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# GMS Urban Development Working Group

4–5 July 2018 • Manila, Philippines

## Section 2:

# Review of Concept and Approach to the Ongoing and Planned GMS Corridor Towns Development Projects

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# Introduction

- **Purpose**
  - To review the implementation experience of the previous, ongoing and approved GMS Corridor Towns Development Projects and GMS Tourism Projects for considerations for preparing future projects.
- **Issues analysis in 3 stages:**
  - A: Project planning (scope & coverage)
  - B: Project implementation
  - C: Project sustainability

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# A - Project Scope & Coverage: Strategic Planning & Selection of Components

- **Previous CTDPs address environmental needs and urban infrastructure**
  - Urban roads & drainage
  - Flood control & flood protection
  - Solid waste management
  - Water supply
  - Wastewater management
- **However**
  - Piecemeal approach
  - Only partially address the needs of towns
  - Impact on economic growth less than expected

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# A - Project Scope & Coverage: Strategic Planning & Selection of Components

- **Main weakness**

- Heavy bias towards *hard infrastructure*
- Relationship of *local urban priorities* to *wider economic perspective* (incl. economic zones) not realized
- *Local infrastructure priorities* vs. need for *comprehensive approach to poverty reduction & social development* not realized
- “*Green city agenda*” not fully considered
- Need more *post-project capacity building & financing* to ensure adequate O&M and sustainability
- Project components often “pre-selected” based on existing plans
  - Difficult for PPTA to change decisions
  - “Weak” sub-projects

# A - Project Scope & Coverage: Strategic Planning & Selection of Components

- **Recommendation:**

- Start future PPTAs with *comprehensive, multi-sectoral strategic planning (Strategic Local Economic Development Plans)*
- More broad-based (include hard- and soft- components) e.g.
  - Investment incentives for private investors
  - Promote MSMEs with access to advisory services & finance
  - Skills training of workers/workforce
  - Assist disadvantaged groups (e.g. ethnic minorities) to engage in economic activities
  - Thus- more effectively promote development in corridor towns & capitalize on strategic locations in GMS economic corridors
- Review existing master plans & update with planned new interventions
- Use an inclusive consultative process

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# A - Project Scope & Coverage: Strategic Planning & Selection of Components

- Determine types and prioritization of investment subprojects to promote corridor town development
- More comprehensive SLEDP approach leads to more inclusiveness:
  - Urban regeneration & conservation
  - Tourism, etc.
  - Elements with good potential for economic, social & community development
  - Opportunities to attract private investment
- For example: markets; public transport facilities; street lighting; car parking facilities; public park & green spaces; public toilets; traffic management; etc.

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# A - Project Scope & Coverage: Strategic Planning & Selection of Components

- **GMS Tourism remains high priority**
  - GMS Tourism Sector Strategy 2016-2025
  - Important driver of economic growth and reducing poverty & inequality
  - Previous GMS Tourism projects have
    - Improved quality and management of tourist destinations (incl. community participation)
    - Addressed essential urban infrastructure needs in tourist destination towns (local roads, water supply & sanitation, etc.)
    - Provided “last mile infrastructure” to improve access to tourism attractions (river piers, rural roads, footpaths, etc.)
    - Supported MSME development, engaged poor & disadvantaged
  - Tourism potential cross-subsidizes infrastructure investment & operational cost (e.g. sanitation service tariffs higher for business than residential in Siem Reap; tourism surcharges for accommodation and transport services contribute to infrastructure O&M)

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# A - Project Scope & Coverage: Strategic Planning & Selection of Components

- **Medium-term investment priorities** in SLEDPs likely require *phased approach*
  - Progress in institutional capacity of local authorities
  - Regulatory reforms, etc. necessary for success
- **Multi-tranche Finance Facility (MFF)** modality may be considered for long-term development support to multi-sectoral initiatives
  - Example: Guangxi Regional Cooperation and Integration Promotion Investment Program
  - Applying MFF in multi-country investment project context is a new challenge

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# B - Project Implementation

## Project Design and Implementation

- **Sanitation & Wastewater Treatment Plants**

- Must include budget for household connections
- High cost mostly due to land acquisition, often due cost increases once projects are announced/publicized
  - Resettlement Framework under CTDP4 a good example
  - Preferably identify & conduct basic due diligence for 2 alternative sites for purchase

- **Social development & gender issues**

- Sometimes lack government financing/support (e.g. CTDP2 ethnic minorities capacity building and community finance/micro-finance components dropped)

- **Environmental safeguards**

- Due time limitations of PPTAs, Environment Cat. A subprojects risk delays in PPTA completion and result in potentially good subprojects dropped

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## B - Project Implementation Project Consultants

- **PPTAs generally under-resourced, time-constrained**
  - Packaging should be checked for appropriateness as early as possible during PPTA stage
  - Put extra emphasis on cost estimates and safeguards issues
  - Duration of PPTAs & timing of some consultants: e.g. safeguards specialists often fielded before subprojects' scope sufficiently identified
  - Project start-up delays result in cost increases

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# B - Project Implementation

## Project Consultants

- **Recommendations for PPTAs:**

- Advance actions for recruitment of project implementation support consultants
- Identify and prepare detailed engineering design (DED) and bidding documents for some works packages for advance procurement during PPTA stage
- Consider Design-Build packages (if possible)
- Advance procurement of such packages should be done in parallel with loan processing
- PPTA consultants' participation in pre-loan fact-finding missions & assistance with advance actions
  - Assistance to EAs in advance actions is critical to (i) reduce evaluation times; (ii) improve evaluation methods; (iii) improve quality of submissions for ADB approval
- Given increased scope of PPTAs, supplementary funding should be sought (RETA set-asides, bilateral TA resources, etc.)

