



# Report and Recommendation of the President to the Board of Directors

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Project Number: 49026-004  
July 2021

## Proposed Loans and Administration of Grant Socialist Republic of Viet Nam: Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project I

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 30 July 2021)

Currency unit	–	dong (D)
D1.00	=	\$0.000044
\$1.00	=	D22,970

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
BDP	–	Binh Dinh Province
COVID-19	–	coronavirus disease
CRIEM I	–	Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project I
EMC	–	ethnic minority community
GDP	–	gross domestic product
HLT Fund	–	High-Level Technology Fund
km	–	kilometer
O&M	–	operation and maintenance
PAM	–	project administration manual
PPC	–	provincial people's committee
PPMU	–	professional project management unit
QNP	–	Quang Nam Province
RDWS	–	rural domestic water supply

## **NOTE**

In this report, "\$" refers to United States dollars.

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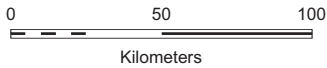
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
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## PROJECT AT A GLANCE

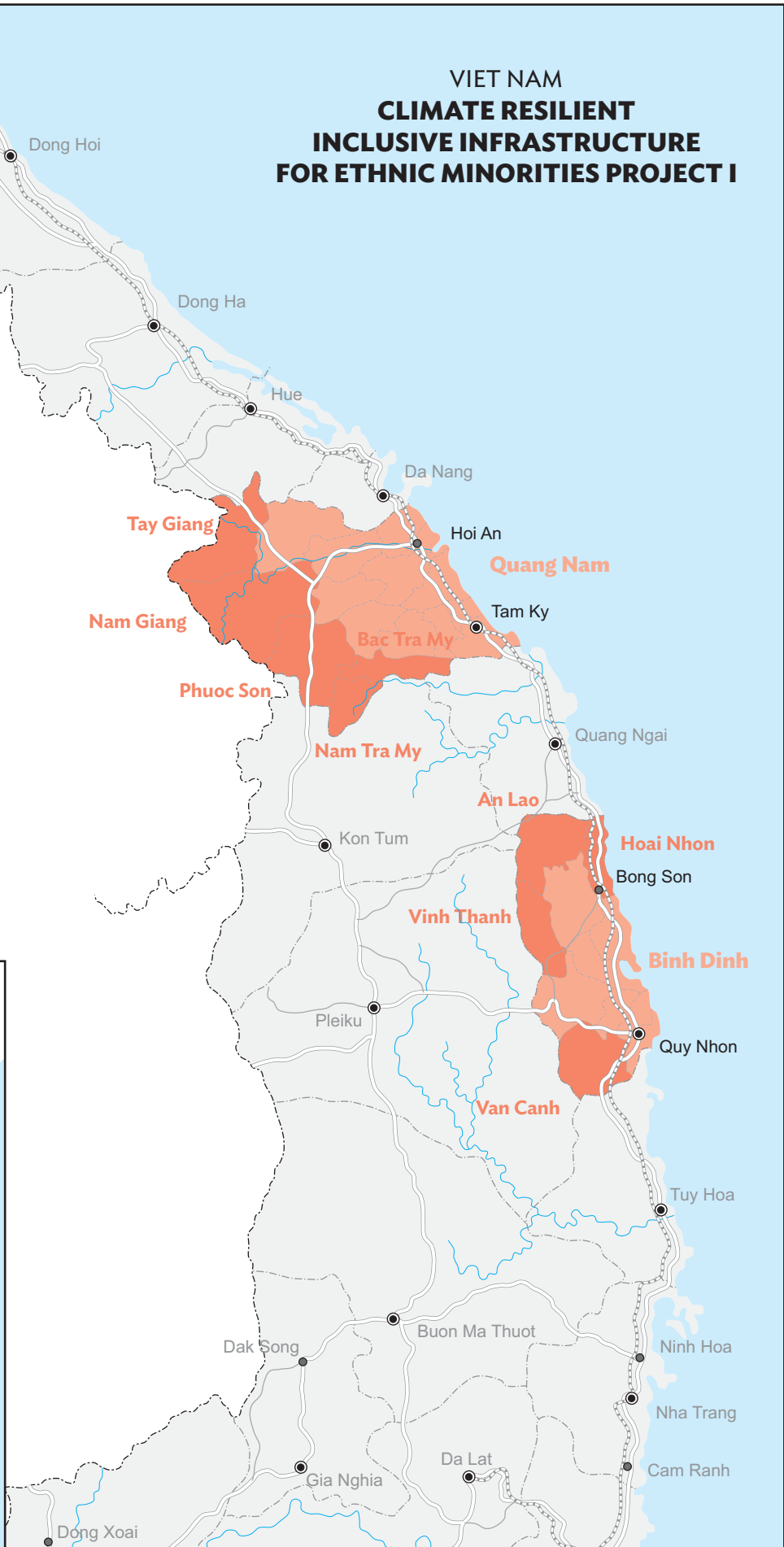
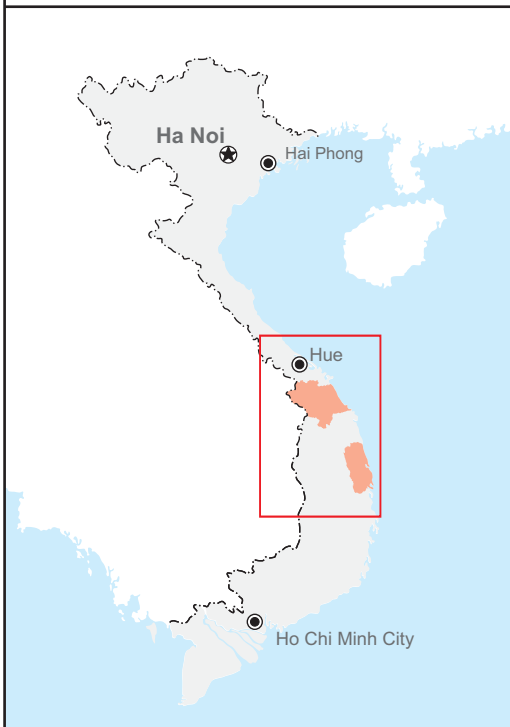
1. Basic Data		Project Number: 49026-004	
<b>Project Name</b>	Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project I	<b>Department/Division</b>	SERD/SEER
<b>Country</b>	Viet Nam, Socialist Republic of	<b>Executing Agency</b>	Binh Dinh Provincial People's Committee, Quang Nam Provincial People's Committee
<b>Borrower</b>	Viet Nam, Socialist Republic of		
<b>Country Economic Indicators</b>	<a href="https://www.adb.org/Documents/LinkedDocs/?id=49026-004-CEI">https://www.adb.org/Documents/LinkedDocs/?id=49026-004-CEI</a>		
<b>Portfolio at a Glance</b>	<a href="https://www.adb.org/Documents/LinkedDocs/?id=49026-004-PortAtaGlance">https://www.adb.org/Documents/LinkedDocs/?id=49026-004-PortAtaGlance</a>		
2. Sector		ADB Financing (\$ million)	
✓ <b>Transport</b>	Road transport (non-urban)		49.00
<b>Agriculture, natural resources and rural development</b>	Irrigation		2.45
	Rural flood protection		2.00
	Rural water supply services		4.50
	Water-based natural resources management		0.05
	<b>Total</b>		<b>58.00</b>
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	High
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability			
✓ Promoting rural development and food security			
		ADB Financing	
		Adaptation (\$ million)	9.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	2.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.5		Effective gender mainstreaming (EGM)	✓
SDG 2.4			
SDG 5.b			
SDG 6.1			
SDG 9.1			
SDG 10.2			
SDG 13.a			
		Poverty Targeting	
		Geographic Targeting	✓
<b>4. Risk Categorization:</b>	Low		
<b>5. Safeguard Categorization</b>	<b>Environment: B</b>	<b>Involuntary Resettlement: B</b>	<b>Indigenous Peoples: B</b>
6. Financing			
Modality and Sources		Amount (\$ million)	
<b>ADB</b>		<b>58.00</b>	
Sovereign Project (Regular Loan): Ordinary capital resources		58.00	
<b>Cofinancing</b>		<b>2.00</b>	
High Level Technology Fund - Project grant (Full ADB Administration)		2.00	
<b>Counterpart</b>		<b>21.73</b>	
Government		21.73	
<b>Total</b>		<b>81.73</b>	
<b>Currency of ADB Financing: US Dollar</b>			

