



Report and Recommendation of the President to the Board of Directors

Project Number: 42179-013 (REG)
October 2012

Proposed Loan, Grant, and Administration of
Technical Assistance Grant
Lao People's Democratic Republic and Socialist
Republic of Viet Nam: Greater Mekong Subregion
Capacity Building for HIV/AIDS Prevention Project

CURRENCY EQUIVALENTS

(as of 30 September 2012)

Currency unit	–	kip (KN)
KN1.00	=	\$0.0001252
\$1.00	=	KN7,989.50
Currency unit	–	dong (D)
D1.00	=	\$0.0000479
\$1.00	=	D20,865.00

ABBREVIATIONS

ADB	–	Asian Development Bank
BCC	–	behavior change communication
FSW	–	female sex worker
GMS	–	Greater Mekong Subregion
Lao PDR	–	Lao People's Democratic Republic
MOH	–	ministry of health
MOU	–	memorandum of understanding
PAM	–	project administration manual
STI	–	sexually transmitted infection
TA	–	technical assistance

NOTE

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

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PROJECT AT A GLANCE

1. Project Name: Greater Mekong Subregion Capacity Building for HIV/AIDS Prevention Project 2. Project Number: 42179-013																					
3. Country: Regional, Lao People's Democratic Republic, Socialist Republic of Viet Nam 4. Department/Division: Southeast Asia Department/Human and Social Development Division																					
5. Sector Classification: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <th style="width: 50%;">Sectors</th> <th style="width: 10%;">Primary</th> <th style="width: 40%;">Subsectors</th> </tr> <tr> <td>Health and social protection</td> <td style="text-align: center;">√</td> <td>Health programs</td> </tr> </table>				Sectors	Primary	Subsectors	Health and social protection	√	Health programs												
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I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on (i) a proposed loan to the Socialist Republic of Viet Nam, and (ii) a proposed grant to the Lao People's Democratic Republic (Lao PDR) for the Greater Mekong Subregion (GMS) Capacity Building for HIV/AIDS Prevention Project. The report also describes proposed administration of technical assistance (TA) to be provided by the Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific¹ for Regional Capacity Development for Strengthened HIV Response. If the Board approves the proposed loan and grant, I, acting under the authority delegated to me by the Board, will approve the TA.

2. The project² will support the governments of the Lao PDR and Viet Nam to strengthen the regional HIV response by addressing current gaps in effectively reaching high-risk and vulnerable populations in border areas along economic corridors in the GMS. The aim is to develop national and regional capacity to mitigate HIV risks and vulnerability resulting from increased mobility, migration and rapid economic development in the region.³ The project will further enhance regional HIV response capacity, including strengthening regional cooperation and targeted interventions for migrants and mobile populations in cross-border areas.

II. THE PROJECT

A. Rationale

3. The GMS is a fast-growing subregion in terms of economic development. GMS investments in transport corridors and trade agreements have improved regional connectivity and integration, thereby attracting more investment and facilitating the movement of people and goods across borders. Asian Development Bank (ADB) investment programs continue to give high priority to supporting enhanced connectivity as a driver of continued economic development in the GMS. Better regional connectivity and economic integration also increase mobility and migration, which contribute to increased HIV risks and vulnerability, especially along newly developed economic corridors with high population mobility.⁴ The epidemics in the region are mainly driven by key populations with high-risk behaviors—such as injecting drug users, female sex workers (FSWs) and their clients, and men who have sex with men⁵—whose members are being increasingly drawn to border regions alongside migrant labor to benefit from new opportunities. This mobility is associated with the development of new concentrations of high-risk and vulnerable groups; the risk of transmission expands to their intimate partners, thereby increasing the risk that HIV prevalence will increase instead of being contained.

4. The HIV epidemic in the GMS is diverse. The epidemic varies in prevalence and nature across the countries, and occurs in pockets within countries. The border regions include the most physically and socially isolated and least economically developed communities, and contain the highest concentrations of poorly educated people who have limited knowledge and awareness of HIV risks; they also have very limited access to services. Increasing injecting drug

¹ Contributor: the Government of Sweden.

² ADB provided project preparatory technical assistance. ADB 2010. *Technical Assistance for Preparing the Greater Mekong Subregion: Capacity Building for HIV/AIDS Prevention in the Lao People's Democratic Republic and the Socialist Republic of Viet Nam*. Manila.

³ Vulnerability refers to unequal opportunities, social exclusion, and other social, cultural, political, and economic factors that make a person more susceptible to HIV/AIDS. The factors underlying vulnerability may reduce the ability of individuals and communities to avoid HIV risk.

⁴ ADB. 2007. *HIV and the Greater Mekong Subregion: Strategic Directions and Opportunities*. Manila.

⁵ HIV/AIDS Data Hub for Asia-Pacific. 2010. *Asia-Pacific Regional Review of HIV, 2010*. http://www.aidsdatahub.org/dmdocuments/Asia_Pacific_Regional_Review_2010.pdf

use, high degree of mobility in the region and convergence of economic development in the border areas⁶—such as hotels, casinos, plantations, and special economic zones—are growing risk factors that require more effort to sustainably decrease the burden of HIV/AIDS. An inadequate HIV response will continue to offset the gains made to date in poverty reduction and inclusive growth as a result of investment in infrastructure and regional integration.

5. The HIV epidemic in Viet Nam remains in a concentrated stage with the adult HIV prevalence at 0.45% in 2011.⁷ There are signs that it may have begun to stabilize during 2010–2011,⁸ however, according to 2011 sentinel surveillance, HIV prevalence remains high among FSWs (3%), injecting drug users (13.4%), and men who have sex with men (16.7%). Viet Nam is committed to halting and reducing the spread of HIV/AIDS, and the fifth draft of the Viet Nam National HIV/AIDS Strategy aims for nationwide prevention and care coverage, and reaching all communes. Due to resource constraints, the focus to date has been on targeting high-risk populations in the major cities and urban centers, where the HIV prevalence is higher. However, the epidemic has spread to all districts, and is increasing in particular in border districts. The extent of the potential for growth in the epidemic is uncertain due to weak surveillance systems. As of 31 December 2011, there were 197,335 reported cases of people living with HIV. Officials in Viet Nam agree that a large number of people living with HIV may be missed, in particular in border districts that lack the effective surveillance systems.

