



# Technical Assistance Consultant's Report

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## Viet Nam: Infrastructure Policy Reform Support (Financed by the Japan Special Fund)

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For Ministry of Agriculture and Rural Development

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Asian Development Bank



**MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT  
THE EXECUTING AGENCY**

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**ADTA 4981-VIE: INFRASTRUCTURE POLICY REFORM SUPPORT**

# **DRAFT FINAL REPORT**

**(June 2010)**

Submitted to  
**The Asian Development Bank**

Prepared by



**VICA Consultants Ltd.**

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## **ACRONYMS**

ADB	-	Asian Development Bank
ADTA	-	Advisory Technical Assistance
AFD	-	Agence Française de Développement
CPMU	-	Central Project Management Unit
CPO	-	Central Project Office
DARD	-	Department of Agriculture and Rural Development
DMF	-	Design and Monitoring Framework
EA	-	Executing Agency
EIRR	-	Economic Internal Rate of Return
FS	-	Feasibility Study
GOV	-	Government of Viet Nam
IEE	-	Initial Environmental Examination
IMC	-	Irrigation Management Companies
IRDSPCP	-	Integrated Rural Development Sector Project in the Central Provinces
LIC	-	Loan Implementation Consultants
MARD	-	Ministry of Agriculture and Rural Development
MBRIP	-	Management Board for Rural Infrastructure Projects)
O&M	-	Operations and Maintenance
ODA	-	Official Development Assistance
ODATAPD	-	ODA Technical Assistance Project Document
PCPF	-	Policy Compliance and Project Facilitation
PPC	-	Provincial People's Committee
PPMU	-	Provincial Project Management Unit
QCBS	-	Quality and Cost Based Selection
RISP	-	Rural Infrastructure Sector Project
RRP	-	Report and Recommendation of the President of ADB to the Board of Directors
SEDP	-	Social Economic Development Plan
SIP	-	Subproject Identification Proposal
SIR	-	Subproject Investment Report
TA	-	Technical Assistance
TOR	-	Term of Reference

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## **EXECUTIVE SUMMARY**

This report is the Draft Final Report for Advisory Technical Assistance (ADTA) No. 4981-VIE: Infrastructure Policy Reform Support. The ADTA is associated with Loan No. 2357- VIE (SF) Integrated Rural Development Sector Project in the Central Provinces (IRDSPCP). The sector project is designed to improve livelihood in rural areas through increased agriculture productivity, improved access to markets, health and education services, and reduced exposure to natural disasters. This is being achieved through improvements in medium-scale rural infrastructures including roads, irrigation and drainage systems, markets, water supply schemes, and coastal protection structures. The ADTA was designed to address the issue of chronic lack of sustainability of infrastructure development and to provide capacity building in various aspects of implementation and policy compliance for the IRDSPCP. The ADTA was to be implemented over a period of 24 months to begin prior to loan effectiveness to assist in project start up during the first 2 years of implementation.

The TA comprised two main components: i) an Operation and Maintenance (O&M) Policy component; and ii) a Policy Compliance and Project Facilitation (PCPF) Component. The O&M component was designed to carry out a thorough analysis of practical steps that could be initiated to address critical challenges in O&M as it relates to rural infrastructures and to recommend measures to accommodate O&M financing requirements. The PCPF component was designed to ensure that project management was established on a sound financial and procedural basis and that ADB and Government of Viet Nam (GOV) policies regarding safeguards, the prevention of graft and corruption, procurement and selection of consultants, as well as community involvement, were fully complied with.

A final report for the O&M component providing detailed accounts of the outcome and output of that component was submitted to ADB on 27 February 2010. The ADB has approved the O&M Final Report and therefore this report will not go into the details of the O&M Component but will instead provide a summary of the overall implementation of the ADTA, review the achievements against planned outcome and output, and summarize the main lessons learned.

The ADTA intended to raise awareness and improve sustainability of rural infrastructures at provincial level through improved O&M practices and adequate funding for O&M activities. The ADTA also aimed at building the capacity to implement sustainable medium scale rural infrastructure projects following ADB and GOV procedures and regulations regarding safeguard practices including land acquisition, environmental protection and vulnerable groups including ethnic minorities. The ADTA was to achieve this outcome through policy dialog, workshops and training at provincial and national level regarding both O&M policies and implementation procedures.

Overall the ADTA has met and exceeded all its major performance targets. The ADTA both through its O&M component as well as its PCPF component contributed significantly to increase the awareness of provincial governments regarding the need for improved O&M of rural infrastructure. It has improved the capacity of the Provincial Project Management Units (PPMU) and Central Project Management Unit (CPMU) in subproject identification, selection and

preparation as well as improved familiarity and working knowledge of ADB and GOV policies and procedures regarding safeguards, social development, O&M planning and budgeting, and economic analysis of subprojects. It also assisted in building capacity in subproject implementation procedures including procurement and consultant selection.

Under the O&M component a number of studies and workshops were carried out and reports related to policy aspects of O&M planning and funding were prepared and discussed with stakeholders. The process of strengthening the policy framework for improved sustainability of rural infrastructure which was initiated under the ADTA has set the stage and defined a number of models for further policy dialog on this issue at central and provincial levels.

The PCPF component also contributed a number of studies and reports regarding various aspects of subproject identification, selection and preparation as well as a variety of guidelines, templates and tools for identification and preparation of subproject. These output contributed to improve the quality of the process of selection and preparation of subprojects and ultimately the overall quality of the subprojects being considered for financing under the IRDSPCP.

The TA was planned to provide support during the loan pre-effectiveness and early implementation periods, but delays occurred in recruitment of consultants and by the time the consultants were fielded, substantial start up activities had already been carried out by the CPMU and PPMUs. In addition, recruitment of Loan Implementation Consultants (LIC), who were to provide implementation support and capacity building for the CPMU and PPMUs, was also significantly delayed. In view of this, the scope of work of the ADTA had to be adjusted for the PCPF sub-team to provide additional capacity building to fill the gap until the LIC were fielded. Subsequent delays in recruitment of national safeguard consultants also lead to additional capacity building requirement for the ADTA to improve familiarity of the PPMUs with ADB and GOV safeguards policies and procedures.

Conversely it was found that the policies and procedures for O&M at provincial level were already in place and the main issue facing the provincial governments was to devote sufficient budget to O&M activities. Therefore further dialog at national level as was planned under the O&M component was found to be unlikely to have significant impact. It was also estimated that there was insufficient time and resources to address complex O&M policy issues during implementation of the ADTA and that the preparation of SIRs represented a more concrete opportunity to demonstrate to the provinces proper O&M planning and budgeting practices. Consequently, it was decided that the scope of work and person months allocated for the O&M component were to be reduced and the remaining person months to be transferred to the PCPF sub-team to support the new subproject preparation priorities.

Throughout the implementation of the TA, a number of lessons were learned, both regarding the ADTA and the IRDSPCP. The most significant ones can be summarized as follows:

**Selection of Consultants:** One of the most important factors that affected and continues to affect implementation of the Loan Project is delays in the recruitment and fielding of consultants. Delays in fielding of the ADTA consultants, the LIC consultants and the safeguard consultants have all had far reaching impact on the overall efficiency of the project implementation and the quality of the preparation of subprojects for financing under the loan. There is a need to ensure

that all consultancy input are provided in a timely fashion and that interaction between consultant groups is considered carefully during project preparation. The constraints facing the EA and the protracted GOV procedures -- even for consultants to be recruited by the ADB -- are often not assessed realistically during project appraisal which led to delays and inefficiencies in project implementation.

**Capacity of CPMU and PPMUs:** Based on previous experience with the Rural Infrastructure Sector Project (RISP), it was estimated during project design that sufficient capacity and knowledge had been developed both at provincial and central level to undertake the IRDSPCP with little guidance. This however proved not to be the case. While the CPMU was established during RISP most of the CPMU staff -- besides the Project Director -- were recruited for the IRDSPCP and many had little previous experience with ODA or ADB financed projects. Similarly prior participation in RISP did not appear to make a significant difference on the quality of subproject identification and preparation work carried out by the PPMUs. This is due in part to the fact that over 40 months elapsed from the completion of RISP to the beginning of IRDSPC. During that period, the PPMUs were demobilized and staff transferred to other duties and/or other departments/offices. Furthermore, IRDSPCP placed greater emphasis than RISP on safeguard issues, O&M planning, and economic analysis, and even provinces that participated in RISP needed to develop familiarity with these new issues and build capacity to review and assess their impact.

**Subproject Selection:** At the time of appraisal it was estimated that up to 150 subprojects would be financed under the IRDSPCP. Except for one pre-selected subproject, all remaining subprojects were to be identified and selected by the PPMUs in accordance to selection criteria set by the ADB. This process put a lot of responsibility and pressure on the relatively inexperienced PPMUs who: i) were generally unfamiliar with ADB policies; ii) had no in-house capacity in many of the project sectors such as roads, waters supply and markets; iii) had no staff specialized in economic analysis, resettlement, environment, ethnic minority, vulnerable groups and community development; and iv) were often unfamiliar with the subproject selection criteria. Furthermore, the PPMUs are responsible to the Provincial People Committee (PPC) who is the executing agency at the province level. The PPC is a powerful political entity capable of mobilizing the resources necessary to resolve constraints in project implementation, but because of its political status, it is not always possible for the PPMUs who is the implementation agency to go against the will of the PPC in matters regarding subproject selection, design, and implementation.

The sheer amount of work required to identify and select 150 subprojects would be a major challenge in itself but combined to the lack of experience, capacity, and support, this task became daunting. In retrospect, it may have been preferable for at least a number of subprojects in each province to have been pre-selected during project appraisal. This would have i) facilitated the approval process for the initial group of subprojects; ii) allowed an early start in the design and implementation of those pre-selected subprojects; iii) provide adequate time to address safeguard and social issues; iv) relieved pressure on the PPMUs to expedite selection and implementation; v) provided valuable time for the PPMUs to identify the second group of subprojects; and vi) allowed feedback from the first group of subprojects to be used during the selection of the subsequent groups.

**Justification for Sector Modality:** The basis for a sector project such as IRDSPCP is to promote integrated rural development at province and district level. However in view of the selection process, and the GOV's preference for an equitable distribution of subprojects between districts, there is in fact little integration between subprojects. By large, most subprojects are single sector interventions. Consequently, there is little value added or synergies gained from the integration of a number of subprojects into a multi-sector project. In fact there are many arguments against giving the responsibility for identification, selection, design and implementation of subprojects to one organization when over 70% of the funds are destined for subprojects in sectors for which the said organization has no authority or expertise and for which it will not be responsible for O&M once the facilities are completed. There is a need to review the benefits of a multi-sector approach to ensure enhanced quality, relevance and sustainability of the subprojects.

**Overall:** Given the changing conditions that prevailed throughout the initial phase of the loan project, the ADB and the CPMU showed great flexibility during the implementation of the TA to modify the scope of work, provide additional person months as required and where required, and adjusting the implementation schedule accordingly. This flexibility allowed the TA to adopt a methodology that was better suited to the needs of the provincial and central levels particularly regarding capacity building and implementation support. The need to provide significantly greater capacity building particularly at provincial level resulted in some delays in the initial implementation of the Loan project, but overall it is likely that the quality of the subprojects and their impact on the beneficiaries will be enhanced due to this extra work.



## **A. Background**

1. Advisory Technical Assistance (ADTA) No. 4981-VIE: Infrastructure Policy Reform Support, is associated with Loan No. 2357- VIE (SF) Integrated Rural Development Sector Project in the Central Provinces (IRDSPCP). The IRDSPCP is co-financed by an ADB loan and by a loan and grant from the Agence Francaise de Developpement (AFD). The sector project is designed to (i) improve livelihood in rural areas by increasing agriculture productivity, (ii) widen employment opportunities, (iii) improve access to health and education, and (iv) reduce exposure to natural disasters. This is being achieved through investments in locally identified, strategically important, medium-scale rural infrastructure priorities. Investments under the Sector Project aim to improve the quality, extend the coverage, and better integrate rural infrastructure in 13 provinces in the Central Region of Viet Nam. The net effect of these interventions will raise the efficiency of investments made in the productive sectors and increase awareness of the need for timely maintenance of rural infrastructure. The types of rural infrastructure being improved under IRDSPCP include (i) rural roads; (ii) irrigation, drainage and flood control systems; (iii) rural markets; (iv) rural water supply schemes; and (v) special coastal and river protection works.

2. In this context, the associated ADTA was designed to provide assistance to address the issue of chronic lack of sustainability of infrastructure development. In particular, concerns arose that the devolution of responsibilities for maintenance by the central government to the provinces may have a negative impact on overall sustainability of infrastructure investments. This concern was in part based on the fact that at provincial, district and commune levels: i) there are limited revenue-raising opportunities; ii) resources are scarce; and iii) available funds are often channeled into establishing new infrastructure at the expense of maintaining existing structures. There was a recognition that new policies needed to be developed in respect of infrastructure maintenance and the proposed ADTA was to provide resources to engage necessary technical expertise to review various options and to recommend the most appropriate means of addressing these critical issues. The ADTA was also to provide supplementary capacity building in various aspects of implementation, and policy compliance for the sector loan Project, as well as provide specialists to develop appropriate training material while providing the resources for local institutions for delivery of the training material.

3. The ADTA was designed to support the CPMU and the PPMUs in (i) providing guidance and assistance for further policy development in anticipation of future investments in the sector, (ii) providing extensive awareness raising and technical capacity building in the provinces based on lessons learned under donor programs, and (iii) ensuring that both Viet Nam's and ADB's policies and procedures were fully understood and followed during implementation. The TA was planned to be implemented over a period of 24 months to begin prior to loan effectiveness and to assist in project start up during the first 2 years of implementation.

4. The TA comprised two main components: i) an O&M Policy component; and ii) a PCPF Component. The main thrust of the O&M component was to carry out a thorough analysis of practical steps that could be initiated to address critical sustainability challenges as they relate to rural roads, rural irrigation and drainage systems, water supply schemes, and markets. The TA was also to recommend measures to accommodate O&M financing requirements. The

PCPF component was designed to ensure that project management was established on a sound financial and procedural basis and that all ADB and Government of Viet Nam policies regarding safeguards, the prevention of graft and corruption, procurement and selection of consultants, as well as community involvement, were fully taken into account.

The cost of the ADTA was estimated at \$1.1 million of which \$1.0 million was to be funded on a grant basis and the balance was to be provided by the Government in kind. The TA was to contribute 54 person-months of consulting services, including 24 person-months of international and 30 person-months of national expertise. The consultants were to be engaged by ADB, through an international consulting firm, following Quality- and Cost Based Selection (QCBS) procedures in accordance with the ADB *Guidelines on the Use of Consultants*.

5. The consultants were divided into two sub-teams – each comprising one international and one domestic specialist – to reflect the two components of the TA. The objective of the O&M component was to conduct an interactive study of policy, organizational, funding and structural issues confronting the sustainability of rural infrastructure and the promotion of best practices for O&M within participating provinces. The PCPF sub-team was to provide interim support and capacity building during the pre-implementation and early implementation stages in anticipation of the fielding of the Loan Implementation Consultants (LIC) to be financed under the loan. The aim of the PCPF sub-team was to: i) ensure that Viet Nam and ADB policies and procedures are understood and followed during project implementation; and ii) support and assist the CPMU and the PPMUs in procedural matters regarding project implementation.

## **B. Impact, Outcome and Output**

### **1. Impact and Outcome**

6. According to the Government's ODA Technical Assistance Project Document (ODATAPD) for the ADTA, the long term objective of the TA was to make the sustainable maintenance of rural infrastructure at the provincial level an adequately funded standard routine practice. The ADTA also aimed at building the capacity at the provincial level to implement medium scale rural infrastructure projects in a sustainable manner. In the short term the ADTA intended to raise awareness of provincial government officials regarding the need for adequate financing of O&M for rural infrastructure as well as identifying sources of funding for such O&M. It was also designed to fully train personnel at the PPMU level in sound construction planning, management and monitoring practices.

7. The ODATAPD described the main intended outcome of the ADTA as: i) well-constructed, sustainable infrastructure provided by the subprojects to be funded under the IRDSPCP; ii) improved O&M for rural infrastructure in general; and iii) enhanced rural infrastructure implementation capability among provincial government staff, especially with regard to safeguard considerations.

8. The ADTA intended to achieve this outcome through policy dialog to raise awareness for adequate O&M funding for the infrastructure provided by the project (as well as other key rural infrastructure under their jurisdiction) and by assisting provincial government in

identifying sources of such funding. It also intended to assist the PPMUs in ensuring that both Government of Viet Nam and ADB procedures were followed during implementation; that appropriate safeguard practices were implemented regarding land acquisition, environment and vulnerable groups including ethnic minorities; and that negative impact of the project on affected communities and the environment were minimized.

9. The Design and Monitoring Framework (DMF) contained in the ODATAPD listed the major objectives and outcome and identified a number of performance targets and potential risks which may affect the impact and outcome of the ADTA. A table summarizing achievements against major performance targets and risks from the DMF is attached in as Appendix 1.

10. Overall, it can be stated that the ADTA has met and exceeded all the major performance targets contained in the DMF. The ADTA through both its O&M and PCPF subteams contributed significantly to increase the awareness of provincial governments regarding the need for improved O&M of rural infrastructure through workshops, consultations and dialog at provincial, district and commune levels regarding O&M policies, practices and planning issues.

11. Throughout subproject selection and preparation stages, the ADTA team visited every province and emphasized the need for proper O&M practices, and planning and provided guidance regarding preparation of O&M Plans. The requirements for detailed O&M planning were incorporated in the Subproject Identification Proposals (SIP) and Subproject Investment Report (SIR) as reflected in the guidelines for preparation those documents which were prepared by the ADTA.

12. The process of capacity building in O&M planning has been initiated under the TA and is continuing under the LIC. Each project province has issued a written commitment to provide adequate funding for O&M activities as a condition for each subproject to be financed under IRDSPCP. Since no subproject has been completed to date, it is too early to fully assess the level of commitment of provincial governments for funding of O&M activities, but the ADTA has observed growing awareness for this. The issue is likely to be one of availability of funds.

13. The studies, consultations and dialog that took place between the ADTA and the central and provincial authorities under the O&M component have raised a significant number of policy issues which need to be addressed by the Government of Viet Nam. Many of these issues have been taken up by other project design teams and are presently being pursued further.<sup>1</sup> The process of strengthening the policy framework for improved sustainability of rural infrastructure which was initiated under the ADTA has set the stage and defined a number of models for further policy dialog on this issue at central and provincial level. The impact of this

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<sup>1</sup> Under the proposed Sustainable Infrastructure Development in the Northern Mountain Provinces project, policy initiatives first proposed under the ADTA are now being integrated in the design of the project.

effort to sensibilitze the provincial governments to the need and importance of proper O&M planning, budgeting and implementation, coupled with capacity building in these areas through the work of the PCPF subteam will be improved sustainability and increased economic viability for the project's subprojects.

14. The ADTA has also contributed significantly to improve the quality of the subprojects being selected for financing under the IRDSPCP. Through capacity building and on-the-job training the ADTA worked with all project provinces and reviewed a large number of candidate subprojects to identify those with a higher potential for economic development and socio-economic impact. Issues related to resettlement, impact on environment, impact on vulnerable groups and ethnic minorities were reviewed carefully for each subproject with the PPMUs and the local authorities, raising awareness of such matters and improving familiarity at provincial and district level for ADB and GOV regulations in these areas. The importance of social development issues including community consultation, participation and awareness was also raised as a prerequisite to building ownership in the communities and improving quality, relevance and sustainability of rural infrastructures.

15. One of the major outcomes of the TA was improved capacity at provincial and central level both in subproject identification and preparation as well as in project administration. The PPMUs were trained in all aspects of subproject identification and preparation and were familiarized with ADB and Government regulations regarding safeguard issues, community involvement, sustainability, economic and socio economic analysis. In addition both the CPMU and the PPMUs were provided support in various aspects of project administration including recruitment of consultants and procurement.

16. During the subproject identification and preparation phases, the ADTA developed detailed guidelines for preparation of SIPs and SIRs and conducted numerous workshops and on-the-job training for PPMUs and their feasibility study consultants to improve preparation of subprojects. Capacity building at provincial level emphasized safeguards issues and the design of appropriate mitigation measures to minimize negative impact; planning and budgeting for O&M and improved sustainability of rural infrastructure; improved community consultation, participation and awareness; and improved economic and financial analysis of subprojects. While the quality of the feasibility studies and safeguard studies benefited from this capacity building, it must be acknowledged that some delays were incurred because of poor domestic capacity to prepare detailed studies meeting ADB standards. Nevertheless, the impact of this capacity building effort was to improve the quality of the subproject selection and preparation process, better integration of safeguard concerns in project preparation, improved O&M planning and budgeting, and improved socio economic screening of potential subprojects. As such the subproejects are likely to have a more significant positive impact on the livelihood of the beneficiaries through better community involvement, more relevant interventions, and improve viability and sustainability.

17. The ADTA enhanced the standard for administration procedures regarding implementation of safeguard policies, as well as recruitment of consultants and procurement. The TA provided assistance and support to the CPMU and the PPMUs regarding the procedural aspects of project implementation. Training was provided to the PPMUs by the

CPMU with assistance from the ADTA..The outcome of this support is improved capacity at provincial level to design and implement subprojects according to the ADB and Government of Viet Nam procedures. The impact of this will be improved efficiency and effectiveness in implementation of the subprojects and ultimately the project.

## **2. Output**

18. The O&M component of the ADTA conducted a number of studies and workshops and produced a number of reports related to policy aspects of O&M planning and funding. The major outputs of the component were described in the *Operation and Maintenance Final Report* which was submitted to the ADB on 27 February 2010. The key outputs are summarized below:

- An assessment of current policy environment and legal and regulatory framework for rural infrastructure management as it relates to O&M issues. The study focused particularly on roads, irrigation, water supply, public buildings (including markets) as well as coastal protection works and includes the viewpoints of key multi-lateral and bi-lateral donors as well as national ministries regarding this key issue. The findings of the study were detailed in the *Preliminary O&M Issues Report*.<sup>2</sup>
- A review of actual O&M arrangements and assessment of sustainability of selected subprojects constructed under the Rural Infrastructure Sector Project (RISP). The ADTA conducted a study of 34 subprojects in 7 provinces which took part both in RISP and IRDSPCP. Findings of this study were detailed in the *RISP O&M Experiences Report* which was submitted to ADB on 20 October 2009.<sup>3</sup>
- An assessment of the need and scope for a Management Board for Rural Infrastructure Projects (MBRIP) within MARD to promote improved O&M for rural infrastructure.
- The preparation and implementation of a two day workshop in August 2009 for all PPMUs to review O&M policy issues and planning requirements.
- The design of checklists and models for O&M plans for road transport, irrigation and drainage systems, and water supply schemes to support the SIRs preparation process.

19. The output of the PCPF component was designed to be quite different from that of the O&M Policy Component. The PCPF sub-team's role was to assist the CPMU ensure that ADB and GOV policies and procedures were being complied with during the start up phase of IRDSPCP, and to assist with technical and advisory support as required. Their duties were not expected to include the preparation of special studies but rather to act in a reactive and proactive project advisory role. Nevertheless, the sub-team contributed a number of studies

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<sup>2</sup> For details see Final Report for O&M Component Volume 2, Annex 1.1 for details

<sup>3</sup> For details see RISP O&M Experiences Report October 2009, Volume 2, Annex 1.4

and reports regarding various aspects of subproject identification, selection and preparation. The sub-team also contributed a variety of guidelines, templates and other tools which have been used extensively in the identification and preparation of subproject.

20. The major issues faced by the PCPF sub-team were lack of understanding and familiarity with ADB and to some extent to GOV policies and procedures regarding compliance with social regulations, safeguard policies and economic analysis requirements. Another major difficulty was weaker than anticipated capacity at province level for the PPMUs and their consultants to prepare subprojects in compliance with ADB standards and requirements. The following is a summary of various output of the PCPF component:

- i. Two status reports summarizing the review and assessment of SIPs and proposing improvements and capacity building solutions to improve their quality were prepared based on field observations and desk studies. See Appendix 2
- ii. A number of deficiencies were identified during the review of SIPs which pointed to inefficient approach to subproject selection and evaluation. An *Interim Report on Subproject Selection and Evaluation* was prepared and submitted to ADB in April 2009 highlighting the problems encountered, the solution proposed and the lessons learned. The *Final Report on Subproject Selection and Evaluation* was submitted to ADB in June 2009. See appendix 3.
- iii. One of the important contributions of the ADTA to the IRDSPCP was the preparation of guidelines, templates and other tools to assist the PPMUs in subproject identification and preparation. Such guidelines were developed by the ADTA and adopted by the CPMU and the PPMUs for preparation of SIPs, preparation of SIRs and preparation of economic and financial analysis. Templates for preparation of O&M plans were also prepared and incorporated in the various Guidelines. See appendix 4
- iv. The ADTA participated in a number of workshops on subproject design and implementation and provided expert advice to PPMUs on various aspects of the project requirements including, safeguards, social development, O&M planning and budgeting, as well as procedural aspects of implementation including procurement and consultant selection.
- v. A series of mini-workshops was carried out in November and December 2009 with all PPMUs and their feasibility study consultants to build capacity in subprojects preparation. The mini-workshops emphasized the aspects of safeguards, O&M, economic and financial analysis and overall preparation of SIRs
- vi. Guidelines for preparation of economic analysis were prepared by the ADTA and workshops and meetings with PPMUs and their feasibility study consultants are being held specifically to build domestic capacity in economic and financial analysis.
- vii. Workshops and on-the-job support is to be provided with staff of the PPMUs, districts and commune authorities during the initial implementation of subprojects



to emphasize the need and requirements for monitoring of safeguard issues and social issues during implementation.

21. A table of actual reports submitted against the requirements of the TA is attached as appendix 5.

## **C. Implementation**

22. The loan and ADTA were both approved on 15 October 2007, the Loan Agreement was signed on 20 December 2007 and became effective on 6 May 2008. Implementation began shortly after loan effectiveness. Delays were encountered however with the approval of the ADTA within the Ministry of Agriculture and Rural Development (MARD) and the ADTA Agreement was only signed on 30 June 2008. The ADTA consultant was selected in July 2008 and contract negotiations with the firm VICA Consultants International Ltd. of Viet Nam were completed on 20 July 2008. The consultant team were fielded on 18 August 2008. The consultants were divided in two sub-teams with each sub-team comprising one international and one domestic consultant.

### **1. Inception phase**

23. After an initial review period an Inception report was prepared and submitted on 23 September 2008. The inception report summarized the initial observations and assessment of the sub-teams regarding the status of implementation of the ADTA in the context of implementation of Loan No. 2357-VIE(SF) IRDSPCP. The Inception Report reviewed the progress of work to date, assessed the capacity of the executing and implementation agencies, identified difficulties and obstacles to effective project implementation and proposed remedial measures as required.

#### **a. PCPF Component**

24. One of the major objectives for the ADTA was to assist the CPMU and PPMUs during startup particularly with respect to compliance with ADB policy and safeguards requirements, as well as implementation procedures. This assumed the ADTA would start even before loan effectiveness to help ensure smooth and efficient project mobilization and startup. However significant delays were encountered in the recruitment of ADTA consultants, and some progress had already been made in start up activities by the CPMU by the time the ADTA team was mobilized. Some project activities which were initially planned to take place with assistance and guidance from the ADTA consultants were carried out directly by the CPMU and PPMUs without external support. For instance each province had prepared a list of subprojects which, in most cases, had been approved by the provincial governments, and all provinces had also prepared and submitted at least one SIP for approval by the CPMU.

25. From the review of the initial SIPs submitted by the provinces however, and based on observations made during early field trips to the location of proposed subprojects, it was found that i) the quality of the SIPs was generally rather poor; ii) little attention had been placed on safeguard issues during subproject identification; and iii) several of the proposed subprojects did not meet the selection criteria for the project. The team noted that many of the initial SIPs

had poorly stated objectives, unclear scope of work and poor analysis of the safeguard issues. Several were cluttered with unnecessary details regarding proposed designs and applicable regulations, and several failed to demonstrate that appropriate community consultation has taken place.

26. During preparation of IRDSPCP, it had been assumed that at least for project provinces which had participated in the RISP, sufficient capacity and knowledge had been developed to identify and prepare subprojects meeting the selection criteria. However, during the inception period it was noted that prior participation in RISP did not appear to play a significant role on the quality of the subprojects presented for approval. This was due in part to: i) transfer and reassignment of RISP PPMU staff during the period between completion of RISP and the beginning of IRDSPCP; ii) the staff and even the management of most of the PPMUs were new and had no or limited previous exposure to RISP or other ADB financed projects; and iii) IRDSPCP placed greater emphasis on safeguard issues, O&M planning, and economic analysis than RISP, and even provinces that participated in RISP needed to develop familiarity with these issues and build the capacity to review and assess their impact

27. Another observation during inception was that many PPMUs appeared to have difficulties in identifying, selecting, and conceptualizing subprojects that met the ADB selection criteria. For instance, some subprojects submitted for consideration had a cost estimate below the minimum requirement; others presented significant environmental and/or resettlement difficulties; and many of the proposed subprojects were unlikely to be economically viable and did not present sufficient social development potential to be considered.

28. A significant difficulty noted during inception was delays in the recruitment of LICs which were expected to support the CPMU and the PPMU in day to day implementation of the Project, including assistance in the preparation of SIPs and SIRs. The LICs were initially to be fielded shortly after project start up, with the ADTA filling the gap temporarily until their mobilization. but due to procedural problems within MARD significant delays were encountered in recruitment of the LIC.<sup>4</sup>

29. In view of these difficulties, there was a need to develop interim measures to accelerate project implementation without jeopardizing the quality of the subprojects pending the fielding of the LIC. Particularly there was a need for the ADTA to build the capacity of the PPMUs in identification and selection of subprojects as well as preparation of concept designs, and preparation of SIPs/SIRs.

30. The delays in recruitment of LIC meant that the scope of work of the ADTA and particularly that of the PCPF sub-team had to be increased and adjusted to reflect the need to provide substantially more assistance in capacity building and to fill the gap in implementation support to the CPMU and PPMUs. In consultation with a visiting mission from ADB it was agreed that the ADTA would focus its efforts in building the capacity of the CPMU and PPMUs in identification and selection of eligible subprojects, preparation of SIPs, and review of

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<sup>4</sup> LIC were finally fielded in September 2009, nearly two years later than planned at the time of loan approval.



safeguard issues. The new scope of work of the ADTA was also to include improving the PPMUs familiarity and working knowledge of ADB procedures regarding safeguard issues and recruitment of consultants for the preparation of feasibility studies. This was to be accomplished through workshops and on-the-job training during site visits to all 13 provinces. In addition the ADTA prepared several tools such as guidelines and templates to assist the PPMUs in the preparation of SIPs.

**b. O&M Component**

31. Unlike the PCPF component, the output of the O&M component was not significantly affected by the delay in selection of both the ADTA and the LIC consultants. The objective of the O&M sub-team was to identify, analyze and clarify O&M issues and options as a basis for future O&M policy enhancement, while at the same time, promote sound O&M practices at the provincial level. The O&M sub-team was to carry out an interactive study of the policy, organizational, funding and structural issues confronting the sustainability of rural infrastructure in the country in general and in the 13 IRDSPCP provinces in particular, along with the promotion of best O&M practices. The main outputs of the sub-team were to be a national level workshop on O&M policies and a number of reports on O&M rural infrastructure issues and recommended policy options. The work of the O&M sub-team did not depend on any input from the LIC and there was some flexibility in the timing of the studies to be carried out.

32. During the inception phase the O&M Sub-team conducted a preliminary assessment of the current situation regarding O&M for rural roads, irrigation, coastal infrastructure, water supply and markets. Difficulties were identified and a two-pronged approach involving on one hand increasing awareness of the benefits from asset maintenance and on the other hand reviewing the initial designs to accommodate the reality confronting the industry was proposed. This approach represented a slight variation upon the agreed work plan for the ADTA but it was considered necessary based on initial reviews of available information uncovered by the O&M sub-team.

33. The second deviation was to come through the new approach which proposed to address O&M deficiencies by working with the CPMU, PPMUs and implementation consultants to recognize the repercussions of limited financial resources for infrastructure rehabilitation. This involved increasing the focus on the design of subprojects to pay greater attention to critical elements of the proposed infrastructures to reflect localized problem areas that required different design to optimize practices and reduce the cost of O&M.

**2. Review Phase**

**a. PCPF Component**

34. During the initial review phase of the ADTA, it was observed that a number of PPMUs experienced difficulties in the preparation of SIPs. Despite being provided with detailed guidelines and attending project implementation workshops dealing with this subject, some PPMUs continued to submit poorly prepared SIPs. As a result of further discussions and visits to the problematic PPMUs, it was determined that the problem stemmed, at least in part, from

poor subproject identification and selection practices. In addition, during early site visits, problems were noted regarding the accuracy of certain SIPs. It was observed that in some cases, the information provided in the SIPs did not reflect accurately the conditions in the field or the actual proposed scope of the subproject. In view of this, between February to May 2009, the PCPF sub-team and the CPMU visited the sites of the majority of candidate subprojects in each province. The objective of these site visits was to build the capacity of the PPMUs in the identification, selection and conceptualization of subprojects and the preparation of subproject identification documents for approval by the CPMU. The team visited 10 project provinces and met with the PPMUs and the local authorities to: i) review and discuss the list of potential subprojects; ii) visit the site of proposed and potential subprojects; iii) assess the eligibility of the proposed subprojects; iv) discuss safeguard issues and community consultation with the PPMU, and the District and Commune authorities; v) provide feedback regarding the selection process; vi) assist the PPMU where needed in the development of a sound list of potential subprojects; and vii) provide guidance and assistance with the preparation of SIPs and the selection of consultants for preparation of feasibility studies when applicable.

35. The outcome of this review was presented to ADB in two separate reports.<sup>5</sup> The major findings and lessons learned can be summarized as follows:

- **Finding:** While the District authority plays an important role in the selection of subprojects, there was a lack of awareness at District level regarding the objective and requirements of IRDSPCP. Consequently, subprojects were often selected based on political and domestic priorities and did not always meet the project criteria.
- **Lesson learned:** there is a need to consider the lowest level of authority in the project management structure at the time of project preparation and to define its role and responsibilities clearly, as well as identify the need for support and capacity building for this level
- **Finding:** The subproject selection process is imbedded in the provincial planning and budgetary process -- the socio economic development plan (SEDP) -- which has little flexibility in its application. This bureaucratic rigidity sometimes impedes selection of subprojects, particularly regarding fund allocation per districts.
- **Lesson learned:** Pre-selection of subprojects at the time of project design may allow a more equitable distribution of resources in consideration of poverty alleviation, implementation capacity, and population needs. But even in this case it may be necessary to include mechanisms to allow some flexibility during implementation

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<sup>5</sup> *Interim Report on Subproject Selection and Evaluation (April 2009); and Final Report on Subproject Selection and Evaluation*

- **Finding:** The Executing Agency in each province is the Provincial People's Committee (PPC) which is a powerful political entity capable of mobilizing the resources necessary to resolve constraints in project implementation. However because of its political status, it is not always possible for the PPMUs who are the implementing agencies to go against the will of the PPC in matters of prioritization of subproject selection and/or implementation.
- **Lesson learned:** while the PPC will remain the EA in the province, it may be useful to define the subproject approval mechanism during project preparation to provide enhanced responsibilities to the implementation agencies in selection of subprojects.
- **Finding:** The PPMUs often suffer from skill and experience gaps which impede subproject identification and conceptualization. In addition, unfamiliarity, both at PPMU and District levels, with ADB regulations as well as specific project requirements regarding safeguard issues, community consultation, and economic viability often result in an oversight of the basic selection criteria.
- **Lesson learned:** DARD is a capable organization for design and implementation of irrigation systems, but have limited capacity and qualifications for other types of subprojects such as roads, markets and water supply. There should be a formal mechanism to promote the active participation of sectoral agencies during subproject identification, preparation, feasibility study and implementation. Alternatively, consideration may be given to a single sector approach as opposed to multi-sector loans.
- **Finding:** Related to the point above, is the fact that DARD as the implementation agency for roads, water supply and markets is not responsible for O&M of the finished infrastructures. The functional managers for these facilities have little involvement in the design and implementation of the infrastructure that will be turned over to them, and therefore little ownership over it once the turnover is completed
- **Lesson learned:** there is a need to ensure that the functional managers is actively involved and responsible for major decisions regarding the proposed infrastructures at all critical points of identification, design and construction to ensure long term sustainability of the infrastructure.

**b. O&M Component**

36. In November 2008, the initial International O&M Specialist and Team Leader left the ADTA for personal reasons and was replaced by a new candidate in December 2009. In February 2009, the new international O&M Specialist and Team Leader submitted the Preliminary Issue Report on O&M. This report did not meet ADB's expectations particularly in the context of the actual situation in Viet Nam regarding decentralization of responsibilities for O&M. . The policies and procedures for O&M at provincial level were already in place and the main issue was now for the provincial governments to devote sufficient budget to O&M activities and further dialog at national level was unlikely to have significant impact on this

aspect. There was also insufficient time and resources to address complex O&M policy issues during implementation of the ADTA. It was further considered that the preparation of SIRs represented a better opportunity to demonstrate to the provinces proper O&M planning and budgeting practices.

37. Based on this and in view of the continued delays in recruitment of LIC which resulted in the need for the PCPF sub-team to provide additional support to the CPMU and PPMUs in subproject preparation, it was decided to reduce the scope of work and allocated person months for the O&M component and transfer the remaining person months to the PCPF sub-team to support the new subproject preparation priorities. The TOR of both the PCPF and O&M sub-teams were modified to reflect this new direction.

38. For the remaining of its participation in the ADTA, the O&M sub-team focused on the review of O&M experiences under RISP and carried out a workshop on O&M issues with all project provinces in Hoi An, Quang Nam province.

39. The review of O&M Experiences under RISP was outlined in a report submitted to ADB in October 2009. Some of the major findings and conclusions of this report can be summarized as follows:

- The most serious factor affecting sustainability of rural infrastructures is the large funding gap between required and actual allocated funds for O&M. This gap is most severe for roads under the management of the districts and communes authorities.
- Performance varies significantly between sectors with the water sector being highly problematic followed by the road sector, and the irrigation sector being the best. Poor performance in the water and road sector can be attributed in part to inadequate consultation with the relevant sector specialists and facility functional managers.
- Lack of funding and poor maintenance practices are likely to result in shorter than expected economic life for most road built under the [RISP] project. In fact had the economic assessment of roads been based upon actual prevailing maintenance practices it is likely that many of the road segments would not have passed the 10% EIRR qualifying threshold.
- Infrastructures being operated and maintained by provincial level entities tend to perform better than those under the responsibility of district and communes authorities. This is in part because of greater access to O&M funding and administrative economies of scale at the provincial level, but also due to the lack of qualification at the lower administrative levels.

40. In the light of those findings, the ADTA adjusted its efforts to improve O&M planning and budgeting at the time of subproject preparation. Templates for O&M planning and budgeting were prepared and incorporated in the *Guidelines for Preparation of SIPs and SIRs*. Training in O&M planning was intensified at the PPMU level whenever possible.

### **3. Preparation Phase**

#### **a. PCPF Component**

41. As implementation of the IRDSPCP project progressed to the phase of subproject feasibility and preparation, the PCPF sub-team intensified its capacity building effort to support the PPMUs and their feasibility study consultants in the preparation of feasibility studies and SIRs. The most problematic areas in this phase were: i) safeguard issues; ii) O&M planning; and iii) economic and socio economic analysis of subprojects. A number of factors contributed to slow progress in these areas including:

- weak capacity of the PPMUs and their consultants in the areas of safeguards, O&M and economic analysis;
- delays in fielding of national consultants responsible for preparation of safeguard studies; and
- Lack of sectoral knowledge at PPMU level regarding O&M of non-irrigation infrastructures.

42. The PPMUs do not have technical expertise in house to prepare subprojects, consequently, they rely on domestic consultants to prepare feasibility studies and assist in the preparation of SIRs. The domestic consultants are generally experienced with preparation of feasibility studies and other documents following the GOV norms and standards but have little if any familiarity with the standards and requirements of ADB and other ODA partners.