# VIET NAM CLIMATE RESILIENT INCLUSIVE INFRASTRUCTURE FOR ETHNIC MINORITIES PROJECT I



-  Project District
  -  Project Province
  -  National Capital
  -  Provincial Capital
  -  City/Town
  -  National Road
  -  Other Road
  -  Railway
  -  River
  -  District Boundary
  -  Provincial Boundary
  -  International Boundary
- Boundaries are not necessarily authoritative.

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## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on proposed loans to the Socialist Republic of Viet Nam for the Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project I (CRIEM I). The report also describes the proposed administration of a grant to be provided by the High-Level Technology Fund (HLT Fund) for CRIEM I, and if the Board approves the proposed loans, I, acting under the authority delegated to me by the Board, approve the administration of the grant.<sup>1</sup>

2. Low-quality and fragmented basic transport and water resource infrastructure impede economic inclusiveness in Binh Dinh Province (BDP) and Quang Nam Province (QNP) in the south–central coastal region of Viet Nam, especially those districts in the remote upland with large ethnic minority communities (EMCs), resulting in growing inequity and decreasing business competitiveness. In addition, increasing exposure to disasters and climate change is threatening livelihoods and resulting in high costs for the reconstruction and adaptation of infrastructure. The project will upgrade transport and water resource infrastructure and improve access to reliable weather and climate data in nine interior upland districts in BDP and QNP that have high concentrations of EMCs.<sup>2</sup> The project will directly promote inclusive socioeconomic growth for about 243,000 people, including 126,300 from ethnic minorities.

## II. THE PROJECT

### A. Rationale

3. **Macroeconomic context.** Viet Nam’s gross domestic product (GDP) growth averaged 7% from 2016 to 2018 and is considered high by international standards. While Viet Nam has been managing the coronavirus disease (COVID-19) pandemic effectively, its GDP growth fell to 2.9% in 2020 from the originally anticipated 4.8%–6.8%. It is expected to rebound to 6.7% in 2021.<sup>3</sup> Both BDP and QNP rely heavily on agriculture, forestry, and fisheries, which contributed 24% to BDP’s economy and 15% to QNP’s economy.<sup>4</sup> From 2010 to 2018, the GDP growth averaged 7.4% per annum in BDP and 17.4% in QNP. High annual growth rates were also reported for road freight (from 6% to 17%) and passenger traffic (from 6% to 14%) during the same period. QNP’s economic growth has been highly influenced by its proximity to Da Nang’s deep seaport.<sup>5</sup> In BDP, the Quy Nhon port provides access to seaports that serve the export trade. BDP also has access to the central highlands and their resource-based industries, especially acacia wood chips. Coastal districts of BDP and QNP that are linked to industrial zones and tourism, especially in Da Nang, Hoi An, and Quy Nhon, have experienced faster growth than the remote interior upland districts. Tourism-related employment in the south–central coastal region, including BDP and QNP, supported about 400,000 jobs prior to the COVID-19 pandemic and is expected to drive the movement of labor from the uplands to coastal cities.<sup>6</sup>

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<sup>1</sup> The HLT Fund is financed by the Government of Japan and is administered by the Asian Development Bank (ADB).

<sup>2</sup> The total population of BDP and QNP is 3.1 million, 6% of which belong to EMCs. In the nine project districts of An Lao, Hoai Nhon, Van Canh, and Vinh Thanh in BDP, and Bac Tra My, Nam Tra My, Nam Giang, Phuc Son, and Tay Giang in QNP, an average of about 45% of the population belongs to EMCs.

<sup>3</sup> Asian Development Bank. 2021. *Asian Development Outlook 2021: Financing a Green and Inclusive Recovery*. Manila.

<sup>4</sup> Binh Dinh Statistics Office. 2017. *Binh Dinh Statistical Yearbook, 2017*. Binh Dinh; Quang Nam Statistics Office. 2017. *Quang Nam Statistical Yearbook, 2017*. Quang Nam.

<sup>5</sup> Da Nang is a municipality bordering QNP.

<sup>6</sup> The south–central coastal region is a major destination for national visitors. Pre-pandemic estimates predicted that the number of jobs supported by the tourism-related employment would reach 700,000 by 2030.

4. **Poverty remains high among ethnic minorities.** There is significant inequality between the economically booming coastal communities and the interior upland districts that have a high proportion of EMCs. The majority of EMC households in BDP (87%) and QNP (55%) are classified as poor or near poor, against the provincial poverty rates of 5.5% and 10.3%, respectively.<sup>7</sup> A primary cause for the high level of poverty and vulnerability is EMCs' weak social and economic integration, resulting from a lack of connectivity caused by poor quality transportation and long travel times to coastal areas. Most EMCs are frequently isolated during the rainy season because they lose access to roads that are largely routed through hilly to mountainous terrain, resulting in (i) more time spent by local communities to access their livelihood activities and social services, (ii) higher transport costs, (iii) fewer transport operators and buyers to haul local output, and (iv) weakened price negotiating position of local producers.