6. In the Lao PDR, HIV prevalence in 2011 remains low (0.2%) in the adult population, but this does not translate to a low risk. The Lao PDR is surrounded by countries with higher HIV prevalence. Increased mobility across borders coupled with the existing risks and vulnerability from commercial sex and the emergence of high-risk populations creates a high-risk environment, especially in the border districts.⁹ In response to its precarious HIV situation, the Government of the Lao PDR has provided strong political commitment to a multi-sectoral response with support from international and national partners. Priorities include establishment of legislation; focused resource generation for expansion of HIV prevention, care and treatment programs to targeted populations; and strengthened civil society participation in HIV response.

7. Three main gaps that need to be addressed to contain the epidemic have been identified as common to the existing systems in both countries.¹⁰ First, current health systems are inefficient in effectively planning and managing HIV/AIDS response due to the limited capacity of health staff at provincial and local levels, and weak monitoring and surveillance systems for HIV transmission at the village level; to address this, new investment and capacity building are needed to increase health expenditure, strengthen system planning and management, and expand human resources and skills. Second, access to quality prevention and care services continues to be a major concern for people vulnerable to HIV transmission, because of inadequate equipment and medical supplies and a shortage of trained health staff to provide quality services; in response, investment needs to be directed to tackling inequity and imbalances in service delivery in the poorer districts, and to continue modernizing service delivery models to improve effectiveness and efficiency. Third, awareness of HIV risks among high-risk and vulnerable populations, including migrants and mobile populations, remains low

⁶ United Nations Regional Taskforce on Mobility and HIV Vulnerability Reduction in Southeast Asia and Southern Provinces in China. 2008. *HIV/AIDS and Mobility in Southeast Asia: A Rapid Assessment*. Bangkok: United Nations Regional Task Force Secretariat.

⁷ Ministry of Health, National Technical Working Group on HIV Estimates and Projections. 2011. *Preliminary Viet Nam HIV/AIDS Estimates and Projections*. Ha Noi.

⁸ Joint United Nations Programme on HIV/AIDS (UNAIDS). 2010. *Global Report: UNAIDS Report on the Global AIDS Epidemic 2010*. Geneva.

⁹ Global AIDS Response Progress. 2012. *Country Report, Lao PDR*. Vientiane.

¹⁰ Sector Assessment (Summary): Health (accessible from the list of linked documents in Appendix 2).

despite increasing risks in cross-border areas; in response, a concerted new effort is needed to expand HIV awareness among vulnerable populations, and support their strengthened resilience.

8. With the many shared borders and rapid growth in infrastructure and mobility in the GMS, the governments are recognizing the need for stronger regional cooperation. Leaders of the GMS countries have given high priority to the control of HIV/AIDS, and signed a memorandum of understanding (MOU) in December 2011 for Joint Action to Reduce HIV Vulnerability Related to Population Movement in the GMS. A multisectoral approach to tackling HIV/AIDS is being promoted in the GMS countries, with HIV/AIDS integrated into broader health strategies as well as other sector strategies (e.g., for infrastructure and transport).

9. Both the governments of the Lao PDR and Viet Nam continue to be highly dependent on donor assistance to finance system development and some recurrent costs, and supplement capital investment. Support from bilateral partners has been declining, and as external aid for HIV response is scaled back, it is essential to give renewed priority to new systemic capacity development to support future sustainability. Both governments seek to decentralize the HIV response to the local level in order to provide more effective services, but lack the knowledge, management skills and systems, and resources to implement decentralization effectively.

10. Since 1997, ADB has supported several HIV prevention projects in the GMS, some in association with infrastructure projects. Outputs have ranged from support for community-based HIV prevention to regional policy development for cross-border cooperation, with a particular focus on regional aspects of HIV, including migrants and mobile populations, large construction sites, and source communities of migrants.¹¹ GMS projects have supported the development of targeted prevention messages to ethnic minority communities, especially in remote and cross-border areas,¹² to a youth-focused project in Viet Nam,¹³ and to regional communicable disease control projects.¹⁴ Since 2008, regional TA has supported the development of a regional policy for cross-border collaboration and implementation of HIV prevention packages associated with a number of GMS transport projects.¹⁵ The projects and TA have expanded the knowledge base for actions in these areas and provided ADB with experience in effective regional and country-level HIV programming.

11. Important lessons have been learned in implementing HIV/AIDS-specific projects, and health projects in general. These projects demonstrated the importance of targeting vulnerable

¹¹ ADB. 2001. *Grant Assistance to the Kingdom of Cambodia, the Lao People's Democratic Republic, and the Socialist Republic of Viet Nam for the Community Action for the Prevention of HIV/AIDS*. Manila; ADB. 2003. *Technical Assistance to the People's Republic of China for Preventing HIV/AIDS on Road Projects in Yunnan Province*. Manila; and ADB. 2006. *Technical Assistance for Fighting HIV/AIDS in Asia and the Pacific Subproject 3: HIV Prevention and Infrastructure Sector in the Greater Mekong Subregion*. Manila.

¹² ADB. 2005. *Technical Assistance for HIV/AIDS Vulnerability and Risk Reduction among Ethnic Minority Groups through Communication Strategies*. Manila; and ADB. 2008. *Technical Assistance for Fighting HIV/AIDS in Asia and the Pacific Subproject 4: Developing Capacity Among Ethnic Minority Communities to Combat HIV/AIDS*. Manila.

¹³ ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Socialist Republic of Viet Nam for the HIV/AIDS Prevention among Youth Project*. Manila.