43. Economic viability is a key criteria in subproject eligibility under IRDSP but the quality of the economic analysis prepared by the PPMUs and their consultants was generally poor. There appeared to be little consistency in the assumptions and factors that were taken into consideration for different subprojects even in the same sector. In general the consultants appear to have little experience in carrying out economic analysis to the standards required for ODA assisted projects. In addition, the PPMU have no in-house expertise to review and monitor the work of the consultants in these areas. It is generally acknowledged that the level of analysis required under an ADB financed project is outside the scope of GOV norms for preparation of feasibility studies. The consultants have indicated that in order to meet the ADB standards it would require additional work which cannot be paid under the GOV cost norms. There is a provision by the Ministry of Finance to allow additional payments to consultants to carry out work outside the cost norms when dealing with ODA projects<sup>6</sup>, but for unknown reasons, this feature is not being used under the project.

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<sup>6</sup> Decision No: 61/2006/qd-BTC of the Ministry of Finance Promulgating a Number of Spending Limits Applicable to Programs/Projects Using Official Development Assistance (ODA) capital sources, 2 November 2006

44. Safeguard issues including resettlement, and impact on environment, vulnerable groups and ethnic minorities was identified at the outset as a priority for IRDSPCP. The purpose of the ADTA was in part to ensure compliance with ADB policies in these areas. Because of weak capacity in this area at provincial level, the CPMU was to recruit national safeguard consultants to carry out safeguard studies for each subproject. The national safeguard consultants were also expected to carry out community consultations to obtain the views of intended beneficiaries in subproject design. In this regard, the input of the national safeguard consultants was considered key in the preparation of feasibility studies, and the timing of their input was critical to ensure that safeguard issues are properly considered during subproject concept design and preparation of feasibility studies.

45. The national safeguard consultants were mobilized in September 2009, approximately 6 to 8 months behind schedule. At that time substantial progress had been made in the preparation of the feasibility studies with little consideration to safeguard matters. Once the national safeguard consultants were recruited, they proceeded with the preparation of safeguard studies, but the quality of the studies was initially found to fall short of the required ADB standards. This caused additional delays in subproject preparation as safeguard studies had to be upgraded before they could be submitted to ADB for approval.

46. O&M is also an important aspect of the IRDSPCP but in general, O&M practices for rural infrastructures are considered poor. They are based on inadequate standards and are generally underfunded. In addition, there is a lack of corporate knowledge at the PPMU level for O&M activities. Of the 130 subprojects identified, 86 (or 66%) are in non-irrigation sectors. Roads constitute the largest sector with 73 subprojects (56%), markets, water supply and coastal protection take up the difference with 13 subprojects (or 10%). However the PPMUs are located in the Department of Agriculture and Rural Development (DARD) and have little experience and technical expertise regarding those sectors. DARD will also not be responsible for O&M of non-irrigation infrastructures once they are commissioned. Even in the irrigation sector, a large number of infrastructures will be managed by Irrigation Management Companies (IMC). This lack of experience and knowledge lead to oversight and poor O&M Plans being submitted.

47. 1. During this phase, in view of the serious weaknesses described above, the PCPF sub-team intensified its capacity building effort at provincial level. Mini-workshops were organized for all PPMUs and their consultants. All project provinces attended the workshops, as well as the consultants responsible for preparation of SIRs. Each mini-workshop consisted in: i) a full presentation of the guideline for the preparation of SIRs; ii) a general review and discussion of deficiencies found in SIRs presented by the provinces to date; and iii) detailed discussions based on actual SIRs submitted by the provinces. A significant part of the mini-workshop consisted in the review and discussion regarding safeguard requirements, O&M planning and economic analysis. The mini-workshops did improve the familiarity of the PPMUs and their consultants in the critical areas of safeguards, O&M and economic analysis as well as overall subproject preparation and design. However the poor quality of the safeguard studies prepared by the national safeguard consultants continued to hinder progress in the preparation of subprojects for CPMU and ADB approval. The work of the safeguard consultants is presently being monitored by the LIC. Additional capacity building in



preparation of economic analysis and in monitoring of safeguards during subproject implementation is being provided by the ADTA until the end of the TA, to improve the overall quality of the subprojects.

#### **b. O&M Component**

48. Subsequent to the submission of the final report for the O&M component, the O&M sub-team was demobilized in December 2009, and no further activity was carried out under this component. The recommendations of the sub-team regarding the approach to O&M during subproject preparation have been integrated in the work of the PCPF sub-team particularly with respect to capacity building at provincial and district level. The mini-workshops carried out under the PCPF component emphasized good practice in the planning and implementation of O&M activities. It also raised the issue of funding for such activities and promoted training at commune and district level for O&M in general. Activities being carried out by LIC consultants with respect to O&M continue to promote increased focus on institutional arrangements for O&M as recommended in the *Final Report of the O&M Component*.

### **D. Utilization of Input**

49. 2. The cost of the ADTA was estimated at \$1.1 million of which \$1.0 million was to be funded on a grant basis and the balance was to be provided by the Government in kind. The TA was to contribute 54 person-months of consulting services, including 24 person-months of international and 30 person-months of national expertise. The initial vs expected final distribution of person months is as follows:

**Table 1 - Utilization of Person Months**

<b>Specialist</b>	<b>Original Number of p-m</b>	<b>Expected Number of p-m</b>
International O&M specialist / TL	12	9.1
International PCPF specialist	12	15.1
<b>Total International Consultants</b>	<b>24</b>	<b>24.2</b>
National O&M Specialist	18	15.5
National PCPF Specialist	12	20
National Project Economist	0	7.1
<b>Total Domestic Consultants</b>	<b>30</b>	<b>42.6</b>
<b>Total</b>	<b>54</b>	<b>66.8</b>

50. A number of changes were made to the personal schedule during TA implementation to reflect the changes in personnel, the new scope of work and the additional person months of input. The Planned versus Actual Personnel Schedule showing those changes is attached as Appendix 6

## **E. Lessons learned**

51. The purpose of the ADTA was to provide advisory assistance and support to the CPMU and the PPMUs during early implementation of the IRDSPCP. The efficiency of the TA will be evaluated based on its impact on the quality and sustainability of the subprojects. As such most of the lessons learned are derived from implementation issues with the IRDSPCP.

### **1. Recruitment of Consultants**

52. One of the most important factors that affected and continues to affect implementation of the Loan Project are delays in the recruitment of consultants. There is a need to ensure that all consultancy input are provided in a timely fashion and that interaction between consultant groups is considered carefully during project preparation. The constraints facing the EA are often not assessed realistically during project preparation and the appraisal implementation schedule does not always reflect the administrative process involved at the EA level. There are numerous examples in the IRDSPCP that show the negative impact of delays the recruitment of consultants may have on the successful implementation of the project.

53. One of the key purposes of the ADTA was to provide start up assistance before loan effectiveness and during early project implementation. The ADTA was expected to fill the gap until fielding of LIC in providing implementation support and capacity building. Because of the delays in the recruitment of the ADTA consultants it was not possible for the ADTA to provide support before loan effectiveness and during early implementation as planned. By the time the ADTA consultants were mobilized substantial start up activities had already taken place without assistance. This affected the quality of the work being carried out by the PPMUs and the CPMU because of lack of familiarity both at provincial and to a certain extent central level with ADB procedures and policies.

54. Delays were also encountered in the recruitment of the LIC. While the ADTA was expected to provide short term implementation assistance until the LIC were in the field, its resources were quite limited for this work. The delay in fielding of the LIC stretched these scarce resources to the limit. The ADTA filled a void and provided implementation support and capacity building at CPMU and PPMU level but due to its limited resources, the effectiveness of this support was somewhat reduced compared to what it could have been had the ADTA and LIC team worked together and shared resources as planned.

55. Recruitment of national consultants for safeguard studies was also significantly delayed. Initially these consultants were to provide guidance and support to the feasibility study consultants recruited by the PPMUs regarding safeguard issues. Their input in the feasibility study and the SIR was considered critical to ensure that ADB and GOV policies regarding safeguards were being complied with and that safeguard considerations were incorporated in the design of each subproject to minimize negative impact on the beneficiaries



and the environment. At the time the safeguard consultants were fielded a large number of feasibility studies had already been carried out without input from the safeguard consultants. The quality of the feasibility studies suffered greatly from this and most had to be upgraded to incorporate the work of the safeguard consultants. In addition, in the absence of safeguard consultants and LIC, the task to assist the PPMU and their consultants fell on the already stretched resources of the ADTA.

56. Delays in recruitment of the ADTA, the LIC and the national safeguard consultants all resulted from protracted procedures within MARD. Those procedures were clearly underestimated at appraisal. It may be worth reviewing the process of approval of consultant selection at MARD to identify possible time saving measures for future projects, or at least to identify potential bottlenecks.

57. The delay in recruitment of consultants under IRDSPCP has created a number of schedule problems in the preparation of subprojects. As the SIRs were being prepared without assistance from the LIC or the Safeguard consultants, the ADTA provided such assistance as was possible with its limited resources, but with diminished effectiveness. As a result, over 2 years after the loan was declared effective, only a handful of subprojects have been approved and fewer are under construction. During the last year, the pressure from the GOV and the ADB to expedite implementation and increase disbursements often resulted in cutting corners with respect to implementation procedures and policy compliance. As a result, issues such as safeguard, O&M and economic analysis which were at the forefront of the IRDSPCP design often were given much lower priority than required.

## **2. Capacity of CPMU and PPMUs**

58. There is a need to carry out a more in depth review of the capacity of the CPMU and PPMUs for future projects following similar modalities and to assess the need for training and capacity building at project appraisal. The CPMU was established during RISP and the Project Director was experienced as a project director with RISP and other ADB financed projects. On the other hand most of the CPMU personnel were recruited for the IRDSPCP and many had little previous experience with ODA or ADB financed projects. As a result, substantial capacity building was necessary to ensure that the staff of the CPMU had the capacity to manage a project with 130 subprojects involving complicated issues such as compliance with ADB procedures and safeguard policies, O&M planning, complex subproject identification and preparation procedures and more. The ADTA was expected to provide such capacity building but in view of the late recruitment of ADTA consultants as discussed above, this was delayed with resulting impact on the quality of start-up work.

59. It had been assumed at the time of appraisal of the IRDSPCP that for 8 of the 13 provinces which had participated in RISP, sufficient capacity and knowledge had been developed to undertake this project with little guidance and support. However, this assumption not been corroborated in reality and in the majority of cases prior participation in RISP at provincial level did not appear to make a significant difference on the quality of subproject

identification and preparation work. This is due in part to the long period between the completion of RISP and the beginning of IRDSPC.<sup>7</sup> Once RISP was completed, the PPMUs were demobilized and staff transferred to other duties and/or other departments/offices. As a result, and except for a few exceptions, the staff and management of most PPMUs were new and had no or limited previous exposure to RISP or other ADB financed projects.<sup>8</sup> Furthermore, it is worth mentioning that IRDSPCP placed greater emphasis on safeguard issues, O&M planning, and economic analysis than RISP, and even provinces that participated in RISP needed to develop familiarity with these new issues and build the capacity to review and assess their impact.

60. The aspect of training and capacity building should be reviewed closely at the time of appraisal taking into consideration the current experience of the PMU staff as well as its management. New requirements or policies, for which staff cannot be expected to be familiar with, should also be taken into consideration to establish the nature and extent of capacity building required. In the case of IRDSPCP considering the greater emphasis on policy aspects it was critical that training be provided at the earliest stage of implementation in this area. This was planned to be done at least in part by the ADTA consultants but unfortunately this was not possible due to their late recruitment. This raises the issue that because of the long procedures for approval of consulting selection (even when selection is carried out by ADB) other forms of capacity building, such as workshops given directly by ADB for instance, should be considered.

### **3. Subproject Selection**

61. At the time of appraisal it was estimated that up to 150 subprojects would be financed under the IRDSPCP. Although one subproject was partly prepared during appraisal, all remaining subprojects had to be identified and selected by the PPMUs based on the provincial SEDP following selection criteria agreed between the ADB and the GOV during project appraisal. This process put a lot of responsibility and pressure on the relatively inexperienced PPMUs who: i) were by large unfamiliar with ADB policies regarding safeguards, O&M and economic analysis; ii) had generally no in-house capacity in many of the project sectors such as roads, waters supply and markets; iii) had limited if any staff specialized or experienced in economic analysis, resettlement, environment, ethnic minority and vulnerable groups or community development; and iv) were often unfamiliar with the subproject selection criteria. Furthermore, according to the project management structure, the PPMUs as an office of DARD was responsible to the PPC who is the executing agency at the province level for the subprojects. The PPC is a powerful political entity capable of mobilizing the resources necessary to resolve constraints in project implementation. However the PPC are not familiar with ADB requirements for the selection of subprojects. Because of its political status, it is not always possible for the PPMUs to go against the will of the PPC in matters regarding subproject selection, design, and implementation. There is also little flexibility regarding the

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<sup>7</sup> RISP closed on 31 December 2004 and IRDSPCP was declared effective in May 2008.

<sup>8</sup> It is worth noting however that in cases where the PPMU management/staff had been retained as in the case of Quang Tri and Ha Tinh, the quality of the selection and preparation work was significantly superior.

allocation of funds per districts at provincial level, and the PPMUs often had to select subprojects in one district even though there were higher priority subprojects in other districts.

62. The sheer amount of work required to identify and select 150 subprojects would be a major challenge in itself for the PPMUs, but combined to the lack of experience, capacity, and support, this task became daunting. Many of the initial proposed subprojects did not meet the basic selection criteria for the project, and for several it was not clear whether the expected impact on poverty reduction and economic development was sufficient to justify their inclusion in a priority list. The ADTA once fielded had to devote several person-months of input into assisting the PPMUs to revise their list of subprojects. This caused significant delay in project implementation partly because of the limited resources of the ADTA to carry out this extensive work in 13 provinces.

63. In retrospect, it may have been preferable for at least a number of subprojects in each province to be pre-selected during project appraisal. This would have i) facilitated the approval process for the initial batch of subprojects; ii) allowed an early start in the design and implementation of those pre-selected subprojects; iii) provided sufficient time to properly assess and consider safeguard and social development issues; iv) relieved pressure on the PPMUs to expedite selection and implementation; v) provided valuable time for the PPMUs to identify the second group of subprojects while some work was being carried out in the field on the initial group of pre-selected subprojects; and vi) allowed feedback from the first group of subprojects to be used during the selection of the subsequent groups.

#### **4. Justification for Sector Modality**

64. The basis for a sector project such as IRDSPCP is to promote integrated rural development at province and district level. However in view of the selection process, and the GOV's preference for an equitable distribution of subprojects between districts, there is in fact little integration between subprojects. Occasionally a road and market(s) are grouped together, often because the cost of the market would not be sufficient to be considered on its own. In other cases subprojects for upgrading a road and irrigation canals are located in the same vicinity but there is no immediate association or correlation between the two. By large, most subprojects are single sector interventions. Consequently, there is no obvious value added or synergies gained from the integration of a number of subprojects into a multi-sector project. In fact there are many arguments against giving the responsibility for identification, selection, design and implementation of subprojects to one organization when over 70% of the funds are destined for projects in sectors -- roads, water supply and markets -- for which the said organization has no authority or expertise and for which it will not be responsible for O&M once the facilities are completed.

65. There is a need to review the benefits of a multi-sector approach against its potential pitfalls. Single sector interventions that would be designed and implemented by an organization which is responsible for infrastructures in the sector; has in-house expertise and experience in the sector; and is responsible for management of such infrastructures may provide a viable alternative and may result in enhanced quality, relevance and sustainability of the project's outcome and output.

## **F. Conclusions**

66. The TA has met and exceeded most of its objectives, but its work was impaired by lack of resources and delays in mobilization both of the TA itself as well as the LICs. The initial scope of work did not anticipate the need for the ADTA to provide implementation support and capacity building for the IRDSPCP over a long period of time. The ADTA was expected to assist with start up activities before loan effectiveness, and to bridge the gap in implementation support and capacity building until the mobilization of the LIC. Following mobilization of the LIC the ADTA was to work in cooperation with the LIC to provide capacity building in selected areas as needed. The ADTA did not have sufficient resources both in terms of numbers as well as expertise, to efficiently provide the necessary capacity building and implementation support to the CPMU and 13 PPMUs over an extended period of time.

67. The capacity of the PPMUs to carry out subproject identification and preparation work was overestimated at the time of appraisal. It had been expected that at least 8 of the 13 PPMUs which had participated in the earlier RIPS would have retained sufficient capacity to carry out their functions with limited support. This proved not to be the case. The period of time elapsed between the end of RISP and the beginning of IRDSPCP meant that most PPMUs had been demobilized and new staff, with no previous experience with ADB procedures and policies, had to be hired. Furthermore, the introduction of a stronger focus on safeguard, O&M and economic analysis in IRDSPCP meant that even if RISP PPMUs had retained some capacity additional capacity building would be required in those areas. In absence of the LICs, the task of building capacity in these areas for 13 PPMUs fell on the already stretched ADTA consultants.

68. The capacity of the domestic consultants and national safeguard consultants was also a major disappointment. In view of their limited capacity and lack of qualifications in most of the project sectors, the PPMUs had to rely heavily on the services of domestic consultants for preparation of subproject feasibility studies, SIRs, and detailed designs. Furthermore the CPMU were to engage national consultants specialized in environmental and social studies to carry out the review of safeguard issues and to prepare safeguard studies to assist the PPMUs and their consultants in those areas. In addition to the fact that delays were encountered in the fielding of safeguard consultants, the quality of the initial work carried out by these firms did not meet the ADB standards. This weak capacity in the domestic and national consulting services resulted in the ADTA having to provide additional capacity building for the consultants, and had to review and rewrite a number of safeguard studies prepared by the safeguard consultants.

69. The scope of the O&M policy component was probably overambitious considering the number of sectors involved and the immense complexity of the national and provincial policy framework for O&M in Viet Nam. Furthermore, given the recent policy of decentralization of the GOV, the policies and procedures for O&M at provincial level were already in place and the main issue was whether the provincial governments would devote sufficient budget to O&M activities. Further dialog at national level was unlikely to have significant impact on this aspect. There was also insufficient time and resources to address complex O&M policy issues during implementation of the ADTA. This recognition led to the decision to reduce the scope of

the O&M Policy component and provide additional resources to the PCPF component to fulfill its increased role of capacity building. It was further considered that the preparation of SIRs represented a better opportunity to demonstrate to the provinces proper O&M planning and budgeting practices.

70. Given the changing conditions that prevailed throughout the initial phase of the loan project, the ADB and the CPMU showed great flexibility during the implementation of the TA to modify the scope of work, provide additional person months as required and where required, and adjusting the implementation schedule accordingly. This flexibility allowed the TA to adopt a methodology that was better suited to the needs of the provincial and central levels particularly regarding capacity building and implementation support. The need to provide significantly greater than envisaged capacity building particularly at provincial level resulted in some delays in the initial implementation of the Loan project, but overall it is likely that the quality of the subprojects and their impact on the beneficiaries will be enhanced due to this additional work.

## Appendix 1. DESIGN&MONITORING FRAMEWORK STATUS AND ACHIEVEMENTS

DESIGN SUMMARY	PERFORMANCE INDICATORS	ASSUMPTIONS AND RISKS	ACHIEVEMENTS/STATUS
<b>Impact</b> <p>More sustainable rural infrastructure in the IRDSPCP due to better O&amp;M and efficient and effective implementation of subprojects</p>	<p>1. Provincial Gov. increase their budgets for O&amp;M of rural infrastructure</p> <p>2. Subprojects of IRDSPCP expeditiously implemented</p>	<p><b>Assumptions</b></p> <p>TA Agreement is signed expeditiously</p> <p><b>Actual: Delays were encountered and the TA Agreement was signed on 30 June 2008 and the TA was mobilized in August 2008.</b></p> <p><b>Risk</b></p> <p>Provincial Gov. are not willing to make necessary adjustments</p>	<p>Since none of the subproject has been completed to date, it is too early to assess whether the Prov. Gov. budgets will actually be increased to meet the need for better O&amp;M. However it is clear that the ADTA has contributed significantly to increase awareness for O&amp;M at provincial and central level. Better O&amp;M Planning procedures have been developed and incorporated in subproject preparation procedures.</p> <p>The ADTA has contributed significantly to improve the quality of subproject preparation through various capacity building initiatives and hands on training.</p> <p>There have been delays in subproject preparation however as the PPMUs and their consultants required more than anticipated support to improve the quality of subproject preparation particularly in the areas of safeguard, O&amp;M planning and economic and financial analysis.</p>
<b>Outcome</b> <p>1. Prov. Gov. understand the need and importance of rural infrastructure maintenance</p>	<p>1. Adequate budget is provided by Prov. Gov. for O&amp;M of IRDSPCP</p>	<p><b>Risks:</b></p> <p>Prov. Gov. are not receptive to new ideas about the importance of O&amp;M funding or new procedures cannot be put in place due to inflexible National regulations</p>	<p>The Prov. Gov have issued commitment to provide adequate funding for O&amp;M for all subprojects financed under the IRDSPCP. The awareness of O&amp;M funding for rural infrastructure has been raised significantly at provincial level. The availability of fund may continue to cause problems however as the number of rural infrastructures is increasing rapidly and will put pressure on an already strained budget.</p>



DESIGN SUMMARY	PERFORMANCE INDICATORS	ASSUMPTIONS AND RISKS	ACHIEVEMENTS/STATUS
2. PPMU Staff are made aware of implementation procedures for safeguards for rural infrastructure subprojects	2. IRDSPCP starts up quickly and there are no reports of anomalies, social problems, or environmental transgressions	Differences between Gov. and ADB procedures result in confusion among PPMU staff	<p>The ADTA has conducted a large number of workshops, and has conducted on the job training in subproject identification, selection as well as preparation. All PPMUs and their FS Consultants have been trained in various aspects of subproject preparation, and great emphasis has been placed on safeguards, O&amp;M, social development, and economic and financial analysis of subprojects. Training was also provided in project implementation procedures with assistance from the ADTA, and as a consequence, all PPMUs have been able to carry out procurement and consultant selection following ADB procedures.</p> <p>Delays incurred in the preparation of subprojects were caused partly by late fielding of ADTA and LIC.</p>
<b>Outputs</b> 1. Report on O&M detailing out the requirements for increased O&M Funding and ways to mobilize such funding. 2. PPMU staff trained in subproject implementation procedures in accordance with ADB and GOV policies and regulations	1. Production of consultant's final report on O&M 2. On the job training completed	<b>Assumptions</b> Competent consultants are hired by ADB Provincial Authorities and PPMU staff receptive to consultants advice	<p>The final report on O&amp;M was produced and highlighted a number of areas to improve O&amp;M funding.</p> <p>The PPMU staff were trained in project implementation procedures, social development, safeguards, O&amp;M planning, and economic analysis through on the job training, and numerous workshops and seminars. The PPMU proved receptive to the suggestions of the consultants and readily incorporated those in subproject processing activities</p>
<b>Activities with Milestones</b> 1.1 Operation and maintenance consultants recruited by 06/2008 1.2 Interviews and analyses at national and donor level concluded by 08/2008 1.3 Initial field interviews at provincial level begin by			<b>Achievement/Status</b> 1.1 O&M Specialists were fielded on 18 August 2008 1.2 to 1.8 were largely modified following the change in scope in February 2009.

DESIGN SUMMARY	PERFORMANCE INDICATORS	ASSUMPTIONS AND RISKS	ACHIEVEMENTS/STATUS
<p>09/2008</p> <p>1.4 Initial analysis of findings undertaken by 01/2009</p> <p>1.5 Awareness program designed by 03/2009</p> <p>1.6 Provincial level awareness workshops and policy analysis seminars undertaken until 09/2009</p> <p>1.7 Discussions with national level agencies continue through 09/2009</p> <p>1.8 Specific measures which should be followed by the GoV and the donors in order to improve O&amp;M funding and avenues for further investigation identified by 09/2009</p> <p>1.9 Final report prepared and submitted by 12/2009</p> <p>2.1 Policy compliance and project facilitation specialists recruited by 06/2008</p> <p>2.2. Initial field visits to provinces to review compliance requirements and implementation procedures and to identify initial subprojects undertaken by 08/2008</p> <p>2.3 Subproject Identification Proposals (SIPs) for identified subprojects prepared and submitted to ADB by 09/2008</p> <p>2.4 Provinces briefed on consultant recruitment procedures and safeguard requirements by 11/2008</p> <p>2.5 Loan funded implementation consultants recruited by 11/2008</p> <p>2.6 Assist CPMU to set up financial procedures and arrangements by 11/2008</p> <p>2.7 Assist the CPMU to review SIPs and Subproject Implementation Reports (SIRs) through 12/2009</p> <p>2.8 Provide guidance to provinces in design consultant and contractor recruitment through 12/2009</p> <p>2.9 Provide guidance to loan-funded consultants as they take over project implementation activities through 12/2009</p> <p>2.10 Supplement assistance activities of loan-funded consultants as required through 12/2009</p>			<p>1.9 Final report on O&amp;M Component was submitted on 27 February 2010.</p> <p>2.1 PCPF specialists were fielded 18 August 2008</p> <p>2.2 initial field visits to all 13 provinces were completed by Dec 2008.</p> <p>2.3 In view of the need to revamp the list of subprojects to meet the selection criteria, SIP preparation took much longer than anticipated and was only concluded in mid-2009</p> <p>2.4 provinces were all briefed on procurement and consultant selection as well as on safeguard, O&amp;M and economic analysis in a workshop in Sept 2008. Additional capacity building in these areas was required however and continued until the end of the TA.</p> <p>2.5 LIC were fielded in Sept 2009</p> <p>2.6 Financial procedures and arrangements were set up prior to the fielding of the ADTA</p> <p>2.7 Review of SIPs and SIRs combined to capacity building in preparation of those documents constituted a major activity of the ADTA until completion of the TA.</p> <p>2.8 this activity was taken over by the LIC upon their fielding in Sept 2009</p> <p>2.9&amp; 2.10 transfer of knowledge and support to the LIC started in Sept 2009 and continued until end of the TA</p>



## **Appendix 2. SUMMARY REPORTS ON REVIEW OF SUBPROJECT IDENTIFICATION PROPOSALS**

**FIRST SUMMARY REPORT ON REVIEW  
OF SUBPROJECT IDENTIFICATION PROPOSALS (SIP)  
FOR THE  
INTEGRATED RURAL DEVELOPMENT SECTOR PROJECT  
IN THE CENTRAL PROVINCES (VIETNAM)  
SEPTEMBER 2008**

**Introduction**

Since mobilization on 18 August, the Policy Compliance and Project Facilitation (PCPF) sub-team has placed a high priority on the review of initial Subproject Identification Proposals (SIP). A total of 17 SIP have been reviewed from all 13 project provinces (the list of proposed subprojects is attached in Appendix 1). The review was conducted to ensure subproject compliance with selection criteria, including those pertaining to subproject scope, size and cost, environmental concerns, social concerns, potential land acquisition requirements and end-user consultation requirements.

The sub-team conducted a desk review of all the SIPs and prepared Summary Review Reports (SRR) for each SIP recording the sub-team's observations. These SRRs were translated into Vietnamese and sent to each PPMU by the CPMU for their consideration. In addition to the desk review, the sub-team in cooperation with the CPMU also visited the PPMUs of five project provinces<sup>1</sup> to: discuss and provide direct feedback to the PPMUs regarding the compliance of the SIPs submitted for approval; review the list of proposed subprojects for the province; visit project sites of proposed subprojects including the initial subprojects for which SIP had been submitted to ensure compliance with eligibility requirements; and advise the PPMUs regarding packaging and potential substitutions of subprojects which may not be eligible for support under the project.

During the Implementation Workshop held in Binh Dinh from 21 to 28 September, the sub-team in cooperation with the CPMU, held individual clinics with the remaining 9 project provinces which had not yet been visited by the sub-team to: review and discuss the initial SIPs submitted for approval; provide feedback regarding suitability and eligibility of the proposed subprojects; discuss shortcomings identified during the review; and provide guidance to correct the identified shortcomings and prepare future SIPs. The sub-team also gave a 1 1/2 day presentation to all PPMU and CPMU staff on eligibility requirements for sub-projects; preparation of SIPs; and compliance with safeguards policies of the ADB.

**SIP Review:**

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<sup>1</sup> Thanh Hoa, Nghe An, Ha Tinh, Phu Yen and Binh Dinh.

The review of the 17 initial subprojects by the sub-team revealed that none of the SIPs would have passed the ADB scrutiny as originally submitted. Many would have failed on the issues of consultation and/or safeguards alone but other problems were also identified, overall :

- Many of the SIPs had poorly stated objectives and unclear scope of work, in many cases it was impossible to even determine whether the project was for a new infrastructure or rehabilitation of existing one;
- In many cases the safeguard issues had been either poorly stated and appraised or completely ignored;
- A large number had not carried out or had confused the community consultation and awareness requirements;
- Many were cluttered with unnecessary details regarding proposed designs and applicable regulations; and
- The translation of many the sips was so poor that they could not be submitted to ADB for approval as they were practically incomprehensible;

Nevertheless, a detailed review of each subproject SIP was carried out and a SRR was prepared for each SIP. The SRR were translated to Vietnamese and submitted to each PPMUs for consideration with brief instructions for revising and upgrading. The SRRs for all 17 projects SIPs are available on request.

The SRR were also the basis of discussion during visits to the provinces and at the clinics held during the Implementation Workshop in Binh Dinh. Each PPMU was briefed on the shortcomings of the SIPs and suggestions were made to improve the SIPs prior to resubmission. Following is a short summary of the assessment of each of the 17 SIPs by province as well as other projects which were identified during field trips, including recommendations for future processing:

#### **Binh Dinh:**

**a) My Hiep – My Trinh Road:** The project is to upgrade and construct 16 km of inter-commune dirt road and path to concrete surface. Specifically the project will widen the entire road length to 6,5 m foundation and 3,5 m concrete surface with 1,5 m shoulders. The subproject is only a short section of the overall 120 km western provincial road which is to run parallel to the national highway no. 1 and is presently in different phases of construction under World Bank and Government financing.

i) *Summary of initial SIP review:* Overall the SIP was not clear. The objectives and scopes were reasonably well stated but clarification was needed regarding the scope of the project. Relevance to the province Socio Economic Development Plan was well stated, but links with on-going projects and existing infrastructure needed strengthening. Community consultations did not appear to meet ADB requirements. The O&M arrangements also needed to be clarified.

ii) *Action taken:* the content of the SIP was discussed with the PPMU during a field visit on 26 September and the SIP was rewritten with the PPMU. Most deficiencies were addressed and remaining clarifications may be provided quickly. Additional community consultations will need

to be carried before the project is submitted for consideration. During the field visit however, some concerns were raised regarding the eligibility of this project. This is not a self contained project but rather a small section of an ongoing provincial project to build a primary road parallel to national highway no. 1. Although there may be some economic justifications for carrying out such a project the intent and purpose of the Integrated Rural Development Sector Project in the Central Provinces (IRDSPCP) is to rehabilitate and upgrade small and medium-sized infrastructure projects. The building of a new primary road hardly fits this description. Furthermore, the propose subproject will construct 7 km of new road through production forestry area. Although there are no stated land acquisition problem, there may be some environmental issues raised from this project. There are no ethnic minorities living in the project area but some ethnic minorities from the nearby mountainous areas will benefit from the project. The impact on gender and vulnerable groups is likely to be positive.

iii) *Recommendations:* It is the view of the sub-team that this sub-project may not be suitable for consideration under the IRDSPCP project in view of the fact that it is a segment of a larger provincial road project currently being constructed under World Bank and Government financing. It would be preferable to identify a more suitable project.

**b) Nhon Tan – Nhon Phuc Road:** this subproject is designed to widen an existing concrete road from 3.5 to 5 m to allow increased volume of transport between two strategic provincial and national roads. While a SIP has not yet been submitted for this sub-project it is listed as one of the proposed sub-project for financing. The sub-team and the CPMU visited the project site on 26 Sept 2008 to assess suitability and eligibility for financing under the IRDSPCP.

i) *Observations:* There is a bridge at the beginning of the road which has collapsed severely restricting traffic on the road. This bridge needs to be replaced urgently. The road is in very good shape as it is, although the concrete surface is on 3,5 m wide it is still in good condition having been built only 2 years ago. There are areas along the road where erosion is threatening to damage the concrete and foundation of the road but those are localized and can be easily repaired. The PPMU is proposing to upgrade the road to a full 5 m wide concrete surface with 6 m foundations. There are many settlement areas along the road which may require land acquisition or resettlement, or alternatively the PPMU is suggesting to keep the road in its original alignment and width within those areas. This while solving the resettlement issue would defy the very purpose of widening the road to increase traffic flow.

ii) *recommendations:* this project is ill conceived, its objectives are at odds with its proposed scope. Furthermore, given that this road has recently been upgraded to concrete surface it does not require major repair or upgrading at this stage. The collapsed bridge does need replacement and there are needs for minor repairs and drainage work along the road to protect the foundation and the road against erosion. Should this project be considered for financing under IRDSPCP, the SIP scope of work should be limited to the replacement of the bridge and minor repairs and upgrading of the drainage system and protection of road embankments. The widening of the road to 5 m concrete surface should not be considered at this time.

**c) Nui Mot irrigation canal system:** The project is designed to line and upgrade and concrete or stone line sections of the existing irrigation canal system which suffer from erosion and

deterioration. While a SIP has not yet been submitted for this sub-project it is listed as one of the proposed sub-project for financing. The sub-team and the CPMU visited the project site on 26 Sept 2008 to assess suitability and eligibility for financing under the IRDSPCP.

*i) Observations:* Several sections of the existing irrigation system suffer from erosion and heavy losses of water in the soil. The PPMU is proposing to upgrade and line the critical sections of the canals with either concrete or stone lining to improve efficiency of water carriage and hence improve agriculture production in the command area. Since this is upgrading of an existing system, it would not result in any significant environment or resettlement/ land acquisition issues.

*ii) recommendations:* this project would be a good replacement for the *My Hiep – My Trinh Road* as the initial subproject from Binh Dinh for financing under IRDSPCP. Given the instruction that were given to the PPMU during the Workshop in Quy Nhon, it should be easy for the PPMU to prepare a SIP and submit it to the CPMU for consideration.

#### **Binh Thuan:**

**a) Tho River Dam project:** this project is for construction of new earth and reinforced concrete dam and lining of over 7,000 m of primary, secondary and tertiary canals, as well as construction of sluices, regulators and head culverts, and road crossing.

*i) Summary of initial SIP review:* Overall the SIP was poorly prepared and written. The objectives and scope of the project were not clear; community consultations were not carried out in accordance with ADB requirements; it failed to address the issues of environment, resettlement/land acquisition, and ethnic minorities adequately; and the based on a cost of US\$4,300/ha the EIRR may not be 10%.

*ii) Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. Some deficiencies were addressed such as the project objectives and proposed scope of the project, but a number of minor as well as significant clarifications remain to be made by the PPMU. Minor clarifications include provision of a socio economic profile of the intended beneficiaries, and additional details regarding link with other projects financed by the Government or other donors. These can be provided quickly. More serious are the lack of proper community consultation, and the potential environmental and resettlement issues as well as possibly low EIRR that may arise from this project.

*iii) Recommendations:* this subproject is not ready for submission at this stage. The first question is whether a project for construction of a new dam is suitable to be financed under the project. The importance of the capital investment cost is likely to result in low EIRR. Further more there are looming questions about resettlement issues, which would require the resettlement plan to be submitted for review, and environmental impact. There will also be need for detailed hydrological surveys, and soil and foundations surveys. Even if the PPMU can address these questions it is likely to take some time and it may be more appropriate at this stage to substitute this subproject with one that doesn't raise such difficulties.

iv) *follow up during preparation*: however, should this project proceed further, there will be a need to follow up and monitor closely the issues of resettlement and impact on environment. The EIRR should also be monitored closely in view of the required high investment cost.

### Ha Tinh

**a) Vuc Truc Reservoir**: this project is for the construction of a new multi-purpose dam and irrigation system. The water from the reservoir will supplement the existing rainfed agriculture area and will supply domestic water for 20,000 in a nearby town.

i) *Summary of initial SIP review*: the SIP for this project was not well prepared. The objective and scope of the project were not clear. The socio-economic justifications were not well stated, and the environment and resettlement issues were not properly identified and addressed.

ii) *Action taken*: the site of the proposed dam and irrigation system was visited by the sub-team and the CPMU on 8 Sept 08. This is a new dam construction which would result in flooding of approximately 4 sq km of forest area up stream of the dam and will necessitate land acquisition, and will require an environmental assessment study to be carried out. There are also eligibility questions regarding this project particularly with respect to the water supply component for 20,000 in the nearby town. This is outside the scope of the IRDSPCP project. Priority for water supply schemes under IRDSPCP is to be given to those that serve areas which do not currently have potable groundwater or where groundwater is of poor quality. Priority areas will include coastal areas affected by salinity intrusion as well as areas suffering from groundwater pollution. Schemes serving poor rural areas will take preference over those serving better-off towns and district headquarters.<sup>2</sup>

iii) *recommendations*: this proposed sub-project is not a good candidate for financing under IRDSPCP. It has potential high resettlement and environment issues, and low expected benefits compared to cost. One of the major components of the subproject is outside the scope of the IRDSPCP for eligibility. It is recommended that this project be substituted by a more suitable one.

**b) Upgrading of Binh Loc – An Loc – Tinh Loc Road and Market**: The project will upgrade 8 km of the existing inter-commune road between and will relocate and reconstruct the District market in Loc Ha.

i) *Action taken*: no SIP had been submitted by the PPMU for this project but the project was on the list of projects to be considered for financing under the IRDSPCP. In view of the unsuitability of the Vuc Truc Reservoir subproject, the site of this subproject was visited by the sub-team and the CPMU on 8 Sept 2008, and a new SIP was prepared in collaboration between the sub-team, the CPMU and the PPMU

ii) *recommendations*: the SIP prepared in collaboration with the Sub-team, the CPMU and the PPMU requires only minor clarifications and additions which can be done by the PPMU quickly.

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<sup>2</sup> RRP Supplementary Appendix B

The project will not cause significant environment or resettlement problems and will likely result in favorable EIRR. This project would be a good prospect to substitute for the Vuc Truc Reservoir as the initial project for Ha Tinh province once the SIP has been finalized by the PPMU and submitted for consideration.

### Kon Tum:

Initially, Kon Tum presented 4 SIPs:

**a) Dak Tram – Dak Ro Ong Road:** this project will upgrade 12,5 km of existing inter-commune dirt road to bitumen surface and improve the drainage system to reduce erosion.

i) *Summary of initial SIP review:* Overall the SIP was generally well prepared. The objectives were well stated, and although some clarification were needed regarding the scope of the project those were minor. Relevance to the province Socio Economic Development Plan as well as links with existing infrastructure required strengthening, no significant resettlement and environmental issues were identified. And the cost of the road at \$83,000 / km appears reasonable.

ii) *Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. Most deficiencies were addressed and remaining clarifications may be provided quickly. There are no environment or resettlement issues with this project and the impact on gender and vulnerable groups is likely to be positive. The EIRR is also likely to be more than 10%.

iii) *Recommendations:* upon resubmission of the SIP and once the clarifications requested are satisfactorily addressed by the PPMU this project is likely to be ready for consideration and approval by the CPMU (and if required by the ADB).