5. **Impact of poor quality transport infrastructure on livelihood activities.** From 2010 to 2017, the government encouraged the expansion of tree plantations. During this period, wood output increased by 25% to 700,000 tons per year in the four BDP project districts and by 61% to 640,000 tons per year in the five QNP project districts, and these volumes are expected to further increase.<sup>8</sup> Tree plantations, especially those for acacia trees, generate employment—in BDP and QNP, they provide 250,000–300,000 jobs for an estimated 27,000–35,000 households, over 75% of which belong to EMCs. The low quality and fragmented transport infrastructure, which leads to high transport cost, however, is resulting in lower wages. Producers of acacia and other crops, such as cassava and rubber, are faced with transport costs that range from 33% to 66% of their revenue from sales to processing factories. Acacia wood in particular has low value with low profit margins, due to the high haulage costs to primary processing sites. The government is also transitioning the smallholder acacia plantation subsector into the Forest Stewardship Council certification program,<sup>9</sup> which requires certain social and environmental standards to be achieved in return for potential carbon financing benefits. The high transport cost, however, is a critical impediment to meeting the standards and realizing such benefits.

6. **Unreliable water supply.** Access to water is essential for both daily home usage and economic activities. Limited access to water and poor sanitation and hygiene practices contribute to high rates of waterborne diseases and poverty. Less than 60% of project area households have a reliable and safe year-round water supply. Most supplies are linked to mountain streams or surface water systems that are experiencing decreasing water availability and quality, particularly during the dry season; the result is that households must fetch water, which requires time and effort that is usually borne by women and children. At times, potable water must be purchased during the dry season. Both project provinces prioritize investment in rural domestic water supply (RDWS) schemes, but the sustainability of these schemes is often problematic.

7. **High risk of disasters and climate change.** Viet Nam ranks high in the Global Climate Risk Index.<sup>10</sup> It is estimated that Viet Nam experiences annual loss of \$2.37 billion on average as a consequence of natural hazards, especially floods.<sup>11</sup> The south-central coastal region is one of the most affected regions. Floods adversely affect local communities, especially the poor living in rural areas, with damage to housing, transport, and irrigation infrastructure; livelihoods dependent on agriculture and fisheries; and access to social services. BDP and QNP are also highly vulnerable to tropical storms, often with significant loss of lives. Sound climate risk information is

<sup>7</sup> Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

<sup>8</sup> Decision No. 886/QĐ-TTĐ dated 16 June 2017, referred as National Program 886, approved the target program for sustainable forestry development for the period 2016–2020.

<sup>9</sup> Forest Stewardship Council.

<sup>10</sup> D. Eckstein, V. Künzel, and L. Schäfer. 2021. *Global Climate Risk Index 2021*. Bonn. Germanwatch e.V.

<sup>11</sup> PreventionWeb. *Viet Nam Disaster and Risk Profile* (accessed 31 August 2020).



essential for decision making by the rapidly expanding range of data users, which includes early warning system managers, urban and infrastructure planners, and private investors. There is also keen interest from the finance and insurance industry in developing risk-mitigation products. However, the current public sector climate data systems are fragmented, often poorly maintained (financially and physically), and inaccessible to the users. The development of improved climate-based information systems to inform underlying early warning systems, infrastructure planning, and future risk sharing through insurance is required and investments are needed to increase the scope of information based on real time, reliable, and accessible data. These data will be essential to develop resilience measures that can support communities, especially women, in coping and adapting to climate change, and recovering from disasters.

8. **Coronavirus disease.** The proposed project will support Viet Nam with its continued COVID-19 pandemic response by accelerating economic development and reducing impacts of the pandemic in the project areas. The project will relieve some of the economic costs of the pandemic by creating jobs, improving connectivity, and reducing damage and losses from climate events. In the case of a potential future pandemic, the enhanced road infrastructure will support the transport of food and improve access to health facilities. RDWS improvements are essential for sanitation and hygiene and will contribute to better health and immune resilience.

9. **Modality.** The project meets ADB's criteria for sector modality as: (i) the project supports the implementation of multisector development plans, notably the Master Plan on Socio-Economic Development of the South-Central Coastal Region;<sup>12</sup> (ii) the provincial peoples' committees (PPCs), as executing agencies, are assessed to have strong institutional capacity to implement the plan with additional support from the project; and (iii) the policies and supporting regulations for infrastructure sustainability will be strengthened through improved design standards and operational requirements.

10. **Strategic alignment.** The project supports the government's goal of inclusive and sustainable economic growth and its Masterplan for Socio-Economic Development for Ethnic Minorities and Mountainous Regions 2021–2030.<sup>13</sup> It is well aligned with ADB's country partnership strategy for Viet Nam, 2016–2020, with its support for the three pillars: (i) promoting job creation and competitiveness, (ii) increasing the inclusiveness of infrastructure and service delivery, and (iii) improving environmental sustainability and climate change response.<sup>14</sup> The project will also support operational priorities of ADB's Strategy 2030 (Table 1).<sup>15</sup>

**Table 1: Alignment with Strategy 2030**

Strategy 2030 Priority	Project Interventions
Addressing remaining poverty and reducing inequalities	<ul style="list-style-type: none"> <li>Improved road connectivity, water resource development, and climate information to support inclusiveness of ethnic minority communities</li> </ul>
Accelerating progress in gender equality	<ul style="list-style-type: none"> <li>Improved transport for women to access social and economic opportunities</li> <li>Improved domestic water supply that reduces women's daily burden of walking long distances to collect water</li> </ul>

<sup>12</sup> Government of Viet Nam. 2013. *Master Plan for Socio-Economic Development of the South-Central Coastal Region to 2020*. Ha Noi.

<sup>13</sup> Government of Viet Nam. 2020. *Masterplan for Socio-Economic Development for Ethnic Minority and Mountainous Regions 2021–2030*. Ha Noi.

<sup>14</sup> ADB. 2016. *Country Partnership Strategy: Viet Nam, 2016–2020—Fostering More Inclusive and Environmentally Sustainable Growth*. Manila. The project is also well aligned with the new Country Partnership Strategy which is under preparation and is scheduled to be submitted for approval in 2021.

<sup>15</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

Strategy 2030 Priority	Project Interventions
Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability	<ul style="list-style-type: none"> <li>Enhanced infrastructure resilience to disasters and climate change through provision of climate risk management systems</li> </ul>
Promoting rural development and food security	<ul style="list-style-type: none"> <li>Increased agricultural production and diversification through improved irrigation and transport</li> </ul>

Source: Asian Development Bank.