¹⁴ ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Kingdom of Cambodia, the Lao People's Democratic Republic, and the Socialist Republic of Viet Nam for the Greater Mekong Subregion Regional Communicable Disease Control Project*. Manila; and ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grants to the Kingdom of Cambodia, the Lao People's Democratic Republic, and the Socialist Republic of Viet Nam for the Second Greater Mekong Subregion Regional Communicable Diseases Control Project*. Manila.

¹⁵ ADB. 2008. *Technical Assistance for HIV Prevention and Infrastructure: Mitigating Risk in the Greater Mekong Subregion*. Manila.

groups using a comprehensive community-based approach. ADB supports a comprehensive approach to HIV/AIDS prevention, treatment, care and support delivered across a continuum from hospitals to communities, and works closely with development partners to assist the governments to adopt harmonized HIV prevention activities. It is important to mainstream HIV strategies into ministerial plans and to integrate HIV project activities into annual operational plans to improve results and sustainability. The Greater Mekong Subregion Regional Communicable Disease Control Project (footnote 14) was instrumental in strengthening provincial capacity for timely outbreak control for avian influenza and dengue, reducing the burden of neglected tropical diseases, and tackling HIV/AIDS and improving regional coordination. The project will benefit from existing project management capacity and regional cooperation mechanisms developed by the Second Greater Mekong Subregion Regional Communicable Diseases Control Project (footnote 14) to reduce start-up delays. Regional cooperation and knowledge management will further strengthen institutional capacity of the ministries of health (MOHs) in both countries.

12. HIV/AIDS prevention has been identified as a priority regional public good by Strategy 2020.¹⁶ The project is fully in line with the ADB's Strategic Directions Paper on HIV/AIDS 2011–2015¹⁷ and supports mitigation of HIV/AIDS risks and vulnerabilities along economic corridors, which is one of the three priority areas for ADB's HIV/AIDS response in the region. The project is aligned with the operational plans for health and transport¹⁸ to support social sustainability and social risk mitigation associated with transport operations. Furthermore, addressing health and other social issues associated with subregional connectivity is identified as one of the strategic pillars for ADB's regional cooperation business plan for the GMS, 2012–2014.¹⁹ The project is anchored on the overall objective of the MOU for Joint Action to Reduce HIV Vulnerability Related to Population Movement in the GMS, and ADB is actively supporting implementation through various GMS initiatives, along with other development partners (i.e., Joint United Nations Programme on AIDS, the United Nations Development Programme, the World Health Organization, the International Organization for Migration, the Australian Agency for International Development, and the Swedish International Development Cooperation Agency). The project aims to address a critical gap in the current response to HIV (which is largely focused on national HIV response systems) by enhancing the regional response capacity to effectively reach migrants and mobile populations, who face increased risk and vulnerability in a rapidly changing social and economic environment in the GMS.

B. Impact and Outcome

13. The project impact is to contribute to achieving and sustaining the Millennium Development Goal to have halted and begun to reverse the spread of HIV/AIDS in the Lao PDR and Viet Nam. The expected outcome of the project will be increased coverage and quality of services for targeted populations in 23 border provinces.²⁰ The project has four outputs.²¹

¹⁶ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

¹⁷ ADB. 2011. *Strategic Directions Paper on HIV/AIDS, 2011–2015*. Manila.

¹⁸ ADB. 2008. *An Operational Plan for Improving Health Access and Outcome Under Strategy 2020*. Manila; and ADB. 2010. *Sustainable Transport Initiative Operational Plan*. Manila.

¹⁹ ADB. 2011. *Regional Cooperation Operations Business Plan: Greater Mekong Subregion, 2012–2014*. Manila.

²⁰ Includes 8 provinces in the Lao PDR (Attapeu, Bokeo, Champasak, Houaphan, Luang Namtha, Oudomxay, Phongsaly, and Salavan) and 15 provinces in Viet Nam (Lai Chau, Lao Cai, Ha Giang, Dien Bien, Son La, Thanh Hoa, Ha Tinh, Quang Binh, Quang Tri, Quang Nam, Kon Tum, Gia Lai, Dak Nong, Binh Phuoc, and Long An). The selection criteria are: (i) border provinces, (ii) provinces at risk of HIV transmission due to existence of economic corridors and trans-Asia routes, (iii) provinces with high concentration of poor and vulnerable populations, (iv) provinces with limited or absence of external assistance, and (v) provinces in remote areas.

²¹ The country-specific outputs and detailed activities are in Project Administration Manual (accessible from the list of linked documents in Appendix 2).

C. Outputs

14. **Output 1: Strengthened planning and management capacity at national, provincial, and district levels.** This output will focus on strengthening health systems to more effectively plan and manage the HIV response at national, provincial and district levels. Key activities under the output include (i) review of the national HIV strategy, (ii) development of integrated HIV operational plans at national and provincial levels, (iii) assessment of needs and development of a capacity building plan, (iv) development of standard tools for planning and management at provincial and district levels, (v) training of health staff in the use of planning and management tools, (vi) long-term management and leadership training, and (vii) support for surveillance and monitoring and evaluation systems as well as project management.

15. **Output 2: Enhanced capacity to provide quality and accessible services to people vulnerable to HIV transmission.** This output will improve capacity of service providers to deliver a continuum of services—including prevention, treatment, and care—that are appropriate and accessible to high-risk and vulnerable populations and serve to expand the service coverage. Key activities will include (i) development and updating of the national guidelines and standard operating procedures for comprehensive prevention services; (ii) conduct of needs assessment for HIV service delivery and development of a capacity-building plan; (iii) training of health staff to improve knowledge, skills, and practices in HIV service delivery at provincial and district levels; (iv) provision of technical support to provincial and district health centers and village health workers; and (v) provision of medical equipment and mobile laboratories for remote districts. The project will design and implement pilot mobile clinics to develop an innovative service delivery model and to improve service delivery in high risk settings.