**b) Dak Long Rural Road:** the project is to upgrade an existing 10 km of dirt road to bitumen surface to link a remote commune to the provincial road.

i) *Summary of initial SIP review:* Overall the SIP was generally well prepared. The objectives and scope were well stated, and although relevance to the province Socio Economic Development Plan as well as links with existing infrastructure required strengthening this is considered minor. There were also some questions regarding the extent of community consultations which needed to be clarified. There are no anticipated significant resettlement and environmental issues. The cost of the road appears high at \$220,000 / km but considering the mountainous area this is probably within the expected range.

ii) *Action taken:* the comments/questions of the sub-team were submitted to the PPMU for consideration and for resubmission of the SIP. The PPMU attended the Workshop in Binh Dinh from 21 to 28 Sept 08 and met with the CPMU and the Sub-team in a clinic held during the workshop. The PPMU have experience in preparing subprojects from RISP and it is expected that they can address the requested clarifications and complete the SIP for resubmission to the CPMU.



iii) *Recommendations:* upon resubmission of the SIP and once the clarifications requested are satisfactorily addressed by the PPMU this project is likely to be ready for consideration and approval by the CPMU (and if required by the ADB). The major issue of concern with this subproject may be a potential low EIRR.

iv) *follow up during preparation:* The EIRR should also be monitored closely in view of the required high investment cost. Should the EIRR be too low some consideration may be give for the social benefit of the project which is likely to improve the livelihood of over 2,500 ethnic minority people from the remote mountainous area.

**c) Lac Bong - Ko Xia road:** the subproject will upgrade 6km of mountain road from dirt to concrete surface and improving the drainage to protect the road against erosion.

i) *Summary of initial SIP review:* Overall the SIP was generally well prepared. The objectives and scope were generally well stated, and although relevance to the province Socio Economic Development Plan as well as links with other projects and existing infrastructure required strengthening this is considered minor. As for the Dak Long Rural Road above, there were some questions regarding the extent of community consultations which needed to be clarified. There are no anticipated significant resettlement and environmental issues. The cost of the road appears high at \$240,000 / km but considering the mountainous area this is probably within the expected range.

ii) *Action taken:* the comments/questions of the sub-team were submitted to the PPMU for consideration and for resubmission of the SIP. The PPMU attended the Workshop in Binh Dinh from 21 to 28 Sept 08 and met with the CPMU and the Sub-team in a clinic held during the workshop. The PPMU have experience in preparing subprojects from RISP and it is expected that they can address the requested clarifications and complete the SIP for resubmission to the CPMU.

iii) *Recommendations:* upon resubmission of the SIP and once the clarifications requested are satisfactorily addressed by the PPMU this project is likely to be ready for consideration and approval by the CPMU (and if required by the ADB). The major issue of concern with this subproject may be a potential low EIRR.

iv) *follow up during preparation:* As for the Dak Long Rural Road project above, the EIRR should also be monitored closely in view of the required high investment cost. Should the EIRR be too low some consideration may be give for the social benefit of the project which is likely to improve the livelihood of over 2,500 ethnic minority people from the remote mountainous area.

**d) Lac Bong Irrigation system:** this project will upgrade and rehabilitate the headwork and canal of the Lac Bong irrigation system.

i) *Summary of initial SIP review:* Overall the SIP was not as well prepared as the other 3 submitted by Kon Tum provinces. While the objectives of the project were adequately stated, the scope was rather unclear. Relevance to the province Socio Economic Development Plan as well as links with other projects and existing infrastructure also were weak or understated. As for the other projects, there were some questions regarding the extent of community consultations which needed to be clarified. There are no anticipated significant resettlement and



environmental issues. The cost also appeared high at \$7,700 /ha and may not meet the required EIRR.

ii) *Action taken:* the comments/questions of the sub-team were submitted to the PPMU for consideration and for resubmission of the SIP. The PPMU attended the Workshop in Binh Dinh from 21 to 28 Sept 08 and met with the CPMU and the Sub-team in a clinic held during the workshop. The PPMU have experience in preparing subprojects from RISP and it is expected that they can address the requested clarifications and complete the SIP for resubmission to the CPMU.

iii) *Recommendations:* upon resubmission of the SIP and once the clarifications requested are satisfactorily addressed by the PPMU this project is likely to be ready for consideration and approval by the CPMU (and if required by the ADB). The major issue of concern with this subproject may be a potential low EIRR.

iv) *follow up during preparation:* As for the above projects the EIRR should also be monitored closely in view of the low benefits anticipated.

## Nghe An

**a) Hung Trung - Nghi Kieu Rd, irrigation and market:** The project will upgrade an existing road to bitumen surface, upgrade and line irrigation canals and upgrade two markets.

i) *Summary of initial SIP review:* Overall the SIP was not well prepared. While the objectives of the project were adequately stated, the scope was rather unclear it described the existing situation rather than the proposed scope of the project. Relevance to the province Socio Economic Development Plan as well as links with other projects and existing infrastructure were weak and did not cover every component of the proposed project. The proposed O&M arrangements were also unclear. Finally the analysis of environmental impact and resettlement were not well developed and need more details.

ii) *Action taken:* the sup-team and the CPMU visited Nghe An province on 6 and 7 Sept 2008, to review the list of proposed subprojects and provide feedback on the proposed SIP. The Sub-team and CPMU made several suggestions regarding packaging of roads and market projects to improve efficiency in implementation. The SIP for this project will need to be rewritten and may present a different scope.

iii) *Recommendations:* the PPMU is to rewrite this SIP and resubmit it taking into consideration suggestions made by the sub-team and the CPMU regarding packaging of subprojects. Upon resubmission the CPMU should review the SIP for compliance with eligibility and selection criteria.

**b) Upgrading of Dinh Lat Inter-District Road:** The project will upgrade 27.5 km of the existing inter-district road from dirt surface to bitumen and build appropriate drainage and structures.

i) *Summary of initial SIP review:* the SIP for this project had not been submitted for consideration of the CPMU.

ii) *Action taken:* the sup-team and the CPMU visited the project area on 6 Sept 2008, and assisted the PPMU in writing a new SIP for this project. A copy of the SIP both in English and Vietnamese was left with the PPMU. There are minor points which require clarifications, and proper community consultations need to be carried out before the SIP can be presented for approval of the CPMU. These should not require too much time however and the SIP can be submitted shortly.

iii) *Recommendations:* upon submission of the SIP and subject to all clarifications and requirements being met, this may be a good candidate for consideration by the CPMU for financing under IRDSPCP

**c) Rural Market Upgrading Project:** The project will upgrade 6 rural markets in 4 districts of Nghe An province.

i) *Summary of initial SIP review:* the SIP for this project had not been submitted for consideration of the CPMU. This project was conceived during the visit of the sub-team and CPMU to Nghe An on 6 and 7 Sept 2008. Initially these 6 markets were to be upgraded under 2 or 3 different subprojects, upon suggestion from the sub-team and CPMU the PPMU agreed to group these projects under one project to i) insure that the criteria for minimum amount of \$500,000 per subproject is being met and ii) improve efficiency in design and implementation of the sub-project.

ii) *Action taken:* the sup-team and the CPMU visited the project area on 6 Sept 2008, and assisted the PPMU in writing a new SIP for this project. A copy of the SIP both in English and Vietnamese was left with the PPMU. There are minor points which require clarifications, and proper community consultations need to be carried out before the SIP can be presented for approval of the CPMU. These should not require too much time however and the SIP can be submitted shortly.

iii) *Recommendations:* upon submission of the SIP and subject to all clarifications and requirements being met, this may be a good candidate for consideration by the CPMU as an initial SIP for financing under IRDSPCP

## Ninh Thuan

**a) Nha Trinh -Lam Cam irrigation:** The subproject will upgrade and line 9,500 m of the main irrigation canal in the upper and lower reaches of the south canal of the Nha Trinh – Lam Cam irrigation system and rehabilitate 9,5 km of dirt access road on the left side of the canal bank, including rebuilding a number of existing bridges

i) *Summary of initial SIP review:* Overall the SIP was relatively well prepared. Some clarifications were needed regarding the objectives and scope of the project and the relevance to the province Socio Economic Development Plan. The initial cost of \$3.8 million however was a major concern in view of the risk that it may exceed \$4M once the detailed design is complete. Community consultations were not conducted prior to submission of the SIP. There are no significant environment and resettlement issues, and the project is expected to have a positive

impact on minorities, women and vulnerable groups. The economic return is expected to be high since the cost is approximately \$455/ha.

ii) *Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. A number of deficiencies were addressed and suggestions were made to improve the presentation. Community consultations need to be carried out. The cost of the project was revised down to \$3.1 million so well within the eligibility range. It is unlikely that the project will cause significant environment and resettlement problems, but some clarifications are still needed on the extent of acquisition and compensation that will be required. The project is likely to have a positive impact on minorities, women and vulnerable groups.

iii) *Recommendations:* the SIP should be revised by the PPMU to reflect the requested additional information and community consultations must be carried out. The EIRR of this project is expected to be high and it is a good candidate for consideration and approval by the CPMU and the ADB once community consultations have been carried out and other minor clarifications provided.

iv) *follow up during preparation:* during project preparation, there will be a need to follow up on O&M arrangements and funding for this project. Efforts to identify areas for community participation should also be encouraged.

## Phu Yen

**a) Lo An Reservoir:** the project will construction of new 16 m high, 150 m long earth dam including reinforced concrete spillway and outlet canal and sluice gate and 11,600 m of primary, secondary and tertiary canals, as well as 1.5 km of access road.

i) *Summary of initial SIP review:* Overall the SIP was poorly prepared and written. The objectives and scope of the project were not clear; the issues of resettlement and land acquisition were understated; while effort was made to describe the impact on environment it is felt that this project will require more detailed assessment of the potential environment impact; the cost of the project is also considered high at \$3.3 Million, and the cost benefit is rather low at US\$12,100/ha which may result in an EIRR significantly below 10%.

ii) *Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and was used as an example with the PPMU to write a new SIP. Some deficiencies were addressed such as the project objectives and proposed project scope, but a number of minor as well as significant clarifications remain to be made by the PPMU. Minor clarifications include provision of a socio economic profile of the intended beneficiaries, and additional details regarding link with other projects financed by the Government or other donors. These can be provided quickly. More serious are the potential environmental and resettlement issues as well as possibly low EIRR that may result from this project.

iii) *Recommendations:* The sub-team and the CPMU also visited the site of the proposed dam on 27 Sept 08 to assess suitability and eligibility for consideration under the IRDSPCP. The conclusion of the sub-team is that the subproject is not suitable for financing under IRDSPCP. In

addition to technical difficulties, there are major concerns regarding resettlement issues which would require a resettlement plan to be submitted for review, and the impact on the environment must also be addressed. The high investment cost and relatively low benefits from the project also cast doubts about compliance with selection criteria. It is recommended that this project be replaced by a more suitable subproject (see below).

**b) Chi Thach – An Linh road:** The project is designed upgrade 8 km of rural road to bitumen surface. The road will link a number of remote communes to the provincial road network.

*i) Observations:* The sub-team and the CPMU visited the project site on 27 Sept 2008 to assess suitability and eligibility for financing under the IRDSPCP. The existing road goes through mountain areas and is subjected to severe erosion during the rain season. Some sections are impassable or unsafe during the rain season isolating the communes from markets, and health and education centers. This project would improve the livelihood and welfare of the people in the remote communes and would bring about economic development in this poor area. The proposed road would follow the existing embankment and would not likely cause any resettlement or environment problem. The cost of the project is estimated at US\$1.0 million (US\$120,000/km).

*ii) recommendations:* this project would be a good replacement for the *Lo An reservoir and irrigation system* as the initial subproject from Phu Yen province for financing under IRDSPCP. Given the instruction that were given to the PPMU during the Workshop in Quy Nhon, and subsequent discussions the field during the site visit, it should be easy for the PPMU to prepare a SIP and submit it to the CPMU for consideration.

*iii) follow up during preparation:* Although the price is considered within the range for a mountain road, it will be necessary to monitor the EIRR closely during preparation to ensure that the project meet the selection criteria for this type of project.

**b) Phu Khe – Da Ngu road:** this project will upgrade part and construct a new section of road between Phu Khe and Da Ngu. The total length of the new upgraded road will be 6 km and is proposed to cross an area which is presently being occupied by aquaculture ponds.

*i) Observations:* The sub-team and the CPMU visited the project site on 27 Sept 2008 to assess suitability and eligibility for financing under the IRDSPCP. The existing road goes around the aquaculture ponds and will be used for a residential development area being promoted by private sector. The proposed road will take off from the existing road and will cross approximately 2,5 km of shrimp ponds. The number of people to be affected by the new road will likely be much more than 200, and a significant proportion of their livelihood (the shrimp ponds) will be loss. There are also a number of technical and environment issues related to this project. The cost is also considered very high at \$2,8 million (\$470,000/km)

*ii) recommendations:* this project should not be considered for financing under IRDSPCP because of the potential environmental risks, resettlement issues, technical difficulties and required high cost of investment against limited benefits.

**c) Binh Da Coastal Protection Infrastructure:** this project will construct and repair 1,5 km of coastal protection dike in an area which is regularly affected by flood and erosion during the rain season.

*i) Observations:* The sub-team and the CPMU visited the project site on 27 Sept 2008 to assess suitability and eligibility for financing under the IRDSPCP. The existing flood embankment has been constructed partly by local residents but is in poor condition and requires rebuilding. The area behind the embankment is home to over 500 people and some agriculture land which are regularly flooded during typhoons. The project would provide added protection against such catastrophic events both for the safety of the resident and for improved agriculture production.

*ii) recommendations:* this project is a good prospect for consideration under IRDSPCP the PPMU have received instructions both during the workshop presentation and individual clinic in Quy Nhon, as well as during the site visit on 27 Sept 08 and should be able to prepare a SIP with minimum difficulty.

## Quang Binh

**a) Rehabilitation of Cam Ly Reservoir:** The project will upgrade and rehabilitate the existing Cam Ly dam which was built in 1963, upgrade 4 km of access dirt road to bitumen and line 2 km of the main irrigation canal.

*i) Summary of initial SIP review:* Overall the SIP was generally poorly prepared. The objectives and scope of the project were not clear. The SIP indicated that the dam was multi-purposed and would provide water for one town and a large cement factory. The relevance to the province Socio Economic Development Plan, other donor and government financed projects, and existing infrastructure all needed strengthening. The community consultation was carried out but it was not clear if beneficiaries attended the consultations. The estimated cost of the project however at \$1,9 appeared reasonable (\$760/ha). No environment and resettlement issues were expected.

*ii) Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. Some deficiencies were addressed such as clarifications over the project objectives and scope. The project is no longer for a multi-purpose dam and is not expected to provide water for neither the cement factory nor the town. Some items such as the relevance to the provincial SEDP still need additional strengthening. Additional details on community consultations will also be necessary. The letter of commitment from the Province regarding O&M also needs to be resubmitted to refer specifically to the project.

*iii) Recommendations:* the SIP should be revised by the PPMU according to the instruction provided to them. Additional information regarding community consultations, relevance to master plan and project schedule for instance also need to be provided. The EIRR of the project is expected to be relatively high in view of the \$760/ha ratio. There are no significant environment and resettlement issues and this project may be a good candidate for

consideration and approval by the CPMU (and if required by the ADB) once the clarifications above have been addressed satisfactorily

iv) *follow up during preparation*: during project preparation, there will be a need to follow up on O&M arrangements and funding. Efforts to identify areas for community participation should also be encouraged.

## Quang Nam

**a) Rehabilitation of Phu Loc Irrigation System**: the subproject will upgrade and rehabilitate the existing main earth dam and approximately six sub-dams by widening and raising them to increase the water capacity of the reservoir; it will line 11 km of primary and secondary irrigation canals; and upgrade 3 km of access road from earth to bitumen surface.

i) *Summary of initial SIP review*: Overall the SIP was generally well prepared. Some clarification were needed regarding the objectives and scope of the project, and the relevance to the province Socio Economic Development Plan and existing infrastructure needed strengthening but those were minor issues. The community consultation was carried out but did not meet the ADB requirements to hold extensive consultations with the beneficiaries. There are potential resettlement and environmental impact issues which were not addressed properly. The cost of the project is high \$1,975 million compared to the expected benefits of supporting irrigation for a total of 500 ha (\$4,000/ha). Environmental and resettlement issues may also be a problem.

ii) *Action taken*: the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. Some deficiencies were addressed such as clarifications over the project objectives and scope, but some items such as the relevance to the provincial SEDP will need additional clarification by the PPMU. Additional community consultations will also be necessary before the project can be resubmitted. These remaining deficiencies were discussed with the PPMU and required remedial actions were detailed in the revised SIP which was provided to them. The most serious problems remain the potential land acquisition and environmental impact issues as well as the potentially low EIRR.

iii) *Recommendations*: the SIP should be revised by the PPMU and additional community consultations carried out. Ways to reduce the cost of the project should be considered as well. For instance the upgrading of the access road from dirt to bitumen surface may not be necessary, it may be possible to rehabilitate the existing dirt road without paving it. This would reduce the cost without significantly altering the benefit and it may be sufficient to bring the EIRR within the 10% requirement. If the environmental and resettlement issues can be addressed and the economic benefit brought to acceptable levels, this project may be considered for approval by the CPMU (and if required by the ADB). However at this time it may be more appropriate for the PPMU to select a project will less difficult issues for the initial SIP.

iv) *follow up during preparation*: should this project be selected, there will be a need to closely monitor the cost of the project to ensure that the EIRR can be kept within an acceptable range as well as environment and resettlement issues which will need to be monitored closely.



## Quang Ngai

**a) Thach Nham Southern Main Canal:** The subproject will upgrade and rehabilitate 11 km of the southern main irrigation canal of the Thach Nham Irrigation System and rehabilitated 14 km of access dirt road on the left side of the canal.

i) *Summary of initial SIP review:* Overall the SIP was well prepared and this is a good candidate for financing under the project. The cost of \$3.96 million however is a serious concern as it may exceed \$4M once the detailed design is complete. Minor deficiencies were noted such as relevance to other government and donor projects/programs which needed strengthening and clarifications were required regarding the extent of community consultation. The economic returns would appear excellent at \$360/ha of irrigation area.

ii) *Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. Most deficiencies were addressed and suggestions were made to improve the presentation. Additional community consultations need to be carried out but should not cause major difficulties. There are no environment and resettlement issues with this project and the impact on gender and vulnerable groups is likely to be positive. The main concern remains the high cost of the project which is likely to escalate over the \$4 million limit.

iii) *Recommendations:* the SIP should be revised by the PPMU and additional community consultations carried out. Ways to reduce the cost of the project should be considered as well. For instance, removing the road upgrading component from this project and including it in another separate project for instance to ensure that the project remains within the eligible limit of \$4 million. If the cost can be contained within \$4 million, this project may be a good candidate for consideration and approval by the CPMU and the ADB once consultations have been carried out and other minor clarifications addressed satisfactorily.

iv) *follow up during preparation:* during project preparation, it will be of critical importance to closely monitor the cost of the project to ensure that it does not exceed the \$4million limit. Efforts to identify areas for community participation should also be encouraged.

## Quang Tri

**a) Repair Phuong Lang - Lam Thuy - Thuan Duc Rd:** The project is to upgrade 6,3 km of existing inter-commune earth road to bitumen surface and replace one bridge which is in poor state of repair.

i) *Summary of initial SIP review:* this is a promising project, the SIP was generally well prepared, the objectives were well stated, and although too much detail was provided the scope of the project was clear enough. Relevance to the province Socio Economic Development Plan as well as links with existing infrastructure were clear and well stated. Minor clarifications were required particularly regarding the socio-economic profile of the intended beneficiaries, relevance to other donor and government projects, and O&M arrangements. The major concern is the high cost of the road at \$220,000 / km



ii) *Action taken*: the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with the PPMU. Most deficiencies were addressed and remaining clarifications may be provided quickly. There are no environment or resettlement issues with this project and the impact on gender and vulnerable groups is likely to be positive. The main concern remains the possibly low EIRR from this project.

iii) *Recommendations*: upon resubmission of the SIP by the PPMU and this project is likely to be ready for consideration and approval by the CPMU and the ADB.

iv) *follow up during preparation*: The EIRR will need to be monitored and ways to reduce the cost of construction (without affecting the quality of the work or the benefits) should be investigated during project preparation.

## Thanh Hoa

Initially, Thanh Hoa presented two SIPs:

**a) Upgrading of the Sa Loan Pumping station**: this project will rehabilitate and upgrade a pumping station and canal system to allow continued irrigation of 3,200 ha, expand irrigation a further 1,500 ha to 4,700 ha and provide drainage on 2,500 ha of which 1,500 ha is for rice and a further 1,000 ha is for residential areas. The project will also prevent salinity intrusion on a further 800 ha.

i) *Summary of initial SIP review*: The SIP for this project was poorly prepared. The objectives and scope of the project were unclear. Relevance to the province Socio Economic Development Plan as well as links with ongoing projects and existing infrastructure needed to be strengthened. Minor clarifications were required particularly regarding the socio-economic profile of the intended beneficiaries and O&M arrangements. Community consultations have not been held and will be required before the SIP is re-submitted for approval

ii) *Action taken*: the content of the SIP was discussed with the PPMU during a site visit to Thanh Hoa province on 4 and 5 Sept 2008. The SIP was rewritten with the PPMU. Most deficiencies were addressed and remaining clarifications may be provided quickly. There are no environment or resettlement issues with this project and the impact on gender and vulnerable groups is likely to be positive.

iii) *Recommendations*: upon acceptable resubmission of the SIP by the PPMU this project is likely to be ready for consideration and approval by the CPMU and the ADB.

iv) *follow up during preparation*: There is a need to review the design of the project as the existing pump station structure appears in poor shape and may be structurally unsafe. It may also be possible to build a completely new station with more efficient pumps therefore reducing both the investment cost and the operation cost. There is also a need to monitor the O&M arrangements for this project to ensure sustainability of the investment.

**b) Reinforcing Irrigation System No. 19, 20 and 21**: the project is for lining of 14,600 m of existing primary irrigation canals to support irrigation for 1,083 ha of mostly rice production area.

i) *Summary of initial SIP review:* The SIP for this project was not well prepared. The objectives and scope of the project were not clear. Relevance to the province Socio Economic Development Plan as well as links with ongoing projects and existing infrastructure needed to be strengthened. Minor clarifications were required particularly regarding the socio-economic profile of the intended beneficiaries and compensation for land and environmental impact. Community consultations have been held but not clear to what extent the communities have been consulted. The cost appears acceptable at \$1,06 million (\$980/ha).

ii) *Action taken:* the content of the SIP was discussed with the PPMU during a visit by the sub-team and CPMU to Thanh Hoa province on 4 and 5 Sept 2008 and the project site was visited. Instructions were provided to the PPMU to address the major deficiencies of the SIP and the PPMU should be able to revise and resubmit the SIP relatively quickly. There are no environment or resettlement issues with this project and the impact on gender and vulnerable groups is likely to be positive.

iii) *Recommendations:* upon acceptable resubmission of the SIP by the PPMU this project is likely to be ready for consideration and approval by the CPMU (and if required the ADB).

### Thua Thien Hue

**a) Upgrading of Su Lo Station:** The project will upgrade the existing pumping station built in 1985 by rebuilding the structure to current construction standards; replacing existing 4 pumps motors and controls with 5 new pumps sets; upgrading and lining 563 m of main irrigation canal, including construction of a number of control structures.

i) *Summary of initial SIP review:* the SIP was generally poorly prepared, the objectives and scope of the project were not clear, social and economic justifications were not well defined (relevance to the SEDP, other Gov and Donor projects, and existing infrastructure were weak), O&M arrangements needed to be clarified, and community consultations had not yet been carried out. The EIRR is expected to be high however with a cost of \$1,412/ha.

ii) *Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was partly rewritten with the PPMU. It was not possible to clarify the relevance of the project to the SEDP, or existing infrastructure, this will have to be provided later. There are no significant environment or resettlement issues with this project and the impact on gender and vulnerable groups is likely to be positive. The main remaining deficiency is lack of community consultations. Consultations will need to be carried out before the SIP can be resubmitted.

iii) *Recommendations:* once community consultations have taken place and other clarifications provided, the SIP can be resubmitted for consideration and approval by the CPMU (and if required by the ADB). The EIRR will likely be high, and there are no major environment or resettlement issues.

iv) *follow up during preparation:* during project preparation, there will be a need to identify areas for community participation.

## Annex 1

## List of Proposed Initial SIPs

No	Project	Province	Value
1	My Hiep – My Trinh Road	Binh Dinh	\$1,9 million
2	Tho River Dam	Binh Thuan	\$1,3 million
3	Vuc Truc Reservoir	Ha Tinh	\$1,6 million
4	Dak Tram – Dak Ro Ong Road	Kon Tum	\$1,1 million
5	Dak Long Rural Road	Kon Tum	\$2,1 million
6	Lac Bong Ko Xia Road	Kon Tum	\$1,5 million
7	Lac Bong Irrigation	Kon Tum	\$0,5 million
8	Hung Trung – Nghi Kieu Road	Nghe An	\$2,5 million
9	South Canal Nha Trinh – Lam Cam Irrigation System	Ninh Thuan	\$3,1 million
10	Lo An Reservoir	Phu Yen	\$3,3 million
11	Cam Ly Reservoir	Quang Binh	\$1,9 million
12	Phu Loc reservoir	Quang Nham	\$1,975 million
13	Southern Main Canal, Thach Nham Irrigation	Quang Ngai	\$3,96 million
14	Phuong Lang – Lam Thuy – Thuan Duc Rd and Thi Ong Bridge	Quang Tri	\$1,4 million
15	Sa Loan Pumping station	Thanh Hoa	\$2,1 million
16	Reinforcing canal N19, N20, N21	Thanh Hoa	\$1,06 million
17	Su Lo Pumping Station	Thua Thien Hue	\$0,955 million

**SECOND SUMMARY REPORT  
ON REVIEW OF  
SUBPROJECT IDENTIFICATION PROPOSALS  
FOR THE  
INTEGRATED RURAL DEVELOPMENT SECTOR PROJECT  
IN THE CENTRAL PROVINCES (VIETNAM)  
DECEMBER 2008**

### Introduction

From the period of October to December 2008, the PCPF continued its review of Sub-project Identification Proposals (SIP) from all provinces, and participated in a number of field trips to project provinces. The aim of the sub-team was to visit all project provinces by year end, and provide guidance to each Provincial Project Management Units (PPMU) regarding the process of project identification and selection, as well as preparation of SIPs. Another objective of the SIP review and field trips was to identify PPMU which were experiencing unusual difficulties at this initial stage and to develop a strategy to assist them. This report is expected supplements a similar report prepared in September 2008 and to provide additional information on the status of sub-project identification and preparation of SIPs, as well as proposed direction for the PCPF sub-team to provide further assistance to the CPMU and PPMUs.

To date all 13 project province PPMUs have been visited. From October to December 2008, the PCPF sub-team participated in three field trips to 8 project provinces and visited the sites of 25 proposed subprojects as follows:

Dates	Province	Sub-project visited
8 – 11 Nov 08	Ninh Thuan,	- Southern canal, Nha Trinh – Lam Cam Irrigation System - Northern canal, Nha Trinh – Lam Cam Irrigation System
	Binh Thuan	- none
23 Nov - 1 Dec 08	Thua Thien Hue	- Su Lo Pumping Station - Phu Da – Vinh Phu Inter Commune Road
	Quang Nam	- Huong An – Binh Giang and Que Xuan – Que Hiep Roads - Tam An – Tam Thanh inter commune road - Ngoc Kho – Binh Tri road - Phu Loc Reservoir - N10A canal in the north of Phu Ninh - Xuyen Dong main canal system
	Quang Ngai	- South main canal-Thach Nham irrigation - North main canal-Thach Nham - K3 main canal-Thach Nham irrigation
	Kon Tum	- Tu Mo Rong-Mang Ri road

Dates	Province	Sub-project visited
		- Dak Tram-Dak Ro Ong road
9 – 12 Dec 08	Quang Tri	- Tieu Dai - Trieu Do and Nhan Bieu 3 - Thuong Phuoc road - Phuong Lang - Lam Thuy road - Thuan market and Phuong Lang market
	Quang Binh	- Tan Son - Hong Son Bridge - Cam Ly reservoir - Phong Thuy - An Thuy bridge - Ninh Loc commune center road - Bau Sen - Bang road - Ba Nuong - Da Nang - Hop Loi Road

In addition the PCPF team reviewed 31 SIPs from 8 provinces as follows:

Province	SIP
Ha Tinh	1- Duc Thuan – Loc Road and Cau Trai Market
Nghe An	1- Upgrading Dinh Lat inter district Road 2- Upgrading Hom Market and Mo Market 3- Upgrading Noi Market
Kon Tum	1- Tu Mo Rong – Mangri Road 2- Dac Ba – Duc Nhay II Road
Binh Thuan	1- Access Road of Khan River Bridge 2- Upgrading Xuan Tai – Xuan Phong Road 3- Concreting of Road in Bau – Suoi Cat Village
Thanh Hoa	1- Clean Water System Dinh Long 2- Rehabilitation and upgrading of Quan Lao Market 3- Rehabilitation and upgrading of Van Loc – Cau Loc Inter commune road 4- Rehabilitation and upgrading of Thieu Long – Thieu Tien inter commune road 5- Rehabilitation and upgrading of Cong Chinh – Yen My inter commune road 6- Rehabilitation and Upgrading of Canal system in Hau Loc District
Quang Binh	1-Construction of Tan Son – Hong Son Bridge 2- Upgrading and rehabilitation of Cam Ly reservoir 3- Upgrading Ba Nuong – Da Nang – Hop Loi Road 4- Upgrading and rehabilitation of Bau Sen Road

Province	SIP
	5- Bo Trach Market Group 6- Upgrading Duc Thach – Dong Thuan road 7- Upgrading Duc Trach – Nhan Trach Road 8- Nam Quang Trach Market Group 9- Upgrading Phu Kim Hop Inter-commune Road 10- Quang Ning Market Group 11- Rehabilitation and upgrading of Loc Ninh Communal Center road
Phu Yen	1- Upgrading Ky Lo River Canal system and embankment
Binh Dinh	1- Upgrading Nhon Tan – Nhon Phuc Road 2- Da Ke Trou Dam and irrigation system 3- Lining main canal of Nui Mot Reservoir 4- Construction of Canal N1 Thuan Ninh

### General Comments

Overall the quality of the SIPs presented for review has improved substantially after the workshop in Binh Dinh in September 2008. Most province PPMUs appear to make good use of the SIP Preparation Guideline which was provided to them. In general the quality of the sub-projects submitted for support under the project has also improved, but in some provinces, there is still a need for capacity building of the PPMUs in project identification, selection and conceptualization. This should be addressed through increased visits to these provinces by the CPMU and the PCPF consultants to specifically address this weakness.

Since September 2008, the two initial SIPs were approved by the ADB, and 3 additional SIPs have been submitted to ADB for approval. There are also a large number of SIPs which have been approved in principle by the CPMU, most of them before the submission of the final version of the SIP. The purpose of this early approval is to expedite project preparation and speed up the selection of feasibility consultants in parallel to the finalization of the SIP. While this is understandable, there is a need to tighten the procedures to ensure that the SIPs are actually finalized in accordance with the requirements of the ADB and the project. There should be deadline for submission of finalized SIPs and approval of recruitment of Feasibility Consultants should be conditional to the submission of the Final SIP by the PPMU to ensure compliance.

Since September 2008, over 70 new or revised SIPs have been submitted for review by the PPMUs. The review of these SIPs both by the CPMU and the PCPF consultants constitutes a huge amount of work. In view of the large number of documents to be reviewed and comments to be provided it is essential that a system of monitoring of the progress of the SIP review be instituted and maintained. This will ensure a more efficient planning of the review work, and will allow the monitoring and follow up with PPMUs. To date the CPMU have been maintaining a rudimentary list of SIPs with basic milestones in project processing but this system is not

adequate to monitor the large number of documents to be processed. The monitoring system should include dates of submissions, date and identity of reviewer(s), dates and identity of translator, dates of approval by the CPMU and if required dates of submission to ADB for approval and date of approval. A simple system based on Excel spreadsheet has been developed by the PCPF consultant and submitted to the CPMU for consideration (see attached).

### SIP Review

**HA TINH:** to date 7 SIPs have been submitted by Ha Tinh province, out of which, one was rejected as not meeting the project eligibility criteria and one was approved in principle as it was prepared with the assistance of the PCPF and CPMU during a field trip in September.

**a) Duc Thuan – Thuan Loc Road, and Cau Trai Market:** the sub-project is designed to upgrade 5,5 km of existing dirt road to paved surface, including construction of drainage and provision of minor drainage structures. The sub-project will also upgrade and relocate the Cau Trai Market.

*i) Summary of SIP review:* Overall the SIP was well prepared. The objectives and socio-economic profile of the beneficiaries were provided, the link with the SEDP and ongoing projects and infrastructures were clear and well substantiated. The community consultation was carried out and although the total number of participants needs to be provided, the consultation appeared to have been carried out in accordance with the project requirements. There is no significant land acquisition or resettlement issues, and no significant impact on the environment expected from this project, as the road will follow existing alignment and the market will be relocated on land owned by the CPC. There are no ethnic minorities in the project area and the impact on women and vulnerable groups particularly for the market is expected to be positive. The economic return of the sub-project appears reasonable, the cost of the road is estimated at \$5,5 million or \$100,000/km, while the market is estimated at \$265,000.

*ii) Action taken:* the comments of the PCPF sub-team were communicated to the PPMU by the CPMU but the updated SIP has not yet been submitted.

*iii) recommendations:* the SIP was relatively well prepared and meeting most of the requirements of the project. Once resubmitted by the PPMU with minor adjustments, the SIP for this project is likely to be ready for approval of the CPMU. Since the subproject cost is below \$2,0 million ADB approval will not be required.

**NGHE AN:** Four SIPs have been submitted to day from Nghe An province. Out of those, three have been approved by the CPMU, and two with cost over \$2,0 million have been approved by the ADB.

**a) Upgrading of Dinh Lat inter-district road:** the sup-project will upgrade 27,5 km of existing dirt road to bitumen surface; build 2 new major bridges and 9 smaller bridges; upgrade 2 existing spillways: and provide drainage system including related minor structures.

*i) Summary of SIP review:* this is a good subproject, and the SIP was well prepared. The economic viability of the project appears good considering that two major bridges will be



constructed and a number of small bridges and other structures will be upgraded or constructed along the 27,5 km. The relevance to the SEDP was clearly substantiated, but the SIP needs to be expanded to show the link and correlation between the sub-project and other ongoing development initiatives. The community consultation was carried out and although the total number of participants needs to be provided, the consultation appeared to have been carried out in accordance with the project requirements. The road is being constructed following existing alignment and is not likely to cause significant land acquisition or resettlement problems. The review of environment issues should be strengthened in the SIP to address the matter of construction of two major bridges. The detailed cost estimate was not included and need to be provided.

*ii) Action taken:* the comments of the PCPF sub-team were communicated to CPMU. The CPMU has approved in principle this subproject subject to submission of final SIP reflecting the required minor adjustments.

*iii) recommendation:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted.

**b) Upgrading Hom Market and Mo Market:** this sub-project will upgrade and restore 2 commune markets.

*i) Summary of SIP review:* this is a good sub-project and the SIP was reasonably well prepared. The project benefits are expected to be high and the impact on environment is expected to be positive. No significant land acquisition or resettlement issues are expected as both market will be located on land that belongs to the CPC. The PPMU plans to provide a temporary market during construction, but there is a need to provide a plan for protection of the rights of the existing stall owners in the new markets. A number of other minor clarifications are also needed to the SIP.

*ii) Action taken:* the comments of the PCPF sub-team were communicated to CPMU. The CPMU has approved in principle this subproject subject to submission of final SIP reflecting the required minor adjustments.

*iii) recommendation:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as it is below the \$2,0 million threshold.

**c) Upgrading Noi Market:** this sub-project will expand and upgrade one market in Quynh Doi.,

*i) Summary of SIP review:* overall this is a good sub-project and the SIP is well prepared. The objectives of the project are well stated and the scope is well described. The relevance to the SEDP is well substantiated but the SIP needs to be strengthened to show the link and correlation between the sub-project and other ongoing development initiatives and existing infrastructures. Community consultation was carried out in accordance with project requirements, but the number of participants need to be clarified. O&M issues are well covered. There are no significant issues with land acquisition and resettlement as the market is to be built and expanded on land that belongs to the CPC. The project is expected to have a positive

impact on the environment. The project cost appears high however and the economic benefits will have to be monitored closely

*ii) Action taken:* the comments of the PCPF sub-team were provided to the CPMU. The CPMU has approved in principle this subproject subject to finalizing the SIP to reflect the minor comments.

*iii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as it is below the \$2,0 million threshold. There is a need to ensure that temporary market will be provided during construction and that the rights of the stall owners will be protected in the new upgraded market.

**KON TUM:** to date Kon Tum has submitted a SIP for all of their proposed 6 sub-projects, all have been reviewed and approved by the CPMU and one project valued at \$2,1 million has been approved by the ADB.

**a) Tu Mo Rong – Mang Ri Road:** This project will upgrade 11,4 km of existing inter-commune road to bitumen surface, provide erosion protection in mountainous areas, and a drainage system including related minor structures such as culverts and spillways.

*i) Summary of SIP Review:* This is a second submission of the SIP. This is a good sub-project and the updated SIP is well prepared. The cost appears reasonable considering that this road will be built largely in mountainous areas, and the economic viability should be acceptable. The project will benefit a over 3,000 people 97% of which are from an ethnic minority. The relevance to the SEDP as well as links to other projects and infrastructures are well substantiated. The project is not likely to have a significant impact on environment as it follows the existing alignment but special attention must be paid to erosion protection in the mountainous areas. There are no significant land acquisition or resettlement issues but there is a need to monitor this closely as the SIP mentions a number of household headed by single women who may be affected.

*ii) Action taken:* The PCPF sub-team and CPMU reviewed new updated SIP provided comments on each part. The team suggested PPMU to take great concern on safeguard policy particularly regarding ethnic minorities. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the comments provided.

*iii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as it is below the \$2,0 million threshold.

**b) Dak Ba-Duc Nhay II road:** The sub-project will upgrade 4,5 km of existing dirt road to paved surface and provide adequate an drainage system. Other than minor drainage structures, the sub-project does not involve any major structures or bridges.

*i) Summary of SIP review:* overall this is a good project and the SIP is well prepared. The objectives and socio-economic profile of the beneficiaries are well defined. The relevance to the SEDP and to other projects and existing infrastructure is well substantiated. The community consultation was carried out in accordance with the project requirement. There are minor land

acquisition issues which are not considered significant. There is no expected negative environmental impact but there may be a need to investigate and incorporate measures to reduce erosion in the subproject. At \$113,000 /km the unit cost is considered slightly high but likely justified since this is a mountain road. Nevertheless, the EIRR of the project should be monitored closely during preparation.

*ii) Action Taken:* the SIP was reviewed by the PCPF team and CPMU. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*iii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as it is below the \$2,0 million threshold.

**c) Dak Tram-Dak Ro Ong rural road:** The subproject will upgrade about 12.5 km of existing inter commune road to bitumen surface; provide drainage system; construct one 20 m bridge and a number of minor structures such as drainage culverts.

*i) Action taken:* The review of this SIP was carried out earlier and was included in the previous report. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*ii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as it is below the \$2,0 million threshold.

**d) Dak Long rural road:** The subproject will upgrade about 9km of rural dirt road to paved surface; provide a drainage system; construct and rehabilitate a number of culverts and minor bridges crossing streams.

*i) Action taken:* The review of this SIP was carried out earlier and was included in the previous report. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*ii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will be required for this sub-project as the cost is estimated to be over \$2,0 million.

**e) Ko Xia-Lac Bong road:** the subproject will upgrade 6 km of rural dirt road to level A bitumen surface; rehabilitate and replace minor drainage structures; and build two bridges.

*i) Action taken:* The review of this SIP was carried out earlier and was included in the previous report. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*ii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as the cost is estimated to be less than the threshold of \$2,0 million.

**f) Lac Bong irrigation:** this project will upgrade and rehabilitate the headwork and canal of the Lac Bong irrigation system, including concrete lining the flood spillway; lining 4 km of main canal; and upgrading and replacing canal structures.

*i) Action taken:* The review of this SIP was carried out earlier and was included in the previous report. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*ii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as the cost is estimated to be less than the threshold of \$2,0 million.

**BINH THUAN:** Binh Thuan is experiencing difficulties in identification and selection of sub-projects. To date the PPMU has submitted 5 SIPs but after review and discussion in the field between the PPMU, the CPMU and the PCPF sub-team, all 5 sub-projects have been found unsuitable for financing under the project. Most sub-projects were found to be economically unviable; some have significant resettlement or environmental issues which will likely disqualify them for financing.