11. **Lessons learned.** Lessons from previous projects include the need to (i) have efficient connectivity to underpin economic growth, business investments, and competitiveness; (ii) employ approaches to integrate developing areas with those that are disadvantaged; (iii) have inclusive EMC growth paths through support for basic economic and social infrastructure to enhance competitiveness; (iv) ensure climate change resilience of infrastructure; and (v) focus on operation and maintenance (O&M) during project design to increase sustainability through increased technical and safeguard supervision during implementation.<sup>16</sup> Recent experience on preparing projects under the government’s decentralization policy has involved (i) the inclusion of multiple provinces in one investment project; (ii) lengthy government project approval processes that need to be followed independently by individual provinces; (iii) uneven provincial capacity to achieve project approvals, causing some provinces to lag behind others; and (iv) frequent changes in government policies and procedures involving official development assistance, leading to uncertainty. These have resulted in overall project preparation being delayed by the most lagging province. Based on this experience, ADB and the government have agreed on a strategy whereby the most prepared provinces are grouped together into one project for early approval, with lagging provinces grouped for later approval, thereby allowing additional preparation time. The proposed project has incorporated this strategy, with CRIEM I proposed for two provinces (BDP and QNP) out of the six in the originally contemplated geographic scope.<sup>17</sup>

## B. Project Description

12. The project is aligned with the following impact: inclusive socioeconomic development of Binh Dinh and Quang Nam provinces accelerated.<sup>18</sup> The project will have the following outcome: social and economic status and inclusiveness of ethnic minorities communities improved.<sup>19</sup>

13. **Output 1: Climate-resilient transport infrastructure improved.** The project will upgrade seven roads totaling about 121.8 kilometers (km) in seven project districts, with design standards which include climate resilience.<sup>20</sup> The upgraded transport links will enhance the

<sup>16</sup> ADB. 2013. *Completion Report: Central Region Water Resources Project*. Manila; ADB. 2019. *Completion Report: Sustainable Rural Infrastructure Development Project in the Northern Mountainous Provinces*. Manila; ADB. 2020. *Completion Report: Development of the Northern Chu and Southern Ma Rivers Irrigation System Project*. Manila; ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for Additional Financing to the Socialist Republic of Viet Nam for the Integrated Rural Development Sector Project in the Central Provinces*. Manila; ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grant to the Socialist Republic of Viet Nam for the Urban Environment and Climate Change Adaptation Project*. Manila.

<sup>17</sup> The other four provinces of Khanh Hoa, Phu Yen, Quang Ngai, and Quang Tri are being considered to be grouped together for the Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project II (CRIEM II), which will have an identical project design as CRIEM I.

<sup>18</sup> Government of Viet Nam. 2016. *Decision No. 1600/QD-TTG dated 16 August 2016 issuing the List of the National Target Programs—Phase 2016–2020*. Ha Noi; Government of Viet Nam. 2018. *Decision No. 553/2018/QD-TTG dated 15 May 2018 approving the socio-economic development master plan of Quang Nam province through 2020, with vision to 2030*. Ha Noi; and Government of Viet Nam. 2009. *Decision No. 54/2009/QD-TTG dated 14 April 2009 approving the socio-economic development master plan of Binh Dinh province through 2020*. Ha Noi.

<sup>19</sup> The design and monitoring framework is in Appendix 1.

<sup>20</sup> The seven project districts are An Lao, Hoai Nhon, Van Canh, and Vinh Thanh districts in BDP; and Bac Tra My, Nam Giang, and Nam Tra My districts in QNP.

integration of remote rural production sites with markets and processing facilities, including improving the freight movement of acacia and high value crops, thereby improving connectivity and mobility of EMCs. The enhanced transport network will also reduce travel time for road users and improve access to health, education, and market services, especially for women who suffer from time poverty.

14. **Output 2: Climate-resilient water resource infrastructure improved.** This output will support activities such as (i) construction of RDWS to provide water through piped networks; (ii) upgrading reservoirs to support irrigation command areas with a more reliable and efficient water supply; and (iii) construction of infrastructure for cultural tourism.<sup>21</sup> Activities under this output will benefit about 36,300 people and improve the health of communities by reducing the risk of waterborne diseases and will particularly benefit women by reducing the time they spend in water collection.

15. **Output 3: Data systems for climate risk management updated.** This output will provide improved access to reliable weather and climate data in a timely and cost-effective manner. These data will help strengthen early warning systems, improve disaster response, and inform a wide range of decisions, including those related to the design of climate resilient infrastructure.<sup>22</sup> High-level online technology will be introduced to improve the capacity of the provincial governments to manage, collect, archive, and share data through client interfaces.

### C. Value Added by ADB

16. Under the Greater Mekong Subregion Economic Cooperation Program Strategic Framework, 2012–2022, ADB has prioritized multisector investments for regional and local economic development with strong cross-sector linkages.<sup>23</sup> Through programs such as the Greater Mekong Subregion Transport and Trade Facilitation Action Program, ADB has also promoted stronger corridor integration, connecting rural areas with economic growth hubs.<sup>24</sup> The project will complement and create synergies with ongoing initiatives financed by ADB and other development partners including the World Bank and the Japan International Cooperation Agency, which aim to enhance rural roads and water supplies in the south-central coastal region, by (i) improving the connectivity of remote upland rural communities with district centers and processing hubs, (ii) integrating climate change projections into the design of road and water infrastructure, (iii) expanding investment in water resource infrastructure, and (iv) improving knowledge-based decision making through the use of climate and disaster risk data.<sup>25</sup>

### D. Summary Cost Estimates and Financing Plan

17. The project is estimated to cost \$81.73 million (Table 2). Detailed cost estimates by

<sup>21</sup> Examples of subprojects under this output include (i) RDWS in An Lao district in BDP to provide water to about 18,600 people through 115 km of piped networks; (ii) upgrading of an existing reservoir in Phuoc Son district in QNP to support 117 hectares of irrigation command area; and (iii) construction of cultural tourism infrastructure, including one river defense (3.6 km of embankment), visitor car parking, and solid waste collection in Tay Giang district in QNP, with a total population of 17,700 including 94% from EMCs.

<sup>22</sup> The extent and type of investment will vary between the two project provinces, with consideration of the ongoing investments in QNP financed by the World Bank under the Dam Rehabilitation and Safety Project and by ADB under the Urban Environment and Climate Change Adaptation Project, which is developing and implementing a flood forecasting and warning system for Hoi An and Vu Gia-Thu Bon river basin.

<sup>23</sup> ADB. 2011. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012–2022*. Manila.

<sup>24</sup> ADB. 2015. *Greater Mekong Subregion Transport and Trade Facilitation Action Program*. Manila.

<sup>25</sup> Sector Assessment (Summary): Transport; and Agriculture, Natural Resources, and Rural Development (accessible from the list of linked documents in Appendix 2).

expenditure category and by financier are included in the project administration manual (PAM).<sup>26</sup> The investment will support (i) civil works for roads; (ii) water resource infrastructure including water supply headworks (treatment plants, pumping stations, distribution networks, and connections), irrigation, canal upgrading, and river protection works; (iii) infrastructure that supports tourism; and (iv) modern climate data management equipment. The costs include equipment, design and construction supervision, project management including safeguards, and due diligence for additional subprojects.<sup>27</sup>

**Table 2: Summary Cost Estimates**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
Output 1: Climate-resilient transport infrastructure improved	48.40
Output 2: Climate-resilient water resource infrastructure improved	13.90
Output 3: Data systems for climate risk management updated	2.10
Effective project management	3.20
<b>Subtotal (A)</b>	<b>67.60</b>
<b>B. Contingencies<sup>c</sup></b>	<b>12.40</b>
<b>C. Financial Charges During Implementation<sup>d</sup></b>	<b>1.73</b>
<b>Total (A+B+C)</b>	<b>81.73</b>

<sup>a</sup> Includes taxes and duties of \$7 million to be financed by the government as cash contribution. ADB will not finance taxes and duties.