16. **Output 3: Improved access to HIV prevention outreach among target populations in communities and cross-border areas.** Under output 3, contextually specific interventions will be developed to build the capacity of people to reduce their own HIV risks. Key activities will include capacity building in planning and implementing behavior change communication (BCC) activities for high-risk and vulnerable populations, including migrants and mobile populations in remote and border districts. Other technical inputs will include monitoring and implementation support to village health workers in providing outreach services, and improving the referral systems for HIV counseling, treatment and care services. The project will implement targeted community-level BCC activities in support of each country's national target program that provides condoms, needles, and syringes. Other inputs will include strengthening of the network of village health workers in providing outreach services and improving the referral systems.

17. **Output 4: Effective and sustainable regional collaboration to strengthen HIV response established.** This output will establish effective and sustainable mechanisms to increase regional cooperation and collaboration on strengthening HIV responses in cross-border areas. It will build on existing collaboration and coordination mechanisms in the GMS. Key activities are (i) to establish a coordination mechanism tasked to oversee and monitor cross-border cooperation, (ii) to develop a joint strategy for regional cooperation, and (iii) to develop and conduct the implementation of pilot activities in close partnership with the private sector and nongovernment organizations for joint outreach and service provision for migrants and mobile populations in selected border areas. Other activities include supporting knowledge management activities such as regional workshops and cross-border meetings, documentation of lessons from the pilot activities, establishment of a web-based community of practice, and joint studies on migrants and mobile populations in the border areas.

D. Investment and Financing Plans

18. The project is estimated to cost \$21.9 million (Table 1).

Table 1: Project Investment Plan (\$ million)

Item	Lao PDR	Viet Nam	Amount ^a
A. Base Cost^b			
1. Strengthened planning and management capacity	1.06	3.58	4.64
2. Enhanced capacity to provide quality and accessible services	1.51	8.09	9.60
3. Improved access to HIV-prevention outreach services	1.71	1.78	3.49
4. Effective and sustainable regional cooperation	0.80	0.95	1.75
Subtotal (A)	5.08	14.40	19.48
B. Contingencies^c	0.49	1.42	1.91
C. Financing Charges during Implementation^d	0.00	0.51	0.51
Total (A+B+C)	5.57	16.33	21.90

ADB = Asian Development Bank, Lao PDR = Lao People's Democratic Republic.

^a Includes taxes and duties of \$1.33 million to be financed by the governments and ADB.

^b In mid-2012 prices.

^c Physical contingencies computed at 3% of base costs. Price contingencies computed at 0.4% on foreign exchange costs and 5% on local currency costs.

^d Interest during implementation for ADB loan computed at 1% per annum.

Source: Asian Development Bank estimates.

19. The Government of the Socialist Republic of Viet Nam has requested a loan in various currencies equivalent to SDR9,931,000 from ADB's Special Funds resources to help finance the project, including taxes and duties.²² The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% per annum during the grace period and 1.5% thereafter, and such other terms and conditions set forth in the draft loan agreement. The government of Lao Democratic People's Republic has requested a grant not exceeding \$5 million from ADB's Special Funds resources to help finance the project, including taxes and duties (footnote 23). The governments will provide counterpart funding totaling \$1.9 million: the Lao PDR will provide \$0.6 million and Viet Nam will provide \$1.3 million, consisting of taxes and duties and recurrent costs. The financing plan is in Table 2.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank (ADF loan)	15.00	68.50
Asian Development Bank (ADF grant)	5.00	22.83
Government of the Lao People's Democratic Republic	0.57	2.60
Government of Viet Nam	1.33	6.07
Total	21.90	100.00

ADF = Asian Development Fund.

Source: Asian Development Bank estimates.

E. Implementation Arrangements

20. The MOH in each country will be the executing agency. Each executing agency has overall responsibility for project implementation, regional cooperation, coordination, and liaison with ADB and other development partners. A regional steering committee will be established. It will be chaired by the vice minister of the host country, and consists of the vice health ministers of Viet Nam and the Lao PDR, directors from the Lao Authority for the Department of Planning and International Cooperation and the Center for HIV/AIDS, and from the Viet Nam Authority for

²² Inclusion of taxes and duties on all ADB-financed expenditures is confirmed if (i) the amount of taxes and duties is within the reasonable threshold identified in the country partnership strategy of each country, (ii) the amount does not represent an excessive share of the investment plan, (iii) taxes and duties apply only in respect to ADB-financed expenditures, and (iv) financing of the taxes and duties is materially relevant to the success of the project.

HIV/AIDS Control and Center for HIV/AIDS/sexually transmitted infection (STI), project directors from the MOHs; and representatives of ADB and the United Nations technical agencies. The project will be implemented in close coordination with development partners. The implementation arrangements are summarized in Table 3 and described in detail in the project administration manual (PAM).²³

Table 3: Implementation Arrangements

Aspects	Arrangements		
Implementation period	January 2013–December 2017		
loan and grant closing date	June 2018		
Management			
(i) Oversight bodies	(i) Viet Nam: MOH review meetings chaired by the vice minister of health or the director of VAAC; and including heads of departments, and representatives of other ministries. (ii) Lao PDR: MOH review meetings chaired by the vice minister of health or director general of DPI and including heads of departments and representatives of other ministries; technical experts by invitation of members. (iii) Regional steering committee, chaired by the vice-minister of health of the host country, consists of representatives of participating countries and ADB.		
(ii) Executing agencies	Ministry of Health (each country)		
(iii) Key implementing agencies	(i) Viet Nam: Hanoi School of Public Health; 15 target provincial health departments; and (ii) Lao PDR: CHAS, 8 PCCAs		
(iv) Project management units	(i) Viet Nam PMU in the VAAC; and (ii) Lao PDR: Department of Planning and Finance, MOH		
Procurement	International competitive bidding	(i) Viet Nam: 4 contracts (ii) Lao PDR: 0 contract	(i) Viet Nam: \$7.48 million (ii) Lao PDR: \$0.00
	National competitive bidding	(i) Viet Nam: 3 contracts (ii) Lao PDR: 0 contract	(i) Viet Nam: \$0.84 million (ii) Lao PDR: \$0.00
	Shopping	Multiple (Lao PDR/Viet Nam)	
Consulting services	International (CTA, gender specialists, technical advisory)	(i) Viet Nam: 1 contract (ii) Lao PDR: 3 contracts	(i) Viet Nam: \$45,000 (ii) Lao PDR: \$314,000
	Individual selection	(i) Viet Nam: 8 contracts (ii) Lao PDR: 7 contracts	(i) Viet Nam: \$436,000 (ii) Lao PDR: \$378,000
	QCBS national	(i) Viet Nam: 5 contracts (ii) Lao PDR: 2 contracts	(i) Viet Nam: \$290,800 (ii) Lao PDR: \$154,000
Advance actions	Selection of chief technical advisor and national consultants Preparation of bidding documents for the first 18 months		
Disbursement	The loan and grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2012, as amended from time to time) and detailed arrangements agreed upon between the governments and ADB.		