# B - Project Implementation

## Project Consultants

- **Project Implementation Consultants**

- Preferably single project implementation support consultants package for the investment project in each country (project management, DED/bidding docs, procurement, construction supervision, PPMIS, etc.)
- Quality of team leader and a role not less than 75-80% of project implementation period are critical for success;
- Firm's prior country experience essential
- Inclusion of qualified local consultants in teams essential
- Must quickly review PPTA recommendations and packages at inception stage
- Include provision of “contingency” for consultants in addition to those in RFP (5-10% of total p/m) for expertise required later during implementation
- Consider a partial “output-based contract” to provide incentives to complete work quickly

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# B - Project Implementation

## Project Packaging

- **Project packaging**

- A balance of national competitive bidding (NCB) and international competitive bidding (ICB) should be achieved
- Preferable to have fewer but larger contract packages to facilitate monitoring
- Government counterpart funding for soft-infrastructure investments typically difficult to secure, so may need to seek grant co-financing to supplement

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## B - Project Implementation

### Institutional aspects

- **Selection of Executing Agency (EA)**
  - Multisectoral approach generally more useful but selection of appropriate EA critical for managing inter-agency coordination
    - e.g. Viet Nam with Provincial People's Committees (PPCs) as EAs improved inter-agency coordination
    - Implementing agencies (IAs) are respective departments or cities under PPCs
  - Trend towards use of “professional” Project Management Units (PMUs) in Viet Nam to manage multiple projects.
  - Tendency of government authorities to give less attention to “software” aspects (e.g. resettlement plans, gender action plans, environment management/monitoring/reporting, grievance redress, construction safety, etc.)

# C - Project Sustainability

## Operations and Maintenance

- **Operations and maintenance**

- Key challenge in provision of sustainable hard infrastructure
- Comprehensive, multi-sectoral projects will require careful EA and project management capacity assessment and support in light of:
  - Diversity of project components
  - Engagement with many different stakeholders and government agencies
  - Require different types of expertise to deliver successfully
- Financial sustainability critical; cost recovery mechanism may differ for each town/city

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## C - Project Sustainability Capacity Building and Training

- **GMS Tourism projects** more successful in soft sector capacity building than CTDPs, through specific, separately financed soft sector components:
  - Establishing participatory processes to engage local communities, ethnic minorities and gender empowerment in tourism development
  - Promoting sustainable community investment and management of tourism related projects and facilities
  - Improving tourism marketing and promotion skills
  - Income generation

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# C - Project Sustainability

## Capacity Building and Training

- **Example from GMS Tourism 1:**

- 17,000 people took part in community participation & institutional strengthening programs (incl. policymakers, public & private sector tourism managers)
- 24,000 people took part in community-based environmental and cultural conservation and tourism awareness seminars
- 49 community-based tourism (CBT) programs developed by mainly poor, rural communities (e.g. trekking tours, homestays, cultural performances, river excursions, elephant rides)
- Implementation of gender and ethnic participation plans resulted in 33% to 50% women's participation and up to 50% for ethnic minorities
- 2,100 new entrants trained in operating tourism-related MSMEs
- Tourism management committees established at each CBT site, which participate in semi-annual meetings with local tourism authorities

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## C - Project Sustainability Capacity Building and Training

- **Example from GMS Tourism 2:**
  - 2,300 tourism site managers received sustainable tourism management training
  - About 6,000 residents attended sustainable tourism awareness seminars, benefitted from tourism-related business support services and tourism destination marketing
  - Women's participation ranged from 40% (Laos) to 63% (Viet Nam)
  - Tourism master plans prepared for all project sites, documenting cultural heritage resources which guided preparation of information and education campaigns, training and environmentally-friendly tourist excursions
  - Mostly poor rural communities developed 32 community-based local tours, 23 CBT attractions and 23 tourism supply-chain products under the project.
- **Lessons from GMS Tourism project capacity building achievements should be considered in preparing future CTDP projects**

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## Summary conclusions of section 2

- **Project planning**
  - Need more broad-based, multi-sectoral approach in preparing SLEDPs (both hard- & soft-components)
  - Through inclusive, consultative processes
  - PPTAs typically under-resourced, time-constrained
- **Project implementation**
  - EA institutional coordination capacity critically important
- **Project sustainability**
  - Ensure adequate funding for O&M
  - Greater efforts in capacity building

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Thank you

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