>In this environment, rural infrastructure is not only a necessary prerequisite to stimulate private investment but it provides a foundation for rural development. Irrigation development enhances agricultural productivity and provides options for farmers to diversify production into higher-value goods, thereby enhancing household incomes. However, investments in agriculture leading to surpluses will not be made if the produce cannot be cost-effectively moved. Rural roads enhance access to markets, commercial opportunities, and input supplies for agricultural production, while also providing access to education and health services. Furthermore, many members of northern farming households are seeking off-farm employment to offset the cyclical costs and unpredictable returns of farming. Access to off-farm employment opportunities also requires good transport facilities.</p> <p>The government's draft socioeconomic development plan 2011-2016 indicates the intent to prioritize upgrading rural infrastructure to serve the dual objective of social and economic development. This includes upgrading irrigation for water supplies, aquaculture, double cropping in paddy areas, and the expansion of irrigated areas for cash crops. It also includes developing rural transport to move agricultural surpluses and improve social conditions. The project design is therefore based on (i) an identified demand to rehabilitate and upgrade priority rural infrastructure to reduce the high and persistent poverty levels in the northern mountain provinces, thereby improving access to productive resources, services and socioeconomic opportunities, (ii) the government and Asian Development Bank (ADB) strategies of providing rural infrastructure as a means to achieve poverty reduction as described in the government's national socioeconomic development plan and other related documents, as well as ADB's country strategy and program, and (iii) the successful design, implementation experience, and relevant lessons from earlier ADB-funded rural infrastructure projects. Lessons were incorporated from six successfully completed ADB projects implemented by the Ministry of Agriculture and Rural Development (MARD), particularly the Rural Infrastructure Sector Project, which had similar objectives and outputs to the proposed project.</p>								

Impact	<p>Sustained socioeconomic development in the 15 northern mountain provinces of Viet Nam From baselines in 2011:</p> <ol style="list-style-type: none"> <li>1. Reduction of the number of poor households in the project area from 26% to 15% by 2020.</li> <li>2. Average household income raised 45% by 2020, by household type (ethnic minority, poor, sex, age), if necessary, using proxies for household income based on expenditure measures in baseline survey.</li> <li>3. Value of goods traded in the market increased by 100% by 2018.</li> <li>4. By 2018, increases of: 50% attendance at secondary schools by girls; and, 100% visits to health clinics by women and children.</li> </ol>
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### Project Outcome

Description of Outcome	The intended outcome is to increase access to, and use of priority rural infrastructure by the poor and ethnic minorities in the project area.
Progress Toward Outcome	At present, achievement of the outcome key performance targets cannot be assessed, as the data collected for most key performance targets are not available yet.

### Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> <li>1. Priority rural infrastructure rehabilitated or upgraded</li> <li>2. Improved capacities for project management and for rural infrastructure use and sustainability</li> </ol>
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>12 operation and maintenance asset management plans (for 10 irrigation and 2 embankment subprojects) have been prepared with assistance of LIC and adopted; the plans include strategies for using local labor-based methods, with 25% participation by women. All 169 staff (including 18 women staff) of CPMU and 15 PPMUs were trained in ADB procedures and operation of infrastructure. All 110 civil works contracts (81 of Loan 2682 and 29 of Loan 2683) were undertaken with many of them were delayed in comparison with the agreed schedules and by June 2017</p> <p>As of 30 June 2017:</p> <p>11,849 ha of irrigated land either receiving water in a timely manner and in the quantities required, or being drained of surplus flood water in a timely manner.</p> <p>466.186 km of rural road grades Type A, IV, V, and VI were rehabilitated.</p> <p>5 rural commune markets were upgraded or established.</p> <p>All markets have included facilities for women.</p> <p>The works generate VND472.118 billion (\$20.784 million equivalent) worth of employment, of which 25% is for women.</p> <p>16,097 households have been provided with clean water.</p>
Geographical Location	Bac Giang, Bac Kan, Bach Thong, Bao Yen, Binh Gia, Cam Khe, Cao Bang, Cho Don, Cho Moi, Dien Bien, Dong Hy, Dong Van, Ha Giang, Ha Lang, Ham Yen, Hiep Hoa, Hoa Binh, Kim Boi, Lac Son, Lac Thuy, Lai Chau, Lang Giang, Lang Son, Lao Cai, Lap Thach, Loc Binh, Luc Yen, Luong Son, Moc Chau, Na Hang, Ngan Son, Nguyen Binh, Phong Tho, Phu Luong, Phu Tho, Phuc Hoa, Sin Ho, Son Duong, Son La, Tam Dao, Tam Duong, Thai Nguyen, Thanh Son, Thuan Chau, Tran Yen, Trung Khanh, Tuan Giao, Tuyen Quang, Van Ban, Van Yen, Vinh Phuc, Vo Nhai, Yen Bai, Yen Lap, Yen Minh, Yen The, Yen Thuy

### Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

### Summary of Environmental and Social Aspects

Environmental Aspects	The project has unlikely caused significant environmental damage since the subprojects were mainly limited to improving existing infrastructure. Moreover, subprojects were screened to exclude those that may cause significant damage. The environmental assessment and review framework provides guidance for the government to carry out an appropriate level of environmental assessment and to take measures to deal with these impacts.
Involuntary Resettlement	There was no major resettlement because the majority of infrastructure, irrigation, and roads will be improved along existing rights of way. As a result, the main works are the provision of compensation for roadside trees, crops or small structures. The absence of major resettlement issues was one of the eligibility criteria used in selecting subprojects. The government and ADB have agreed on a resettlement framework along with procedures and an outline format for a resettlement plan. Compensation, allowances, operation and administration costs, surveys, monitoring, and reporting were financed from government counterpart funds. A qualified institution or firm acceptable to ADB was contracted by the government to conduct independent external monitoring and evaluation of the resettlement process and impacts.
Indigenous Peoples	Ethnic minorities were among the major beneficiaries of the project. The government and ADB have agreed on an indigenous peoples planning framework. For most subprojects, where the majority of beneficiaries were from ethnic minorities and where subproject impacts were wholly positive, measures to improve the welfare of indigenous peoples and protection of their rights were included in the subproject design. In other subprojects, combined resettlement and ethnic minority development plans were prepared. An important aspect of the project were the use of the commune supervision board to ensure local peoples' participation in subproject design and construction supervision. This ensured that specific local concerns among ethnic minorities were addressed during implementation.

### Stakeholder Communication, Participation, and Consultation

During Project Design	During representative subproject preparation, extensive consultations took place with potential beneficiaries and all reconfirmed the relevance of the investment to effect poverty reduction, and local demand for the subproject. This was also confirmed in the socioeconomic baseline surveys conducted for each subproject. For the non-representative subprojects, the design and feasibility studies will include appropriate consultative measures with the beneficiaries.
During Project Implementation	

### Business Opportunities

Consulting Services	Completed, no pending consulting services activities
Procurement	Completed, no pending procurement activities

Responsible ADB Officer	Ho, Phong Le
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Viet Nam Resident Mission (VRM)
Executing Agencies	<u>Ministry of Agriculture and Rural Development</u>

### Timetable

Concept Clearance	15 Apr 2010
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Fact Finding	03 May 2010 to 21 May 2010
MRM	30 Jul 2010
Approval	22 Oct 2010
Last Review Mission	-
PDS Creation Date	28 Sep 2010
Last PDS Update	30 Mar 2018

## LoanÂ 2682-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Oct 2010	23 Feb 2011	23 May 2011	30 Jun 2017	-	15 Aug 2018

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	112.00		Cumulative Contract Awards			
ADB	82.00		17 Jun 2022	72.89	0.00	100%
Counterpart	30.00		Cumulative Disbursements			
Cofinancing	0.00		17 Jun 2022	72.89	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	-	-	-

## LoanÂ 2683-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Oct 2010	23 Feb 2011	23 May 2011	30 Jun 2017	-	15 Aug 2018

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	26.00		Cumulative Contract Awards			
ADB	26.00		17 Jun 2022	23.26	0.00	100%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		17 Jun 2022	23.26	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	-	-	-

Project Page <https://www.adb.org/projects/41461-013/main>

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