*i) Assessment:* the PPMU of Binh Thuan is experiencing serious difficulties regarding identification and selection of sub-projects. To date the SIPs of all 5 of the 11 sub-projects on the province shortlist have been rejected on the basis that they are not likely to meet the basic eligibility and selection criteria of the project.

*ii) Action Taken:* the PPMU was instructed to review the list of sub-projects with a view to eliminate all sub-projects which may not meet the criteria of the project and to replace them with viable ones.

*ii) Recommendations:* there is a need for the PCPF and CPMU to provide additional assistance to the PPMU in the identification and selection of sub-projects to ensure that better suitable projects are selected and to improve the quality of the SIPs being presented. The CPMU and PCPF need to plan to visit the PPMU of Binh Thuan in the near future to assist and guide them in building a proper portfolio of potential sub-projects.

**a) Irrigation system Da Ke Trou Dam:** This project will build and reinforce the existing concrete dam; concrete line approximately 4 km of main canal and 4,8 km of secondary and tertiary canals; and construct new canal structures including outtakes, spillways, sluice gates, culverts and canal crossings.

*i) Summary of SIP Review:* The SIP for this sub-project was not well prepared. The objectives and socio economic profile of the intended beneficiaries were well defined, and relevance to the SEDP and links to other projects and infrastructure were well substantiated. The extent of the community consultation was clear but the minutes of the consultations need to be reviewed.

There is a potential for significant resettlement and land acquisition under this project and this should be reviewed carefully. Similarly the potential adverse impact on environment needs to be assessed thoroughly as there is potential that this project may fall in Category A for environment. Impact on minority groups also needs to be assessed and reviewed closely. The total number of beneficiaries is considered very low at 403 people (101 household) and may not justify the significant investment.

*ii) Action Taken:* the comments of the PCPF sub-team and CPMU have been communicated to the PPMU.

*iii) Recommendations:* in view of the small number of intended beneficiaries, the potential impact on environment and on minority groups, as well as resettlement and land acquisition issues, this sub-project is not likely to meet the basic selection criteria for financing under the project and it would be preferable to substitute it with a different and more appropriate project.

**THANH HOA:** The PPMU of Thanh Hoa has submitted 15 SIPs to date 8 of which have been approved in principle by the CPMU. Thanh Hoa is one of the most populated project provinces and as such has the largest portfolio of potential subprojects. The province and the PPMU were visited by the CPMU and PCPF sub-team in September 2008. There was no subsequent field trip to Thanh Hoa.

**a) Clean Water System of Dinh Long Commune:** this sub-project will construct a new pumping station and water distribution system for the Dinh Long commune to replace the existing supply network of dug wells, deep wells and surface water.

*i) Summary of SIP Review:* The SIP for this sub-project needs more clarification. While the objectives are reasonably well stated the scope of the project is quite unclear and needs to be better defined; the source of the new water supply for instance is not clear as well as the purpose of the second level pumping station, and there is no description of the distribution system. The relevance to the SEDP has been well substantiated but the link to other infrastructure and projects is not complete and needs to be expanded. Community consultations were carried out but appear to fall short of the project requirements. Some areas such as the scope of work, and outline design contain too much unnecessary information and should focus on clarity. No significant land acquisition or resettlement issues have been identified. No environment issue has been identified either, but this may need to be investigated further. While the EIRR is stated at 14,5% this figure appears high and may need to be reviewed further during project preparation.

*ii) Action Taken:* the comments of the PCPF sub-team and the CPMU have been submitted to the PPMU together with a request to address these comments in the updated version of the SIP. The revised SIP has not yet been submitted.

*iii) Recommendations:* upon resubmission of this SIP by the PPMU this sub-project is likely to go forward to the next step of project preparation. There will be a need to review and monitor the O&M arrangements during project design, implementation and subsequent operation.

**b) Rehabilitation and Upgrading of Quan Lao Market:** this sub-project will restore and upgrade a 10,000 sq.m. market in Quan Lao.

i) *Summary of SIP Review:* overall this is a good sub-project and the SIP was well prepared. The objectives are well stated, and the socio economic profile of the beneficiaries is clear. The relevance to the SEDP as well as the link to other projects and infrastructure is clearly substantiated. Community consultations were carried out in accordance with the project requirements. There are minor land acquisition and compensation issues related to the expansion of the market which will need to be addressed. The project is expected to have a positive impact on environment, and on women and vulnerable groups. The cost of the project is quite high however at US\$820,000 and the EIRR will need to be monitored carefully during project preparation.

ii) *Action Taken:* The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

iii) *Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as the cost is estimated to be less than the threshold of \$2,0 million

**c) Rehabilitation and upgrading of the Van Loc – Cau Loc inter-commune road:** This sub-project will upgrade 3,5 km of existing inter-commune road to paved surface, including provision of necessary drainage system. There is no bridge or other major structure.

i) *Summary of SIP review:* the SIP for this sub-project is well prepared. The objectives and scope are well stated, and the socio-economic profile of intended beneficiaries is clearly defined. The relevance to the SEDP and link to other projects and infrastructure is clear. Community consultations were carried out and although there is a need to provide additional details on the number of participants it appears to have been carried out in accordance with project requirements. No significant land acquisition/resettlement issues have been identified, and no environmental issues are expected since the project follows the existing alignment. A significant problem however is the cost and expected economic viability of the project.

ii) *Action taken:* the comments and concerns of the PCPF sub-team and CPMU have been submitted to the PPMU.

iii) *Recommendations:* in view of the high cost of the road (\$180,000/km) it is unlikely that the EIRR will meet the project selection criteria. Unless the cost of this project can be reduced or the scope increased without significant increase in cost, this sub-project may not be a good candidate for financing under the project and may need to be substituted with another one.

**d) Rehabilitation and upgrading of Thieu Long – Thieu Tien Road:** this sub-project will rehabilitate and upgrade approximately 5,7 km of existing inter-commune road between Thieu Long and Thieu Tien to paved surface. It will also construct drainage system including minor drainage structures. There are no bridge nor major structure in the project.

i) *Summary of SIP Review:* The SIP for this sub-project was well prepared. The objectives and scope are clearly stated, and the socio-economic profile of the intended beneficiaries is well defined. The relevance to the SEDP and link to other projects and infrastructures is clearly substantiated. Community consultations were carried out and although the number of



participants needs to be provided, it appears to have been carried out in accordance with project requirements. The project follows the existing road alignment and is not expected to have significant resettlement, land acquisition, or environmental issues. The unit cost of the road is considered high at \$120,000/km and this will need to be monitored closely during project preparation if the sub-project is to meet the required EIRR.

*ii) Action Taken:* The comments of the PCPF and the CPMU have been communicated to the PPMU, and the CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*iii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as the cost is estimated to be less than the threshold of \$2,0 million

**e) Rehabilitation and upgrading of canal system and Bai Trung Sluice gates:** this sub-project will rehabilitate and upgrade 5,7 km of main canal; build 5 canal crossing bridges; rehabilitate, upgrade and replace 4 pumping stations; build 15 sluice gates at the end of the canals; build new main sluice gate at Bai Trung; and construct 700 m of access road in Hau Loc district

*i) Summary of SIP Review:* this appears to be a good project with excellent economic returns on investment. The SIP however was not well prepared and need more clarifications. While the project objectives and scope were well stated, the relevance to the SEDP and link to other infrastructures need to be more clearly defined. Community consultations were carried out but the list and signature of affected people should be provided. In view of the fact that the project will rehabilitate existing infrastructure there are no significant impact on environment other than minor and temporary inconvenience during construction. Minor land acquisition and compensation issues have been identified but this should be reviewed further and monitored closely.

*ii) Action Taken:* the comments of the PCPF sub-team and the CPMU have been communicated to the PPMU with a request to modify the SIP to reflect the comments.

*iii) Recommendations:* in view of the expected high economic benefits, large number of beneficiaries, and insignificant land acquisition, resettlement and environmental impact, this sub-project is likely to be a very good candidate for financing under the project once the SIP has been modified and resubmitted.

**QUANG BINH:** The PPMU of Quang Binh province has submitted all 13 SIPs from the list of 14 proposed sub-projects. The PCPF sub-team and CPMU have reviewed 11 of the SIPs and have also visited the PPMU and the sites of proposed sub-projects. To date, 2 SIPs have been approved by the CPMU. The field visit and SIP review revealed however that a number of sub-projects did not meet the selection criteria of the project. This is the case of the Khe Da Reservoir, Phong Thuy - An Thuy bridge, and Tan Son - Hong Son Bridge sub-projects which were all rejected. Other sub-projects were also found to meet the criteria but only marginally. The PPMU appears to experience some difficulties in identification and selection of sub-projects



and may need additional assistance to build its capacity in the identification and selection of sub-projects.

**a) Construction of Tan Son – Hong Son bridge:** this sub-project intends to build a new concrete 145 m long, single lane bridge, and access ramps.

*i) Summary of SIP Review:* the SIP for this sub-project was not well prepared. The scope of work was poorly described; the socio-economic profile of the beneficiaries was not clearly stated; the relevance to the SEDP and link to other projects was weak; the impact on environment and on the ethnic minority were not well analysed; and the economic viability was not clear.

*ii) Action Taken:* the PCPF Sub-team and CPMU visited the site of the proposed bridge and held discussions both on site and at the PPMU office with the local authorities. The site visit and subsequent discussion indicated that while there is a need to provide the Van Kieu minority better access to market, and health and education services, the proposed bridge was not the most economical solution to achieve this objective. The project was rejected by the CPMU and the PPMU was requested to identify a substitute project to replace it

**b) Rehabilitation and upgrading of the Cam Ly Reservoir:** this sub-project proposes to repair and rehabilitate the Cam Ly Dam and irrigation system which was built in 1963 and is providing irrigation water for 2500 ha of agriculture land. The project will repair the spillway structure which was damaged during the war; rehabilitate and upgrade the dam by lining the upstream face with concrete to protect it against further erosion; replace and repair the intake structure, gate and gallery; upgrade 4km of access road to concrete surface and replace a collapsed bridge on the access road; and repair and upgrade the main canal structure.

*i) Summary of SIP Review:* this is a good sub-project. The initial SIP for this sub-project was reviewed in September 2008, and comments provided to the PPMU. The revised SIP is well prepared and addresses the initial concerns of the PCPF sub-team and the CPMU. The economic viability of this project is based on maintaining irrigation water for 2500 ha. Should the dam not be repaired and rehabilitated its condition will likely deteriorate to the point that it will only be able to continue operation at reduced capacity. Only minor revision are required to finalize the SIP.

*ii) Action Taken:* The PCPF sub-team and the CPMU visited the site of the project and have confirmed that this project is likely to meet all the requirements of the project. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the minor outstanding comments. The PPMU has been instructed to initiate recruitment of national consultants to prepare the SIR.

*iii) Recommendations:* follow up with the PPMU is required to ensure that the SIP is finalized and resubmitted. ADB approval will not be required for this sub-project as the cost is estimated to be less than the threshold of \$2,0 million. The main challenge of this sub-project will be the implementation of the work given the short window during which the reservoir is at its low level. This should be reviewed carefully during project preparation and detailed design.

**c) Upgrading the Ba Nuong – Da Nang – Hop Loi road:** this sub-project will upgrade 10 km of existing dirt road to grade V bitumen surface road including drainage and related minor structures.

*i) Summary of SIP Review:* This is a good sub-project and the SIP is well prepared. The economic viability appears excellent considering the unit cost of \$65,000/km. There are no major issues with land acquisition, resettlement or environmental impact. While the relevance to the SEDP is well stated, the link to other projects and infrastructure need to be strengthened. The extent of community consultation also needs to be examined to ensure that all affected persons have been given the opportunity to participate. There are three minority groups in the project areas and although their number is quite small efforts need to be made to ensure maximum benefit of the project for them.

*ii) Action Taken:* The PCPF sub-team and the CPMU visited the site of the project and have confirmed that this sub-project is likely to meet all the requirements of the project. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the remaining outstanding comments, including clarification on the extent of community consultation.

*iii) Recommendation:* follow up with the PPMU is required to ensure that the SIP is finalized and the remaining concerns have been addressed. ADB approval will not be required for this sub-project as the cost is estimated to be less than the threshold of \$2,0 million. During project preparation measures to ensure maximum benefits for the ethnic population should be considered closely.

**d) Rehabilitation and Upgrading of Bau Sen road:** The sub-project will upgrade 12km of the existing inter commune road from earth surface to grade 6 asphalt surface; construct one 12m bridge; build 60 sluice gates and drainage structures, as well as provide a drainage system along both sides of the road.

*i) Summary of SIP Review:* this is a good sub-project and the SIP is reasonably well prepared although there are a number of missing information or attachments which will need to be provided. The objective and scope of the sub-project are clearly stated. The relevance to the SEDP and existing infrastructure is well substantiated, but the link to on-going project needs to be strengthened. Since the road will be built following the existing alignment there no major land acquisition, resettlement or environment issues are expected. The economic viability of the project is expected to be within the project requirements.

*ii) Action Taken:* The PCPF sub-team and the CPMU visited the site of the project and confirmed that this sub-project is likely to meet all the requirements of the project. The comments of the CPMU and PCPF sub-team have been communicated to the PPMU. The CPMU was request to revise and resubmit the SIP taking into consideration the comments of the CPMU and PCPF sub-team.

*iii) Recommendations:* once the SIP has been resubmitted and meeting the project requirement, this sub-project is likely to be a good candidate for financing under the project.

This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**e) Bo Trach Market Group:** this sub-project will upgrade two commune markets of Bac Trach and Thanh Ha in Bo Trach District.

*i) Summary of SIP Review:* this is potentially a good project with good economic returns, but the SIP needs to be revised to provide more details and clarification. The objectives of the project are reasonably stated but may need some strengthening; clarification is also needed regarding the scope of work and whether the market(s) will be relocated or only upgraded in their current location. Relevance to the SEDP as well as the links to on-going projects and existing infrastructure are weak and need strengthening. No resettlement /land acquisition issues have been raised but this needs to be clarified particularly if the market(s) need to be relocated or expanded in their present location. There is no mention of plans to provide temporary market during construction, nor to insure that the rights of the present stall owners will be protected in the new market.

*ii) Action Taken:* the comments of the PCPF and CPMU have been conveyed to the PPMU. The PPMU was requested to revise the SIP taking into consideration the comments provided, and to resubmit the revised SIP as soon as possible for review and potential approval.

*iii) Recommendations:* once the SIP has been resubmitted and assuming that the minor comments/concerns have been addressed, this sub-project is likely to be a good candidate for financing under the project. This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**f) Upgrading of Duc Thach – Dong Thuan Road:** The subproject will upgrade 16km of the existing dirt road to grade V bitumen surface; construct one new bridge; and provide drainage including construction of minor drainage structures as required.

*i) Summary of SIP Review:* this is potentially a good project with good economic returns and the SIP was well prepared. The project objectives and scope are well defined. The relevance to the SEDP is clear, but the link to existing infrastructures and other ongoing projects need strengthening. Since the road will follow the existing alignment, no major land acquisition, resettlement, or environment issues are expected. There is a need to clarify the extent of compensation that will be required, and the environment assessment is weak and needs to be expanded. Minutes of the public consultations need to be submitted and the extent of the consultation needs to be assessed.

*ii) Action Taken:* the comments of the PCPF and CPMU have been conveyed to the PPMU. The PPMU was requested to revise the SIP taking into consideration the comments provided, and to resubmit the revised SIP and missing attachments as soon as possible for review and potential approval.

*iii) Recommendations:* once the SIP has been resubmitted and assuming that the minor comments/concerns have been addressed, this sub-project is likely to be a good candidate for financing under the project. This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**g) Nam Quang Trach Market Group:** this sub-project will upgrade one market and relocate and upgrade another market.

*i) Summary of SIP Review:* this is a good project and while the SIP was reasonably well prepared it needs some clarification and elaboration in some sections. The objectives of the project are reasonably stated but need some strengthening. The project description and scope is clear but the socio-economic profile of the beneficiaries may need to be strengthened. The relevance to the SEDP and links to other projects and infrastructure are weak and need strengthening. The extents of the community consultation also need to be clarified. No major resettlement /land acquisition issues have been raised but this needs to be clarified particularly considering that one market will be relocated to a new location. There is no mention of plans to provide temporary market during construction, nor to insure that the rights of the present stall owners will be protected in the new market.

*ii) Action Taken:* the comments of the PCPF and CPMU have been conveyed to the PPMU. The PPMU was requested to revise the SIP taking into consideration the comments provided, and to resubmit the revised SIP as soon as possible for review and potential approval.

*iii) Recommendations:* once the SIP has been resubmitted and assuming that the comments/concerns raised have been addressed, this sub-project is likely to be a good candidate for financing under the project. This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**h) Upgrading of Phu Kim Hop inter-commune road:** this sub-project will upgrade 15 km of existing road to grade A bitumen surface road and will provide necessary drainage including related minor structures.

*i) Summary of SIP Review:* this is a good sub-project and the SIP was relatively well prepared but will need some clarification and strengthening in some sections. The project objectives are well stated but the description and scope may need more clarification. The socio-economic profile of intended beneficiaries needs to be expanded and provide more details. Relevance to the SEDP and link to ongoing projects need strengthening, although the link to existing infrastructure is well stated. The extent of public consultation needs to be clarified. Since the road will follow the existing alignment, no major land acquisition, resettlement or environmental issues are anticipated but this needs to be clarified further. The unit cost of the road is quite good at \$68,000/km and the economic benefits of the sup-project are expected to meet the project requirements.

*ii) Action Taken:* the comments of the PCPF and CPMU have been conveyed to the PPMU. The PPMU was requested to revise the SIP taking into consideration the comments provided, and to resubmit the revised SIP and missing attachments as soon as possible for review and potential approval.

*iii) Recommendations:* once the SIP has been resubmitted and the comments/concerns have been addressed, this sub-project is likely to be a good candidate for financing under the project. This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**j) Quang Ninh Market Group:** this sub-project will relocate and upgrade 2 existing commune markets and rehabilitate and upgrade a third one in its current location.

*i) Summary of SIP Review:* this is a good project and the SIP was relatively well prepared although it will require some revision and clarification before it can be approved. The objectives and scope are well defined but the socio economic profile of the intended beneficiaries will need to be strengthened. Relevance to the SEDP and the link to existing projects and infrastructure are well substantiated but the link to other projects may need to be expanded. The extent of the public consultation also needs to be clarified. No major resettlement /land acquisition issues have been raised but this needs to be clarified particularly considering that two markets will be relocated to new locations. The SIP indicate that temporary markets will be provided during construction but there is no mention of plans to insure that the rights of the present stall owners will be protected in the new market.

*ii) Action Taken:* the comments of the PCPF and CPMU have been conveyed to the PPMU. The PPMU was requested to revise the SIP taking into consideration the comments provided, and to resubmit the revised SIP as soon as possible for review and potential approval.

*iii) Recommendations:* once the SIP has been resubmitted and assuming that the comments/concerns raised have been addressed, this sub-project is likely to be a good candidate for financing under the project. This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**k) Rehabilitation and upgrading of Loc Ninh Communal Center road:** this sub-project will upgrade approximately 7 km of existing roads to bitumen surface and provide appropriate drainage where needed. No bridge or major structure are planned to be constructed under this sub-project.

*i) Summary of SIP Review:* Based on the SIP review and the site visit, the value of this sub-project is not clear. The total 7 km of roads is fragmented into a number of small segments of 2 km or less. The road segments are located within the city limit of Dong Hoi and although some are in the more rural parts of the city, others appear to be used more as city streets than rural roads. The SIP was not particularly well written, the project description was not clear, and while the relevance to the SEDP was well stated, based on the outcome of the field visit it may need more strengthening. Economic justifications for the project may be difficult to establish, as well as the justification for including this sub-project as part of a rural development project.

*ii) Action Taken:* the CPMU and PCPF sub-team visited some sites of the proposed sub-projects and discussed its reservations with the PPMU regarding the justification and eligibility of this sub-project for financing under the project. The PPMU was requested to examine the justifications and priority for this project in comparison to other potential sub-projects that may provide more benefits and be more pressing than this one.

*iii) Recommendations:* If the PPMU decide to revise and resubmit this SIP for consideration, it should be reviewed carefully to ensure that the proposed sub-project will meet the eligibility criteria of the project and that the socio-economic justifications are adequate in the context of a rural development project.

**I) Phong Thuy – An Thuy bridge:** The sub-project is intending to construct a new bridge and access ramps to connect the Phong Thuy and An Thuy communes.

*i) Action Taken:* The PCPF sub-team and the CPMU visited the site of the proposed sub-project and discussed it with the PPMU and the District Authority. The proposed project is located within an urban/semi-urban area of Le Thuy. There are two other bridges across the same river only 2 km downstream. The benefits on agriculture development and production of constructing this bridge are not clear and it appears that the bridge is needed in the context of the transport sector and urban planning and its impact on agriculture production and rural development would be minimum.

*iii) Recommendations:* The proposed sub-project is not meeting most of the basic eligibility criteria for the project and should not be considered for financing under the project. The PCPF and CPMU suggested and the PPMU and the District Authority agreed that this sub-project should be removed from the list of sub-projects for Quang Binh and be replaced with a more suitable one.

**BINH DINH:** The PPMU of Binh Dinh has submitted 5 SIPs to date, but only one has been approved by the CPMU. The PPMU is experiencing some difficulties in project identification and selection and may benefit from additional support to build its capacity in this area.

**a) Upgrading Nhon Tan – Nhon Phuc Road:** this subproject is designed to widen 7,7 km of an existing concrete road from 3.5 to 5 m to allow increased volume of transport between two strategic provincial and national roads.

*i) Summary of SIP Review:* The PCPF sub-team and the CPMU team visited the site of this subproject in September 2008 and concluded in the previous SIR Review Report that:

“this project is ill conceived, its objectives are at odds with its proposed scope. Furthermore, given that this road has recently been upgraded to concrete surface it does not require major repair or upgrading at this stage. The collapsed bridge does need replacement and there are needs for minor repairs and drainage work along the road to protect the foundation and the road against erosion. Should this project be considered for financing under IRDSPCP, the SIP scope of work should be limited to the replacement of the bridge and minor repairs and upgrading of the drainage system and protection of road embankments. The widening of the road to 5 m concrete surface should not be considered at this time.”

The SIP was poorly prepared and did not address the basic requirements of the project and would need some clarifications as well as substantiation to include this subproject under the project.

*ii) Recommendations:* the recommendations of the September review as stated above remain as there has been no effort from the PPMU to comply to the requests of the CPMU.

**b) Lining of the Main Canal of Nui Mot Reservoir:** this sub-project will upgrade and line 7,5 km of main canal, build an access road on some sections, and restore or replace 20 canal structures



i) *Summary of SIP Review:* overall this is a good sub-project and the SIP was well prepared. The economic viability appears excellent with a unit cost of \$220/ha and there are no major environment, land acquisition or resettlement issues. Only minor revisions to the SIP will be required.

ii) *Action Taken:* The PCPF sub-team and the CPMU visited the site of the project in September 2008 and have confirmed that this sub-project is likely to meet all the requirements of the project. The CPMU has approved in principle this sub-project subject to the submission of a finalized SIP reflecting the remaining outstanding comments, including clarification on the extent of community consultation.

iii) *Recommendations:* follow up is required by the CPMU to ensure that the SIP is finalized. This sub-project will not require the approval of ADB as its estimated cost is below the \$2,0 million dollars threshold.

**c) Construction of Canal N1 Thuan Ninh:** This project will build 30 km of canal and 300 canal structures.

i) *Summary of SIP Review:* Overall this is a good project and the SIP was well prepared. The objectives of the project are reasonably well defined, and the socio economic profile of intended beneficiaries is clear. The scope of the project needs some clarification however. Relevance to the SEDP and links to other projects and infrastructures is well substantiated. The project will involve resettlement, land acquisition and compensations which need to be reviewed closely to reduce the risk of the project being classified as Category A. Environmental issues are not covered adequately in the SIP and a more thorough assessment should be provided. At \$2,100 per additional ha of land to be irrigated this project is likely to meet the required EIRR, but this will need to be monitored closely during project preparation.

ii) *Action Taken:* the comments of the PCPF sub-team and the CPMU have been communicated to the PPMU. The PPMU was requested to address the concerns regarding affected people in the areas and to revise the SIP accordingly.

iii) *Recommendations:* until the concerns regarding environment and resettlement/land acquisition have been addressed properly no further assessment of this sub-project is needed.

**PHU YEN:** The PPMU has submitted SIPs for 2 of the province's 10 proposed sub-projects to date. One of those two has been rejected by the CPMU as not meeting the project criteria, and one other project (no SIP) was also removed from the initial list. The second SIP has been reviewed. This province appears to experience some difficulties both in project identification and selection as well as in preparation of SIPs and may need additional assistance and guidance in the near future.

**a) Upgrading Ky Lo dike and embankment:** This sub-project will upgrade and rehabilitate 1,5 km of flood protection dike and line 1,5 km of canal embankment.

i) *Summary of SIP Review:* this is a good and simple sub-project and the SIP was well prepared. The objective and socio-economic profile of intended beneficiaries are clearly stated. Relevance to the SEDP and links to existing infrastructure and other projects are well



substantiated. The project will require some land acquisition mostly of forest and agriculture land but the affected persons have been consulted and are supportive of the project in view of its objective to reduce vulnerability to flooding and erosion. The impact of the project on environment is expected to be positive, but this should be monitored closely during project preparation, particularly regarding risks of accretion and erosion downstream. Only minor revisions of the SIP are required.

*ii) Action Taken:* the comments of the CPMU and PCPF team have been communicated to the PPMU. Submission of a revised SIP is pending.

*iii) Recommendations:* this is a good project and the SIP only needs minor modifications and clarifications. Once the revised SIP is submitted this should be a good candidate for financing under the project. Since the cost of the sub-project is estimated to be below the \$2,0 million threshold, ADB approval will not be required for this sub-project.

**NINH THUAN:** There are 2 proposed sub-projects from Ninh Thuan Province, and the PPMU has submitted a SIP for each one.

**a) Lining of the southern canal, Nha Trinh – Lam Cam Irrigation System:** this sub-project will: upgrade and line approximate 9.5 km of the southern canal of Nha Trinh – Lam Cam Irrigation System; rehabilitate 9.5 km of gravel access road; and repair or replace canal structures as required.

*i) Summary of SIP Review:* the SIP for this sub-project was initially reviewed in September 2008, the initial review concluded that the SIP was relatively well prepared and only minor clarifications were needed.

*ii) Action taken:* the content of the SIP was discussed with the PPMU during the Workshop in Binh Dinh and the SIP was rewritten with guidance from the CPMU and PCPF consultants. A number of deficiencies were addressed and suggestions were made to improve the presentation. Community consultations need to be carried out. The cost of the project was revised down to \$3.1 million, within the eligibility range. The CPMU and PCPF consultant also visited the PPMU in Binh Thuan and the site of the proposed subproject on 8-9/11/2008. There are still sections of the SIP which are not in accordance with the standard format and some documents such as consultation minutes and provincial commitment on fund allocation for O&M are still missing. There is also a need to address the issues of land acquisition and environment. Nevertheless, the CPMU has approved in principle this sub-project to the submission of a finalized SIP reflecting the remaining outstanding comments, including clarification on the extent of community consultation.

*iii) Recommendations:* follow up is required by the CPMU to ensure that the SIP is finalized. This sub-project will require the approval of ADB as its estimated cost is over the \$2,0 million dollars threshold, it is therefore of critical importance that the community consultation, and safeguard issues are addressed properly prior to submission to ADB for approval.

**b) Rehabilitation and upgrading of the northern canal, Nha Trinh – Lam Cam Irrigation System:** this subproject will upgrade and line 19,5 km of the northern canal with reinforced

concrete; construct access road along the canal; and rehabilitate and repair canal structures as required.

*i) Summary of SIP Review:* The subproject will benefit a large number of people and is expected to have a high economic return in view of the low cost per hectare of approximately US\$656. However, the initial SIP was not well prepared, particularly regarding safeguard issues. Land acquisition, resettlement, and environmental impact need to be reviewed more thoroughly. The total cost estimate at \$3,96 million is close to the maximum amount for eligibility under the loan and effort should be made by the PPMU to reduce the cost or downsize the scope of work.

*ii) Action Taken:* The comments of the CPMU and PCPF consultant were discussed with the PPMU during the field trip on 8-9/11/2008. The team worked with the PPMU and provided guidance with respect to preparation of the SIP, and particularly regarding the requirements for community consultation, and safeguard regulations.

*iii) Recommendations:* Once the revised SIP is submitted, it will be necessary to ensure that safeguard issues have been addressed in accordance with ADB requirements, and that all other aspects of the sub-project fully comply with the selection criteria for the project.

**THUA THIEN HUE:** Thua Thien Hue province has a total of 12 proposed sub-projects to be financed under the project, for which only 2 SIPs have been submitted.

**a) Su Lo Pumping Station:** this sub-project will upgrade the existing pumping station built in 1985 by rebuilding the structure to current construction standards; replacing existing 4 pumps motors and controls with 5 new pumps sets; upgrading and lining 563 m of main irrigation canal, including construction of a number of control structures.

*i) Summary of initial SIP review:* the initial SIP was reviewed by the PCPF consultants and the CPMU in September 2008. The review concluded that the SIP was generally poorly prepared.

*ii) Action taken:* The SIP was discussed with the PPMU during the workshop in Binh Dinh in September 2008. CPMU and the PCPF consultants provided guidance to the PPMU regarding the required revisions. The CPMU and PCPF also visited the PPMU and the project site from 23/11 to 25/11/2008 and discussed this sub-project in detail with the PPMU. There are still outstanding issues particularly regarding community consultations. The CPMU has approved the SIP in principle subject to submission of final revised version in accordance with the project requirements.

*iii) Recommendations:* there is a need to follow up with the PPMU to ensure that outstanding issues are addressed and in particular that community consultations are carried out in accordance with requirements of the project. Approval of ADB will be necessary for this project as its estimated cost is over the \$2,0 million threshold.

**b) Rehabilitation and upgrading of Phu Da – Vinh Phu inter commune road:** this sub-project will upgrade 8.3 km of inter commune road to concrete surface; build 51 sluice gates and drainage structures; and provide drainage ditches on both sides of the entire length of the road.

*i) Summary of SIP Review:* the SIP was submitted to the CPMU but has not yet been reviewed by the PCPF consultants.

*ii) Action Taken:* The CPMU and PCPF consultant visited the PPMU and the project site from 23/11 to 25/11 2008 and discussed this project in detail with the PPMU. The PPMU was instructed regarding resettlement, land acquisition, compensation and environment issues as well as community consultations in relation to this project.

**QUANG NAM:** Quang Nam province has identified a total of 16 proposed sub-projects to be financed under the project. To date the PPMU has submitted 9 SIPs in relation to this program, but only one SIP was reviewed by the CPMU and the PCPF consultants.

**a) Rehabilitation and upgrading of Phu Loc Reservoir, Quang Nam:** the subproject will upgrade and rehabilitate the existing main earth dam and approximately six sub-dams by widening and raising them to increase the water capacity of the reservoir; it will line 11 km of primary and secondary irrigation canals; and upgrade 3 km of access road from earth to bitumen surface.

*i) Summary of SIP review:* The SIP for this project was first reviewed in September 2008 and it was discussed with the PPMU during the workshop in Binh Dinh. Overall the SIP was generally well prepared but some clarifications were needed particularly regarding community consultations, and resettlement and environmental issues. The economic viability was also questioned in view of the higher than expected cost per hectare of agriculture production.

*ii) Action Taken:* From 26/11- 27/11 the PCPF consultant and CPMU visited Quang Nam and worked with Quang Nam PPMU with respect to sub-project selection, and preparation of SIPs. The team also visited the site of the proposed sub-project. The CPMU has approved in principle this SIP and requested the PPMU to initiate the recruitment of FS preparation consultants, subject to submission of the final SIP to reflect the requirements of the project including submission of essential documents.

*iii) Recommendations:* this project requires close supervision in view of the potential resettlement and environmental issues. The EIRR also needs to be monitored closely during preparation. Follow up with the PPMU is required to ensure that the SIP is finalized in accordance with project requirements. Approval of ADB is not currently required for this project since it is below the \$2,0 million threshold but close attention should be paid to cost estimates as it may rise above \$2,0 during project preparation.

**b) Upgrading of Tam An – Tam Thanh inter commune road, Phu Ninh District:** This sub-project will upgrade the Tam An – Tam Thanh road to paved surface.

*i) Summary of SIP Review:* the SIP for this sub-project was submitted to the CPMU during the field trip in November 2008, and a cursory review was done with the PPMU in the field. The site of the proposed sub-project was also visited. The project is expected to benefit 20,000 people, and is not expected to encounter significant land acquisition/ resettlement or environmental problems. The unit cost appears slightly higher than expected and the EIRR will need to be monitored closely.

*ii) Action Taken:* The CPMU and the PCPF sub-team provided comments to the PPMU in the field regarding the SIP and requested to revise and resubmit it in accordance with the requirements of the project.

**c) Upgrading of Tra Dong – Tra Cot road:** This sub-project will upgrade 10km of inter commune road to paved surface; construct 4 sluices and 1 slab bridge; and line sections of drainage ditches.

i) *Summary of SIP Review:* the SIP for this sub-project was submitted to the CPMU during the field trip in November 2008, and a cursory review was done with the PPMU in the field. The project is expected to benefit 5,700 people in three communes. The sub-project is not expected to cause significant land acquisition/ resettlement or environmental impact. The unit cost appears acceptable and it is expected that the EIRR of the sub-project will meet the requirements of the project. .

ii) *Action Taken:* The CPMU and the PCPF sub-team provided comments to the PPMU in the field regarding the SIP and requested to revise and resubmit it in accordance with the requirements of the project.

**d) Upgrading of inter commune road, Dai Loc District:** The subproject will upgrade 14 km of district and inter commune roads to bitumen surface; construct 16 sluice gates and two 12 m slap bridges.

i) *Summary of SIP Review:* the SIP for this sub-project was submitted to the CPMU during the field trip in November 2008 and a cursory review was done with the PPMU in the field. The project is expected to benefit 15,500 people. The sub-project is not expected to raise significant land acquisition/ resettlement or environmental impact. The unit cost appears acceptable and it is expected that the EIRR of the sub-project will meet the requirements of the project.

ii) *Action Taken:* The CPMU and the PCPF sub-team provided comments to the PPMU in the field regarding the SIP. There is a need to update the SIP to the required standard format and to provide required supporting documentation. The CPMU requested the PPMU to revise and resubmit the SIP in accordance with the requirements of the project.

**e) Upgrading of Que Xuan – Que Hiep inter commune road:** The subproject will upgrade 12 km of inter commune road to bitumen surface; construct 36 sluice gates and minor structures; and upgrade a spillway to concrete.

i) *Summary of SIP Review:* the SIP for this sub-project was submitted to the CPMU during the field trip in November 2008 and a cursory review was done with the PPMU in the field. The Team also visited the site of the proposed sub-project. The project is expected to benefit 32,800 people. The sub-project is not expected to raise significant land acquisition/ resettlement or environmental impact. The unit cost appears acceptable and it is expected that the EIRR of the sub-project will meet the requirements of the project.

ii) *Action Taken:* The CPMU and the PCPF sub-team provided comments to the PPMU in the field regarding the SIP. There is a need to update the SIP to the required standard format and to provide required supporting documentation. The CPMU requested the PPMU to revise and resubmit the SIP in accordance with the requirements of the project.

**f) Upgrading of Ngoc Kho – Binh Tri road, Thang Binh District:** This sub-project will upgrade 14.5 km of inter commune road to grade IV paved surface; construct 25 sluice gates and 3 concrete spillways with lengths ranging from 300 – 400m.

i) *Summary of SIP Review:* the SIP for this sub-project was submitted to the CPMU during the field trip in November 2008 and a cursory review was done with the PPMU in the field. The project is expected to benefit 37,000 people. The sub-project is not expected to raise significant land acquisition/ resettlement or environmental impact. The unit cost appears acceptable and it is expected that the EIRR of the sub-project will meet the requirements of the project.

ii) *Action Taken:* The CPMU and the PCPF sub-team provided comments to the PPMU in the field regarding the SIP. There is a need to update the SIP to the required standard format and to provide required supporting documentation. The CPMU requested the PPMU to revise and resubmit the SIP in accordance with the requirements of the project.

**QUANG NGAI:** Quang Ngai province has identified 3 proposed sub-projects to be financed under the project, and the PPMU has submitted SIPs for each of the 3 sub-projects.

**a) Thach Nham Southern Main Canal:** The subproject will upgrade and rehabilitate 11 km of the southern main irrigation canal of the Thach Nham Irrigation System; and construct 2 regulating sluice gates.

i) *Summary of initial SIP review:* This SIP was initially reviewed in September 2008 and it was discussed with the PPMU during the workshop in Binh Dinh. Overall the SIP was well prepared and this is a good candidate for financing under the project however the cost of \$3.96 million however is a serious concern as it may exceed \$4M once the detailed design is complete. Minor deficiencies were noted such as relevance to other government and donor projects/programs which needed strengthening and clarifications were required regarding the extent of community consultation. The economic returns appear excellent.

ii) *Action Taken:* Subsequent to the workshop in Binh Dinh, the CPMU and the PCPF team visited the PPMU of Quang Ngai and the site of the proposed sub-project in November 2008. The CPMU has approved the SIP in principle, subject to the PPMU revising and submitting a final version in accordance with the project requirements. The PPMU was also instructed to initiate recruitment of consultants for preparation of Feasibility Studies.

iii) *Recommendations:* this project requires close supervision in view of the potential to exceed the maximum amount for financing under the project. Follow up with the PPMU is required to ensure that the SIP is finalized in accordance with project requirements. Approval of ADB is required for this project since its cost exceeds the \$2,0 million threshold.

**b) North main canal-Thach Nham irrigation System:** The subproject will line 10km of irrigation canal from and construct 10km of access road on the right bank of the canal.

i) *Summary of SIP Review:* The SIP for this project was submitted but needs to be revised to reflect the requirements of the project. Specifically, the objectives of the subproject need to be clarified; the provincial letter of commitment regarding O&M need to be provided; and minutes of public consultations need to reflect the public participation. The subproject is not likely to have a

significant impact on environment, but resettlement and land acquisition issues need to be reviewed carefully in view of the large number of affected people (50 household, over 250 people). Investment rate: \$360/ha is likely to bring high economic benefits.

*ii) Action Taken:* the comments and reservations of the PCPF and CPMU have been communicated to the PPMU during the field visit to Quang Ngai in November 2008 and the PPMU was requested to revise the SIP accordingly and address the major issues identified.

**c) Upgrading and rehabilitation of k3 main canal-Thach Nham irrigation System:** The subproject will line 13km of main canal and construct a dirt access road on the bank of the canal to serve rural transportation.

*i) Summary of SIP Review:* the SIP for this project was submitted but did not meet the requirements of the project. Specifically, the minutes of consultations need to reflect public participation and particular attention need to be paid to safeguard issues. In view of the large number of affected people (75 households or over 350 people) for resettlement and land acquisition, this project has the potential to be classified under Category A under ADB guidelines.

*ii) Action Taken:* The CPMU and PCPF consultants visited the site of the proposed subproject during the field visit to Quang Ngai in November 2008 and expressed its reservations to the PPMU regarding the eligibility of under the project in view of the potential significant resettlement/ acquisition issues. The PPMU was requested to revise the SIP and address the major issues identified.