ADB = Asian Development Bank, CHAS = Center for HIV/AIDS/STI, CTA = chief technical advisor, DPI = Department of Planning and International Cooperation, Lao PDR = Lao People's Democratic Republic, MOH = Ministry of Health, PCCA = Provincial Committee for the Control of AIDS, PMU = project management unit, QCBS = quality- and cost-based selection, VAAC = Viet Nam Administration for HIV/AIDS Control.

Sources: Governments of the Lao People's Democratic Republic and Viet Nam, and Asian Development Bank.

III. TECHNICAL ASSISTANCE

21. ADB will provide capacity development TA for Regional Capacity Development for Strengthened HIV Response and to support HIV service delivery for migrants and mobile populations in high-risk settings at cross-border areas in the Lao PDR and Viet Nam. The TA will also support knowledge-sharing activities involving neighboring countries in the region. The TA is closely linked with ADB's initiatives to building regional capacity to reduce HIV vulnerability in the GMS. The outcome will be a strengthened regional HIV response system. The TA will have three outputs: (i) capacity building for regional planning and management of HIV programs, (ii) pilot-testing of service delivery models for improved access to and quality of

²³ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

HIV services for migrants and mobile populations at border areas, and (iii) shared knowledge on regional cooperation on HIV prevention and management.²⁴

22. The TA is estimated to cost \$1,000,000, which will be financed on a grant basis by the Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific (footnote 1), and administered by ADB. The governments will provide counterpart support in the form of counterpart staff, office accommodation and local transport, the value of which is estimated at 15% (in-kind) of the total TA cost. Individual consultants (60 person-months, including 20 person-months of international and 40 person-months of national consultant services) and a nongovernment organization or firm will be engaged to support planning, implementation, coordination, and monitoring of regional HIV initiatives. The consultants will be engaged in accordance with ADB's Guidelines on the Use of Consultants (2010, amended from time to time). The TA will be implemented over 24 months, commencing in January 2013 and ending by December 2014.

IV. DUE DILIGENCE

A. Technical

23. Technical challenges include (i) strengthening regional cooperation and knowledge management on a sustainable basis; (ii) access to border districts and communities; (iii) community-based BCC and care; and (iv) integrating cross-border cooperation, training and social safeguards in provincial planning and budgeting. The project provides for capacity building and initial support in these areas, and also includes several assurances.

B. Economic and Financial

24. Benefits include a decrease in the burden of HIV, and improved overall health status of people in participating provinces and districts. Other benefits come from lower private and public health expenditures, including indirect costs resulting from reduced morbidity and productivity gains from increased lifespan and reduced mortality. Poor and vulnerable populations, including ethnic groups living in border areas, will particularly benefit. The project is pro-poor in its focus on delivering and expanding healthcare services in districts and communes. The estimated economic internal rate of return is 14.3% for the Lao PDR and 12.7% for Viet Nam, with benefits derived from reduced medical treatment costs and productivity losses.²⁵

C. Governance

25. The MOHs of the Lao PDR and Viet Nam have gained substantial experience in implementing ADB-assisted projects, and have staff with skills and experience in ADB procedures. The financial management assessments confirmed that each MOH has adequate capacity for financial management for project implementation. There were no major governance issues during the implementation of other ADB financed projects. Staff will be provided with orientation courses in governance. The governments will maintain a project website and post all procurement activities on this website. ADB's specific policy requirements and supplementary measures are described in the PAM. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the governments. The specific policy requirements and supplementary measures are described in the PAM (footnote 24).

²⁴ Technical Assistance: Regional Capacity Development for Strengthened HIV Response Project (accessible from the list of linked documents in Appendix 2).

²⁵ Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

D. Poverty and Social

26. **Poverty and social impacts.** The targeted border districts have a high proportion of families living below or near the poverty line who depend heavily on the availability within the family of a healthy labor force. Life-threatening disease or death in families creates deeper poverty. Populations in border districts are increasingly vulnerable to the risk of communicable diseases, and have less information and access to services to reduce the risks. By helping improve regional health and economic security, the project will protect the poor against HIV-related catastrophic events, and improve their health, learning and productivity.²⁶

E. Gender impacts

27. The key gender impacts of the project include (i) an inclusive and participatory approach to developing local HIV/AIDS interventions; (ii) increased awareness by health staff of the key gender issues and enhanced capacity at the provincial and district levels to provide HIV and STI services; (iii) increased knowledge among FSWs, female migrants, and ethnic women on HIV transmission and means of prevention; and (iv) an increase in the number of at-risk females tested for HIV infection. The gender action plans for both countries ensure that (i) the vulnerability mapping and knowledge, attitude, and practice surveys will integrate gender issues and report sex-disaggregated data; (ii) gender issues related to high-risk groups will be integrated into all training and BCC materials developed; (iii) 100% of female managers will be trained on planning and management tools; (iv) 50% of local staff will be trained on HIV and STI services are to be female; (v) mobile clinic services will be provided in sites with a high concentration of FSWs and migrant women, as well as for remote ethnic populations; and (vi) all quality assurance tools and monitoring and evaluation will integrate gender issues and indicators, and assess gender sensitive service delivery and monitor the number of women accessing HIV services. The gender action plan is aligned with national- and sector-specific gender equality commitments in the Lao PDR and Viet Nam.²⁷ The project is classified as having gender equity as a theme.