<sup>b</sup> In first quarter 2020 prices, exchange rate as of May 2021.

<sup>c</sup> Physical and price contingencies, and a provision for exchange rate fluctuation are included.

<sup>d</sup> Includes interest, commitment, and other charges on the ADB loan.

Source: Asian Development Bank estimates.

18. The government has requested (i) a regular loan of \$29 million from ADB's ordinary capital resources for BDP, (ii) a regular loan of \$29 million from ADB's ordinary capital resources for QNP,<sup>28</sup> and (iii) a grant of \$2 million from the HLT Fund to be administered by ADB to help finance the project.<sup>29</sup> Each of ADB's regular loans will have a 25-year term, including a grace period of 6 years; an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per year; and such other terms and conditions set forth in the loan agreement. The government will relend the ADB loan proceeds, and make the HLT Fund grant proceeds available, to BDP and QNP via their PPCs on terms and conditions satisfactory to ADB.

19. The summary financing plan is in Table 3. ADB will finance the expenditures in relation to civil works and construction supervision consultants. The HLT Fund grant will finance supply and installation of data systems for climate risk management. The government will contribute \$21.73 million to the project, to finance all detailed designs, project management, land acquisition and resettlement costs, consulting services for loan implementation, taxes and duties, and the

<sup>26</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

<sup>27</sup> A list of candidate subprojects that are eligible for feasibility studies is in the PAM (footnote 26).

<sup>28</sup> The government has requested two separate loans, each in the amount of \$29 million, one to be relent to BDP and the other to QNP, based on their new overseas development assistance regulations. As Viet Nam is in the early stages of decentralized, province-based lending, two separate loans will assist the government in keeping resource allocations between the two provinces separate and distinct. Viet Nam also plans to use a fiscal clawback mechanism, which merits separate accounting for each province.

<sup>29</sup> Financing partner: Government of Japan. The HLT Fund approved an application for an amount of \$5 million, under the originally envisaged Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project, prior to the split of the project into CRIEM I and CRIEM II (footnote 17). Of the \$5 million approved, \$2 million will be allocated to CRIEM I and \$3 million to CRIEM II. The use of the HLT Fund under CRIEM I and CRIEM II will be consistent with the approved application.

financing charges during implementation. Climate adaptation is estimated to cost \$11 million. The ADB loan and the HLT Fund grant will finance 100% of adaptation costs.<sup>30</sup>

**Table 3: Summary Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (regular loan) <sup>a</sup>	29.00	35.5
Ordinary capital resources (regular loan) <sup>b</sup>	29.00	35.5
High-Level Technology Fund (grant) <sup>c</sup>	2.00	2.4
Government	21.73	26.6
<b>Total</b>	<b>81.73</b>	<b>100.0</b>

<sup>a</sup> To be relented to Binh Dinh Province.

<sup>b</sup> To be relented to Quang Nam Province.

<sup>c</sup> Financing partner: Government of Japan. To be administered by ADB.

Source: Asian Development Bank estimates.

## E. Implementation Arrangements

20. The implementation arrangements are summarized in Table 4 and described in detail in the PAM (footnote 26). Each PPC has assigned a professional project management unit (PPMU) as implementing agencies, legally registered public entities with authority to sign contracts with consultants, contractors, and suppliers. The PPMUs will use existing staff and project facilities and be assisted by loan implementation consultants. The PPMUs have substantial existing capacity in engineering, project management, and financial management, as well as growing capacity in procurement and government e-procurement with registered procurement staff. Consultants will be recruited to support the implementation of environmental and social safeguards. The PPMUs will report through the PPCs to ADB and the central government. Using the existing focal points, the BDP PPMU will provide overall coordination support to ADB for missions and project communications.

**Table 4: Implementation Arrangements**

Aspects	Arrangements		
Implementation period	October 2021–May 2026		
Estimated completion date	31 May 2026		
Estimated loan closing date	30 November 2026		
Management			
(i) Oversight body	Provincial Peoples Committees of Binh Dinh and Quang Nam Provinces		
(ii) Executing agency	Provincial Peoples Committees of Binh Dinh and Quang Nam Provinces		
(iii) Key implementing agencies	Binh Dinh PPMU for agricultural and rural development projects Quang Nam PPMU for transport construction works		
(iv) Implementation unit – PPMU	Binh Dinh PPMU for agricultural and rural development projects Quang Nam PPMU for transport construction works		
Procurement	OCB (nationally advertised)	12 contracts	\$63.70 million
Consulting services	FBS (HLT Fund)	2 contracts	\$2.00 million
	QCBS (construction supervision)	2 contracts	\$1.46 million
Disbursement	The ADB loan and HLT Fund grant proceeds will be disbursed following ADB's Loan Disbursement Handbook (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, FBS = fixed budget selection, HLT Fund = High-Level Technology Fund, OCB = open competitive bidding, PPMU = professional project management unit, QCBS = quality- and cost-based selection.  
Source: Asian Development Bank.

<sup>30</sup> Climate Change Assessment (accessible from the list of linked documents in Appendix 2).

### III. DUE DILIGENCE

#### A. Technical

21. The engineering and construction skills required for the project are within the capacity of Viet Nam's private sector and the executing and implementing agencies. Feasibility studies were prepared for the two representative subprojects in BDP: (i) the Vinh Thanh road section, and (ii) the An Lao RDWS which supports two networks: (a) a small town scheme with water treatment, and (b) a rural commune scheme. The preliminary designs are based on projected demand up to 2045 and ADB's guidelines for integrating climate-resilient measures into road engineering designs.<sup>31</sup> During project preparation, the availability and types of subprojects for financing was examined, and subproject eligibility and screening criteria to be following during implementation have been defined. Given their previous experience with similar projects, the executing and implementing agencies were assessed to have the capacity to implement a sector project.

#### B. Economic and Financial Viability

22. The economic internal rate of return for the representative road subproject is estimated to be 12.5% with a net present value of \$4.6 million against the 9% hurdle rate.<sup>32</sup> The representative road subproject will remain viable with reductions in benefit streams of 10% or increases in capital costs of 10%.<sup>33</sup> The representative RDWS subproject has an estimated financial rate of return of 4.7% and an economic internal rate of return of 12.3%. The viability of the representative RDWS subproject requires a tariff increase to D9,910 per cubic meter for the small-town scheme with water treatment and D7,671 per cubic meter for the rural commune scheme, which has been agreed with the BDP PPC. These tariffs are 1.4–1.6 times the average incremental financial cost of water supply and represent less than 3.2% of monthly household income even for the poorest households, well within the affordability benchmark and confirmed through consultations with beneficiaries. Both schemes will be operated by the BDP water supply and sanitation unit which manages seven rural water supply schemes and successfully generates financial surpluses. As a government organization, the BDP water supply and sanitation unit does not have any debt and is assessed to be both technically competent and well managed, with a modern financial management system in use. Hence, incremental recurrent cost analysis of the BDP water supply and sanitation unit shows that they have the capacity to absorb additional O&M requirements arising from the assets created under output 2.