## **INTERIM and FINAL REPORTS ON SUBPROJECT SELECTION AND EVALUATION**



**MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT  
THE EXECUTING AGENCY**

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**ADTA 4981-VIE: INFRASTRUCTURE POLICY REFORM SUPPORT**

**INTERIM REPORT  
ON SUB-PROJECT SELECTION AND  
EVALUATION**

**FOR THE  
INTEGRATED RURAL DEVELOPMENT SECTOR PROJECT  
IN THE CENTRAL PROVINCES (VIETNAM)  
(April 2009)**

Submitted to  
**The Asian Development Bank**

Prepared by



**VICA Consultants Ltd.**

**10 April /2009**

## **ABBREVIATIONS**

ADB	-	Asian Development Bank
ADTA	-	Advisory Technical Assistance Project
CPMU	-	Central Project Management Unit
DARD	-	Department of Agriculture and Rural Development
EIRR	-	Economic Internal Rate of Return
FIRR	-	Financial Internal Rate of Return
FS	-	Feasibility Study
IRDSPCP	-	Integrated Rural Development Sector Project in the Central Provinces
MARD	-	Ministry of Agriculture and Rural Development
MOF	-	Ministry of Finance
O&M	-	Operations and Maintenance
PCPF	-	Policy Compliance and Project Facilitation
PPC	-	Provincial People's Committee
PPMU	-	Provincial Project Management Unit
RISP	-	Rural Infrastructure Sector Project
SEDP	-	Social Economic Development Plan
SIP	-	Subproject Identification Proposal
SIR	-	Subproject Investment Report

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## EXECUTIVE SUMMARY

The purpose of this report is to provide early feedback to the Asian Development Bank (ADB) and the Central Project Management Unit (CPMU) regarding the findings of the review of sub-project selection and evaluation which is currently being carried out. In accordance with the work program summarized in the second quarterly progress report, the activities of the Policy Compliance and Project Facilitation (PCPF) sub-team continue to focus on capacity building of the CPMU and the Provincial Project Management Unit (PPMU), particularly with respect to sub-project selection and the preparation of sub-project identification proposals (SIP).

The actual process of sub-project identification varies from province to province, but essentially potential sub-projects are selected from the Socio-Economic Development Plan (SEDP) prepared by the Province's People Committee (PPC). The selected sub-projects must meet a number of selection criteria defined in the Report and Recommendation of the President (RRP) of ADB and they must be prioritized according to their potential impact on socio-economic development and poverty reduction. The problem often stems from the fact that PPMU staff have little training in determining the socio-economic priorities of potential sub-projects. PPMU staff are typically technical staff who are trained and experienced in project implementation but not necessarily in project identification and conceptualization. Due to delays in recruitment of loan implementation consultants, PPMUs have received little guidance during early implementation in this aspect of the project cycle.

The need for a review of sub-project selection and evaluation process was recognized in November and December 2008 when at least 5 provinces were identified as experiencing difficulties developing a sound portfolio of sub-projects: Binh Thuan; Binh Dinh; Thua Thien Hue; Quang Binh; and Thanh Hoa. In brief, the following observations were made:

- While the quality of the SIPs generally improved in most provinces, the quality and suitability of the sub-projects did not always reflect the same improvement;
- Discrepancies seemed to emerge between the information presented in the SIPs and the actual conditions in the field;
- Some provinces appeared to have an incomplete understanding of the objectives of the project as well as the eligibility criteria set by ADB; and
- Some PPMUs appeared to experience difficulties dealing with priorities set by the PPC which did not always meet the eligibility criteria of the project.

As a result of the above, it was decided that the CPMU/PCPF team would visit 10 of the 13 project provinces between February and May 2009 to: review the portfolio of sub-projects for each province; assess eligibility of proposed sub-projects; discuss safeguard issues and community consultation with the PPMU and the district authorities; and provide guidance regarding the selection process as well as ADB requirements and regulations. To date 6 provinces have been visited by the team and the remaining 4 provinces are planned to be visited in the next 4 weeks. The outcome of the visits to date is: i) an improved list of sub-projects in each province; and ii) improved capacity of the PPMU to identify, package, and conceptualize sub-projects under IRDSP.

A number of issues were identified during the site visits which are highlighted in more details in this report. In summary those can be grouped into 5 areas:

- I. **Sustainability:** In a number of sub-projects the issue of sustainability appears to be a critical factor but is rarely given proper consideration by the PPMUs. There is a need to incorporate O&M concerns at an early stage of project design and preparation to ensure that proper standards are being used, that the project design will support the O&M requirements, and the cost of both the project and O&M will be adequately estimated. In most SIPs, the discussion on O&M issues is limited to the provision of a commitment letter from the provincial government regarding funding for O&M. In the past funding has rarely been sufficient to ensure proper maintenance of infrastructure even at levels that meet the national standards. Unless O&M issues are incorporated at the conceptualization and design stage of each sub-project there will always be a danger of inadequate design, underestimated cost, and inadequate funding for O&M.
- II. **Safeguard issues:** In general the PPMU staff have been briefed on ADB requirements and regulations regarding safeguard issues, but the technical expertise to properly address these issues are rarely available within the PPMUs. While the project provides for Safeguard consultants to assist the PPMU during the Feasibility Study (FS) stage, similar assistance is not available during the project identification stage due to delays encountered in the recruitment of Loan Implementation consultants. There is a need for better assessment of potential safeguard issues at the early stage of project identification to reduce the risk of sub-projects being rejected at the SIR stage due to oversight or inadequate assessment of such issues.
- III. **Community Consultation:** The process of community consultation often appears inadequate. There seems to be little understanding in some PPMUs and/or districts of the need for community consultation. There is also misunderstanding and confusion between consultation, participation and community awareness. In a number of cases, community consultation is restricted to commune officials and does not include potential beneficiaries. The consultation process is often left to the District authorities with little guidance regarding the requirements of ADB in this area. There is a need for PPMU staff to participate more actively and assist the District authorities with community consultations. At this stage it may not be practicable to insist for new consultations to be carried out in areas where such consultations have not been carried out extensively as it may lead to significant delays in project implementation. In such cases, extensive consultations must be programmed in the next stage of Feasibility Studies (FS).
- IV. **Accuracy of SIPs:** A number of SIPs do not accurately reflect the reality in the field. In some cases, the issues of community consultation are misrepresented in the SIP, and in other cases, environmental or resettlement/land acquisition issues are downplayed, either deliberately or inadvertently. The physical conditions of the existing infrastructures are also sometimes inaccurately described. The PPMU staff needs to be more actively involved in the identification and selection of sub-projects as well as in the preparation of SIPs. Specifically, the PPMUs need to verify the information provided by the District authorities, this normally requires visits to the project sites, participation as observers in the community consultation process, visualization of the actual conditions in the field, and discussion with the district staff on the technical aspects of the proposed sub-projects. For preparation of FS and SIRs, it is important to ensure that the issues discussed above are fully considered.



- V. Two Stage Process:** One of the concerns relates to the recent approval by ADB of a “two step” consultation contracting process for preparation of FS and detailed design. Under this system, a firm which has been awarded the contract for FS will have its contract extended for the preparation of detailed design if the FS concludes that the sub-project is technically feasible and economically viable. This may result in a conflict of interest since a firm’s determination of the technical and economic feasibility of a sub-project will result in the award of the contract for the detailed design stage. This will need to be monitored closely during implementation and a proper mechanism to independently confirm the conclusions of the feasibility study will need to be put in place to ensure that only projects which are technically feasible and economically viable will be approved. Potentially this independent review may be performed by the loan implementation consultants once they are in the field.

## I. INTRODUCTION

The purpose of this report is to provide early feedback to the Asian Development Bank (ADB) and the Central Project Management Unit (CPMU) regarding the findings of the review of sub-project selection and evaluation which is currently being carried out. In accordance with the work program summarized in the second quarterly progress report, the activities of the Policy Compliance and Project Facilitation (PCPF) sub-team continue to focus on capacity building of the CPMU and the Provincial Project Management Units (PPMU), particularly with respect to sub-project identification and selection as well as the preparation of sub-project identification proposals (SIP).

In accordance with the work program summarized in the second quarterly progress report, the PCPF sub-team continues to focus its activities on building the capacity of the CPMU and the PPMUs particularly with respect to sub-project identification and the preparation of SIP. During the last quarter a number of PPMUs have been experiencing difficulties particularly in the area of sub-project identification and conceptualization. In those provinces, a significant number of sub-projects which had been submitted for support under the IRDSP were rejected for not meeting the Project's eligibility and/or selection criteria. During the Workshop in Quy Nhon in September 2008, the PPMUs were provided training on the preparation of SIPs and they were briefed on eligibility and selection criteria for sub-projects. The PPMU staff however have received little training regarding project identification and selection as well as project conceptualization.

The actual process of sub-project identification varies from province to province, but essentially the PPMUs usually starts from a long list of potential sub-projects contained in the Socio-Economic Development Plan (SEDP), prepared by the Province's People Committee (PPC), and from this list they select a number of sub-projects with a total value approximately amounting to the provincial allocation. The selected sub-projects must: 1) meet the selection and eligibility criteria of the Project; and 2) have a potential significant impact on socio-economic development and poverty reduction. The problem often resides with the fact that PPMU staff in many provinces having little knowledge or experience in determining the socio-economic priorities of potential sub-projects. In many cases there is confusion between the political priorities of the PPC and the socio-economic objectives of the Project. PPMU staff are typically technical staff who are trained and experienced in project implementation but not necessarily in project identification and conceptualization. In some cases, the staff have a technical orientation but not necessarily in every field of expertise required in IRDSP. For instance, some PPMU have excellent experts in irrigation and/or water supply, but some have few staff with experience in road projects because roads are generally the domain of the Department of Transportation. Training and support of the PPMU to identify and conceptualize sub-projects was to be provided by the loan implementation consultants, but due to delay in recruitment of both the TA consultants and loan implementation consultants, the PPMUs have received little guidance during early implementation in this aspect of the project cycle. This has resulted in some provinces in a significant proportion of sub-projects being found unacceptable for financing under the loan. The area of capacity building of the PPMUs in project identification has therefore become a priority for the CPMU and the ADTA consultants.

Although all provinces may need assistance and guidance in this area, five provinces have been identified as requiring immediate assistance. Those are:

- Binh Thuan;
- Binh Dinh;
- Thua Thien Hue;
- Quang Binh; and
- Thanh Hoa

In addition, during early site visits, the PCPF/CPMU team have identified some problems regarding the accuracy of the SIPs. It was observed that some SIPs did not reflect accurately the conditions in the field or the actual project proposal. In view of this, it was agreed that the site of all sub-projects not yet approved in every province should be visited. Given the fact that 3 provinces had all their sub-projects approved, a program was developed to visit each of the remaining 10 provinces from February to May 2009 to review the list of potential sub-projects; visit the site of proposed and potential sub-projects; review the eligibility of the sub-projects; discuss safeguard issues and community consultation; provide feedback regarding the selection process; and assist the PPMU where needed in the development of a sound list of potential sub-projects. The methodology for this capacity building exercise is described below. A team consisting of the PCPF consultants and CPMU Staff

- Visit each PPMU of each province and review the list of potential sub-projects with PPMU staff;
- Provide guidance regarding project eligibility and selection criteria, including presentations and question and answer sessions;
- Visit the sites of potential sub-projects and comment on the suitability of each sub-project as well as provide guidance to improve such suitability whenever necessary;
- Review other potential projects contained in the SEDP and visit the sites of such projects;
- Advise the PPMU preparing an updated list of subprojects; and
- Provide advise regarding required modifications to the SIPs.

To date, the PCPF sub-team and CPMU staff have visited 6 of the ten provinces as shown in table 1 below. The remaining 4 provinces are scheduled to be visited from 20 to 27 April 2009 (Thanh Hoa, Nghe An, and Ha Tinh) and 11 to 14 May 2009 (Quang Nam).

**Table 1 – Summary of Provinces Visited as of 10 April 2009**

Dates	Province	Sub-project visited
9 – 12 Feb 09	Binh Thuan	<ul style="list-style-type: none"> <li>- Da Bac Lake irrigation system rehabilitation</li> <li>- Ca Giay Lake irrigation system rehabilitation and upgrading</li> <li>- Bau Cat Hamlet, Ham Lien Commune road and Access to Can Khan bridge</li> <li>- Upgrading Primary system for the Quao River Irrigation System</li> <li>- Phu Son – Ku Ke Main canal rehabilitation</li> </ul>

Dates	Province	Sub-project visited
		<ul style="list-style-type: none"> <li>- Lining of N3 Primary canal</li> <li>- Lining of N19 Primary canal</li> <li>- Upgrading Thuan Minh – Ham Hiep inter commune road</li> <li>- Dan Hoa village road and Ba Lieu Bridge upgrading</li> </ul>
22 - 27Feb 09	Binh Dinh	<ul style="list-style-type: none"> <li>- An Duc – An My Road</li> <li>- Van Hoi Irrigation Canal</li> <li>- Hoai Tan – Hoai Phu Road</li> <li>- My Hiep – My Trinh Road</li> <li>- Nhon Tan – Nhon Phuc Road and bridge</li> <li>- N1 – Thuan Ninh Canal</li> </ul>
	Phu Yen	<ul style="list-style-type: none"> <li>- Ea Bar – Ea Trol Road</li> <li>- Suoi Bac - Son Nguyen Road</li> <li>- Suoi Ky – Da Du – Lo Dieu Road</li> <li>- Hoap Hiep – Tu Nham Road</li> <li>- North Canal – Dong Cam System</li> </ul>
23-28 Mar 09	Thua Thien Hue	<ul style="list-style-type: none"> <li>- Rural Water Supply for 2 Districts of Huong Tra and Phu Vang</li> <li>- Loc Binh – Loc Tri – Phu Loc Road and Irrigation Dikes</li> <li>- Vinh Giang – Vinh My – Vinh Hung Road</li> <li>- Quang Ngan – Quang Cong – Quang Phuoc Road</li> <li>- An Gia Irrigation System</li> <li>- Quang An – Quang Thanh road</li> </ul>
	Quang Tri	<ul style="list-style-type: none"> <li>- Rehabilitation small scale irrigation and salinity control, Upgrading 19/5 reservoir, rehabilitation T-5 drainage canal</li> <li>- Water supply in Cam lo and Gio Linh districts</li> <li>- Nhi Thuong – Lai An road and bridge, and Lam Xuan Dong Road and bridge</li> <li>- Vinh Tan – Vinh Giang – Finh Quang road</li> <li>- Quyet canal and dam; and Ban Cua Reservoir</li> <li>- Ba Long Road (orphan)</li> </ul>
	Quang Binh	<ul style="list-style-type: none"> <li>- Vo Ham – Duy Ninh intercommune road</li> <li>- Duc Nhan road and Nhan Tra bridge</li> <li>- Hoan Lao Water Supply</li> <li>- Dong Muoi Reservoir and Ho Mui Rong Dam</li> <li>- Quang Hoa – Quang Minh – Quang Van road</li> <li>- Nghia Ninh and Bac Nghia – Dong Son Road</li> </ul>

## II. FINDINGS

### A. General Comments

A number of provinces visited were not identified as priority provinces but it was felt that even though the difficulties encountered in those provinces were not as serious as in the priority provinces, there was still a need to provide assistance and guidance to the PPMU staff regarding project identification, preparation of SIPs and selection of consultants for preparation of Sub-project Investment Reports (SIR). The field trips also provided an opportunity for the CPMU and PCPF consultants to: i) visit the sites of sub-projects for which SIPs had been prepared and submitted and to compare the actual conditions in the field with the descriptions contained in the SIPs; ii) meet and interview expected beneficiaries and assess the level of community consultations that took place in project preparation; iii) carry out a visual assessment of safeguard issues; and iv) review the proposed scope of work.

This section will provide a summary assessment of the sub-project identification and selection process in each province visited to date. The report highlights the major issues and problems encountered in each province and provide a summary assessment of each sub-project visited together with conclusion and recommendations which were provided to the province at the end of each site visit.

### B. Binh Thuan

Binh Thuan was identified as a priority province because of difficulties it experienced in the preparation of a list of potential sub-projects which met the project eligibility and selection criteria. Initially Binh Thuan submitted a list of 11 sub-projects for consideration by the CPMU. The majority of those sub-projects were rejected by the CPMU because they did not fully meet the eligibility criteria. From the initial list, 9 projects were rejected and 2 sub-projects were retained but combined into one new sub-project. A new proposed list of sub-project was submitted including two new sub-projects and the two combined sub-projects from the original list. The new list comprised only 3 sub-projects with a total value of \$9,3 million, representing the total allocation for the province of Binh Thuan under IRDSP

The PCPF consultants and CPMU staff visited all three proposed sub-projects on 10 Feb 09. The findings of the Team were discussed with the PPMU and DARD officials during a wrap up meeting held on 11 Feb 09. The outcome of the field trip is as follows:

**a) Da Bac Lake Irrigation System:** this sub-project estimated at \$3,2 million aims to repair, rehabilitate and upgrade the Da Bac Lake irrigation dam, as well as lining of primary irrigation canals. The system presently provides irrigation water for approximately 290 ha of agriculture land, and the proposed rehabilitation and upgrading is expected to increase the command area to approximately 390 ha. The total number of beneficiaries is estimated to be approximately 15,000 people from the nearby communes. The dam and spillways are in relative good condition and require minimum repair and maintenance. The primary canals are lined on part of their length but in some areas have not been properly maintained and are blocked or damaged. This can be fixed through regular periodic maintenance.

- i) *Assessment:* the cost of rehabilitation of the dam and irrigation canals is considered extremely high at \$3,2 million particularly in view of the limited expected benefits. The unit cost of the work would be approximately \$32,000 per incremental ha of agriculture land and thus the economic returns are likely to be too low to justify such a large investment. The scope of most of the proposed rehabilitation work would probably fall within the scope of a regular maintenance program.
- ii) *Action Taken:* in view of the above findings, the PPMU was instructed to remove this sub-project from the list of potential sub-projects and substitute it with a more suitable sub-project;

**b) Repair and upgrading of Ca Giay Lake Irrigation system:** This project aims to repair and line primary and secondary canals of the Ca Giay lake irrigation system. The project is expected to increase the command area from 2,800 ha to 4,500 ha by improving efficiency in delivery of irrigation water and reducing seepage and water wastage.

- i) *Assessment:* This sub-project appeared to meet the eligibility criteria for financing under the project. The economic viability was expected to be acceptable based on an investment cost of \$1,475 per ha of incremental agriculture production area. The cost was considered reasonable and the number of beneficiaries is significant. This project was considered a good candidate for financing under the loan in view of its high economic viability, simplicity and positive impact on beneficiaries.
- ii) *Action taken:* subsequent to the field visit the PPMU indicated that it appeared that the cost of the sub-project had been underestimated and the real cost would be \$3,4 million not \$2,5 million as initially estimated. The CPMU/PCPF team indicated that the higher cost would negatively impact the economic viability of the project. It was suggested that the PPMU review the scope of work and envisage measures aimed at reducing the cost of the project without significantly affecting the benefits. If this was not possible it was unlikely that this sub-project could meet the economic viability criteria for eligibility under the IRDSP and a more suitable sub-project should be identified.

**c) Bau Cat – Ham Lien road and Access road to Cau Khan bridge:** this sub-project is a combination of two sub-projects which had been submitted in the initial list of sub-projects. The SIP for this sub-project has been submitted and reviewed. The SIP was relatively well prepared but it raised the problem of very high cost (the cost was revised from \$3,6 to \$2,6 million but the investment cost remained high at \$130,000 /km)

- i) *Assessment:* the two components were visited:
  - 1) Access road to Cau Khan Bridge: the field trip revealed that the *Access road to Cau Khan Bridge* component of this sub-project consisted in a number of small sections of roads, many being new roads. The area to be served by the proposed road has a low population density and economic activities were primarily related to a private sector quarry operation located along the



alignment of the proposed road. This segment is considered unsuitable for financing under the loan as it is not likely to meet the eligibility criteria particularly regarding economic viability and socio-economic development.

- 2) Bau Cat – Ham Lien Commune road: this segment is relatively short (6 km), but has potentially high economic benefit. The road traverses high density agriculture area (dragon fruit plantations) and once upgraded it would reduce the cost of transportation of agriculture input and products from the farms to the nearby town of Phan Thiet. The only potential drawdown is the fact that the area appears to be relatively well off and the impact on poverty reduction may not be as significant.
- ii) *Action Taken*: the PPMU was informed that the *Access road to Cau Khan Bridge* was not suitable for financing under the project, and this component should be removed from the sub-project. The smaller Bau Cat – Ham Lien road component appears suitable but the PPMU was requested to update the socio-economic profile of the potential beneficiaries to assess the impact on poverty reduction prior to resubmit the SIP for review and approval.

### New potential sub-projects

Subsequent to the field visit to the three above proposed sub-projects it was determined that only the *Bau Cat – Ham Lien road* component of the *Bau Cat – Ham Lien and Access road to the Cau Khan Bridge* sub-project may meet the project selection requirements. It was not clear whether *Upgrading of Ca Giay Lake Irrigation System* would meet the economic viability criteria for the project without significant changes to the scope of work to reduce the cost of the sub-project. This left only from \$0,650 million to approximately \$3 million worth of potential sub-projects for Binh Thuan, significantly short of the allocation of \$9,32 million. Accordingly, and additional day of field visits was scheduled for the 11 February to accompany the PPMU to a number of other potential sub-projects. These included the following:

- a) Upgrading of Primary Canal of the Quao River Irrigation System:
- b) Upgrading of Phu Son – Ku Ke Main Canal
- c) Upgrading of N3 Primary canal
- d) Upgrading of N19 Primary canal
- e) Thuan Minh – Ham Hiep Inter-commune road
- f) Upgrading of Dan Hoa Village road and Ba Lieu Bridge

SIPs had not been prepared for these sub-projects and in many cases the scope and objective of the proposed work was not yet completely defined and cost estimates had not been prepared. Never-the-less, despite the lack of information and details, all the above projects showed good potential for meeting the selection and eligibility criteria under IDRSP. The PPMU was instructed to prepare SIPs for these projects as soon as possible and submit them for review and approval of the CPMU.

### Summary Assessment of Binh Thuan Province

In the past, Binh Thuan province has experienced difficulties in identifying suitable sub-projects for financing under the loan. The initial list included 11 sub-projects, but 10 of those sub-projects were eventually rejected for not fully meeting the project eligibility criteria. The second list was reduced to 3 sub-projects but only one small sub-project was found to have the potential of meeting the selection criteria. The CPMU /PCPF team worked with the PPMU and visited the site of several potential sub-projects on 11 February 09. During these site visits, 6 new sub-projects were identified that will likely meet the project selection criteria. This demonstrates that there is no shortage of good potential sub-projects for financing in Binh Thuan province. The PPMU was instructed on the methodology for selection of sub-projects and guidance was provided to assist them in identifying additional sub-projects as required. The PPMU was also reminded to pay close attention to the preliminary cost estimate of each sub-project as many sub-projects from the initial and second lists were eliminated because of underestimated cost which eventually impacted the potential economic returns of each sub-project. The PPMU was instructed to prepare SIPs for the newly identified sub-projects and submit it to the CPMU for consideration as soon as possible.

### C. Binh Dinh

Binh Dinh was identified as a priority province in view of the number of SIPs/ Subprojects which appeared unsuitable or marginally suitable for financing under the project. The initial list of sub-project contained 4 road sub-projects, 5 irrigation sub-projects and 1 water supply sub-project for a total of \$10,76 million corresponding to the budget allocation for the province. From the initial 10 sub-projects, one (My Hiep – My Trinh Road) was rejected by the CPMU because the proposed road was considered part of a larger provincial west corridor road; and one was considered marginally suitable (Nhon Tan – Nhon Phuc Road) because the road had recently been upgraded to concrete surface and the purpose of upgrading was not consistent with the objective of the project. Three proposed subprojects (Lining of Nui Mot Reservoir Main Canal; Upgrading My Binh Reservoir; and Rehabilitation of Tra O Irrigation System) have been approved in principle by the CPMU.

Subsequent to the rejection of the My Hiep – My Trinh Road and the Nhon Tan – Nhon Phuc road sub-projects by the CPMU, the PPMU reviewed the standards, scope and cost estimates of these two sub-projects and requested the CPMU to reconsider its position regarding their approval. Another major issues was the rising estimated cost of the 10 proposed subprojects. The initial cost estimates for all sub-projects were revised by the PPMU to reflect inflation and other escalation factors, and the total revised cost amounts to \$13,977 million or \$3,217 million over the provincial allocation for Binh Dinh.

In light of the above, the PCPF consultants and CPMU staff visited 6 of the 10 proposed sub-projects on 23 – 24 Feb 09 to review eligibility of the proposed sub-projects, and identify possible cost savings. The findings of the Team were discussed with the PPMU and DARD officials in a wrap up meeting held on 24 Feb 09. The outcome of the field trip is summarized below:

- a) **An Duc – An My Road**: This sub-project aims to upgrade and repair 12 km of existing inter-commune road. There are three distinct sections on this road: i) upgrading 5 km of existing

dirt road to concrete surface of 3,5 m wide on a 6,5 m existing foundation; ii) repairing and construction of drainage ditches and structures on 4 km of existing concrete road (3,5 m surface / 6,5 foundation); and iii) upgrading of 3 km of mostly track road to concrete road to 3,5 m concrete over 6,5 m foundation. When completed, the project will improve access for people of 4 communes to two provincial roads located at each end of the sub-project road. The total cost is estimated at \$1,4 million or an investment of \$116,000/km.

- i) *Assessment:* the cost of rehabilitation and upgrading is slightly high at \$116,000/km. This may be partly explained by the fact that the last section of the road will upgrade 3 km from dirt track to a concrete road and will require the construction of a new foundation. However this does not completely explain the high cost of the road since 4 km of the proposed project will only consist of minor repair and drainage work on an existing concrete road. There is a need to review the cost structure and identify potential savings. The road will benefit 37,000 people in 4 communes where 13% of the population live below the poverty line and 80% live slightly above the poverty line. If the cost can be reduced to \$100,000/km or less, the economic benefits of the project would be greatly improved.
- ii) *Action Taken:* The mission advised the PPMU that this sub-project would be suitable for financing under the project provided that the cost of construction was reduced to improve the economic viability. The PPMU was instructed to consider ways to reduce the construction cost, including removing the sections which only require minor repairs and maintenance, the cost of such minor maintenance can be absorbed as part of the annual maintenance budget. The PPMU was further instructed to revise the SIP accordingly and resubmit it as soon as possible for consideration and approval of the CPMU.

**b) Van Hoi Reservoir Canal:** This sub-project will construct 17,1 km of secondary canals (N2, N3 and N5), 5 km of branch canals, and a number of canal structures and bridges. The new canals will benefit directly and indirectly approximately 37,000 people from 4 communes. Approximately 13% of the beneficiaries live below the poverty level. The project will increase the area under irrigated agriculture by 1,100 ha and will allow a second crop for 550 ha which presently produces only one crop /year

- i) *Assessment:* The investment cost of \$1,76 million is considered reasonable, and the investment cost of \$650/ha of incremental agriculture production is likely to result in an EIRR of more than 10%. There are resettlement and land acquisition issues but those are considered minor and should not cause any significant problem.
- ii) *Action taken:* this is considered to be a good sub-project with potential substantial impact on poverty reduction. Minor comments on the SIP were provided to the PPMU who was instructed to revise and resubmit it as soon as possible. Attention must be paid to land acquisition/resettlement during project preparation to ensure that there will not be any significant issue.

**c) Hoai Tan – Hoai Phu Road:** this sub-project aims to upgrade 4,5 km of existing road and construct 6 km of new road (in two sections of 3 km each). The cost estimate for this sub-project is \$1,6 million or \$152,000/km.

- i) assessment:* the cost is considered high because of the cost of opening 6 km of new road through two forest plantation areas. At the rate of \$152,000/km it is unlikely that this sub-project will meet the 10% EIRR requirement. There are also potential land acquisition/resettlement issues and to a lesser extent environmental issues regarding the new section of the road. The existing section of the road is in good shape and requires only minor repairs and construction of drainage facilities, which can easily be carried out through routine operation and maintenance and is not justified to include under the project.
- ii) action taken:* in view of the above the PPMU was informed that this sub-project is not likely to meet some of the major selection criteria under IRDSP and should be removed from the list of approved sub-projects.

**d) My Hien – My Trinh Road:** this sub-project was visited in Sept 2008 and was rejected by the CPMU because the proposed road appeared to be a section of a larger project to construct a provincial west corridor running north to south parallel to National highway No. 1 and therefore, the purpose of the sub-project was not consistent with the objective of the project. In addition, there was a section of 7 km of new road to be constructed through forest plantation and fallow land. Subsequent to the September visit, the PPMU revised the construction standards from provincial road to rural road with 3,5 m pavement over 6, 5 m foundation. The PPMU requested the CPMU to reconsider its decision. The sub-project would upgrade 16 km of road, including upgrading existing dirt road and in some sections dirt track to concrete surface, repairing and providing drainage for existing concrete road and constructing a section of new road through forest plantation and fallow land.

- i) assessment:* The road has sections of existing concrete surface (3,5 m/6,5 m) in generally good condition that would only require minor repair and provision of adequate drainage system. There is also a section which is currently a motorcycle/light vehicle access path which will need to be upgraded to rural road standard, and a section of approximately 1 km of new road. When constructed the road will connect at both ends to a provincial road, linking 3 communes to the provincial road network and significantly reducing the cost and time of transportation particularly for farmers living in the area where only motorcycle path exists. This section is only passable in the dry season and severely restrict access to market and services during the rain season. A total of 34,000 people in 3 communes will benefit from this sub-project. The cost of the project is \$1,64 million (\$100,000/km). The low cost /km is partly due to the fact that a significant section of the road will require only minor repair and provision of drainage facility.
- ii) action taken:* the main objection to this sub-project was that it was to be part of a major provincial road and included a large section of new road. The PPMU clarified that the standards used for this sub-project (3,5 m paved surface over

6,5 m foundation) are indeed rural roads standards not provincial road standards. Furthermore the section of new road is only expected to be up to 1 km, not 7 km as initially indicated. Under those circumstances, the objective of the sub-project as well as the expected socio-economic benefits meet the overall project objective and selection criteria and can be considered for financing under IRDSP. The PPMU was asked to update the SIP to reflect the new scope and standards and to confirm that the length of new section of road would not exceed 1 km. If the length of the new road section exceeds 1 km, that section should not be included in the proposed sub-project, but the remaining sections would remain eligible and likely economically viable to be supported as it would still improve access to market and services. The PPMU was also requested to consider removing the section which require only minor repairs as it would be more appropriate to finance this work from the routine maintenance budget.

**e) Nhon Tan – Nhon Phuc Road:** this sub-project was visited in September 2008, it was proposed to widen an existing concrete road from 3,5 to 5 m to allow increased volume of transport between two strategic provincial and national roads. The PPMU was informed that this objective would not meet the requirements of the project as a rural road. The PPMU resubmitted the sub-project for consideration. The new proposal keeps the concrete surface to 3,5 m, replaces an existing bridge which has collapsed, and proposes a 1 to 1,5 km diversion road to by-pass an existing village/town.

- i) assessment:* the existing road is in reasonably good shape, it was upgraded to concrete surface only 2 years ago and has been maintained properly since then. There are sections where drainage needs to be provided and the existing bridge which has collapsed needs to be replaced. However the proposed village by-pass confirms that the purpose of the road upgrading remains to increase transport volume between the two major provincial and national roads, and is not designed to improve access for the local communities to services and markets. Furthermore without upgrading the road to provincial standard, it is likely that the increased volume of transport that would result from the by-pass would severely damage to the existing road.
- ii) action taken:* in view of the above, the PPMU was informed that the purpose of the proposed sub-project was not compatible with the objective of IRDSP to upgrade rural roads to promote rural development. The replacement of the collapsed bridge is considered well justified, but the cost of this replacement alone would likely be less than \$500,000 and therefore not eligible for financing unless combined to another sub-project. The PPMU was requested to remove this project from the list of sub-projects. Should there be savings and funds available in the future for Binh Dinh under the project, the replacement of the bridge could be combined with upgrading of one or several markets for instance to bring the total cost within the project eligibility range.

**f) N1 Thuan Ninh Canal:** this sub-project aims to construct 30 km of new primary and branch canals on the Thuan Ninh irrigation system, opening 1,665 ha of new land for



agriculture. This is a very poor area. There are 23,000 beneficiaries in 3 communes in the area, 23% of which are presently living below the poverty line and nearly 90% live only slightly above the poverty line. Without irrigation the agriculture production is extremely limited and cannot provide even basic subsistence for the people living in the area. The Ninh Thuan irrigation system was constructed under RISP but has yet to achieve its full potential.

- i) *assessment:* this is potentially a very good sub-project, although the cost is considered high. The investment cost is on the other hand quite relatively low at \$1,050/ha of incremental agriculture production. The project would improve the livelihood of a large number of beneficiaries most living under or near the poverty line. There are concerns however with the planning and operation of the irrigation system. Even though the N-2 canal was completed in 2004 under RISP, most of the water has been diverted outside the command area to another area which has been given higher priority by the province. Similarly while 4 km of the N-1 canal has already been constructed, to date no branch canal has been built and N-1 remains unused and its command area under-developed due to lack of funding; this despite the extreme poverty and poor agriculture conditions prevailing in the area.
- ii) *Action taken:* the PPMU was informed that the cost of the sub-project was considered high and measures to keep the cost lower should be envisaged. The PPMU was also instructed to ensure that development of branch canals and the command area will be carried out in parallel to the construction of the main canal (N-1) to ensure immediate agriculture production benefits to the area. The major lesson learned from the development of N-2 canal and the early development of N-1 canal is that higher priority should be given to development of secondary and branch canals because if additional sources of financing cannot be identified for the minor works, large infrastructures remain unused and unproductive and the impact of the large capital investment on poverty reduction and economic development is poor.

### Summary Assessment of Binh Dinh Province

The provincial allocation for Binh Dinh under IRDSP is \$10,76 Million equivalent. The current portfolio included 10 projects estimated at \$13,977 Million. There are two proposed subprojects which were considered less suitable for the project: Nhon Tan – Nhon Phuc Road (\$0.88 million) and the Hoai Tan – Hoai Phuc road (\$1,6 million). In addition, one sub-project for Vinh Tanh Water Supply (\$0.5 million) is expected to be transferred to the upcoming Water Supply Sector project currently being developed. This will reduce the list of sub-projects to 7 with a total value of \$10,997 million. This is still slightly over the allocation of \$10,76 million but provided some cost savings can be achieved in some sub-projects, notably the N1 Thuan Ninh Canal project and the An Duc – An My road for instance, this should be adequate.

The CPMU /PCPF team worked with the PPMU and visited the site of 6 potential sub-projects on 23 and 24 February 09. During these site visits, 2 sub-projects were assessed to be less suitable for financing under IRDSP and 4 sub-projects were confirmed as likely to meet the selection and eligibility criteria. The PPMU was reminded to pay close attention to the



preliminary cost estimate of each sub-project as cost estimates appear to vary widely and may cause otherwise potentially good sub-projects to become economically unviable. The updated list of sub-projects for Binh Dinh was revised as follows:

**Table 2 – Updated list of sub-project in Binh Dinh**

No	Project Name	Cost	Remarks
1	Upgrading of My Hien – My Trinh Road	\$1,640 Million	Project initially rejected but conditionally accepted
2	Upgrading of An Duc – An My Road	\$1,400 Million	Good sub-project but cost needs to be contained
3	N-1 Thuan Ninh Canal	\$3,440 Million	Good sub-project but cost high and need to ensure that development of command area will be carried out simultaneously
4	Lining of Nui Mot Reservoir Main Canal	\$1,080 Million	Approved
5	Van Hoi Reservoir Canal	\$1,767 Million	Good sub-project but need to follow up on land acquisition issues
6	Upgrading My Binh Reservoir	\$0,750 Million	Approved in Principle, not visited
7	Rehabilitation of Tra O Irrigation system	\$0,920 Million	Approved in principle, not visited
	<b>Total</b>	<b>\$10,997 Million</b>	

#### **D. Phu Yen**

Phu Yen was not considered a priority province but was included in the field visits due to its proximity to Binh Dinh and the fact that even though 3 sub-projects have been approved so far in Phu Yen, SIPs have not been submitted to date for 5 of the remaining sub-projects. From the initial list of sub-projects from Phu Yen three have been approved: *Upgrading of Ky Lo River Dyke and Embankment*; *Chi Tranh – An Linh Road*; and *Xuan Thanh – Hoc Ram Road*. Two sub-projects were rejected as unsuitable: *Lo An Reservoir*; and *Phu Khe – Phuoc Tan Road*. The total value of sub-project portfolio for Phu Yen is \$8,253 million which is within the total allocation of \$8,56 million for the province. According to the PPMU, SIPs have not been submitted for the 5 remaining sub-projects because the procedure for approval of substitute sub-projects was not clear. This was clarified by the CPMU staff and the PPMU was requested to expedited processing and submission of SIPs for all remaining projects.

The PCPF consultants and CPMU staff visited all 5 remaining sub-projects on 26 – 27 Feb 09 to review eligibility of the proposed sub-projects. The findings of the Team were discussed with the PPMU and DARD in a wrap-up meeting on 27 Feb 09. The outcome of the field trip is summarized below:

**a) Ea Bar – Ea Trol Road:** This sub-project aims to upgrade 15 km of existing inter-commune dirt road to bitumen surface. The sub-project will benefit 6,000 people in 2 communes, including 35% from the Ede ethnic group,. The proposed road is located in mountainous areas characterized by a very high incidence of poverty (approximately 71% of the population live below the poverty line). Most beneficiaries live from coffee farming. The existing road is in poor condition and is subject to further deterioration during the raining season. There are a number of small structures to be constructed or repaired (spillways, culverts, etc) but no major structure or bridge is planned on the road. No significant resettlement or environmental issues are noted.

- i) Assessment:* overall this is a good project, the cost of the road upgrading is considered reasonable given that it is in mountainous area. The cost has been kept low through the proposed use of bitumen instead of the more costly option of concrete, and the use of spillways instead of bridges whenever possible. At roughly \$100,000/km it is likely that this project will meet the economic viability criteria for the project. Furthermore, it is expected that the impact on poverty reduction will be significant given the high incidence of poverty in the area.
- ii) Action Taken:* the mission advised the PPMU that this proposed sub-project is likely to meet the selection criteria of the project and requested that the SIP be prepared and submitted as soon as possible for review.

**b) Suoi Bac – Son Nguyen Road:** this sub-project will upgrade 10 km of road from dirt to bitumen surface. The road was recently built under the World Bank Rural Road Project but the WB project did not provide for concrete or bitumen surface and the road is already suffering serious damage from heavy traffic. This is aggravated by the fact that the major crop in the area is sugar cane and the road is subjected to high axle loads of cane carrying trucks.

- i) Assessment:* the existing road has recently been built under World Bank financing but is already showing significant deterioration. The project area is a large sugar cane producing area and traffic from heavily loaded trucks is causing major damage to the road. There is a need to upgrade the road to bitumen surface but there is also a more significant issue of protecting the road from further damage from heavy traffic. The road will benefit 9,000 people, mostly all sugar cane growers, including 2,000 people from Cham and Ede ethnic groups. The incidence of poverty in the area is very high at 70-73%. The cost of the upgrade is considered reasonable and at approximately \$90,000/km it is likely to have good economic returns. The road will link two communes to two provincial roads which have been earmarked for upgrading to concrete surface under provincial Government Funding. The benefit of the proposed road can only be fully achieved once the two provincial roads are upgraded.
- ii) Action Taken:* this is potentially a good sub-project. It is likely to have a significant poverty reduction impact on the area for 9,000 people including 2000 people from ethnic minorities. The socio-economic benefits of the project are likely to be high. There are two main issues with this sub-project: i) sustainability of the proposed road improvement; and ii) the link to existing infrastructure.

Regarding the first issue, the PPMU was instructed to ensure that heavy traffic would not be allowed on the proposed road. Barriers should be installed at both ends of the road restricting heavy trucks from entering. The sugar cane should be transported from the farms to specified loading zones at both ends of the road by the farmers themselves using light tractors and trailers. Preferably special loading zones should be built to reduce traffic disturbances in the loading area. The cost of establishing such loading zones with proper fencing and concrete surface can be included in the total cost of the sub-project. Regarding the second issue the PPMU was requested to obtain a commitment letter from the provincial government to the effect that the two provincial roads at both ends of the proposed sub-project will be upgraded before or at the same time as the proposed sub-project to ensure that the benefits of the sub-project will be achieved.