F. Safeguards

28. The project includes a significant proportion of ethnic groups among its beneficiaries, who are among some of the poorest and most marginalized households in the Lao PDR and Viet Nam. The ethnic groups plan²⁸ ensures ethnic peoples' needs will be analyzed and they will participate in and have access to project benefits. Key features of the plan include (i) consultation with ethnic groups on the development of provincial HIV plans, (ii) mapping of risk behaviors of ethnic groups by gender and age, (iii) integrating ethnicity issues and needs into all training and BCC materials developed for service providers and ethnic populations, (iii) a target of 100% participation of ethnic health staff at all levels in any training provided by the project, and (iv) monitoring of the proportion of ethnic people accessing services relative to the total population of the ethnic community. The project is classified as category B for indigenous peoples, and category C for environment and involuntary resettlement.

G. Risks and Mitigating Measures

29. Major risks and mitigating measures are summarized in Table 4.²⁹

²⁶ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

²⁷ Gender Action Plan (accessible from the list of linked documents in Appendix 2).

²⁸ Indigenous Peoples Plan: Ethnic Groups Plan (accessible from the list of linked documents in Appendix 2).

²⁹ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

Table 4: Summary of Risks and Mitigating Measures

Risks	Mitigating Measures
Inability to reach target populations	Map risk populations and design appropriate interventions. Use appropriate interventions and mode of delivery based on pilot testing.
Inadequate focus on achieving results	Provide training on the results-based approach. Link investments with results through AOPs.
Weak implementation capacity	Strengthen PMU and implementing agencies. Ensure timely availability of consultants, regular supervision and reporting.
Insufficient effort in regional cooperation	Hold regular meetings of project managers and cross-border provinces. Provide expert support through capacity development TA.
Lengthy administrative procedures	Provide staff training; support also provided through experts and ADB. Ensure support of core ministries and provinces for timely processing.
Poor governance and corruption	PMU and implementing agencies receive training in anticorruption policies. ADB and PMU conduct spot-checking.
Project investments not sustained	Use interventions that are affordable for the provinces. Ensure mainstreaming and funding of project activities in AOPs.

ADB = Asian Development Bank, AOP = annual operational plan, PMU = project management unit, SOE = statement of expenditures, TA = technical assistance, VHW = village health worker.

Source: Asian Development Bank.

V. ASSURANCES

30. The governments of Viet Nam and the Lao PDR have assured ADB that implementation of the project shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM, loan agreement and grant agreement. The governments have agreed with ADB on certain covenants for the project, which are set forth in the related legal agreement.

VI. RECOMMENDATION

31. I am satisfied that the proposed loan and grant would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

- (i) the loan in various currencies equivalent to SDR9,931,000 to the Socialist Republic of Viet Nam for the Greater Mekong Subregion Capacity Building for HIV/AIDS Prevention Project, from ADB's Special Funds resources, with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; for a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board;
- (ii) the grant not exceeding \$5,000,000 to the Lao People's Democratic Republic, from ADB's Special Funds resources, for the Greater Mekong Subregion Capacity Building for HIV/AIDS Prevention Project, on terms and conditions that are substantially in accordance with those set forth in the draft grant agreement presented to the Board; and
- (iii) the administration by ADB of the technical assistance not exceeding the equivalent of \$1,000,000 to the Lao People's Democratic Republic and the Socialist Republic of Viet Nam for the Regional Capacity Development for Strengthened HIV Response, to be provided by the Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific on a grant basis.