#### C. Sustainability

23. For output 1, the provincial road maintenance units of the Department of Transport are responsible for district and commune networks and for O&M of transport infrastructure. To mitigate the significant risk of road deterioration, the project will include an eligibility criterion for the design of traffic loading parameters to be agreed and confirmed by PPCs to ensure that the design standards are valid throughout the roads' economic life and meet the mid-century climate change projections. Based on the design decisions, quality controls, and maintenance monitoring systems, the Department of Transport will be able to sustain the proposed road sections. For the representative subproject (the Vinh Thanh road section in BDP), the estimated O&M costs of D87 million per annum will account for less than 0.05% of the annual budget allocated for O&M costs

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<sup>31</sup> ADB. 2018. *Adjusting Hydrological Inputs to Road Design for Climate Change Risk Based on Extreme Value Analysis*. Consultant's report. Manila (TA 8957-VIE); and ADB. 2020. *Manual on Climate Change Adjustment for Detailed Engineering Design of Roads Using Examples from Viet Nam*. Manila.

<sup>32</sup> ADB. 2017. *Guidelines for the Economic Analysis of Projects*. Manila.

<sup>33</sup> Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

of provincial roads. Similar O&M sustainability assessments will be conducted for succeeding subprojects as part of the feasibility studies and final detailed engineering design, per government regulations. For output 2, the executing agencies will use provincial water supply and sanitation units to operate the RDWS. These units have been identified and assessed as viable in each province. The feasibility studies and detailed designs of output 2 subprojects will be specifically reviewed and assessed by the PPMUs to ensure that costs to households are affordable and that tariffs are adequate for cost recovery. Simplified assessment guidelines have been provided to the respective executing agencies. For output 3, equipment and data systems include data storage and software applications with limited investment in hydro-met stations. Data systems will be digital, networked, and automated with low incremental operational costs. The O&M will require the PPCs to allocate additional staff to work with the contracted service providers. An assessment of management contracts for data services, including O&M, will be undertaken by the PPCs with support from consultants where needed.

## D. Governance

24 **Financial management.** The financial management risk is *moderate* based on the detailed assessment of the executing and implementing agencies because of the reliable accounting software, staffing, accounting, financial reporting, auditing, and internal control systems.<sup>34</sup> Mitigation measures have been identified in the financial management action plan, including adequate staffing, targeted training, consistent use of the project's financial management manual, enhanced budgeting processes, and external audit arrangements.

25. **Procurement.** The project will follow the ADB Procurement Policy (2017, as amended from time to time). Procurement of civil works with individual package values of up to about \$10 million are planned under the project. Value for money will be achieved by applying open competitive bidding with national advertising for all packages, given the capable and competitive local market, limited external interest, and the need to maximize domestic economic activity in the aftermath of COVID-19. The use of the national e-procurement system will promote efficiency, fairness, and transparency in the procurement process, while using the single stage, one envelope bidding procedure and the lowest evaluated substantially responsive bid evaluation modality will promote economy and efficiency given the noncomplex nature of the planned works. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government. The specific policy requirements are described in the PAM (footnote 26).

## E. Poverty, Social, and Gender

26. The project will invest in districts that have high proportions of EMCs (on average 45%).<sup>35</sup> The EMCs are often at a disadvantage because of geographical isolation as they live in remote inland mountainous areas with difficult terrain, limited arable land, climatic extremes, and less-developed physical and social infrastructure, all of which constrain livelihood opportunities. Based on the government's multi-dimensional poverty line, the poverty rates were 5.5% in BDP and 10.3% in QNP in 2018, compared to 6.8% nationally.<sup>36</sup> However, the poverty rates among EMCs are much higher. In BDP, EMCs represent 12% of the population, with 87% considered poor or near poor. In QNP, EMCs represent 6% of the population, with 55% considered poor or near poor (footnote 7). Ethnic minority women—especially those who are middle-aged and elderly—usually

<sup>34</sup> Financial Management Assessment Report (accessible from the list of linked documents in Appendix 2).

<sup>35</sup> The largest ethnic minority groups include the Coho, Cotu, Ede, Hre, Mnoung, Raglay, Tay, and Xo Dang.

<sup>36</sup> General Statistics Office. 2018. *Statistical Yearbook of Viet Nam, 2018*. Ha Noi. In Viet Nam, multi-dimensional poverty is measured through five dimensions: health care, education, housing, water and sanitation, and information access.

face more language barriers compared to ethnic minority men. Even when livelihood opportunities exist for EMCs, the transport infrastructure is often inadequate to fulfil the potential and is becoming more vulnerable to damage as a result of emerging climate change impacts. The project interventions will allow EMCs to gain access to (i) resilient and safe roads for transporting primary products and people; (ii) clean and reliable water supplies; and (iii) local employment that builds inclusiveness through increased mobility to services and markets. These activities will contribute to substantially reduce time poverty and drudgery especially for women and girls.

27. **Gender.** The project is classified as effective gender mainstreaming. The gender analysis revealed that women have fewer opportunities to participate in public decision-making in the project areas, mainly because women have less access to information and training, and less knowledge of changing road safety hazards. Women are more exposed to water-related health issues.<sup>37</sup> Women are generally not encouraged to participate in training and meetings because of traditional gender role norms. Another key disadvantage for women's meaningful participation is their limited available time. Women and girls will be major beneficiaries from the proposed water supply schemes through reductions in physical burdens, time spent collecting water, and health risks. The project's gender action plan promotes (i) equitable participation in and benefits from the project-financed infrastructure and capacity-building activities by women and men, (ii) reduction of social risks and vulnerabilities for women and girls, (iii) increased representation of women in decision-making bodies, (iv) enhanced voice and collective action for women, and (v) collection and use of sex-disaggregated data. The climate change and disaster risk management systems under output 3 will be designed to be gender responsive.

## F. Safeguards

28. ADB's safeguard measures, gender action plan, meaningful community consultations, grievance redress procedures, and supporting implementation resources are included in the representative subprojects' feasibility studies, which will serve as models for the feasibility studies for all subsequent subprojects. ADB will only finance subprojects that are classified category B or C for all safeguards. In compliance with ADB's Safeguard Policy Statement (2009), the project's safeguard categories are as follows.<sup>38</sup>

29. **Environment (category B).** An environmental assessment and review framework has been prepared for the project.<sup>39</sup> The road works are limited to upgrades within the existing and newly established right-of-way; adverse environmental impacts will be minor, site-specific, and temporary. No subproject will infringe on protected or environmentally sensitive areas. Good construction practices and standard mitigation measures—such as proper management of earthworks and construction camps, soil erosion control, and proper storage of building materials—will be incorporated. Each initial environmental examination for the two representative subprojects includes an environmental management plan with appropriate mitigation measures.<sup>40</sup> Water resource subprojects will ensure that water flows are maintained and any alteration to reservoir storage is assessed. Provincial water supply and sanitation units will operate the RDWS schemes and ensure that they are financed fully by water tariffs under the national regulations.<sup>41</sup>

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<sup>37</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

<sup>38</sup> ADB. Safeguard Categories.