**c) Suoi Ky – Da Du – Lo Dieu Road:** this sub-project will upgrade 9 km of commune road from dirt to bitumen surface. The sub-project will benefit 9,000 people mostly from the Bana and Cham ethnic minorities. The road crosses mountainous areas and links at both ends to existing provincial roads, but as in the case of *Suoi Bac – Son Nguyen Road* above, both roads are still dirt surface and are scheduled to be upgraded to concrete/bitumen shortly. This is also a very poor area with 98% of the people living below the poverty line. Like the *Suoi Bac – Son Nguyen Road*, this road is subject to heavy traffic because the major crops are sugar cane and cassava. The cost of upgrading the road is rather high at \$130,000/km primarily in view of the geographical location in a mountainous area. There are also a number of structures which will be required.

- i) Assessment:* the cost of the project is high and it may not be justifiable on economic benefits alone, but it is potentially a good project which would have a significant impact on poverty reduction for 9,000 people from two minority groups. This project may need to consider both socio-economic and poverty reduction justifications for support under the loan.
- ii) Action taken:* The PPMU was instructed to prepare a SIP emphasising the poverty alleviation benefits as justification for the road upgrading. Like the *Suoi Bac – Son Nguyen Road*, the PPMU was instructed to ensure that heavy traffic would not be allowed on the proposed road and that proper measures would be taken to protect the road against heavy axle loads. The PPMU was also requested to obtain a commitment letter from the provincial government that the two provincial roads at both ends of the proposed sub-project will be upgraded before or at the same time as the proposed sub-project.

**d) Hoa Hiep – Tu Nham Road:** This sub-project will upgrade 9 km of existing coastal road from dirt to bitumen surface. The road is the only link to the main highway for a commune of 9,600 people living mainly from fisheries. Approximately 20% of the beneficiaries live below the poverty line.

- i) Assessment:* this is a good sub-project which will improve access to market and services for 9,000 beneficiaries living mostly from fisheries. There is no

environmental or resettlement issue expected with this project. The road upgrade will cost \$0,825 million or \$91,000/km and is likely to meet the EIRR requirements

- ii) *Action taken:* the PPMU was requested to prepare and submit a SIP for this sub-project as soon as possible.

**e) North Canal – Dong Cam irrigation System:** this sub-project will upgrade up to 12 km of secondary canals (N-3 and N-4) on the Dong Cam Irrigation system with concrete lining. A number of control structures, bridges, and crossings will also have to be repaired, upgraded or rebuilt. The Dong Cam Irrigation system provides irrigation water to a very large area of Phu Yen province near Tuy Hoa. The proposed lining of 12 km of secondary canal will reduce the water losses, improve the flow and efficiency of the canals and improve agriculture production for 2,000 ha of irrigated land. A total of 37,000 people will benefit from this upgrade, including 10% who are living below the poverty line.

- i) *Assessment:* The two targeted canals irrigate a large area of land (2,000 ha) in a key agriculture area of Phu Yen province. The proposed lining of the canal will improve efficiency in the delivery of water and will increase agriculture production and yield. The cost of the project is estimated at \$0,600 million (or less than \$300/ha) which appears low (\$50,000/km of canal). Another issue is the operation and maintenance of the upper reaches of the two targeted canals. Although the lined upper reach sections of the two canals are in relatively good shape, there are many areas which appear damaged and need immediate attention. Unless these sections are repaired quickly, it is likely that the improved efficiency expected in the lower reaches of the canals as a result of upgrading may not be achieved due to inefficiencies in the existing upper reaches.
- ii) *Action taken:* The PPMU was advised that this is likely a good sub-project, but it was instructed to review carefully the cost estimate as it appears rather low particularly given the number of structures that may need to be upgraded/repaired/replaced. The PPMU was also requested to obtain a commitment from the Provincial Government regarding maintenance not only of the proposed sections for upgrading but the entire canals N-3 and N-4 including the existing lined sections to ensure long term sustainability of economic benefits.

### Summary Assessment of Phu Yen Province

Phu Yen has proposed a well balanced and diversified portfolio of sub-projects, including upgrading of mountain roads in ethnic areas, upgrading of coastal roads, rehabilitation of coastal protection system, and upgrading of irrigation systems. Some of the proposed sub-projects, particularly in mountainous areas may not score as high on the EIRR, but are expected to have a significant impact on poverty reduction, and can well be justified on those grounds alone. The CPMU/PCPF team made some recommendations to the PPMU regarding O+M and sustainability aspects of some projects particularly road upgrading in areas cultivating sugar cane and cassava, as well as the need to consider the sustainability and efficiency of the entire

irrigation system when planning for upgrading irrigation canals. The other important issue is the need to ensure accurate cost estimates in the project planning process.

The CPMU /PCPF team worked with the PPMU and visited the site of 5 potential sub-projects on 26 and 27 February 09. During these site visits, all sub-projects were assessed to be suitable for financing under IRDSP although some with conditions attached. The updated list of sub-projects for Phu Yen is as follows:

**Table 3 – Updated list of sub-project in Phu Yen**

No	Project Name	Cost	Remarks
1	Upgrading Ky Lo River Dike and Embankment	\$0,940 million	Approved
2	Chi Thanh – An Linh Road	\$1,370 Million	Approved
3	Xuan Thanh – Hoc Ram Road	\$1,000 Million	Approved
4	Upgrading Suoi Ky – Da Du – Lo Dieu road	\$1,180 Million	Good subproject but economics may not be high, need to ensure sustainability of the upgrade, need provincial commitment regarding upgrade of two provincial road linking to the sub-project road
5	Upgrading Suoi Bac – Son Nguyen Road	\$0,880 Million	Good subproject but need to ensure sustainability of the upgrade, need provincial commitment regarding upgrade of two provincial road linking to the sub-project road
6	Upgrading Ea Bar – Ea Trol Road	\$1,470 Million	Good subproject, PPMU instructed to submit SIP as soon as possible
7	Upgrading Hoa Hiep – Tu Nham Road	\$0,823 Million	Good sub-project, PPMU instructed to submit SIP as soon as possible
8	North Canal – Dong Cam Irrigation System	\$0,588 Million	Good sub-project need to review cost estimate and obtain Provincial Government commitment on maintenance of entire canals.
	<b>Total</b>	<b>\$8,251 Million</b>	

## E. Thua Thien Hue

TT Hue was identified as a priority province due to difficulties experienced by the PPMU in identifying suitable sub-projects. The PPMU staff have gained considerable experience and skill in preparation of SIPs but still remain weak in identification and conceptualization of potential sub-projects. All 13 SIPs for sub-projects listed for TT Hue have been submitted to date, and 9 SIPs have been approved in principle by the CPMU. None of the SIP has a cost

estimate over the \$2 Million threshold requiring ADB approval. Seven sub-projects are for rehabilitation of rural roads, 5 for rehabilitation of irrigation and drainage facilities and 1 for rural water supply. The total value of the sub-project portfolio for TT Hue is \$8,717 million.

On 23 – 24 Mar 09, the PCPF consultants and CPMU staff visited different components of 6 sub-projects which had not been visited previously to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 24 Mar 09. The outcome of the field trip is summarized below:

**a) Rural Water Supply for Phu Vang District:** This is the larger of two segments under this proposed sub-project; the other smaller component is located in Huong Tra (and was not visited by the team due to time constraints). The sub-project aims to provide clean water supply to approximately 68,000 beneficiaries in 8 communes of Phu Vang. Currently the people rely on dug wells which suffer from salt intrusion and are contaminated by aluminium and iron compounds. The water will be brought from the existing water treatment plant by pipeline and will be distributed through the project area through underground PVC pipes. The project will pay for the cost of installation of the pipeline and distribution pipes up to the water meters; the beneficiaries will pay for the cost of individual connections.

- i) Assessment:* overall this is a good project, the current situation of water supply in the area threatens the health and livelihood of the people and their children. There are no major land acquisition or resettlement issues the pipes will be buried within the alignment of the existing road and individual connections will be carried out by the beneficiaries on their own property. Although consultations have not been carried out extensively in every commune, the people interviewed by the mission expressed their enthusiastic support for the project as well as their willingness to pay for connection and water fees.
- ii) Action taken:* the mission advised the PPMU that this proposed sub-project is likely to meet the selection criteria. The PPMU was requested however to complete consultations before resubmitting the SIP with minor modifications to reflect the comments of the team.

**b) Loc Binh - Loc Tri - Phu Loc Road and Dyke:** the SIP for this project has been submitted. The project proposes to upgrade an existing dirt road to concrete surface and to construct 4 km of new road to improve access of the coastal fishing villages to national highway number 1. The road is currently partly being built under government financing, but additional financing is required for the last 17 km (13 km upgrading and 4 km new road). There is also one large new bridge which needs to be constructed. The SIP identified 9 households which are likely to be affected by resettlement/land acquisition. The cost of this proposed road sub-project is considered high at \$152,000/km. The mission found no evidence of public consultation with the people that were randomly interviewed during the site visit.

- i) Assessment:* The SIP was well prepared but the information provided was somewhat misleading. The field visit revealed that most of the proposed project will consist in construction of a new road through existing paddy fields; densely



populated areas; and even through the lagoon. There are potential significant environmental and resettlement issues arising from the design of the proposed road through settled areas, paddy fields and the lagoon. While those issues were downplayed by the district officials and in the SIP it is considered that they should be looked at in careful details.

- ii) *Action taken:* the PPMU and the District officials were advised that in view of the high cost of construction of a new road through the settlement area and the lagoon, as well as the potential environmental impact and likely resettlement and acquisition issues, this sub-project is not likely to meet the selection criteria of the project and should be substituted by another more suitable sub-project. There is also an issue of accuracy of information provided in the SIP. The SIP indicated that the road already existed on 7 of the 13 km and only needed to be upgraded, but this proved to be quite inaccurate. It also stated that there were no environmental or significant resettlement issues which did not reflect the actual situation in the field. Likewise the issue of community consultation appeared misrepresented in the SIP.

**c) Vinh Giang – Vinh My – Vinh Hung Road:** This sub-project plans to upgrade 5,6 km of existing dirt inter-commune road to concrete surface, and to build 300 m of new road to connect one end of the proposed inter-commune road to an existing concrete road. The SIP of this sub-project has been submitted but a number of deficiencies were noted.

- i) *Assessment:* the data presented in the SIP was found misleading. The SIP indicated an upgrade from existing dirt road to concrete but the sub-project will effectively build a new road. At present there is no road to speak of, only a rough 1 to 1 ½ meter wide motorcycle path linking 3 communes. The proposed sub-project will require widening the existing path to a 6 meter wide alignment; building a new foundation; building a 3,5m concrete surface; and construct drainage facilities along the alignment. There will be a need to acquire significant areas of land on both sides of the existing path. Although the SIP indicated that extensive consultations had taken place, no evidence of such consultation was found by the team, and the District official who accompanied the team to the field indicated that no such consultation took place as the project is not yet approved and therefore it would be premature to hold such consultation. Given the fact that the road would have to be built practically from nothing, the cost estimate appears quite low (\$95,000/km). The cost of land acquisition was not included in the cost estimate. The PPMU however reported that the communes have indicated their willingness to provide the land free of charge.
- ii) *Action taken:* this proposed sub-project falls only marginally within the selection criteria of the project. It will involve substantial land acquisition and it consists primarily of construction of a new road from an existing motorcycle path. While the Loan Agreement does not preclude the construction of new roads, generally such endeavours are ruled out on the basis of high cost to low economic returns ratio and/or potential land acquisition /resettlement /environmental issues. The

PCPF/CPMU Team indicated to the PPMU that for this project to be considered, i) the real cost and extent of land acquisition (and possible resettlement) must be fully disclosed; ii) the cost estimate must be revised to reflect the actual cost of the segment which is currently being built under Government funding; and iii) extensive consultation must be carried out throughout the project area as required under the ADB project agreement. Once these clarifications have been made and if the project remains economically and technically feasible and has the support of the community, the SIP should be revised and resubmitted for consideration. As was the case for the SIP for Loc Binh - Loc Tri - Phu Loc Road, the SIP for this sub-project appeared to be inaccurate. The SIP indicated that the road already existed but physical inspection revealed that the said road was in fact a motorcycle path. There is no existing infrastructure or reserved alignment for a 6 meter road at present. It showed no land acquisition while in fact there will be a need for significant land acquisition to widen the existing path to a full 6 meter. The fact that the commune may be willing to provide the land free of cost should have been clearly stated in the SIP, as well as the actual area of land acquisition and potential resettlement expected. Finally the SIP also stated that extensive community consultations had taken place, but by the admission of the district official not only this had not occur but there was no plan to carry out such consultation until the sub-project is approved by the CPMU.

**d) Quang Ngan – Quang Cong – Quang Phuoc road:** this sub-project aims to upgrade and construct 5,2 km of roads in Quang Dien District. A total of 6 small segments of roads have been identified, some for upgrading some for new construction, with lengths varying from 1,3 km to 0,5 km.

i) *Assessment:* the mission visited a number of the proposed segments, and potential substitutes:

1) Xom Phuong Cu road: this segment is a 1,1 km of proposed road upgrade from existing dirt and sand surface to concrete. The road links a small fishing community at the eastern end to the provincial road and a commune market at the western end. There maybe some minor land acquisition/compensation required within the settlement area to relocate fences and other minor structures but this would be insignificant. No significant environmental impact is expected. This is a good component which would have a very positive impact on the poor fishing community of the area.

2) An Loc road: this is a 0,5 km segment of road also running from the provincial road to a fishing community on the eastern shore. The road is already concreted all the way and in general good condition. There are some minor repairs needed but this would be best done as part of the district O&M activities. The technical and economic justifications for resurfacing this road at this time are extremely poor and the PPMU was instructed to remove this from this sub-project and substitute with a higher priority segment.

- 3) Kien Giang – Thanh Cong road: this segment was proposed as a substitute to the An Loc Road above. The project would upgrade 1,4 km of road from motorcycle path to full 3,5 meter concrete surface. The community along the road is located only approximately 100 meters from the provincial road and the economic return of upgrading this road would probably be quite low given the cost and low expected benefits. There would be a need to acquire significant amount of land to widen the existing path to a full 6 meter alignment.
- 4) Tuyen Thon – Tan My Road: this segment would be a new 1,4 km road linking a newly built concrete road which runs parallel to the east sea shore with the provincial road on the west lagoon side. The new east sea shore road connects already with the provincial road only a few km to the south of the proposed road. The proposed road would cross extremely bare sandy land presently occupied mostly by cemeteries. There is a plan in the future to use this area for resettlement and the road would be one step towards achieving this goal. At present however there is little if any justification to build the road as the land is practically inhabitable and the community on the sea coast are well linked to the provincial road only 1 km south of the proposed project.
- 5) Phuoc Dong – Thu Le Dong road: this segment was proposed as a substitute for the Tuyen Thon – Tan My road above. It consists of 1,3 km of new road linking the new coastal road to the lagoon road a few km north of the Tuyen Thon – Tan My road. The conditions in this area are similar to that of the Tuyen Thon – Tan My road area and the economic justification also rest on planned future resettlement.

- ii) *Action taken*: two of the proposed segments were not visited by the team but judging from the 4 visited and the proposed substitutions, only the Xom Phuong Cu road would appear to meet the selection criteria and requirements for the project. All other segments appear to have weak economic justifications and for some poor social justifications. The PPMU was instructed to identify other potential roads for this sub-project which would have a higher priority and/or stronger economic/social justifications, or to remove the sub-project from the list and substitute with another sub-project more likely to meet the eligibility criteria of the project.

**e) An Gia Irrigation System**: this sub-project plans to construct a new pumping station and 4 km of new primary canal to expand the existing command area of An Gia irrigation system by approximately 200 ha.

- i) *Assessment*: This is a good sub-project, the benefits of the new irrigation canal would be high compared to the relative low cost for this construction. There are only minor land acquisition /compensation issues associated with the new canal.

- ii) *Action Taken:* The SIP for this project has already been approved in principle by the CPMU.
- f) **Quang An – Quang Thanh Road:** this project aims to upgrade 3,7 km and construct 1,8 km of new inter-commune road.
  - i) *Assessment:* although the approved SIP indicates that this is an upgrade from an existing road, this project in fact will build a completely new road on an existing canal embankment. The justification for this road appears unclear. The PPMU indicated that the commune had moved to a new location and this new road would reduce the time of travel for farmers to reach the new commune centre. There is however an existing concrete road which links the old commune centre to the new centre only a few hundred meters away.
  - ii) *Action taken:* The SIP for this project has already been approved in principle by the CPMU.

### Summary Assessment of Thua Thien Hue Province

The identification of suitable sub-projects by the PPMU of Thua Thien Hue continues to be marred with difficulties. To date 9 sub-projects have been approved in principle by the CPMU although few of those had been visited prior to the approval. The field visits revealed that the PPMU seem to experience difficulties particularly in the selection of road sub-projects, perhaps due to lack of experience of the staff in this area. While irrigation and water supply sub-projects appeared to be well conceived and meeting the selection criteria, road sub-projects seem to have been put together in a more hasty way, and without consideration to economic or socio-economic priority. In addition, the PPMU of TT Hue appear to adhere to a strict rule of allocation per district, which may place sub-projects with lower priority ahead of projects in other districts which may have a higher priority. The Mission offered to work with the PPMU staff for one additional day to help identify more suitable sub-projects, particularly roads, but the PPMU indicated that it will review its portfolio and take action to remove sub-projects which may not be suitable.

There is also a persistent problem regarding the extent of community consultation for the sub-projects in TT Hue. In a number of cases the mission found that little if any consultation had taken place despite the fact that some SIPs had indicated otherwise. Some district authorities appear to take the position that consultations are neither needed nor desirable until the sub-project has been approved. Such notion has been discussed with the said authorities, but the PPMU should undertake to actively monitor and indeed attend community consultations that are scheduled to take place under the project to ensure that the ADB requirements in this area are fully met. There is also a need for the PPMU to ensure that the information provided in the SIP is accurate and a true reflection of the conditions in the field. For a number of sub-projects, this was not quite the case. The SIPs for a number of road projects for instance indicated that the proposed work would upgrade an existing road from dirt to bitumen or concrete but upon visiting the sites, it was clear that the existing road was in fact only a narrow motorcycle path with no foundation or reserved alignment. The land acquisition and resettlement issues have also been understated in a number of cases. The PPMU is responsible for the quality and accuracy of the

SIPs and should take measures to verify the accuracy of the information provided by the district authorities to ensure that the SIP truly reflect the proposed scope and conditions in the field.

## F. Quang Tri

Quang Tri was not considered a priority province as the staff of the PPMU have shown excellent skills and experience in identification of sub-projects and preparation of SIPs. It was nevertheless included in the field visits due to its location between the provinces of TT Hue and Quang Binh. Quang Tri has proposed a total of 10 sub-projects valued at \$8,717 million equivalent. To date 4 sub-projects have been approved, four are ready for approval, and the SIPs for the remaining 2 have not yet submitted. The cost of all proposed sub-projects is below \$2,0 million and therefore within the discretionary approval limit of the CPMU. The main objective of the visit was to discuss with the PPMU the timing for submission of the remaining 4 SIPs and to visit the sites of proposed sub-projects which had not yet been approved/visited.

The PCPF consultants and CPMU staff visited all or parts of 5 of the 6 remaining unapproved sub-projects on 25 – 26 Mar 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 26 Mar 09. The outcome of the field trip is summarized below:

**a) Upgrading 19/5 reservoir; rehabilitation of drainage system T-5 in Cam Lo:** this sub-project combines three smaller components, two of which were visited by the mission:

i) *Assessment:* the observations of the PCPF/CPMU team can be summarized as follows:

- 1) Rehabilitation of Hoi Chua Small Scale Irrigation and Salinity Control Structure: this component will replace an existing artisanal small scale dam which was built by the community in 1998. The foundations of the dam are currently in poor state of repair and threaten the dam to collapse. The dam also serves as a salinity control structure to keep brackish water from the Cua Viet River nearby from flowing upstream and contaminating the groundwater. The project will build a new mini-dam 50 meter upstream from the existing one and a new salinity control structure 15 meter downstream. The new dam will not raise the water level in the stream and will not increase the size of the existing reservoir (in fact it may result in a smaller flooded area). Hence there are no significant environmental and resettlement impact to be expected from this scheme. The new salinity control structure will indeed improve the environment by reducing salt intrusion and contamination to the stream and the groundwater in the command area. The cost of this scheme is estimated at \$200,000 and it will allow continued irrigation of 120 ha of agriculture area. Without the project the dam is likely to fail in a near future which would result in a loss of irrigated area and lower agriculture productivity for the community.
- 2) Rehabilitation of T-5 drainage system in Cam Lo: this component will rehabilitate 2,5 km of an existing drainage canal. The drainage canal is in

poor condition and currently floods an area of 100 ha. By rehabilitating the canal, the currently flooded area will be recovered for agriculture. The project will also build an outfall structure and a pumping station to recycle water to irrigate an additional 20 ha of land. There is a minor environmental issue which will need to be monitored during project design: recycling of drainage water to irrigate 20 ha of agriculture land may cause a slight elevation of pesticides, fertilizers and other chemicals in this irrigated area. This should be minor but needs to be investigated and if necessary mitigation measures envisaged. The cost of this component is estimated at \$250,000

- .ii) *Action taken:* the two components visited by the mission appear well justified and technically sound. The economics are likely to be favourable as well. The minor environment issue can be addressed during project preparation. The PPMU was instructed to complete and submit the SIP as soon as possible for approval.

**b) Rural Water Supply in Gio Linh and Cam Lo districts:** This sub-project will provide fresh water for 4,375 ppl (1,150 household) in the two districts of Gio Linh and Cam Lo. At present the communities must collect water from public wells which are polluted and contaminated with chemicals and salinity intrusion. There is a high incidence of water born diseases as well as cancers and other severe pathologies in the targeted communes. The project will construct a pipeline from the existing water treatment plants and extend branch distribution pipes up to the property lines. The project will finance the cost of installation of the pipeline, branch distribution pipes and water meters. The beneficiaries will pay for the individual household connections.

- i) *Assessment:* this project is well justified based on the high incidence of water born diseases and serious pathologies. Women and children (girls) who spend considerable time fetching water from the community wells will benefit most from this sub-project. The project appears technically sound and feasible. The economic and financial rates of returns will be calculated during project preparation but if necessary this project is likely to be justifiable on social and public health grounds alone. There were extensive consultations carried out and the population appears to overwhelmingly support the project.
- ii) *Action taken:* the mission requested the PPMU to expedite preparation and submission of the SIP for this project.

**c) Upgrading of Nhi Thuong – Lai An Road and Bridge and Lam Xuan Dong Road and bridge:** This sub-project comprises two different segments:

- i) *Assessment:* the observations of the mission can be summarized as follows:
- 1) Upgrading of Lam Xuan Dong Road and Bridge: this segment proposes to upgrade 4 km of inter-commune road from dirt surface to partly bitumen partly gravel surface, and to replace an existing wood bridge by a new 48 meter concrete bridge. The project will improve transport between 2 communes. The PPMU indicated that only 1,4 km of the road can be upgraded to bitumen in view of budget restrictions. This however would limit the economic benefits



of the road upgrading since it would have limited impact on vehicle operating cost and the cost of O&M would remain very high. The proposed replacement bridge also appears slightly overkill. The existing bridge is in extreme poor condition, many serious and fatal accidents have occurred on this bridge and it needs to be replaced. However the proposed replacement structure appears unnecessary large at 48 meters (the current bridge is approximately 15 m long) and it may be possible to replace the bridge with a safer but more modest structure. Community consultations were carried out and the people interviewed by the mission appeared supportive of the project. There is no significant land acquisition or environmental issues.

- 2) Lai An – Nhi Thuong Road and Bridge: this segment proposes to upgrade 3,1 km of road from an existing canal embankment access road (2 km) and dirt commune road (1.1 km) to bitumen surface, and to construct a new 33 meter concrete bridge. The road will link 5 villages to the commune centre and the provincial road at the other end. The previous bridge collapsed entirely and is no longer useable, at present villagers have to go around many kilometres to reach the commune centre. Community consultations have been held on this and people interviewed by the mission indicated support for the proposed project.
- ii) *Action taken*: this is a good sub-project well justified on technical grounds however, unless the entire length of the Lam Xuan Dong road is paved, the economic viability of this segment may be weak. The cost of investment of a 48 meter bridge may also reduce the economic viability further. There are no significant resettlement/ land acquisition or environment issues and community consultations have taken place. The PPMU was requested to consider paving the entire length of the Lam Xuan Dom road and study the possibility to adopt a more modest design for the Lam Xuan Dom Bridge to reduce the investment cost and improve the economic viability of this segment. Once the SIP has been revised to reflect the comments of the Team, the PPMU was requested to resubmit it for approval by the CPMU.

**d) Upgrading Nam Bo road and Vinh Tan – Vinh Giang – Vinh Quang inter-commune roads**: this subproject combines two smaller components:

- i) *assessment*: the observations of the mission can be summarized as follows:
  - 1) Upgrading Vinh Thanh – Vinh Hieu inter-commune road: this component will upgrade 4,3 km of existing dirt road to bitumen surface. The road links two communes and will benefit directly 3,000 people from 600 households. It will also benefit indirectly 19,000 people by improving access to the commune centres. The proposed road will follow the existing alignment therefore no significant environmental or resettlement/acquisition issues are expected with this project.



- 2) Upgrading Vinh Tan – Vinh Giang – Vinh Quan road: this component will upgrade 4 km of existing inter-commune dirt road to bitumen surface. The road links three communes to two different points of the provincial road. The road will follow the existing alignment; therefore no significant environmental or resettlement/acquisition issues are expected with this project.

- ii) *Action taken*: upgrading of the two proposed road segments is straight forward. There are no significant environmental or resettlement/land acquisition issues expected, the number of beneficiaries is high and the unit cost of this upgrade averages \$96,000 /km which is likely to yield a favourable EIRR. The SIP for this project has been submitted and reviewed and is ready for approval.

**e) Upgrading Quyet Thang Dam and Canal and Ban Cua Reservoir:** This sub-project comprises two smaller components:

- i) *Assessment*: the observations of the mission can be summarized as follows:

- 1) Quyet Thang Dam and Canal: This component proposes to upgrade an existing artisanal stone dam, and two irrigation canals. The existing dam consists of stones placed manually across a mountain stream by the villagers and is subject to being damaged/destroyed every year during the flood season. Two earth irrigation canals carry the water from the dam along the side of the mountain on each side of the stream providing irrigation water for approximately 100 ha of coffee and pepper plantations. The project would construct a permanent concrete mini-dam at the same location as the existing one, and line the irrigation canals to reduce seepage and water losses. According to the PPMU only approximately 40% of the farmers currently use the scheme and support the project. The remaining 60% remain unconvinced of the necessity or effectiveness of irrigation for coffee and pepper. As a result the economic viability of this component is not clear. The cost is estimated at approximately \$400,000 and the scheme could irrigate the full 100 ha increasing the productivity of higher value crops but if the farmers are not prepared to adopt it this could jeopardize the economic viability of the project. The new concrete mini-dam would not raise the water level and therefore there are no significant environmental or resettlement issues.

- 2) Upgrading Ban Cua Reservoir: this sub-project would rehabilitate the spillway of an earth dam that has been destroyed. Without rehabilitation it is likely that the dam will suffer progressive deterioration and may eventually be abandoned. The dam irrigates only 15 ha of rice in Van Kieu community. The cost of rehabilitation is very small (\$60,000) and therefore this work has to be combined with another component to be eligible for financing under the project.

- ii) *Action taken*: the priority for the Quyet Dam and canal is not clear. The community does not strongly support the project and the economic viability

needs to be assessed; the agriculture area is relatively small even assuming full participation of the farmers (100 ha) but the crops (pepper and coffee) are of relatively higher value than rice. The rehabilitation of the spillway on Ban Cua Reservoir is justifiable but cannot be considered alone in view of its very low cost (\$60,000). The PPMU was informed that in view of the low community support and the still unclear economic benefits/viability, it may be preferable to postpone preparation of this subproject until such time as when the farmers' support is at a higher level. The PPMU agreed to continue to work with the communities to develop support and promote the benefits of small scale irrigation for high value crops like coffee and pepper. This sub-project may thus be presented only at a later stage if there are funds available.

**f) Ba Long Road (orphan sub-project):** this sub-project was initially part of another subproject but was removed after the CPMU suggested that road sub-projects may better be combined by district. The project would upgrade 3 km of inter-commune road to bitumen surface.

- i) Assessment:* this is a potentially good sub-project the road alignment is quite good and will not necessitate widening. There are no significant environmental or resettlement/land acquisition issues. The cost of the project however is likely to be too low to be considered as a stand alone sub-project and it will need to be combined with another component for the combined cost to be over the minimum of \$500,000.
- ii) Action taken:* if this project can be combined to another sub-project such as the Nhi Thuong – Lai An Bridge and road and Lam Xuan Dong Road and Bridge, it would be a good candidate for support under the project. In such case it should be included in the SIP for the said subproject which needs to be revised to reflect the comments of the mission.

### Summary Assessment of Quang Tri Province

The PPMU of Quang Tri has demonstrated excellent qualifications in the identification of sub-projects and preparation of SIPs. The PPMU Director has an excellent understanding of the project objectives and selection criteria, coupled with an open and constructive approach with the communities. Of all the sub-projects submitted by the PPMU none have been rejected outright although some have been returned for minor corrections and editing. The Mission has requested the PPMU to expedite preparation of the remaining SIPs and revision of the SIP for *Nhi Thuong – Lai An Bridge and Road and Lam Xuan Dong bridge and road* and submit them for consideration/approval of the CPMU as soon as possible.

### G. Quang Binh

Quang Binh was identified as a priority province in view of difficulties experienced in the preparation of a list of potential sub-projects which met the project eligibility and selection criteria. Four sub-projects initially proposed by Quang Binh were rejected by the CPMU for not meeting the eligibility criteria and one was withdrawn. A number of other sub-projects were also

found to only marginally meet the requirements. Approval in principle has been issued by the CPMU for 8 proposed sub-projects. Substitute projects were added to the list by Quang Binh since the last field visit in December 2008 and the PPMU is working at rebuilding a sound sub-project list.

The PCPF consultants and CPMU staff visited all or parts of the remaining unapproved sub-projects on 27 – 28 Mar 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 28 Mar 09. The outcome of the field trip is summarized below:

**a) Vo Ham – Duy Ninh inter-commune road:** This sub-project proposes to upgrade 12,7 km of inter-commune road from dirt to concrete surface. The road links 4 communes to the provincial highway, administrative centres, 2 markets and schools and health centres. The cost of the road is estimated at \$1,2 million equivalent (or \$88,000/km).

- i) Assessment:* this is a good sub-project, the cost is reasonable, there are no major structures to be replaced or repaired. The road will follow the existing alignment and therefore is not likely to raise any significant environmental or resettlement/land acquisition issues. It is likely to meet the minimum EIRR of 10% and will have substantial impact on the livelihood of people in the 4 concerned communes.
- ii) Action taken:* the PPMU has indicated that an additional 2 km segment may be considered to be added to the initial 12,7 km. The conditions in the additional segment are similar to those in the initial road. The Mission indicated to the PPMU that this project is likely to be eligible and instructed the PPMU to revise the SIP to include the additional 2 km and resubmit for approval as soon as possible.

**b) Duc Nhan road and Nhan Trach Bridge:** This sub-project proposes to upgrade 12 km of inter-commune dirt road to concrete surface and replace one damaged bridge. The road and bridge traverses heavy settlement areas in 4 communes and link a coastal community to the national and provincial road network.

- i) Assessment:* this is a good subproject that will improve the livelihood of a large population with high incidence of poverty. There are some land acquisition/compensation issues primarily related to relocation of fences and other small structures from the alignment of the road (mostly to accommodate drainage facilities) but those are expected to be minor. Consultations were carried out but only with officials and did not include community representatives. People interviewed by the mission in the field however expressed unquestionable support for the project.
- ii) Action taken:* The PPMU was instructed to carry additional community consultations, revise the SIP to reflect the comments of the CPMU, and resubmit the SIP as soon as possible for approval by the CPMU.

**c) Hoan Lao Water Supply:** this subproject is one of the replacements for the Co Dan Reservoir which was rejected by the CPMU. The project proposes to construct a pipeline from a nearby lake to supply water for 2,000 households primarily located in Hoan Lao, the district centre for Bo Trach.

- i) Assessment:* this project will build a water pipeline from a nearby lake, construct a water tower in the town of Hoan Lao, and build a new distribution system for 2,000 households located both within and on the outskirts of the town. Currently the population of Hoan Lao gets water from surface wells that are reportedly polluted and contaminated with chemicals and salinity. The project will substantially improve the quality of life and health of the people of Hoan Lao and the surroundings. There are no significant environment and/or resettlement/land acquisition issues expected. The cost of the project is estimated at \$1,2 million equivalent (600\$/connection), the economic and financial viability of the project will have to be reviewed during the feasibility study.
- ii) Action taken:* the main issue with this sub-project was to determine whether this can be considered as a rural water supply scheme eligible for financing under the project. Undisputedly the majority of the connections will be located in an urban centre, but some will be in the surrounding rural areas as well. On the other hand the total population of Hoan Lao is very small (1,700 hh) and can hardly be considered a major urban centre. The poverty level in the town is relatively low (3,8%) compared to the surrounding areas, but the project is likely to have a ripple effect on the poor rural areas around town. A major consideration is the condition of the contaminated wells and the impact on public health which the project will likely have. Based on the expected impact on public health and other considerations discussed above this subproject may be considered for support under the IDRSP provided the EIRR is within the project requirements. The PPMU should finalize the SIP and submit it for consideration as soon as possible.

**d) Dong Muoi Reservoir and Ho Mui Rong Dam:** this sub-project is proposed as a replacement for another rejected sub-project. The sub-project will comprise 2 components:

- i) Assessment:* the observations of the mission can be summarized as follows:
  - 1) Dong Muoi Reservoir: this component will rehabilitate and line the face of the Dong Muoi dam, as well as rebuild the spillway which is severely damaged. The dam and reservoir provide irrigation water for 80 ha of mostly rice agriculture. The cost of the rehabilitation is \$300,000 equivalent (\$1,875/ha assuming 2 crops/year).
  - 2) Ho Mui Rong Dam: this component will rehabilitate and line the face of the Ho Mui Rong dam to stop erosion and prevent seepage. The proposed lining will promote water conservation and will increase water availability for irrigation during the dry season. At present the dam irrigates approximately 80 ha of rice cultivation but during the dry season this area is significantly reduced due to

shortage of water in the reservoir. The cost for this rehabilitation is estimated at \$375,000 equivalent.

- ii) *Action taken:* the main issue with both components is economic viability. Due to the relatively small command areas (160 ha for both dams) it may be difficult to build up sufficient benefits for the EIRR to reach 10%. This will have to be monitored closely during project preparation. The second issue is related to the Ho Mui Rong Dam. At present there are a number of households located on the low land area of the reservoir. The project will raise the dam embankment by 50 cm, and will reconstruct the spillway and install a control structure to manage water levels more efficiently. It is not proposed to raise the water level in the reservoir, and therefore the households on the low land areas are not expected to be affected, but this should be examined carefully during project preparation. The PPMU was instructed to prepare the SIP incorporating the comments of the mission and to submit for approval as soon as possible.

**e) Upgrade of Quang Hoa – Quang Minh – Quang Van road:** this sub-project is also submitted as a potential substitution for another project that was rejected. The subproject will upgrade 15 km of inter-commune road from dirt to concrete. The road links three communes to the national and provincial network.

- i) *Assessment:* this is a good sub-project. The road will improve access to market and services for 3 communes. The road will follow the existing alignment and therefore does not present any significant environment or resettlement/ land acquisition problems. There is no major structure to be upgraded or replaced. The cost of the upgrade is estimated at \$1,1 million (\$92,000/km) and the EIRR is expected to be over 10%.
- ii) *Action taken:* the PPMU was instructed to prepare and submit the SIP for this subproject as soon as possible

**f) Nghia Ninh and Bac Nghia – Dong Son Road:** This sub-project was submitted as a replacement to the Central Road in Loc Linh commune which was rejected by the CPMU. The project consists in two segments:

- i) *Assessment:* the observations of the mission can be summarized as follows:
  - 1) Nghia Ninh road: this project will upgrade 4,5 km of rural road located near the town of Dong Hoi from dirt to concrete surface, and will improve access to the Ho Chi Minh highway and the provincial road for the people of 1 commune of 7,000 households. The poverty level in the commune is approximately 8%.
  - 2) Bac Nghia – Dong Son Road: this project will upgrade 2 km of rural road near the town of Dong Hoi from dirt to concrete. The road links at one end to the Ho Chi Minh Highway and at the other end to another rural road. The road serves the population of one commune.
- ii) *Action Taken:* this is a good project, combining those two small segments of roads will allow the sub-project to reach the minimum value of \$500,000 and will reduce the

administrative project management burden during preparation and construction. The cost estimate has not yet been developed for this sub-project but considering that only minor structures will need to be constructed, it should be possible to keep the investment cost to a minimum and given the high population level and proximity to a major urban center, the economic benefit and the EIRR should be well within the requirement of the project. Since this project has just recently been identified, there have not been any public consultations to date, but the people interviewed by the mission indicated their support for the project. The PPMU was requested to carry out public consultations, and prepare and submit a SIP for this project as soon as possible.

### Summary Assessment of Quang Binh Province

Since the previous visit by the Team in December 2008, the PPMU of Quang Binh has made significant progress in identifying suitable sub-projects for the IDRSP. All the sub-projects submitted for substitution of rejected projects have good to excellent potential for good economic return and minimal negative impact on safeguard issues. The PPMU should finalize its list of sub-projects and expedite preparation and submission of SIPs for all remaining subprojects.

## III. CONCLUSION AND RECOMMENDATIONS

The need for a review of sub-project selection and evaluation was identified during previous site visits to participating provinces, particularly in November and December 2008. Specifically 5 provinces were singled out for experiencing difficulties in developing a sound portfolio of sub-projects: Binh Thuan; Binh Dinh; Thua Thien Hue; Quang Binh and Thanh Hoa.

In some provinces, a significant number of sub-projects which had been submitted for consideration of the CPMU were rejected because they did not meet all the eligibility criteria. Some provinces appeared to lack knowledge and experience in determining the socio-economic priorities of potential sub-projects. Others had a poor understanding of the project objectives and selection criteria. Some PPMU staff lacked the qualification to preliminary assess technical feasibility and/or the economic viability of particular sub-projects in certain fields. Capacity building of the PPMUs in many of these areas was expected to be carried out by the loan implementation consultants but to date those consultants have not yet been fielded.

During early site visits and discussions with PPMUs in 2008 a number of observations were made:

- i) While the quality of the SIPs generally improved in most provinces, the quality and suitability of the proposed sub-projects did not always reflect the same improvement. In fact some PPMUs which have become well versed at preparing good quality SIPs experienced various degrees of difficulties in identification and conceptualization of sub-projects. In Binh Thuan for instance, the quality of the SIPs prepared by the PPMU has improved remarkably but 9 of the initial sub-projects submitted for



- consideration were rejected, and only one of the 3 submitted in the updated portfolio was considered suitable.
- ii) Discrepancies – some serious – seemed to emerge between the information presented in the SIPs and the actual conditions in the field. The information presented in a number of SIPs did not accurately reflect the sub-project characteristics. In many cases, the preparation of SIPs appeared to be more or less a desk exercise designed to obtain clearance from the CPMU/ADB with little consideration for the eligibility criteria. In TT Hue for instance some SIPs appeared to misrepresent the existing status of proposed road projects, indicating that the project was to upgrade an existing road but in fact the existing roads were narrow motorcycle paths with no foundation or reserved alignment.
  - iii) Some provinces appeared to have an incomplete understanding of the objectives of the project as well as the ADB eligibility criteria for sub-projects. Safeguard issues and public consultations for instance often appeared to be regarded as academic and unrealistic requirements which could be ignored or disregarded. One district official in TT Hue indicated that no community consultation took place nor was there any plan to hold such consultation until after the project was approved because of the risk of raising public expectation.
  - iv) In some provinces, the PPMU appeared to experience difficulties screening out projects identified by the PPC as priority projects regardless of the fact that they were not suitable for the project. The PPC in some cases may have been promoting projects which meet the political and socio-economic development plan but did not necessarily meet the requirements or eligibility criteria of the project. In Binh Dinh for instance, most road sub-projects originally submitted for consideration were segments of a west corridor provincial road which represents one of the PPC's top development priority, even though some of those segments did not meet the eligibility criteria for the project.