Haruhiko Kuroda
President

5 October 2012

DESIGN AND MONITORING FRAMEWORK^a

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Contributed to achieving and sustaining MDG 6a target on HIV/AIDS in the Lao PDR and Viet Nam	By 2023: HIV prevalence in the adult population remains below 1% in the Lao PDR and 0.26% in Viet Nam By 2023: HIV prevalence remains stable in the adult population in each targeted province in the Lao PDR and Viet Nam ^b	In the Lao PDR: integrated biological and behavioral survey of CHAS In Viet Nam: estimation and projection package and surveillance data	Assumption Prevention and control of HIV/AIDS still remains the priority of the Governments of the Lao PDR and Viet Nam Risks Increasing risk factors result in increased HIV transmission Enhanced surveillance capacity exposes higher prevalence
Outcome Increased coverage and quality of services for targeted populations	Use of HIV/AIDS services (VCT, PMTCT, ART) and community prevention services among targeted groups increased by 50% (disaggregated by sex) in targeted provinces between 2013 and 2018 ^b 80% of targeted populations (including FSWs and ethnic women) reached by the project can articulate correct information on HIV transmission and means of prevention by 2018 ^b	Routine monitoring reports at health facilities Baseline and endline surveys	Assumption Targeted groups accept services Risks Quality and targeting of capacity building is insufficient to meet needs Government contributions are not provided in time or are not effective
Outputs: Strengthened planning and management capacity at national, provincial, and district levels	Gender-sensitive HIV plans are fully integrated into provincial AOPs in the Lao PDR and Viet Nam by 2018 Routine sex-disaggregated monitoring data are used for annual work plan in all target provinces and districts in the Lao PDR Proportion of provincial and district health managers having completed management training increases from 20% in 2013 to 60% in 2018, including 100% of female managers and staff from ethnic groups in Viet Nam Performance of provincial and district managers increases to 80% of minimum standards (disaggregated by sex) in Viet Nam by 2018	Provincial AOPs Project implementation and monitoring reports Training participation records Baseline survey of core competency skills	Assumptions Managers have the ability, interest, and time to participate in training Trained staff remain in government public health system Risk Increase in demand for staff for other activities
Enhanced capacity to provide quality and accessible services to people vulnerable to HIV transmission	All health facilities in target districts providing HIV services (VCT, ART, PMTCT) by 2018 as per provincial plan in Viet Nam Number of clients (disaggregated by sex) served by mobile clinics increased by an average of 10% each year in the Lao PDR	Project implementation and monitoring reports and provincial AOPs Baseline survey of core competency skills for preventive and care services	Assumptions All target provinces receive adequate supply of HIV test-kits and other prevention commodities through the national program or other donor programs.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>50% of all staff trained are female in the Lao PDR and Viet Nam by 2018</p> <p>Proportion of male, female and ethnic minority staff who meet core competency standards at work in Viet Nam increased to 80% by 2018</p> <p>Quality assessment score measured by quality assurance tools improved by 25% in the Lao PDR and Viet Nam by 2018</p>	<p>Baseline survey and project evaluation report</p> <p>Baseline survey of core competency skills for preventive and care services</p> <p>Project assessment report</p>	<p>Enabling policies and sustained financing for HIV response by the government</p> <p>Risk High turnover of trained staff</p>
Improved access to HIV prevention outreach among target populations in communities and cross-border areas	<p>At least 600 peer educators trained for community outreach in the Lao PDR by 2015 (50% of those trained are female)</p> <p>Proportion of target ethnic village populations attending at least 4 BCC sessions increased to 80% (at least 60% reached are female) in the Lao PDR and Viet Nam by 2018</p> <p>Use of condoms among target population increased by 30% in Viet Nam by 2018</p>	<p>Training reports</p> <p>Field survey report</p> <p>Field survey report</p>	<p>Assumptions Enabling policies and sustained financing for BCC</p> <p>Adequate supplies and prevention commodities from national programs and/or donors</p> <p>Risks Target groups are highly mobile and cannot be reached repeatedly</p> <p>Insufficient numbers of female and ethnic minority people employed as VHWS</p>
Effective and sustainable regional collaboration to strengthen HIV response established	<p>MOU outlining mechanism for regional collaboration, joint activities and sustainable financing is signed between the Lao PDR and Viet Nam by 2013</p> <p>A joint strategy for regional cooperation developed for 2 countries by 2013</p> <p>Cross-border collaborative gender sensitive activities for migrant and mobile populations piloted in 3 sites by 2014</p> <p>Cross-border activities are incorporated into 100% of provincial AOPs by 2018</p>	<p>Signed partnership agreement for regional cooperation</p> <p>Reports of regional steering committee meetings</p> <p>Project implementation reports</p> <p>Provincial AOPs</p>	<p>Assumptions Ministry of Health in each country gives sufficient attention to regional collaboration</p> <p>Mutual motivation in provinces to conduct cross-border cooperation activities</p> <p>Risks Insufficient ability of relevant authorities at all levels to achieve common goals</p> <p>Lack of human and financial resources for cross-border activities</p>
Activities with Milestones			Inputs
1. Strengthened planning and management capacity at national, provincial, and district levels <ol style="list-style-type: none"> 1.1. Review progress of national HIV strategy and develop integrated joint workplans in the Lao PDR in 2013–2014 1.2. Evaluate and update national law and policy on HIV/AIDS in the Lao PDR 2013–2014 1.3. Conduct a capacity-needs assessment of HIV/AIDS program system in Viet Nam by 2013 1.4. Develop a capacity-building plan and organize training courses in Viet Nam by 2013 1.5. Support the capacity of national and provincial partners to manage and implement integrated HIV plans in 2013–2017 1.6. Conduct an assessment of M&E system and provide training for M&E staff 2013–2014 			<p>ADB: \$20.0 million</p> <p>ADF loan \$15.0 million; ADF grant \$5.0 million</p>