<sup>39</sup> Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

<sup>40</sup> Initial Environment Examination: An Lao District Water Supply, and Initial Environmental Examination: Vinh Thanh Road (accessible from the list of linked documents in Appendix 2) have been publicly disclosed.

<sup>41</sup> Feasibility Study: An Lao District Water Supply, and Feasibility Study: Vinh Thanh Road (accessible from the list of linked documents in Appendix 2).



30. **Involuntary resettlement (category B).** A combined resettlement and ethnic minority development framework has been prepared for the project, under which resettlement and ethnic minorities development plans for the two representative subprojects were prepared and publicly disclosed.<sup>42</sup> These plans are supported by public consultation and information disclosure. The only resettlement impacts will be minor land acquisition and compensation for roadside trees, crops, or small structures within the right-of-way. All compensation, allowances, operation and administration, surveys, monitoring, and reporting will be financed by the government counterpart funds. The impacts will be monitored, evaluated, and reported semiannually to ADB by the PPCs in accordance with the resettlement and ethnic minorities development framework.

31. **Indigenous peoples (category B).** Impacts on indigenous peoples, referred to as ethnic minorities in Viet Nam, are overwhelmingly positive because the subprojects aim for the economic and social improvement of the population in districts with the highest representation of ethnic minorities. The project will not cause physical displacement from traditional or customary lands, nor will it negatively impact the identity, culture, or customary livelihood systems of ethnic minorities. The resettlement and ethnic minorities development framework prioritizes the inclusion of ethnic minorities into economic and social opportunities through project investments. The resettlement and ethnic minorities development plans include mitigation measures to address impacts, institutional capacity development programs, and a grievance redress mechanism; and comply with ADB's information disclosure and consultation requirements.

32. **Safe working under coronavirus disease conditions.** The impact of COVID-19 continues to evolve. The implementation of the project will be responsive and flexible in meeting emerging needs and new best practice in construction and water utility management. The executing and implementing agencies, loan implementation consultants, construction supervision consultants, and contractors will incorporate emerging international construction best practices and implementation methodologies for managing COVID-19 risk, which are vital for work in confined spaces where the risk of transmission is high. Such practices will also consider the government's guidance on safe working in COVID-19 conditions.

## G. Summary of Risk Assessment and Risk Management Plan

33. Significant risks and mitigating measures are summarized in Table 5 and described in detail in the risk assessment and risk management plan.<sup>43</sup>

**Table 5: Summary of Risks and Mitigating Measures**

Risks	Mitigation Measures
Premature road deterioration because of lack of axle load limit enforcement, and designs that fail to adequately take into account climate change impacts and traffic demand	<ul style="list-style-type: none"> <li>• Provincial people's committees will issue a directive to traffic police to enforce the axle loading on project roads after their upgrading.</li> <li>• Traffic forecasts will be required before commissioning of the detailed design.</li> <li>• Adjustments to the hydrological design based on climate change impacts will be included in the detailed design.</li> </ul>
Rural domestic water supply subprojects underestimate the future water demand and available water supply	<ul style="list-style-type: none"> <li>• The project will apply the government's regulations for estimating minimum standards for demand projections, network hydraulic modelling, treatment design, and water adequacy.</li> <li>• Adjustments to the hydrological design based on climate change impacts will be included in the detailed design.</li> </ul>

<sup>42</sup> Resettlement and Ethnic Minority Development Framework: Binh Dinh Province, and Resettlement and Ethnic Minority Development Framework: Quang Nam Province (accessible from the list of linked documents in Appendix 2).

<sup>43</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

Risks	Mitigation Measures
Slow disbursement of government counterpart funds delays implementation and results in price escalation and reduced project investment scope	<ul style="list-style-type: none"> <li>The project will be included in the provincial 2021–2025 medium-term investment plan and prioritized for full budget allocation in accordance with its approved implementation schedule, as regulated by the 2015 State Budget Law and 2019 Public Investment Law. This will be closely monitored during the government annual budget preparation process with relevant government agencies including the Ministry of Planning and Investment and the Ministry of Finance.</li> </ul>
Decrease in investment sustainability because of inadequate operation and maintenance	<ul style="list-style-type: none"> <li>The condition of infrastructure assets that are upgraded or built under the project will be reported and frequently updated in the central and provincial infrastructure asset data hubs. This will inform provincial people’s committees about real-time operation and maintenance and associated budget needs, following the government’s regulations on public asset management including the 2017 Public Asset Management Law and Decrees on road, irrigation, and rural water supply infrastructure asset management.</li> </ul>

Source: Asian Development Bank.

**IV. ASSURANCES**

34. The government and the PPCs of Binh Dinh and Quang Nam provinces have assured ADB that implementation of the project shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement as described in detail in the PAM and loan and grant documents. The government and the PPCs of Binh Dinh and Quang Nam provinces have agreed with ADB on certain covenants for the project, which are set forth in the draft loan and grant agreements.

**V. RECOMMENDATION**

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

- (i) the loan of \$29,000,000 to the Socialist Republic of Viet Nam for the Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project I (in connection with Binh Dinh Province, as described in para. 18), from ADB’s ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB’s London interbank offered rate (LIBOR)-based lending facility; for a term of 25 years, including a grace period of 6 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; and
- (ii) the loan of \$29,000,000 to the Socialist Republic of Viet Nam for the Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project I (in connection with Quang Nam Province, as described in para. 18), from ADB’s ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB’s London interbank offered rate (LIBOR)-based lending facility; for a term of 25 years, including a grace period of 6 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.