A number of issues were identified during the site visits to date, those are summarized below:

**a) Sustainability:**

- i) In a number of sub-projects the issue of sustainability appear to be a critical factor but is rarely given proper consideration the PPMUs. For example in three sub-projects in Phu Yen sustainability was identified as a significant concern. Two of those were mountain road projects through sugar cane plantations where overloaded trucks were causing major damage to the existing infrastructure. In fact one of the roads had been upgraded under a World Bank project only a few years earlier (although the WB project did not allow for concrete or bitumen surfacing) and it was already showing serious damages. The issue was not only one of O&M in the traditional sense of the term. No amount of maintenance for a road built to lower rural road standards would be effective in these conditions unless restriction on axle loads were imposed. Restriction on axle loads is always difficult because it requires equipment (scales), resources (personnel), and enforcement which is often a



sensitive issue. The better approach would be to either upgrade the road to heavy duty standards, which is the most costly alternative and may have adverse effect on the economic viability, or to physically restrict access to the road to all trucks regardless of axle load by installing a low height barrier at both ends of the road. After consideration the PPMU recognized that such O&M consideration needed to be incorporated and agreed to reflect this in the SIP and eventually in the SIR.

- ii) Another sustainability issue which was observed in Phu Yen concerns the upgrading and lining of irrigation canals. The targeted canals had already been lined in the upper reaches of the system but to achieve better efficiency in delivery of water to the lower reaches the PPMU proposed lining the bottom part of the canals as well. However, maintenance of the upper reaches of the canals was inconsistent. In some parts O&M appeared adequate but in other areas the canals showed poor maintenance and disturbing signs of deterioration. The project requires a commitment from the provincial government to provide adequate funding and support for O&M of each subproject, but in this case, even if the segments included under the project are maintained properly, this may not be sufficient because without proper maintenance in the areas outside the scope of the proposed sub-project, all benefits resulting from lining of the lower reaches may be cancelled out by deterioration due to lack of maintenance in the upper reaches. The PPMU agreed to obtain a commitment from the provincial government regarding O&M of the entire system not only of the sub-project area.
- iii) The above examples show that there is a need to ensure that O&M issues are incorporated into the design of sub-projects at the earliest stage. To date O&M assessment has been limited in many cases to obtaining a commitment from the provincial government to provide adequate funding for O&M. There are few sub-projects which submitted even a preliminary O&M program and budget. In the past, funding has rarely been sufficient to ensure sustainability of infrastructure even at levels that meet the national standards. The standards are in many cases too low. In other cases deterioration of assets occurs due to poor or deficient design or design standards. And in some cases, the cost of O&M is simply underestimated. Unless O&M issues are incorporated at the conceptualization and design stage of each sub-project there will always be a risk of inadequate design, underestimated cost, and inadequate funding for O&M.

## **b) Safeguard Issues**

- i) In the context of this project, the term “Safeguard Issues” encompasses 4 broad areas: environmental protection, voluntary and involuntary resettlement, protection of women and vulnerable groups, and protection of ethnic and minority groups. In most cases the PPMU staff have been briefed on ADB requirements and regulations regarding those four areas, but the technical expertise to address these issues are not always available within the PPMUs. This was not completely unforeseen in the project design; the project provided for the recruitment of Safeguard Consultants to guide the PPMUs in the assessment of safeguard issues and to propose measures

to mitigate negative impact and maximize positive impact. The recruitment of these consultants is presently being carried out but this expertise will only be available during preparation of the FFS and the SIRs. There is however a need at project identification stage (SIP) to assess the possible significance of safeguard issues. This was initially to be done with assistance from the Loan Implementation consultants but the recruitment of these consultants has been significantly delayed and they will not be in the field until most of the SIPs have been prepared and approved.

- ii) In a number of cases, in view of the lack of expertise in the PPMUs, the safeguard issues have been given little attention and their assessment is often rudimentary and incomplete. This raises the possibility that at the next stage of feasibility study some sub-projects may be rejected based on compliance or lack thereof on safeguard matters. This may prove costly both in terms of money and time as new sub-projects may have to be identified and designed at a later stage of project implementation to replace non-compliant sub-projects.
- iii) The ADTA consultants are preparing a checklist and O&M model plans for irrigation, water supply and road sector sub-projects. The models are expected to be used by the provinces in the preparation of SIRs. These tools will be available in June 2009.

### c) Community Consultation

- i) In many instances, the community consultation process appears to be inadequate. In those cases, there seems to be little understanding in some PPMUs of the need for community consultation. This is partly due to attitudes that prevailed in the central planning system that existed in the country for many years. There is also often misunderstanding and confusion between consultation, participation and community awareness. And there are implementation difficulties or perceptions which need to be addressed;
- ii) In TT Hue the authority in one district argued that it was not appropriate to carry out community consultations before the sub-project had been approved. The argument was that consultation may raise expectations which may be thwarted should the project not be approved. This type of thinking is often difficult to change, and although in this case the district authority was requested to carry out extensive consultation, it is not clear to what extent the consultation will be carried out given the attitude of the district officer;
- iii) In a number of cases, community consultations were restricted to commune officials and did not always include actual beneficiaries. When minutes of community consultations are examined, the nature of the consultation is also not always clear. In many cases consultations were little more than meetings designed to disseminate information about the sub-project, and the beneficiaries had little opportunity if any to express their views and concerns, let alone these concerns being incorporated in the project design.

- iv) It is important for the PPMU to participate more actively and to assist the District authorities in the preparation and carrying out of community consultations. In Quang Tri for instance, the PPMU Director takes an active role in promoting the need and benefits of community consultations. As a result, there is a raised awareness of proposed sub-projects and better support for the sub-project by the community. Ownership of the sub-project at community level is also enhanced as a result of having the opportunity to express their views and preferences. At this stage it is difficult for the CPMU to insist that all PPMUs and Districts carry out new extensive consultations in the cases where the initial consultation process was less than satisfactory. This would cause significant delays in project implementation. In these cases, extensive consultations should be programmed during the FS and SIR preparation.

**d) Accuracy of SIPs**

- i) In a number of cases, it was observed that the information contained in the SIPs did not accurately reflect the reality in the field. In some cases, the issue of community consultation was misrepresented in the SIP, and in other cases, environmental or resettlement/land acquisition issues had been downplayed, either deliberately or inadvertently. The actual conditions of the existing infrastructures were also sometimes inaccurately and sometimes misleadingly presented in the SIPs. In TT Hue, a number of proposed road sub-projects had been presented as being upgrades of existing roads, however when visiting the locations of the proposed sub-projects it became obvious that many were in fact only motorcycle tracks with no foundation, or even reserved alignment which may result in significant land acquisition/resettlement problems, as well as increased cost.
- ii) Some of the SIPs which were found to be inaccurate were of sub-projects which had already been approved by the CPMU. In some cases, the problem resided in the PPMU not verifying the accuracy of the information provided by the district or commune authorities. The PPMU staff needs to be more actively involved in the identification and selection of sub-projects as well as in the preparation of SIPs. This would normally require several visits to the project sites, participation as observers in the community consultation process, visualization of the actual conditions in the field, and discussion with the district staff on the technical aspects of the proposed sub-projects.

For the next step of preparation of FS and SIRs, it is important to ensure that the issues discussed above are fully considered during project preparation. One of the concerns is the recent approval by ADB of a “two step” consultation contracting process for preparation of FS and detailed design. Under this system, a company which has been awarded the contract for FS will see its contract extended for the preparation of detailed design if the FS concludes that the sub-project is technically feasible and economically viable. This may result in a conflict of interest since a firm's determination of the technical and economic feasibility of a sub-project will result in the award of the contract for the detailed design stage to the same firm. This will need to be monitored closely during implementation and a proper mechanism to independently

confirm the conclusions of the feasibility study will need to be put in place to ensure that only projects which are technically feasible and economically viable will be approved. Potentially this independent review may be performed by the loan implementation consultants.




**MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT  
THE EXECUTING AGENCY**

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**ADTA 4981-VIE: INFRASTRUCTURE POLICY REFORM SUPPORT**

**FINAL REPORT  
ON SUB-PROJECT SELECTION AND  
EVALUATION  
FOR THE  
INTEGRATED RURAL DEVELOPMENT SECTOR PROJECT  
IN THE CENTRAL PROVINCES (VIETNAM)**

Submitted to  
**The Asian Development Bank**

Prepared by  
  
**VICA Consultants Ltd.**

**12 June 2009**

## ABBREVIATIONS

ADB	-	Asian Development Bank
ADTA	-	Advisory Technical Assistance Project
CPC	-	Commune People's Committee
CPMU	-	Central Project Management Unit
DARD	-	Department of Agriculture and Rural Development
DPC	-	District People's Committee
EIRR	-	Economic Internal Rate of Return
FIRR	-	Financial Internal Rate of Return
FS	-	Feasibility Study
IRDSPCP	-	Integrated Rural Development Sector Project in the Central Provinces
MARD	-	Ministry of Agriculture and Rural Development
MOF	-	Ministry of Finance
ODA	-	Official Development Assistance
O&M	-	Operations and Maintenance
PC	-	People's Committee
PCPF	-	Policy Compliance and Project Facilitation
PPC	-	Provincial People's Committee
PPMU	-	Provincial Project Management Unit
RISP	-	Rural Infrastructure Sector Project
SEDP	-	Social Economic Development Plan
SIP	-	Subproject Identification Proposal
SIR	-	Subproject Investment Report



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## EXECUTIVE SUMMARY

This document is to report to the Asian Development Bank (ADB) and the Central Project Management Unit (CPMU) on the findings of the review of sub-project selection and evaluation which was undertaken from February to May 2009 by the Policy Compliance and Project Facilitation (PCPF) sub-team in conjunction and cooperation with staff of the CPMU. The review was part of a wider effort to build the capacity of Provincial Project Management Units (PPMU) particularly regarding identification and selection of sub-projects and the preparation of Sub-Project Identification Proposals (SIP). The review aimed at guiding and assisting the PPMUs in the initial stage of project identification and formulation by providing advice and on-the-job assistance regarding sub-project selection criteria; safeguard regulations and requirements of both the Government and the ADB; and preparation of SIPs.

The review team visited ten of the thirteen project provinces and held discussions with officials from the Departments of Agriculture and Rural Development (DARD) of each province, as well as key staff and officials of the PPMUs and visited the sites of the majority of the sub-projects proposed for financing to: i) review and discuss the list of potential sub-projects; ii) visit the site of proposed and potential sub-projects; iii) assess the eligibility of the proposed sub-projects; iv) discuss safeguard issues and community consultation with the PPMU and the District and Commune authorities; v) provide feedback regarding the selection process; vi) assist the PPMU where needed in the development of a sound list of potential sub-projects; and vii) provide guidance and assistance with the preparation of SIPs and the selection of consultants for preparation of feasibility studies when applicable.

The program proved very successful in assessing the eligibility and suitability of the large majority of sub-projects; improving the quality of the sub-projects selected for support under the project; and assisting the PPMUs in identifying alternative sub-projects when necessary. The outcome of the program is: i) improved portfolio of sub-projects in all provinces; ii) improved quality and more accurate SIPs submitted for consideration of the CPMU; iii) reduced number of sub-projects rejected as a result of an improved selection process; and iv) enhanced familiarity and sensitivity to safeguard issues and community consultation at PPMU and District level.

The review identified a number of issues which are discussed in more detail in this report and are supported by field visit observations, a summary of which are contained in appendix 1 to this report.

The process for sub-project identification and selection varies from province to province, but a number of features are similar in each province. While this system works generally well in most cases, a number of weaknesses have been identified in the context of the Integrated Rural Development Sector Project in the Central Provinces (IRDSPCP):

- i) While the District authority plays an important role in the selection of sub-projects, there is a lack of awareness at District level regarding the objective and requirements of IRDSPCP. Consequently, sub-projects are often selected based on political and domestic priorities and do not always meet the project criteria.

ii) The sub-project selection process is imbedded in the provincial planning and budgetary process which has little flexibility in its application. This bureaucratic rigidity sometimes impedes selection of sub-projects, particularly regarding fund allocation per districts.

iii) The Executing Agency in each province is the PPC which is a powerful political entity capable of mobilizing the resources necessary to resolve constraints in project implementation. However because of its political status, it is not always possible for the PPMU who is the implementing agency to go against the will of the PPC when needed in matters of project selection and/or implementation.

iv) The PPMU often suffer from skill and experience gaps which impede project identification and conceptualization. In addition, unfamiliarity, both at PPMU and District levels, with ADB regulations as well as specific project requirements regarding safeguard issues, community consultation, and economic viability often result in an oversight of the basic selection criteria.

vi) There is a need for some PPMUs to take a more active role in sub-project selection and to oversee the initial investigations including community consultations, but in order for the PPMUs to carry out their monitoring and quality control responsibilities, they must be provided with necessary resources including project vehicles.

One of the main features of IRDSPCP is an increased focus on safeguard issues including: environment, resettlement, vulnerable groups, and ethnic minorities. In this respect, safeguard issues have been the object of much attention during this review. Some of the observations of the review team are summarized below.

i) Of all the safeguard issues, resettlement is likely to be the most significant because most sub-projects will require some land acquisition and/or compensation for temporary or permanent use of the land.

ii) There are significant differences between the Government regulations and those of the ADB regarding resettlement but the Districts and in certain cases the PPMUs lack familiarity with ADB procedures and requirements.

iii) Resettlement costs have often been underestimated in the SIPs, this underestimation may impact on the overall cost and ultimately the economic viability of some sub-projects.

iv) Impact on environment will likely not be as significant an issue as resettlement in most sub-projects because many of the sub-projects which may cause environmental damage have been screened out early in the process of sub-project selection.

v) While most projects are expected to have a positive impact on women and vulnerable groups including ethnic minorities, in most cases no significant analysis was carried out to properly identify the vulnerable groups and determine the actual impact on of the sub-projects on these groups. Due to lack of qualifications at PPMU level, social development issues are often not given proper attention.

The requirement for comprehensive community consultation is often overlooked and in many cases, the process does not meet the ADB requirement for the project. This is partly due to attitudes and partly to unfamiliarity of the District authorities with these requirements. Capacity in community consultation both at district and PPMU level is generally limited and staff responsible for consultations often do not have the adequate formation or qualifications to plan and carry out comprehensive consultations.

Sustainability of project facilities is critical to ensure economic viability of the project and the full achievement of intended benefits and yet, it is rarely given proper attention by the PPMUs. In most SIPs only minimum information is provided concerning O&M arrangements and funding. There is a need to ensure that O&M issues are incorporated into the design of sub-projects at the earliest stage and that O&M plans and funding arrangements are realistic. While preparing the O&M Plans, all aspects of sustainability should be considered, including adequate design and proper standards, capacity and experience of the O&M management organization, and required training for O&M management.

There is little capacity at CPMU and PPMU level to assess the economic viability of sub-projects. This leaves the responsibility to determine the economic feasibility with the Feasibility Consultants. However given the potential conflict of interest that may arise as a result of the “two step” selection process for Feasibility and Detailed Design consultants, there is a need for independent monitoring and review of the economic analysis to confirm the conclusions of the feasibility studies.

## I. INTRODUCTION

This document is to report to the Asian Development Bank (ADB) and the Central Project Management Unit (CPMU) on the findings of the review of sub-project selection and evaluation which was undertaken from February to May 2009. The review was carried out by the Policy Compliance and Project Facilitation (PCPF) sub-team in conjunction and cooperation with staff of the CPMU. The review was part of a wider effort to build the capacity of Provincial Project Management Units (PPMU) particularly regarding identification and selection of sub-projects and the preparation of Sub-Project Identification Proposals (SIP). The review aimed at guiding and assisting the PPMUs in the initial stage of project identification and formulation by providing advice and on-the-job assistance regarding sub-project selection criteria; safeguard regulations and requirements of both the Government and the ADB; and preparation of SIPs. It also aimed at providing initial guidance with respect to sub-project preparation, particularly regarding selection of consultants and preparation of Sub-Project Investment Reports (SIR). The review team visited ten of the thirteen project provinces and held discussions with officials from the Departments of Agriculture and Rural Development (DARD) of each province, as well as key staff and officials of the PPMUs. The team also visited the sites of the majority of the sub-projects proposed for financing and assisted the PPMU in identifying alternative subprojects when required. Guidance regarding various project implementation matters was also provided to the PPMU staff during the site visits.

An interim report was submitted to the ADB and the CPMU on 10 April 09 highlighting progress achieved and the preliminary conclusions reached after completing visits to 6 project provinces. Since the submission of the interim report, an additional 4 provinces were visited and one province (Thua Thien Hue) was revisited due to persisting difficulties in identification and selection of sub-projects. This report summarizes the findings of the entire study.

## II. METHODOLOGY

During the initial familiarization phase and the SIP review phase of the ADTA, it was observed that a number of PPMUs experienced difficulties in the preparation of SIPs. Despite being provided with detailed guidelines and attendance to project implementation workshops dealing with this subject, some PPMUs continued to submit poorly prepared SIPs. As a result of further discussions and visits to the problematic PPMUs between September and December 2008, it was determined that the problem stemmed, at least in part, from poor project identification and selection. Although all provinces needed some assistance and guidance in this area, five provinces were identified as requiring more immediate assistance, namely: Binh Thuan; Binh Dinh; Thua Thien Hue; Quang Binh; and Thanh Hoa.

In addition, during early site visits, problems were noted regarding the accuracy of certain SIPs. It was observed that in some cases, the information provided in the SIPs did not reflect accurately the conditions in the field or the actual scope of the project. In view of this, it was decided that the PCPF Sub-team and the CPMU would visit the site of the majority of sub-projects which had not yet been approved. In three project provinces, Kon Tum, Ninh Thuan and Quang Ngai, all sub-projects were already approved so those provinces were excluded

from the program. For the remaining 10 provinces, a program was developed to visit the PPMU of each province and the sites of unapproved sub-projects between February to May 2009. The purpose of the visits were to: i) review and discuss the list of potential sub-projects; ii) visit the site of proposed and potential sub-projects; iii) assess the eligibility of the proposed sub-projects; iv) discuss safeguard issues and community consultation with the PPMU and the District and Commune authorities; v) provide feedback regarding the selection process; vi) assist the PPMU where needed in the development of a sound list of potential sub-projects; and vii) provide guidance and assistance with the preparation of SIPs and the selection of consultants for preparation of feasibility studies when applicable. The methodology for this capacity building exercise is described briefly below. The team:

- visited the PPMU of each province and review and discussed the list of potential sub-projects with PPMU staff;
- provided guidance regarding project eligibility and selection criteria, through presentations and question and answer periods;
- visited the sites of potential sub-projects and commented on the suitability of each sub-project as well as provided guidance to improve such suitability whenever necessary;
- reviewed other potential sub-projects identified by the PPC and DPC and visited the sites of such projects;
- advised the PPMU regarding the preparation of an updated list of subprojects;
- advised the PPMU and DPC, CPC regarding safeguard issues and community consultations;
- provided advice regarding preparation and updating of SIPs; and
- reported and discussed the findings of the site visits to DARD and PPMU staff in a wrap up meeting held on the last day of the site visit.

The program was completed on 22 May 2009. A summary report was prepared for each of the site visits. The report was translated and provided to the CPMU management for their reference. The Summary Report of Individual Site Visits is attached as Appendix 1 and the program of visits is shown in table 1 below:

**Table 1 – Program of Site Visits by Province**

Dates	Province	Sub-project visited
9 – 12 Feb 09	Binh Thuan	<ul style="list-style-type: none"> <li>- Da Bac Lake irrigation system rehabilitation</li> <li>- Ca Giay Lake irrigation system rehabilitation and upgrading</li> <li>- Bau Cat Hamlet, Ham Lien Commune road and Access to Can Khan bridge</li> <li>- Upgrading Primary system for the Quao River Irrigation System</li> <li>- Phu Son – Ku Ke Main canal rehabilitation</li> <li>- Lining of N3 Primary canal</li> <li>- Lining of N19 Primary canal</li> <li>- Upgrading Thuan Minh – Ham Hiep inter commune road</li> <li>- Dan Hoa village road and Ba Lieu Bridge upgrading</li> </ul>
22 – 27	Binh Dinh	<ul style="list-style-type: none"> <li>- An Duc – An My Road</li> <li>- Van Hoi Irrigation Canal</li> </ul>



Dates	Province	Sub-project visited
Feb 09		<ul style="list-style-type: none"> <li>- Hoai Tan – Hoai Phu Road</li> <li>- My Hiep – My Trinh Road</li> <li>- Nhon Tan – Nhon Phuc Road and bridge</li> <li>- N1 – Thuan Ninh Canal</li> </ul>
	Phu Yen	<ul style="list-style-type: none"> <li>- Ea Bar – Ea Trol Road</li> <li>- Suoi Bac - Son Nguyen Road</li> <li>- Suoi Ky – Da Du – Lo Dieu Road</li> <li>- Hoap Hiep – Tu Nham Road</li> <li>- North Canal – Dong Cam System</li> </ul>
23-28 Mar 09	Thua Thien Hue	<ul style="list-style-type: none"> <li>- Rural Water Supply for 2 Districts of Huong Tra and Phu Vang</li> <li>- Loc Binh – Loc Tri – Phu Loc Road and Irrigation Dikes</li> <li>- Vinh Giang – Vinh My – Vinh Hung Road</li> <li>- Quang Ngan – Quang Cong – Quang Phuoc Road</li> <li>- An Gia Irrigation System</li> <li>- Quang An – Quang Thanh road</li> </ul>
	Quang Tri	<ul style="list-style-type: none"> <li>- Rehabilitation small scale irrigation and salinity control, Upgrading 19/5 reservoir, rehabilitation T-5 drainage canal</li> <li>- Water supply in Cam lo and Gio Linh districts</li> <li>- Nhi Thuong – Lai An road and bridge, and Lam Xuan Dong Road and bridge</li> <li>- Vinh Tan – Vinh Giang – Finh Quang road</li> <li>- Quyet canal and dam; and Ban Cua Reservoir</li> <li>- Ba Long Road (orphan)</li> </ul>
	Quang Binh	<ul style="list-style-type: none"> <li>- Vo Ham – Duy Ninh intercommune road</li> <li>- Duc Nhan road and Nhan Tra bridge</li> <li>- Hoan Lao Water Supply</li> <li>- Dong Muoi Reservoir and Ho Mui Rong Dam</li> <li>- Quang Hoa – Quang Minh – Quang Van road</li> <li>- Nghia Ninh and Bac Nghia – Dong Son Road</li> </ul>
20-24 April 09	Thanh Hoa	<ul style="list-style-type: none"> <li>- Hai Ninh – Binh Minh Coastal road</li> <li>- Van Loc – Cau Loc Inter-commune road</li> <li>- Tho Lap – Xuan Tan Road</li> <li>- Thai Hoa – Tan Ninh Road</li> <li>- Dinh Tan – Dinh Tien Inter-commune Road</li> <li>- Yen Truong – Yen Trung Road</li> <li>- Ma River left bank protection dike</li> </ul>
	Nghe An	<ul style="list-style-type: none"> <li>- Thanh Linh Pumping Stations</li> <li>- Truong Linh Bridge</li> <li>- Hung My – Hung Thong Road</li> <li>- Quynh Thang Commune Road</li> <li>- Hung My – Hung Tan Road</li> <li>- Hung Chinh – Hung Tay Road</li> </ul>
	Ha Tinh	<ul style="list-style-type: none"> <li>- Son Phuc – Son Truong – Son Thuy – Son Mai commune road</li> <li>-Northern Main Canal Tiem River Irrigation System</li> <li>- West Main Canal Trai Tieu Reservoir</li> </ul>
18-22 May 09	Quang Nam	<ul style="list-style-type: none"> <li>-Tu Phu Pumping Station</li> <li>- Chan Son Reservoir</li> <li>- Ho Cai Reservoir</li> <li>- Na Bo Reservoir</li> <li>- Bien Lam Road</li> <li>- Bien Lam Water Supply</li> <li>- Thai Son Reservoir Main Canal</li> </ul>
	Thua Thien Hue	<ul style="list-style-type: none"> <li>-Quang Cong – Quang Ngan Road and Dike</li> <li>- Vinh Hung – Vinh Giang – Vinh Hien Road and Dike</li> </ul>

### III. FINDINGS

Ten project provinces were visited during the period of February to May 2009 including 5 provinces which had been identified as priority provinces. The site visits provided an opportunity for the provide assistance and guidance to the PPMU staff regarding project identification, preparation of SIPs and selection of consultants for preparation of Sub-project Investment Reports (SIR). It also allowed the CPMU and PCPF consultants to: i) visit the sites of sub-projects for which SIPs had been prepared and submitted and to compare the actual conditions in the field with the descriptions contained in the SIPs; ii) meet and interview expected beneficiaries and assess the level of community consultations that took place in project preparation; iii) carry out a visual assessment of safeguard issues; and iv) review the proposed scope of work.

This section will provide a summary of the findings of the review of project identification and selection process, and highlights the major issues and problems encountered by the PPMUs in this process and in preparation of SIPs.

#### a) Sub-Project Identification Process:

**PPC and District Level:** The actual process of sub-project identification varies from province to province. While it may have been useful for the team to review in detail the actual selection process in each province to determine their specific strengths and weaknesses and offer suggestions for improvement whenever necessary this was not practical. The process is imbedded in the provincial administrative, planning and budgetary systems and in most cases the procedure leaves little room for flexibility in its application and it is unlikely that this would have lead to any substantive improvement. In any case, there are sufficient common practices in each provincial selection procedures to draw some conclusions of a general nature

The process of sub-project selection can be summarized as follows: in a first stage, as part of the provincial planning process, development projects are identified by the People's Committee (PC) at district level (DPC) through a participatory process in conjunction with the Commune People's Committee (CPC). The identified development projects are then submitted to the Provincial People's Committee (PPC) for consolidation into the Socio-Economic Development Plan (SEDP). At this stage, development projects are prioritized and whenever possible potential sources of financing, including the IRDSPCP, are identified and matched to the proposed projects.

Provincial fund allocation for IRDSPCP was agreed between the ADB and the Government during project preparation and is built-in the Project Documents.<sup>1</sup> Within the initial allocation, the PPMU in cooperation with the PPC prepared a district budgetary allocation including counterpart funding taking into consideration provincial priorities.<sup>2</sup> The district allocation is based on criteria which vary from province to province and may take into consideration the

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<sup>1</sup> RRP Supplementary Appendix F

<sup>2</sup> Unallocated loan funds will be reallocated to each province in a second allocation after the Mid Term Review. Ref RRP supplementary Appendix F para 1.

poverty level, the infrastructure needs of the district, and the extent of Official Development Assistance (ODA) and Government assistance to the district. Sub-projects are then identified from the Socio-Economic Development Plan (SEDP) at district level to meet the budgetary allocation of each selected district. This preliminary list is then consolidated at provincial level and approved by the PPC before being submitted to the CPMU for consideration. While this system works generally well in most cases, a number of issues and problems have been identified from this arrangement in the context of the IRDSPCP:

- i) district authorities are not always fully aware of the IRDSPCP project selection criteria and often select projects which reflect political and domestic priorities but do not necessarily meet the criteria of the project;
- ii) in some province there is little flexibility regarding reallocation between districts, and when sub-projects are found unsuitable there is pressure to identify replacement sub-projects within the same district, regardless of the actual needs and development priorities of this and other districts;
- iii) the PPC is appointed the executing agency for each province and the PPMU is responsible for project implementation. The PPC is a powerful political entity and it is not always possible for the PPMU to resist pressure from the PPC to include projects that may not meet the selection criteria.

**PPMU Level:** PPMU staffs are typically technical staff, such as engineers or agriculture development specialists, who are generally well trained in project implementation but do not always have the experience and skills necessary for project identification and conceptualization. Those skills are often not available within the PPMUs. In some PPMU such as Quang Tri and Ha Tinh, the Director and/or Coordinator have had previous experience with ADB financed projects including in some cases the Rural Infrastructure Sector Project (RISP). These provinces tend to fend better in the area of project identification and conceptualization; the PPMU staff also generally better understand the constraints of ADB procedures and regulations and are more adept to work within those constraints. But this is not the case in all provinces. There are a number of problems which were identified during the field visits regarding the capacity of some PPMUs.

In some PPMUs, the technical base does not match all sectors covered by the project. For instance, PPMU staffs generally have good experience with irrigation projects and coastal protection work but may not have staff with experience in the road and transportation sector. This results in unsuitable sub-projects in the road sector being selected and submitted for consideration. A similar situation exists in the water supply sector where PPMU's do not have a water supply engineer.

Lack of experience in implementation of ADB projects often contributes to poor selection and conceptualization of sub-projects. Unfamiliarity with ADB regulations as well as specific project requirements regarding safeguard issues, community consultation, and economic viability for instance often result in an oversight of the basic selection criteria. Given that many PPMUs do not have staff with previous experience with implementation of ADB projects, there was a need for additional training and support to build the capacity of the PPMU in those areas. Initially it was expected that the loan implementation consultants would assist with capacity building at

PPMU level, but due to delays in recruitment of loan implementation consultants this was not achieved. The ADTA consultants have stepped in to assist in this area but the resources available are insufficient given the number of provinces and the geographic spread.

The PPMUs are often subject to pressure from the PPC regarding selection of certain sub-projects which may not meet the selection criteria of the project. This is a very sensitive issue, and the capacity of the PPMU to resist such pressure depends on a number of cultural and political factors. In some cases the CPMU is forced to intervene to ensure that sub-projects which do not meet the selection criteria are rejected.

Many PPMUs rely heavily on the Districts for project identification and conceptualization. This is sometimes due to the large distances that must be covered to reach each District and the limited resources at the disposal of the PPMUs – the PPMUs have not yet been provided with project vehicles for instance. Since the District authorities have generally even less experience and qualification than the PPMU with ADB financed projects and in many cases are unfamiliar with the ADB requirements and procedures, this results in many sub-projects not meeting selection criteria.

Similarly, some PPMUs rely on information provided by the District for the preparation of SIPs. In some cases this information is not accurate or may be misleading. Some Districts tend to enhance the information related to the sub-projects in an effort to obtain the approval of the PPMU and CPMU. There is a need for certain PPMUs to be more actively involved in the selection and conceptualisation of sub-projects and to oversee the initial investigations including community consultations to ensure compliance with project requirements. There is also a need for the PPMU to travel to the project sites and verify the information provided by the District authorities. In order to carry out these monitoring and quality control responsibilities, the PPMUs should be provided with necessary resources including project vehicles.

**District Level:** District authorities often lack familiarity with project requirements as well as ADB procedures and regulations. The District People's Committee (DPC) is involved in the development planning process, but their knowledge of the project requirements is limited to information provided by the PPMUs. To date most capacity building effort has been focused on the PPMUs and the CPMU. The PPMUs have been the object of capacity building both by the CPMU and the ADTA consultants through attendance to project related workshops, provision of guidelines, and on-the-job training such as those provided through this review process. The District staffs on the other hand have not been provided such training opportunities. In addition, it is not clear whether at least some PPMUs are in a position to provide assistance or guidance to the District authorities regarding project requirements given their own ongoing capacity building and lack of resources. This has resulted in a number of cases of poor project selection and/or lack of compliance with project selection requirements:

- i) Some Districts do not appear to have a good understanding of project objectives and overall requirements. This is reflected in the poor quality of sub-projects identified and submitted for consideration.

ii) In some instances, the PPMUs have not taken an active role in project identification and preparation of SIPs, relying instead on the District for this. Without proper training at district level, the outcome has often been less than satisfactory.

iii) In some cases project requirements have not been met, for instance, community consultation may not have been carried out satisfactorily, or safeguard issues have been overlooked or overly simplified.

**b) Safeguard Issues:**

One of the main features of IRDSPCP is an increased attention to safeguard issues including: environment, resettlement, vulnerable groups, and ethnic minorities. The purpose of this focus on safeguard issues was twofold: i) to improve safeguard performance based on lessons learned from RISP; and ii) to minimize delays in approval and implementation of sub-projects resulting from lengthy procedures required to address and mitigate negative project impacts on the environment and the beneficiaries. In view of the concern for expeditious project implementation, the project documents specify that sub-projects which may have significant environment and resettlement impact (project classification A), or that may adversely affect women and vulnerable groups including ethnic minorities would not be selected.<sup>3</sup> For this reason and to maximize the economic return, the project design favoured selection of sub-projects which would upgrade and repair existing infrastructures over sub-projects aimed at construction of new infrastructure.

Safeguard issues have been the object of much attention during this review. Some of the observations of the team are summarized below.

**Resettlement:** Of all the safeguard issues, resettlement is likely to be the most significant in this project. This is because even sub-projects that consist in upgrading and repairing of existing infrastructure will generally require some land acquisition and/or compensation for temporary or permanent use of the land, or for removal of trees, fences, and other properties for instance.

One of the major difficulties with resettlement is the significant differences that exist between the Government regulations and those of the ADB. The PPMUs have been briefed on the ADB procedures and requirements, but this information is not always fully understood or passed down to the District authorities who are involved with project selection. District authorities often wrongly assume that the more relaxed government regulations will apply for this project. This has resulted in an under evaluation of the extent and cost of resettlement issues.

Requirements for resettlement have been summarized in the resettlement framework which was distributed to all PPMUs translated in Vietnamese language. It is not always clear however whether the PPMU staff have fully understood the requirements of the framework, and whether the framework has been provided to the District authorities with some guidance on how to use it. For instance, in some districts the authorities indicated that there would be no need for

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<sup>3</sup> RRP Appendix 4

compensation for acquisition of [productive] land since the community had agreed to provide land for the proposed infrastructure for free. This is clearly in contradiction with article 14 iii) of the framework which specifies that: “*Voluntary contributions of productive land (paddy, forest, fishpond and garden) will not be permitted under the Project.*”<sup>4</sup> When this was pointed out, it appeared that neither the PPMU nor the District authority were aware of this requirement.

In general, the Districts are often left without guidance regarding the implementation of ADB resettlement policies. There is a need to provide more training and assistance at the District level to ensure that resettlement policies are well understood. There is also an understanding gap in the area of resettlement both at the PPMUs and the District levels. Interpretation of the term “resettlement” by the PPMU/Districts usually refers to situations where people or shelters have to be moved to a different location. On the other hand, the ADB policy definition is more comprehensive. Resettlement under the ADB definition includes “*any action which causes permanent or temporary social and economic impacts as a result of (i) acquisition of land and other fixed assets, (ii) changes in the use of land, or (iii) restrictions imposed on land as a result of an ADB operation.*”<sup>5</sup> According to the ADB policy, most sub-projects will have some resettlement issues although the majority will not be significant. Nevertheless, in every case there will be a need to prepare a resettlement plan to be submitted to ADB for approval. This requirement may not be completely understood by the Districts, the PPMUs and indeed the CPMU.

Another finding of the review is that the cost of compensation and land acquisition often appears underestimated. In one sub-project for instance, the District indicated that US\$1,00 would be paid to the affected people for relocating fences and no compensation would be paid for acquisition of land. In many of the SIPs, the amount allocated for land acquisition or compensation is either insignificant or is a provisional sum which may not reflect the actual cost of acquisition and compensation. This underestimation may impact on the overall cost of the sub-projects and ultimately on the economic viability of some sub-projects. There is a need to ensure that all issues related to resettlement are fully disclosed and the costs of resettlement, including compensation and land acquisition are accurately reflected in the sub-project costs.

**Environment:** Impact on environment will likely not be as significant an issue as resettlement in most sub-projects. This is because i) many of the sub-projects which may cause environmental impact, such as raising of irrigation dams and reservoirs, have been screened out early in the process of sub-project selection; and ii) most sub-projects will upgrade or repair existing facilities and therefore will not cause new permanent disturbance to the environment. In most sub-projects however there will be some minor and temporary impact on the environment as a result of planned construction activities. These should be easy to mitigate in most cases but will need to be monitored closely.

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<sup>4</sup> RRP Supplementary Appendix K, Para 14 iii)

<sup>5</sup> ADB Operation Manual on Involuntary Resettlement, OM Section F2/BP, 25 September 2006



One hidden environmental impacts of the project may be the use of borrowed construction material to build the project facilities. By its very nature, the project is likely to use a very large amounts of material - such as stones, gravel, and sand - which are currently being extracted from government approved borrow pits. Most SIPs refer to the environmental impact as being insignificant based on the fact that the material will be obtained from approved borrow pits, but the impact of over excavations from approved borrow pits in most central provinces does appear quite significant as entire mountains are beginning to disappear under the increasing demand for material for infrastructure construction. While the study of this phenomenon is outside the scope and responsibility of this review and the ADTA, it is worth considering in the overall scheme of ADB assistance to the infrastructure sector in Viet Nam.

As indicated above, most sub-projects with potential negative impact on the environment have been screened out at an early stage. Sub-projects for the construction of new dams and reservoir constitute the most significant groups of activities with potential severe adverse impact on environment and as such have been systematically rejected by the CPMU on those grounds as well as potential resettlement impact. Likewise, sub-projects aimed at raising the water level of existing reservoirs have also in most cases been rejected by the CPMU. The remaining ones may require more in-depth review after the IEE has been performed during project preparation and feasibility studies.

Another area that will require specific attention is coastal protection structures. Although there are not many sub-projects aiming to upgrade, replace or build new coastal protection structures, those will generally require an IEE due to their physical location along river banks and/or seashore and their potential impact on sensitive ecosystems as well as on the physical features of the land/coast. On the other hand, the objective of these structures is to protect population and agriculture land which are particularly vulnerability to extreme and potentially dangerous weather and for this reason, the CPMU has rightfully adopted a more liberal approach to approve such sub-projects. It is understood thought that the environmental impact will need to be examined closely during project preparation and some sub-projects may eventually be withdrawn if the IEE reveals that their classification should be revised to A.

Road upgrading represent the largest group with nearly 60% of the approved sub-projects in this category. In general road sub-projects will upgrade existing infrastructure and will follow the original alignment which will minimize the potential for long term environmental impact. The temporary impact during construction caused by construction equipment can generally be mitigated easily given proper planning and monitoring. On the other hand, it will be necessary to take measures to minimize long term environmental impact of bridges to be built across rivers and streams. These situations should be identified and mitigation measures planned during sub-project preparation, the cost of mitigation measures should be taken into consideration at the feasibility stage.

**Women and Vulnerable Groups:** most projects are expected to have a positive impact on women and vulnerable groups by facilitating access to health and education services, drinking water, and markets, and by reducing the day to day burden on vulnerable groups. However in most cases no significant analysis was carried out during project identification to properly identify the vulnerable groups and determine the actual impact on of the sub-projects on these

groups. Likewise, few SIPs provided insights on how the positive impacts would be maximized. One of the challenges during project preparation will be to properly identify the vulnerable groups and to develop plans to minimize any potential negative impact while maximizing the positive impacts. The PPMUs in general are well trained in project implementation but have little qualifications to deal with social development issues such as those. Training to improve sensitivity to gender and vulnerable groups issues may be useful to enhance benefits to women, children and other vulnerable groups.

**Ethnic Minorities/Groups:** A significant number of sub-projects are located in areas inhabited by indigenous people. Typically many of these areas are situated in remote and difficult to access locations, the existing infrastructures are primitive and often in poor state, and the communities have a very high incidence of poverty. In many of these cases, the cost of improving the existing infrastructure will be very high due to their remoteness and the level of their deteriorated condition and since the population is generally scarce, the economic benefits may also be low which would lead to lower EIRR than expected under the project. On the other hand, the impact of improved infrastructures to reduce poverty in these remote locations is likely to be significant as the experience with RISP has shown: *“the household incomes of rural inhabitants have increased by 52% in areas near rural road rehabilitations, by 45% in areas where irrigation facilities have been rehabilitated, and 29% in areas that have benefited from water supply subprojects.”*<sup>6</sup> On these grounds, a number of sub-projects in these remote locations may be justified on social development grounds alone if their EIRR is lower than 10%.