Activities with Milestones	Inputs						
1.7. Implement M&E activities at project sites in Viet Nam in 2013–2017 1.8. Project management, monitoring and implementation in 2013–2017	<table> <tr> <th data-bbox="1169 222 1273 260">Item</th><th data-bbox="1338 222 1448 260">Amount (\$ million)</th></tr> </table>	Item	Amount (\$ million)				
Item	Amount (\$ million)						
2. Enhanced capacity to provide quality and accessible services to people vulnerable to HIV transmission	<table> <tr> <td data-bbox="1169 260 1273 281">Equipment</td><td data-bbox="1338 260 1448 281">8.75</td></tr> <tr> <td data-bbox="1169 281 1273 302">Vehicles</td><td data-bbox="1338 281 1448 302">0.93</td></tr> <tr> <td data-bbox="1169 302 1273 323">Training</td><td data-bbox="1338 302 1448 323">2.70</td></tr> </table>	Equipment	8.75	Vehicles	0.93	Training	2.70
Equipment	8.75						
Vehicles	0.93						
Training	2.70						
2.1 Review existing services and capacity development needs for delivery of HIV/AIDS prevention, care and treatment in Viet Nam in 2013–2014	<table> <tr> <td data-bbox="1169 338 1273 396">Survey, studies, and workshops</td><td data-bbox="1338 338 1448 396">1.78</td></tr> </table>	Survey, studies, and workshops	1.78				
Survey, studies, and workshops	1.78						
2.2 Conduct need assessments and develop a capacity building plan in Viet Nam in 2013–2014	<table> <tr> <td data-bbox="1169 396 1273 455">Community development</td><td data-bbox="1338 396 1448 455">1.36</td></tr> </table>	Community development	1.36				
Community development	1.36						
2.3 Provide ToT and training for provincial staff on supervision, VCT, PMTCT, treatment and BCC supervision in Viet Nam in 2014–2016	<table> <tr> <td data-bbox="1169 455 1273 514">International consultants</td><td data-bbox="1338 455 1448 514">0.36</td></tr> </table>	International consultants	0.36				
International consultants	0.36						
2.4 Provide medical equipment for testing and ART monitoring in Viet Nam in 2014–2016	<table> <tr> <td data-bbox="1169 514 1273 573">National consultants</td><td data-bbox="1338 514 1448 573">0.95</td></tr> </table>	National consultants	0.95				
National consultants	0.95						
2.5 Develop and update national guidelines and standard operating procedures for comprehensive HIV services in the Lao PDR and Viet Nam in 2013–2014	<table> <tr> <td data-bbox="1169 573 1273 632">Project management</td><td data-bbox="1338 573 1448 632">0.76</td></tr> </table>	Project management	0.76				
Project management	0.76						
2.6 Provide clinical training for STI diagnostics and treatment in the Lao PDR in 2014–2015	<table> <tr> <td data-bbox="1169 632 1273 690">Measuring implementation (Viet Nam)</td><td data-bbox="1338 632 1448 690">0.51</td></tr> </table>	Measuring implementation (Viet Nam)	0.51				
Measuring implementation (Viet Nam)	0.51						
2.7 Provide capacity-building support to provincial and district health clinics in 2014–2015	<table> <tr> <td data-bbox="1169 690 1273 749">Contingencies</td><td data-bbox="1338 690 1448 749">1.90</td></tr> </table>	Contingencies	1.90				
Contingencies	1.90						
2.8 Implement pilot mobile clinics in selected locations in the Lao PDR in 2013–2014							
2.9 Provide diagnostic and medical equipment at provincial and district level in Viet Nam by 2014							
2.10 Develop quality assurance and monitoring systems in the Lao PDR by 2013							
3. Improved access to HIV prevention outreach among target populations in communities and cross-border areas	Government: \$1.90 million (taxes, duties and recurrent costs)						
3.1 Provide training in planning and implementing BCC activities at district level by 2013	Technical Assistance: \$1.0 million						
3.2 Develop appropriate BCC models for the vulnerable groups in remote communities and at the border crossing points in the Lao PDR by 2013	(Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific)						
3.3 Scale up the 100% condom program in all priority districts in the target provinces in the Lao PDR in 2013–2017	<table> <tr> <th data-bbox="1169 1144 1273 1182">Item</th><th data-bbox="1338 1144 1448 1182">Amount (\$ million)</th></tr> </table>	Item	Amount (\$ million)				
Item	Amount (\$ million)						
3.4 Conduct community BCC activities in the Lao PDR and Viet Nam in 2013–2017	<table> <tr> <td data-bbox="1169 1182 1273 1203">Consultants</td><td data-bbox="1338 1182 1448 1203">0.48</td></tr> </table>	Consultants	0.48				
Consultants	0.48						
3.5 Assist health staff to provide outreach services and improve referral system in the Lao PDR in 2013–2017	<table> <tr> <td data-bbox="1169 1241 1273 1262">Pilot activities</td><td data-bbox="1338 1241 1448 1262">0.30</td></tr> </table>	Pilot activities	0.30				
Pilot activities	0.30						
3.6 Scale up the VHW network to expand community-based outreach programs in Viet Nam in 2013–2017	<table> <tr> <td data-bbox="1169 1299 1273 1358">Workshops, training, and conference</td><td data-bbox="1338 1299 1448 1358">0.08</td></tr> </table>	Workshops, training, and conference	0.08				
Workshops, training, and conference	0.08						
3.7 Provide technical supervision, monitoring and implementation support in 2013–2017	<table> <tr> <td data-bbox="1169 1358 1273 1417">Studies and surveys</td><td data-bbox="1338 1358 1448 1417">0.07</td></tr> </table>	Studies and surveys	0.07				
Studies and surveys	0.07						
4. Effective and sustainable regional collaboration to strengthen HIV response established	<table> <tr> <td data-bbox="1169 1417 1273 1476">Reports and communications</td><td data-bbox="1338 1417 1448 1476">0.03</td></tr> </table>	Reports and communications	0.03				
Reports and communications	0.03						
4.1 Develop and sign an MOU for a coordinating mechanism for HIV control by 2013	<table> <tr> <td data-bbox="1169 1476 1273 1535">Miscellaneous administration and support costs</td><td data-bbox="1338 1476 1448 1535">0.02</td></tr> </table>	Miscellaneous administration and support costs	0.02				
Miscellaneous administration and support costs	0.02						
4.2 Develop a joint strategy for regional cooperation by 2013	<table> <tr> <td data-bbox="1169 1535 1273 1593">Contingencies</td><td data-bbox="1338 1535 1448 1593">0.02</td></tr> </table>	Contingencies	0.02				
Contingencies	0.02						
4.3 Organize cross-border meetings and conferences in 2013–2017							
4.4 Develop pilot interventions in the border areas of the two countries for joint outreach and service provisions for migrant and mobile populations in 2013–2014							
4.5 Conduct cross-border pilot activities for migrant and mobile populations in three sites in 2014–2017							
4.6 Support regional knowledge management in 2013–2017							

ADB = Asian Development Bank, ADF = Asian Development Fund, AOP = annual operational plan, ART = antiretroviral treatment, BCC = behavior change communication, CHAS = Center for HIV/AIDS and STIs, Lao PDR = Lao People's Democratic Republic, MDG = Millennium Development Goal, M&E = monitoring and evaluation, MOU = memorandum of understanding, PMTCT = prevention of maternal and child transmission, STI = sexually transmitted infection, ToT = training of trainers, VACC = Vietnam Authority for HIV/AIDS Control, VCT = voluntary counseling and testing, VHW = village health worker.

^a Separate design and monitoring frameworks and detailed project activities for both Viet Nam and the Lao PDR are in Project Administration Manual (accessible from the list of linked documents in Appendix 2).

^b The baseline will be determined during early implementation period.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=42179-013-3>

1. Loan Agreement: Viet Nam
2. Grant Agreement: Lao People's Democratic Republic
3. Sector Assessment (Summary): Health
4. Project Administration Manual
5. Contribution to the ADB Results Framework
6. Development Coordination
7. Economic and Financial Analysis
8. Country Economic Indicators: Viet Nam
9. Country Economic Indicators: Lao People's Democratic Republic
10. Summary Poverty Reduction and Social Strategy
11. Gender Action Plan
12. Indigenous Peoples Plan: Ethnic Groups Plan
13. Risk Assessment and Risk Management Plan

Supplementary Documents

14. Regional Capacity Development Technical Assistance
15. Health System and HIV/AIDS Service Delivery Models
16. Guidelines for Block Grants