Masatsugu Asakawa  
President

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is aligned with</b>			
Inclusive socioeconomic development of Binh Dinh and Quang Nam provinces accelerated (Socio-Economic Development Master Plan of Binh Dinh and Quang Nam Provinces through 2020) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<p><b>Outcome</b> Social and economic status and inclusiveness of ethnic minorities communities improved</p>	<p>By 2028:</p> <p>a. Travel time on upgraded roads reduced by 50% to an average of 3 minutes per km (2020 baseline: 6 minutes per km)</p> <p>b. At least 18,600 people (of whom at least 50% are women and girls) in the two project provinces connected to year-round potable water (2020 baseline: 2,320 people)</p> <p>c. Key province-wide climatic data available in the two project provinces to inform infrastructure design, agricultural decision making, and hazard early warning (2020 baseline: none)</p>	<p>a. PPMS; and government and public transport operator statistics</p> <p>b. PPMS and annual provincial public health reports</p> <p>c. PPMS and PPC annual reports</p>	<p>Major disasters caused by natural hazards and COVID-19 reduce the sustainability of project results</p>
<p><b>Outputs</b> 1. Climate-resilient transport infrastructure improved</p> <p>2. Climate-resilient water resource infrastructure improved</p>	<p>By 2026:</p> <p>1a. 121.8 km of district and commune roads upgraded with enhanced climate-resilient design that improves access to social services during the rainy season, especially for ethnic minority women (2020 baseline: 0)</p> <p>1b. At least one inclusive road safety campaign implemented for at least 1,000 people (of whom at least 50% are women and girls), addressing the different user needs and travel patterns of men, women, and marginalized groups (2020 baseline: 0)</p> <p>2a. 115 km of pipelines for rural domestic water supply schemes constructed (2020 baseline: 0)</p> <p>2b. At least 65% of the 1,000 people trained (of whom at least 50% are women and girls) in efficient water and sanitation usage report improved understanding of good hygiene practices<sup>b</sup> (2020 baseline: 0)</p>	<p>1a.–b. PPMS and QPRs</p> <p>2a.–d. PPMS, QPRs, and surveys</p>	<p>Major disasters damage project infrastructure</p> <p>COVID-19 delays infrastructure works</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>3. Data systems for climate risk management updated</p>	<p>2c. Feedback from community consultations<sup>c</sup> (involving at least 35% participation by women) informed the design features of the 3.6 km of river embankment constructed to protect Tay Giang Town (2020 baseline: NA)</p> <p>2d. One irrigation scheme with 117 ha of command area in Quang Nam province upgraded, which responds to the different needs and experiences expressed by female and male farmers in consultation meetings (2020 baseline: 0)</p> <p>3a. Two provincial data systems (one for each project province) for climate risk management, integrated with automated real time data collection, made accessible to users (2020 baseline: 1)</p> <p>3b. Two social- and gender-inclusive flood risk impact assessments (one for each project province) for road infrastructure completed<sup>d</sup> (2020 baseline: 0)</p>	<p>3a.–b. PPMS and QPRs</p>	<p>Institutional changes negatively affect the availability of skilled staff under the project</p>

<p><b>Key Activities with Milestones</b></p> <p><b>1. Climate-resilient transport infrastructure improved</b></p> <p>1.1 Prepare DED for batch 1 subprojects by June 2022.            1.2 Award contracts for batch 1 subprojects by December 2022.            1.3 Prepare DED for additional subprojects (batch 2) by December 2022.            1.4 Award contracts for batch 2 subprojects by July 2023.            1.5 Prepare DEDs for additional subprojects using remaining funds (batch 3) by December 2023.            1.6 Award contracts for final additional subprojects by July 2024.            1.7 Complete all construction by May 2026.</p> <p><b>2. Climate-resilient water resource infrastructure improved</b></p> <p>2.1 Prepare DED for batch 1 subprojects by July 2022.            2.2 Award contracts for batch 1 subprojects by December 2022.            2.3 Prepare DEDs for additional subprojects (batch 2) by December 2022.            2.4 Award contracts for batch 2 subprojects by August 2023.            2.5 Prepare DEDs for additional subprojects using remaining funds (batch 3) by December 2023.            2.6 Award contracts for final additional subprojects by August 2024.            2.7 Complete all construction by May 2026.</p> <p><b>3. Data systems for climate risk management updated</b></p> <p>3.1 Obtain PPC approval for the final design and procurement by December 2022.            3.2 Procure and install high level technology equipment and systems by December 2023.            3.3 Populate the system and build capacity for operation of equipment and user interfaces by December 2024.</p> <p><b>Project Management Activities</b></p> <p>Mobilize loan implementation consultants by June 2022.            Mobilize construction supervision consultants by December 2022.            Establish a functioning PPMS, including sex- and ethnic- disaggregated data, within 5 months from mobilization of loan implementation consultants.</p>
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Fully implement gender action plan with counterpart funds by 2026. Complete two social and gender flood risk impact assessments for road infrastructure by May 2026.
<b>Inputs</b> ADB: \$58.00 million (2 loans of \$29.00 million each) Government: \$21.73 million High-Level Technology Fund: \$2.00 million (grant)
<b>Assumptions for Partner Financing</b> Not applicable

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DED = detailed engineering design; ha = hectare, km = kilometer, PPC = provincial people's committee, PPMS = project performance management system, QPR = quarterly progress report.

<sup>a</sup> Government of Viet Nam. 2016. *Decision No. 1600/QD-TTG dated 16 August 2016 issuing the List of the National Target Programs—Phase 2016–2020*. Ha Noi; Government of Viet Nam. 2018. *Decision No. 553/2018/QD-TTG dated 15 May 2018 approving the socio-economic development master plan of Quang Nam province through 2020, with vision to 2030*. Ha Noi; and Government of Viet Nam. 2009. *Decision No. 54/2009/QD-TTG dated 14 April 2009 approving the socio-economic development master plan of Binh Dinh province through 2020*. Ha Noi.

<sup>b</sup> Includes menstrual hygiene practices.

<sup>c</sup> Documented in minutes of consultation meeting.

<sup>d</sup> A social- and gender-inclusive impact assessment will consider, where possible, the different impacts of floods upon women and men.

**Contribution to the ADB Results Framework:**

Roads built or upgraded: Provincial, district, and rural roads (kilometers) [rural]. Expected: 121.8 km.

People with new or improved water supply (number) [rural]. Expected: 18,600 people (50% women and girls).

People with new or improved sanitation (number) [rural]. Estimated: 650 people (50% women and girls).

Land improved through irrigation, drainage, and/or flood management (ha). Estimated: 117 ha.

Source: Asian Development Bank.

### LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=49026-004-3>

1. Loan Agreement
2. Grant Agreement
3. Sector Assessment (Summary): Transport; and Agriculture, Natural Resources, and Rural Development
4. Project Administration Manual
5. Economic and Financial Analysis
6. Summary Poverty Reduction and Social Strategy
7. Risk Assessment and Risk Management Plan
8. Climate Change Assessment
9. Gender Action Plan
10. Initial Environmental Examination: An Lao District Water Supply, Binh Dinh Province
11. Initial Environmental Examination: Vinh Thanh Road, Binh Dinh Province
12. Environmental Assessment and Review Framework
13. Resettlement and Ethnic Minority Development Framework: Binh Dinh Province
14. Resettlement and Ethnic Minority Development Framework: Quang Nam Province
15. Resettlement and Ethnic Minority Development Plan: An Lao District Water Supply
16. Resettlement and Ethnic Minority Development Plan: Vinh Thanh Road

#### **Supplementary Documents**

17. Financial Management Assessment Report
18. Detailed Economic Analysis: Vinh Thanh Road Subproject, Binh Dinh Province
19. Detailed Economic Analysis: An Lao and An Trung Water Supply Subproject, Binh Dinh Province
20. Strategic Procurement Plan
21. Feasibility Study: An Lao District Water Supply, Binh Dinh Province
22. Feasibility Study: Vinh Thanh Road, Binh Dinh Province