Similarly to issues related to gender and vulnerable group, the PPMUs are often ill prepared to deal with complex socio-cultural issues related to ethnic minorities. Sensitivity training in this area may be necessary to enhance the benefits of the project on ethnic groups while negative impact will be minimised and mitigated when necessary.

### c) Community Consultation

One of the most often overlooked aspects of sub-project identification is the requirement for a comprehensive community consultation process. Community consultations are important to raise awareness, build community support, and enhance ownership of proposed sub-projects by the community. Unfortunately, in many instances, the community consultation process is inadequate and does not meet the requirement of ADB for the project. There often seems to be little understanding of the need for community consultation. There is also frequent misunderstanding and confusion between consultation, participation and community awareness. And there are a number of implementation difficulties or perceptions which need to be addressed

It is important for all aspects of the project to be discussed openly with the beneficiaries, particularly issues related to resettlement, environment and vulnerable groups but this was not always the case. In many provinces and districts, community consultations were restricted to commune officials and did not always include actual beneficiaries. When minutes of community

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<sup>6</sup> PCR for Loan 1564 VIE (SF) - Rural Infrastructure Project, September 2006, para 33

consultations are examined, the nature of the consultation is also not always clear. In many cases consultations appeared to be little more than meetings designed to disseminate information about the sub-project, and the beneficiaries had little opportunity if any to express their views and concerns, let alone these concerns being incorporated in the project design.

In some cases the process of consultation was completely ignored. One district official indicated that in his view it was not appropriate to carry out community consultations before the sub-project had been approved by the CPMU. It was argued that consultation may raise expectations which may not be achieved should the project be rejected. This line of thinking is often difficult to change particularly in a society which has been guided by a political system characterized by central planning.

In all fairness, it is not always easy for the community to voice their objections or concerns over certain issues particularly if the meetings are being conducted by senior PC figures. For this reason it would be preferable if community consultations were being held with the assistance and guidance of social development specialists, but there appears to be limited capacity at district level for social development specialist to organize and participate in community consultation.

In principle PPMU staffs such as the PPMU coordinator or the Safeguard Specialist are expected to assist the communes and District authorities with organizing and holding community consultations in accordance with the project requirements. In practice however this is not always the case. The capacity of the PPMUs in community consultation is sometimes limited. Often the PPMU Safeguard Specialists are trained in agriculture development or engineering and have little qualifications, limited background in social sectors, and inadequate experience to assist the communes and Districts with such matters. The supporting role of the PPMUs in the preparation and carrying out of community consultations is critical given the lack of capacity at District and commune level, but to be effective, PPMU staff responsible for safeguard issues and consultation must have proper qualifications and must be trained in all aspects of safeguards including community consultations.

#### **d) Sustainability**

71. Operation and Maintenance (O&M) deserve considerable consideration particularly in light of the findings of the O&M sub-team relating to experience and lessons learned from RISP. Sustainability of project facilities is critical to ensure economic viability of the project and the full achievement of intended benefits.

In a number of sub-projects, the issue of sustainability appears critical but is rarely given proper attention by the PPMUs. In most SIPs only minimum information is provided with respect to O&M arrangements and funding. In most cases the SIP only contains a statement that funding for O&M will be provided from the government budget. Experience has shown however that government funding of O&M is generally inadequate to ensure sustainability of infrastructure even at levels that meet the national standards. Furthermore, the standards are in many cases too low. In other cases deterioration of assets occurs due to poor or deficient design or design standards. And in some cases, the cost of O&M is simply underestimated. As a starting point,

there is a need to ensure that realistic O&M plans are incorporated into the design of sub-projects at the earliest stage.

An example of the need for early integration of O&M considerations in the project design is the case of two proposed mountain road sub-projects through sugar cane plantations. In both cases, overloaded trucks are causing major damage to the existing infrastructure. Upgrading the roads to concrete surface would not solve the problems unless the road was built to higher standards, but this would increase the cost of the sub-projects and negatively affect the economic viability. The other, more practical solution is to impose axle load restrictions for the upgraded roads by installing physical barriers at both ends of the roads to prevent access to heavy trucks. After consideration the PPMU agreed to incorporate such conditions into the sub-project design.

Another example concerned the upgrading and lining of irrigation canals. The targeted canals were already lined on parts of their length, but to achieve better efficiency the PPMU proposed to line the lower reaches as well. However, maintenance of the upper reaches of the canals was inconsistent. In some parts O&M appeared adequate but in other areas the canals showed poor maintenance and signs of advanced deterioration. While the provincial government issued a commitment to provide adequate funding for O&M of the sub-project, in this case, even if the segments included under the sub-project were maintained properly, it would not be sufficient because without proper maintenance in the areas outside the scope of the proposed sub-project, all benefits resulting from lining of the lower reaches may be cancelled out by deterioration due to lack of maintenance in the upper reaches. In this case, the O&M arrangements for the entire system need to be examined and revised to ensure that i) funding will be adequate for O&M of the entire system, and ii) management of the O&M will be carried out by a competent and experience group.

#### **e) Economic Viability**

The project requires each sub-project to be economically viable as measured by a minimum Economic Internal Rate of Return (EIRR) of 10 percent.<sup>7</sup> At present there is little capacity at CPMU and PPMU level to assess the economic viability of sub-projects. It is also not possible to carry out a full EIRR of each sub-project at this stage without a detailed design and cost estimate. There are few parameters/indicators that can be used to determine whether a sub-project is likely to meet the minimum 10% EIRR. Some empirical indicators – such as the cost per kilometre of road or per hectare of incremental agriculture production – were used throughout this review to determine whether the EIRR of proposed sub-projects are likely to meet the minimum 10%. While these indicators were useful they are considered too generic to provide an accurate prediction of the expected EIRR. Given that limitation it is likely that a number of sub-projects which were approved may not meet the minimum 10%.

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<sup>7</sup> Although the project also allows sub-projects with lower EIRR to be considered if such sub-projects are expected to have substantial impact on social development and/or poverty reduction.

The determination of the EIRR will be carried out during the feasibility study stage of project preparation. In view of the “two step” selection for Feasibility and Detailed Design consultants, there will be a need for an independent monitoring and review of the economic analysis to confirm the conclusions of the feasibility studies. Under the “two step” selection procedure, a firm which has been awarded the contract for FS will have its contract extended for the preparation of detailed design if the conclusion of the FS indicates that the sub-project is technically feasible and economically viable. This may result in a conflict of interest since a firm’s determination of the technical and economic feasibility of a sub-project will result in the award of the contract for the detailed design stage.

Since there is little capacity at both CPMU and PPMU to independently review and confirm the conclusion of the FS, it will be essential that such capacity is provided through either the Loan Implementation consultants or the ADTA consultants.

#### **IV. CONCLUSION AND RECOMMENDATIONS**

The need to provide support and assistance to the PPMUs regarding sub-project identification and selection was recognized during the early phases of TA implementation. Specifically, it was observed that:

- i) While the presentation and content of the SIPs generally improved in most provinces following two workshops on the subject, the relevance and suitability of the proposed sub-projects did not always reflect the same improvement. In fact some PPMUs which have become well versed at preparing good quality SIPs experienced various degrees of difficulties in identification and conceptualization of suitable sub-projects;
- ii) Discrepancies seemed to emerge between the information presented in the SIPs and the actual site conditions. The information presented in a number of SIPs did not accurately reflect the sub-project characteristics.
- iii) Some provinces appeared to have an incomplete understanding of the objectives of the project as well as the ADB eligibility criteria for sub-projects. Safeguard issues and public consultations for instance often appeared to be regarded as academic and unrealistic requirements which could be ignored or disregarded.
- iv) In some provinces, the PPMU appeared to experience difficulties screening out projects identified by the PPC as priority projects regardless of the fact that they did not meet the selection criteria for the project.

In view of this a program was developed to visit 10 of the 13 PPMUs as well as the sites of the majority of sub-projects which had not yet been approved from February to May 2009. The program proved very successful in assessing the eligibility and suitability of the large majority of sub-projects; improving the quality of the sub-projects selected for support under the project; and assisting the PPMUs in identifying alternative sub-projects when necessary. The outcome of the program is: i) improved portfolio of sub-projects in all provinces; ii) improved quality and more accurate SIPs submitted for consideration of the CPMU; iii) reduced number of sub-

projects rejected as a result of an improved selection process; and iv) enhanced familiarity and sensitivity to safeguard issues and community consultation at PPMU and District level.

A number of issues were identified during the site visits. Those are summarized below:

**a) Sub-Project Identification Process:**

i) District authorities are not always fully aware of the IRDSPCP project selection criteria and often select projects which reflect political and domestic priorities but do not necessarily meet the criteria of the project. There is a need to develop better awareness at district level of project criteria and objectives as well as ADB regulations.

ii) In some province there is little flexibility for reallocating project funds between districts. If sub-projects are found unsuitable replacement sub-projects need to be found within the same district, regardless of the actual needs and development priorities of this and other districts. While this is an internal bureaucratic requirement that is unlikely to be relaxed in the course of this project, it is a lesson learned that should be taken into consideration in future projects.

iii) The PPC is the Executing Agency in each province. It is a powerful political entity which is capable of mobilizing resources necessary to resolve constraints in project implementation. However because of its significant clout, it is not always possible for the PPMU who is the implementing agency to go against the will of the PPC when needed in matters of project selection and/or implementation.

iv) The PPMU often suffer from skill and experience gaps which impede project identification and conceptualization. Related to this is the fact that in some PPMUs, the technical base does not always cover all sectors of the project particularly for roads and water supply projects. There is a need to provide additional expertise at PPMU level either to support the sub-project selection process. Training through conventional workshops and short courses is not effective to bring the technical level to par with the needs within a reasonable time frame.

v) Unfamiliarity, both at PPMU and District levels, with ADB regulations as well as specific project requirements regarding safeguard issues, community consultation, and economic viability often result in an oversight of the basic selection criteria. Training of PPMU staff has been effective in improving this knowledge only to a limited extent, and no such training was provided to the District authorities who have been required to take a very active part in the selection process, often without much guidance from the PPMU.

vi) Lack of resources has impaired many PPMUs to take a more active role in project identification and selection. Some PPMUs were forced to rely on the Districts authorities for this even though the District authorities have generally less experience and qualification than the PPMU in this area. There is a need for PPMUs to oversee the initial investigations including community consultations to ensure compliance with project requirements but in order for the PPMU to carry out their monitoring and quality control responsibilities, it must be provided with necessary resources including project vehicles.

**b) Safeguard Issues:**



i) Of all the safeguard issues, resettlement is likely to be the most significant because most sub-projects will require some land acquisition and/or compensation for temporary or permanent use of the land. There is a need to monitor closely the work of the Feasibility and Safeguard consultants to ensure that resettlement issues will be addressed in accordance with ADB regulations.

ii) One of the major difficulties with resettlement is the significant differences that exist between the Government regulations and those of the ADB. The Districts and in certain cases the PPMUs lack familiarity with ADB procedures and requirements. There is a need for more training and assistance both at PPMU and District levels regarding the application of ADB resettlement regulations.

iii) As a result of the lack of familiarity and understanding of ADB resettlement regulations resettlement costs have often been underestimated in the SIPs. This underestimation may impact on the overall cost of the sub-projects and ultimately the economic viability of some sub-projects.

iv) Impact on environment will likely not be as significant an issue as resettlement in most sub-projects because many of the sub-projects which may cause environmental damage have been screened out early in the process of sub-project selection. There will be a need however to monitor the potential impacts of sub-projects that deal with dams and reservoirs as well as coastal protection works.

v) While most projects are expected to have a positive impact on women and vulnerable groups including ethnic minorities, in most cases no significant analysis was carried out to properly identify the vulnerable groups and determine the actual impact on of the sub-projects on these groups. Due to lack of qualifications at PPMU level, social development issues are often not given proper attention. Training to improve sensitivity to gender and vulnerable groups issues may be useful to enhance benefits to women, children and other vulnerable groups including ethnic minorities.

**c) Community Consultation**

i) The requirement for a comprehensive community consultation is often overlooked and in many cases, the process does not meet the ADB requirement for the project. This is partly due to attitudes and partly to unfamiliarity of the District authorities with these requirements. There is a need for the PPMUs to be more actively involved during the selection process to ensure that community consultations are carried out according to the ADB requirements.

ii) Capacity in community consultation both at district and PPMU level is generally limited. Staff responsible for consultations often do not have the adequate formation or qualifications to plan and carry out comprehensive consultations. Training in this aspect is needed both at PPMU and District levels.

**d) Sustainability**

i) Sustainability of project facilities is critical to ensure economic viability of the project and the full achievement of intended benefits and yet, it is rarely given proper attention by the PPMUs. In most SIPs only minimum information is provided concerning O&M arrangements and funding. There is a need to ensure that O&M issues are incorporated into the design of sub-projects at the earliest stage and that O&M plans and funding arrangements are realistic. While preparing the O&M Plans, all aspects of sustainability should be considered, including adequate design and proper standards, capacity and experience of the O&M management organization, and required training for O&M management.

**e) Economic Viability**

i) There is little capacity at CPMU and PPMU level to assess the economic viability of sub-projects. This leaves the responsibility to determine the economic feasibility with the Feasibility Consultants. However given the potential conflict of interest that may arise as a result of the “two step” selection process for Feasibility and Detailed Design consultants, there is a need for independent monitoring and review of the economic analysis to confirm the conclusions of the feasibility studies.

## Appendix 1 – Summary of Individual Site Visits

### A. General Comments

A number of provinces visited were not identified as priority provinces but it was felt that even though the difficulties encountered in those provinces were not as serious as in the priority provinces, there was still a need to provide assistance and guidance to the PPMU staff regarding project identification, preparation of SIPs and selection of consultants for preparation of Sub-project Investment Reports (SIR). The field trips also provided an opportunity for the CPMU and PCPF consultants to: i) visit the sites of sub-projects for which SIPs had been prepared and submitted and to compare the actual conditions in the field with the descriptions contained in the SIPs; ii) meet and interview expected beneficiaries and assess the level of community consultations that took place in project preparation; iii) carry out a visual assessment of safeguard issues; and iv) review the proposed scope of work.

This section will provide a summary assessment of the sub-project identification and selection process in each province visited to date. The report highlights the major issues and problems encountered in each province and provide a summary assessment of each sub-project visited together with conclusion and recommendations which were provided to the province at the end of each site visit.

### B. Binh Thuan

Binh Thuan was identified as a priority province because of difficulties it experienced in the preparation of a list of potential sub-projects which met the project eligibility and selection criteria. Initially Binh Thuan submitted a list of 11 sub-projects for consideration by the CPMU. The majority of those sub-projects were rejected by the CPMU because they did not fully meet the eligibility criteria. From the initial list, 9 projects were rejected and 2 sub-projects were retained but combined into one new sub-project. A new proposed list of sub-project was submitted including two new sub-projects and the two combined sub-projects from the original list. The new list comprised only 3 sub-projects with a total value of \$9,3 million, representing the total allocation for the province of Binh Thuan under IRDSP

The PCPF consultants and CPMU staff visited all three proposed sub-projects on 10 Feb 09. The findings of the Team were discussed with the PPMU and DARD officials during a wrap up meeting held on 11 Feb 09. The outcome of the field trip is as follows:

**a) Da Bac Lake Irrigation System:** this sub-project estimated at \$3,2 million aims to repair, rehabilitate and upgrade the Da Bac Lake irrigation dam, as well as lining of primary irrigation canals. The system presently provides irrigation water for approximately 290 ha of agriculture land, and the proposed rehabilitation and upgrading is expected to increase the command area to approximately 390 ha. The total number of beneficiaries is estimated to be approximately 15,000 people from the nearby communes. The dam and spillways are in relative good condition and require minimum repair and maintenance. The primary canals are lined on part of their length but in some areas have not been properly maintained and are blocked or damaged. This can be fixed through regular periodic maintenance.

i) *Assessment:* the cost of rehabilitation of the dam and irrigation canals is considered extremely high at \$3,2 million particularly in view of the limited expected benefits. The unit cost of the work would be approximately \$32,000 per incremental ha of agriculture land and thus the economic returns are likely to be too low to justify such a large investment. The scope of most of the proposed rehabilitation work would probably fall within the scope of a regular maintenance program.

ii) *Action Taken:* in view of the above findings, the PPMU was instructed to remove this sub-project from the list of potential sub-projects and substitute it with a more suitable sub-project;

**b) Repair and upgrading of Ca Giay Lake Irrigation system:** This project aims to repair and line primary and secondary canals of the Ca Giay lake irrigation system. The project is expected to increase the command area from 2,800 ha to 4,500 ha by improving efficiency in delivery of irrigation water and reducing seepage and water wastage.

i) *Assessment:* This sub-project appeared to meet the eligibility criteria for financing under the project. The economic viability was expected to be acceptable based on an investment cost of \$1,475 per ha of incremental agriculture production area. The cost was considered reasonable and the number of beneficiaries is significant. This project was considered a good candidate for financing under the loan in view of its high economic viability, simplicity and positive impact on beneficiaries.

ii) *Action taken:* subsequent to the field visit the PPMU indicated that it appeared that the cost of the sub-project had been underestimated and the real cost would be \$3,4 million not \$2,5 million as initially estimated. The CPMU/PCPF team indicated that the higher cost would negatively impact the economic viability of the project. It was suggested that the PPMU review the scope of work and envisage measures aimed at reducing the cost of the project without significantly affecting the benefits. If this was not possible it was unlikely that this sub-project could meet the economic viability criteria for eligibility under the IRDSP and a more suitable sub-project should be identified.

**c) Bau Cat – Ham Lien road and Access road to Cau Khan bridge:** this sub-project is a combination of two sub-projects which had been submitted in the initial list of sub-projects. The SIP for this sub-project has been submitted and reviewed. The SIP was relatively well prepared but it raised the problem of very high cost (the cost was revised from \$3,6 to \$2,6 million but the investment cost remained high at \$130,000 /km)

i) *Assessment:* the two components were visited:

1) Access road to Cau Khan Bridge: the field trip revealed that the *Access road to Cau Khan Bridge* component of this sub-project consisted in a number of small sections of roads, many being new roads. The area to be served by the proposed road has a low population density and economic activities were primarily related to a private sector quarry operation located along the alignment of the proposed road. This segment is considered unsuitable for financing under

the loan as it is not likely to meet the eligibility criteria particularly regarding economic viability and socio-economic development.

2) Bau Cat – Ham Lien Commune road: this segment is relatively short (6 km), but has potentially high economic benefit. The road traverses high density agriculture area (dragon fruit plantations) and once upgraded it would reduce the cost of transportation of agriculture input and products from the farms to the nearby town of Phan Thiet. The only potential drawdown is the fact that the area appears to be relatively well off and the impact on poverty reduction may not be as significant.

ii) *Action Taken:* the PPMU was informed that the *Access road to Cau Khan Bridge* was not suitable for financing under the project, and this component should be removed from the sub-project. The smaller Bau Cat – Ham Lien road component appears suitable but the PPMU was requested to update the socio-economic profile of the potential beneficiaries to assess the impact on poverty reduction prior to resubmit the SIP for review and approval.

### **New potential sub-projects**

Subsequent to the field visit to the three above proposed sub-projects it was determined that only the *Bau Cat – Ham Lien road* component of the *Bau Cat – Ham Lien and Access road to the Cau Khan Bridge* sub-project may meet the project selection requirements. It was not clear whether *Upgrading of Ca Giay Lake Irrigation System* would meet the economic viability criteria for the project without significant changes to the scope of work to reduce the cost of the sub-project. This left only from \$0,650 million to approximately \$3 million worth of potential sub-projects for Binh Thuan, significantly short of the allocation of \$9,32 million. Accordingly, an additional day of field visits was scheduled for the 11 February to accompany the PPMU to a number of other potential sub-projects. These included the following:

- a) Upgrading of Primary Canal of the Quao River Irrigation System:
- b) Upgrading of Phu Son – Ku Ke Main Canal
- c) Upgrading of N3 Primary canal
- d) Upgrading of N19 Primary canal
- e) Thuan Minh – Ham Hiep Inter-commune road
- f) Upgrading of Dan Hoa Village road and Ba Lieu Bridge

SIPs had not been prepared for these sub-projects and in many cases the scope and objective of the proposed work was not yet completely defined and cost estimates had not been prepared. Never-the-less, despite the lack of information and details, all the above projects showed good potential for meeting the selection and eligibility criteria under IDRSP. The PPMU was instructed to prepare SIPs for these projects as soon as possible and submit them for review and approval of the CPMU.

### **Summary Assessment of Binh Thuan Province**

In the past, Binh Thuan province has experienced difficulties in identifying suitable sub-projects for financing under the loan. The initial list included 11 sub-projects, but 10 of those sub-

projects were eventually rejected for not fully meeting the project eligibility criteria. The second list was reduced to 3 sub-projects but only one small sub-project was found to have the potential of meeting the selection criteria. The CPMU /PCPF team worked with the PPMU and visited the site of several potential sub-projects on 11 February 09. During these site visits, 6 new sub-projects were identified that will likely meet the project selection criteria. This demonstrates that there is no shortage of good potential sub-projects for financing in Binh Thuan province. The PPMU was instructed on the methodology for selection of sub-projects and guidance was provided to assist them in identifying additional sub-projects as required. The PPMU was also reminded to pay close attention to the preliminary cost estimate of each sub-project as many sub-projects from the initial and second lists were eliminated because of underestimated cost which eventually impacted the potential economic returns of each sub-project. The PPMU was instructed to prepare SIPs for the newly identified sub-projects and submit it to the CPMU for consideration as soon as possible.

### C. Binh Dinh

72. Binh Dinh was identified as a priority province in view of the number of SIPs/Subprojects which appeared unsuitable or marginally suitable for financing under the project. The initial list of sub-project contained 4 road sub-projects, 5 irrigation sub-projects and 1 water supply sub-project for a total of \$10,76 million corresponding to the budget allocation for the province. From the initial 10 sub-projects, one (My Hiep – My Trinh Road) was rejected by the CPMU because the proposed road was considered part of a larger provincial west corridor road; and one was considered marginally suitable (Nhon Tan – Nhon Phuc Road) because the road had recently been upgraded to concrete surface and the purpose of upgrading was not consistent with the objective of the project. Three proposed subprojects (Lining of Nui Mot Reservoir Main Canal; Upgrading My Binh Reservoir; and Rehabilitation of Tra O Irrigation System) have been approved in principle by the CPMU.

Subsequent to the rejection of the My Hiep – My Trinh Road and the Nhon Tan – Nhon Phuc road sub-projects by the CPMU, the PPMU reviewed the standards, scope and cost estimates of these two sub-projects and requested the CPMU to reconsider its position regarding their approval. Another major issues was the rising estimated cost of the 10 proposed subprojects. The initial cost estimates for all sub-projects were revised by the PPMU to reflect inflation and other escalation factors, and the total revised cost amounts to \$13,977 million or \$3,217 million over the provincial allocation for Binh Dinh.

In light of the above, the PCPF consultants and CPMU staff visited 6 of the 10 proposed sub-projects on 23 – 24 Feb 09 to review eligibility of the proposed sub-projects, and identify possible cost savings. The findings of the Team were discussed with the PPMU and DARD officials in a wrap up meeting held on 24 Feb 09. The outcome of the field trip is summarized below:

- a) **An Duc – An My Road**: This sub-project aims to upgrade and repair 12 km of existing inter-commune road. There are three distinct sections on this road: i) upgrading 5 km of existing dirt road to concrete surface of 3,5 m wide on a 6,5 m existing foundation; ii) repairing and construction of drainage ditches and structures on 4 km of existing concrete road (3,5 m surface



/ 6,5 foundation); and iii) upgrading of 3 km of mostly track road to concrete road to 3,5 m concrete over 6,5 m foundation. When completed, the project will improve access for people of 4 communes to two provincial roads located at each end of the sub-project road. The total cost is estimated at \$1,4 million or an investment of \$116,000/km.

i) *Assessment:* the cost of rehabilitation and upgrading is slightly high at \$116,000/km. This may be partly explained by the fact that the last section of the road will upgrade 3 km from dirt track to a concrete road and will require the construction of a new foundation. However this does not completely explain the high cost of the road since 4 km of the proposed project will only consist of minor repair and drainage work on an existing concrete road. There is a need to review the cost structure and identify potential savings. The road will benefit 37,000 people in 4 communes where 13% of the population live below the poverty line and 80% live slightly above the poverty line. If the cost can be reduced to \$100,000/km or less, the economic benefits of the project would be greatly improved.

ii) *Action Taken:* The mission advised the PPMU that this sub-project would be suitable for financing under the project provided that the cost of construction was reduced to improve the economic viability. The PPMU was instructed to consider ways to reduce the construction cost, including removing the sections which only require minor repairs and maintenance, the cost of such minor maintenance can be absorbed as part of the annual maintenance budget. The PPMU was further instructed to revise the SIP accordingly and resubmit it as soon as possible for consideration and approval of the CPMU.

**b) Van Hoi Reservoir Canal:** This sub-project will construct 17,1 km of secondary canals (N2, N3 and N5), 5 km of branch canals, and a number of canal structures and bridges. The new canals will benefit directly and indirectly approximately 37,000 people from 4 communes. Approximately 13% of the beneficiaries live below the poverty level. The project will increase the area under irrigated agriculture by 1,100 ha and will allow a second crop for 550 ha which presently produces only one crop /year

i) *Assessment:* The investment cost of \$1,76 million is considered reasonable, and the investment cost of \$650/ha of incremental agriculture production is likely to result in an EIRR of more than 10%. There are resettlement and land acquisition issues but those are considered minor and should not cause any significant problem.

ii) *Action taken:* this is considered to be a good sub-project with potential substantial impact on poverty reduction. Minor comments on the SIP were provided to the PPMU who was instructed to revise and resubmit it as soon as possible. Attention must be paid to land acquisition/resettlement during project preparation to ensure that there will not be any significant issue.

**c) Hoai Tan – Hoai Phu Road:** this sub-project aims to upgrade 4,5 km of existing road and construct 6 km of new road (in two sections of 3 km each). The cost estimate for this sub-project is \$1,6 million or \$152,000/km.

i) *assessment:* the cost is considered high because of the cost of opening 6 km of new road through two forest plantation areas. At the rate of \$152,000/km it is unlikely that this sub-project will meet the 10% EIRR requirement. There are also potential land acquisition/resettlement issues and to a lesser extent environmental issues regarding the new section of the road. The existing section of the road is in good shape and requires only minor repairs and construction of drainage facilities, which can easily be carried out through routine operation and maintenance and is not justified to include under the project.

ii) *action taken:* in view of the above the PPMU was informed that this sub-project is not likely to meet some of the major selection criteria under IRDSP and should be removed from the list of approved sub-projects.

d) **My Hien – My Trinh Road:** this sub-project was visited in Sept 2008 and was rejected by the CPMU because the proposed road appeared to be a section of a larger project to construct a provincial west corridor running north to south parallel to National highway No. 1 and therefore, the purpose of the sub-project was not consistent with the objective of the project. In addition, there was a section of 7 km of new road to be constructed through forest plantation and fallow land. Subsequent to the September visit, the PPMU revised the construction standards from provincial road to rural road with 3,5 m pavement over 6, 5 m foundation. The PPMU requested the CPMU to reconsider its decision. The sub-project would upgrade 16 km of road, including upgrading existing dirt road and in some sections dirt track to concrete surface, repairing and providing drainage for existing concrete road and constructing a section of new road through forest plantation and fallow land.

i) *assessment:* The road has sections of existing concrete surface (3,5 m/6,5 m) in generally good condition that would only require minor repair and provision of adequate drainage system. There is also a section which is currently a motorcycle/light vehicle access path which will need to be upgraded to rural road standard, and a section of approximately 1 km of new road. When constructed the road will connect at both ends to a provincial road, linking 3 communes to the provincial road network and significantly reducing the cost and time of transportation particularly for farmers living in the area where only motorcycle path exists. This section is only passable in the dry season and severely restrict access to market and services during the rain season. A total of 34,000 people in 3 communes will benefit from this sub-project. The cost of the project is \$1,64 million (\$100,000/km). The low cost /km is partly due to the fact that a significant section of the road will require only minor repair and provision of drainage facility.

ii) *action taken:* the main objection to this sub-project was that it was to be part of a major provincial road and included a large section of new road. The PPMU clarified that the standards used for this sub-project (3,5 m paved surface over 6,5 m foundation) are indeed rural roads standards not provincial road standards. Furthermore the section of new road is only expected to be up to 1 km, not 7 km as initially indicated. Under those circumstances, the objective of the sub-project as well as the expected socio-economic benefits meet the overall project objective and selection criteria and can be considered

for financing under IRDSP. The PPMU was asked to update the SIP to reflect the new scope and standards and to confirm that the length of new section of road would not exceed 1 km. If the length of the new road section exceeds 1 km, that section should not be included in the proposed sub-project, but the remaining sections would remain eligible and likely economically viable to be supported as it would still improve access to market and services. The PPMU was also requested to consider removing the section which require only minor repairs as it would be more appropriate to finance this work from the routine maintenance budget.

**e) Nhon Tan – Nhon Phuc Road:** this sub-project was visited in September 2008, it was proposed to widen an existing concrete road from 3,5 to 5 m to allow increased volume of transport between two strategic provincial and national roads. The PPMU was informed that this objective would not meet the requirements of the project as a rural road. The PPMU resubmitted the sub-project for consideration. The new proposal keeps the concrete surface to 3,5 m, replaces an existing bridge which has collapsed, and proposes a 1 to 1,5 km diversion road to by-pass an existing village/town.

*i) assessment:* the existing road is in reasonably good shape, it was upgraded to concrete surface only 2 years ago and has been maintained properly since then. There are sections where drainage needs to be provided and the existing bridge which has collapsed needs to be replaced. However the proposed village by-pass confirms that the purpose of the road upgrading remains to increase transport volume between the two major provincial and national roads, and is not designed to improve access for the local communities to services and markets. Furthermore without upgrading the road to provincial standard, it is likely that the increased volume of transport that would result from the by-pass would severely damage to the existing road.

*ii) action taken:* in view of the above, the PPMU was informed that the purpose of the proposed sub-project was not compatible with the objective of IRDSP to upgrade rural roads to promote rural development. The replacement of the collapsed bridge is considered well justified, but the cost of this replacement alone would likely be less than \$500,000 and therefore not eligible for financing unless combined to another sub-project. The PPMU was requested to remove this project from the list of sub-projects. Should there be savings and funds available in the future for Binh Dinh under the project, the replacement of the bridge could be combined with upgrading of one or several markets for instance to bring the total cost within the project eligibility range.

**f) N1 Thuan Ninh Canal:** this sub-project aims to construct 30 km of new primary and branch canals on the Thuan Ninh irrigation system, opening 1,665 ha of new land for agriculture. This is a very poor area. There are 23,000 beneficiaries in 3 communes in the area, 23% of which are presently living below the poverty line and nearly 90% live only slightly above the poverty line. Without irrigation the agriculture production is extremely limited and cannot provide even basic subsistence for the people living in the area. The Ninh Thuan irrigation system was constructed under RISP but has yet to achieve its full potential.

i) *assessment:* this is potentially a very good sub-project, although the cost is considered high. The investment cost is on the other hand quite relatively low at \$1,050/ha of incremental agriculture production. The project would improve the livelihood of a large number of beneficiaries most living under or near the poverty line. There are concerns however with the planning and operation of the irrigation system. Even though the N-2 canal was completed in 2004 under RISP, most of the water has been diverted outside the command area to another area which has been given higher priority by the province. Similarly while 4 km of the N-1 canal has already been constructed, to date no branch canal has been built and N-1 remains unused and its command area under-developed due to lack of funding; this despite the extreme poverty and poor agriculture conditions prevailing in the area.

ii) *Action taken:* the PPMU was informed that the cost of the sub-project was considered high and measures to keep the cost lower should be envisaged. The PPMU was also instructed to ensure that development of branch canals and the command area will be carried out in parallel to the construction of the main canal (N-1) to ensure immediate agriculture production benefits to the area. The major lesson learned from the development of N-2 canal and the early development of N-1 canal is that higher priority should be given to development of secondary and branch canals because if additional sources of financing cannot be identified for the minor works, large infrastructures remain unused and unproductive and the impact of the large capital investment on poverty reduction and economic development is poor.

### Summary Assessment of Binh Dinh Province

The provincial allocation for Binh Dinh under IRDSP is \$10,76 Million equivalent. The current portfolio included 10 projects estimated at \$13,977 Million. There are two proposed subprojects which were considered less suitable for the project: Nhon Tan – Nhon Phuc Road (\$0.88 million) and the Hoai Tan – Hoai Phuc road (\$1,6 million). In addition, one sub-project for Vinh Tanh Water Supply (\$0.5 million) is expected to be transferred to the upcoming Water Supply Sector project currently being developed. This will reduce the list of sub-projects to 7 with a total value of \$10,997 million. This is still slightly over the allocation of \$10,76 million but provided some cost savings can be achieved in some sub-projects, notably the N1 Thuan Ninh Canal project and the An Duc – An My road for instance, this should be adequate.

The CPMU /PCPF team worked with the PPMU and visited the site of 6 potential sub-projects on 23 and 24 February 09. During these site visits, 2 sub-projects were assessed to be less suitable for financing under IRDSP and 4 sub-projects were confirmed as likely to meet the selection and eligibility criteria. The PPMU was reminded to pay close attention to the preliminary cost estimate of each sub-project as cost estimates appear to vary widely and may cause otherwise potentially good sub-projects to become economically unviable. The updated list of sub-projects for Binh Dinh was revised as follows:

Table 2 – Updated list of sub-project in Binh Dinh

No	Project Name	Cost	Remarks
1	Upgrading of My Hien – My Trinh Road	\$1,640 Million	Project initially rejected but conditionally accepted
2	Upgrading of An Duc – An My Road	\$1,400 Million	Good sub-project but cost needs to be contained
3	N-1 Thuan Ninh Canal	\$3,440 Million	Good sub-project but cost high and need to ensure that development of command area will be carried out simultaneously
4	Lining of Nui Mot Reservoir Main Canal	\$1,080 Million	Approved
5	Van Hoi Reservoir Canal	\$1,767 Million	Good sub-project but need to follow up on land acquisition issues
6	Upgrading My Binh Reservoir	\$0,750 Million	Approved in Principle, not visited
7	Rehabilitation of Tra O Irrigation system	\$0,920 Million	Approved in principle, not visited
	<b>Total</b>	<b>\$10,997 Million</b>	

#### D. Phu Yen

Phu Yen was not considered a priority province but was included in the field visits due to its proximity to Binh Dinh and the fact that even though 3 sub-projects have been approved so far in Phu Yen, SIPs have not been submitted to date for 5 of the remaining sub-projects. From the initial list of sub-projects from Phu Yen three have been approved: *Upgrading of Ky Lo River Dyke and Embankment*; *Chi Tranh – An Linh Road*; and *Xuan Thanh – Hoc Ram Road*. Two sub-projects were rejected as unsuitable: *Lo An Reservoir*; and *Phu Khe – Phuoc Tan Road*. The total value of sub-project portfolio for Phu Yen is \$8,253 million which is within the total allocation of \$8,56 million for the province. According to the PPMU, SIPs have not been submitted for the 5 remaining sub-projects because the procedure for approval of substitute sub-projects was not clear. This was clarified by the CPMU staff and the PPMU was requested to expedited processing and submission of SIPs for all remaining projects.

The PCPF consultants and CPMU staff visited all 5 remaining sub-projects on 26 – 27 Feb 09 to review eligibility of the proposed sub-projects. The findings of the Team were discussed with the PPMU and DARD in a wrap-up meeting on 27 Feb 09. The outcome of the field trip is summarized below:

**a) Ea Bar – Ea Trol Road:** This sub-project aims to upgrade 15 km of existing inter-commune dirt road to bitumen surface. The sub-project will benefit 6,000 people in 2 communes, including 35% from the Ede ethnic group,. The proposed road is located in mountainous areas characterized by a very high incidence of poverty (approximately 71% of the population live below the poverty line). Most beneficiaries live from coffee farming. The

existing road is in poor condition and is subject to further deterioration during the raining season. There are a number of small structures to be constructed or repaired (spillways, culverts, etc) but no major structure or bridge is planned on the road. No significant resettlement or environmental issues are noted.

i) *Assessment:* overall this is a good project, the cost of the road upgrading is considered reasonable given that it is in mountainous area. The cost has been kept low through the proposed use of bitumen instead of the more costly option of concrete, and the use of spillways instead of bridges whenever possible. At roughly \$100,000/km it is likely that this project will meet the economic viability criteria for the project. Furthermore, it is expected that the impact on poverty reduction will be significant given the high incidence of poverty in the area.

ii) *Action Taken:* the mission advised the PPMU that this proposed sub-project is likely to meet the selection criteria of the project and requested that the SIP be prepared and submitted as soon as possible for review.

**b) Suoi Bac – Son Nguyen Road:** this sub-project will upgrade 10 km of road from dirt to bitumen surface. The road was recently built under the World Bank Rural Road Project but the WB project did not provide for concrete or bitumen surface and the road is already suffering serious damage from heavy traffic. This is aggravated by the fact that the major crop in the area is sugar cane and the road is subjected to high axle loads of cane carrying trucks.

i) *Assessment:* the existing road has recently been built under World Bank financing but is already showing significant deterioration. The project area is a large sugar cane producing area and traffic from heavily loaded trucks is causing major damage to the road. There is a need to upgrade the road to bitumen surface but there is also a more significant issue of protecting the road from further damage from heavy traffic. The road will benefit 9,000 people, mostly all sugar cane growers, including 2,000 people from Cham and Ede ethnic groups. The incidence of poverty in the area is very high at 70-73%. The cost of the upgrade is considered reasonable and at approximately \$90,000/km it is likely to have good economic returns. The road will link two communes to two provincial roads which have been earmarked for upgrading to concrete surface under provincial Government Funding. The benefit of the proposed road can only be fully achieved once the two provincial roads are upgraded.

ii) *Action Taken:* this is potentially a good sub-project. It is likely to have a significant poverty reduction impact on the area for 9,000 people including 2000 people from ethnic minorities. The socio-economic benefits of the project are likely to be high. There are two main issues with this sub-project: i) sustainability of the proposed road improvement; and ii) the link to existing infrastructure. Regarding the first issue, the PPMU was instructed to ensure that heavy traffic would not be allowed on the proposed road. Barriers should be installed at both ends of the road restricting heavy trucks from entering. The sugar cane should be transported from the farms to specified loading zones at both ends of the road by the farmers themselves using light tractors and trailers. Preferably special loading zones should be built to reduce traffic disturbances in



the loading area. The cost of establishing such loading zones with proper fencing and concrete surface can be included in the total cost of the sub-project. Regarding the second issue the PPMU was requested to obtain a commitment letter from the provincial government to the effect that the two provincial roads at both ends of the proposed sub-project will be upgraded before or at the same time as the proposed sub-project to ensure that the benefits of the sub-project will be achieved.

**c) Suoi Ky – Da Du – Lo Dieu Road:** this sub-project will upgrade 9 km of commune road from dirt to bitumen surface. The sub-project will benefit 9,000 people mostly from the Bana and Cham ethnic minorities. The road crosses mountainous areas and links at both ends to existing provincial roads, but as in the case of *Suoi Bac – Son Nguyen Road* above, both roads are still dirt surface and are scheduled to be upgraded to concrete/bitumen shortly. This is also a very poor area with 98% of the people living below the poverty line. Like the *Suoi Bac – Son Nguyen Road*, this road is subject to heavy traffic because the major crops are sugar cane and cassava. The cost of upgrading the road is rather high at \$130,000/km primarily in view of the geographical location in a mountainous area. There are also a number of structures which will be required.

i) *Assessment:* the cost of the project is high and it may not be justifiable on economic benefits alone, but it is potentially a good project which would have a significant impact on poverty reduction for 9,000 people from two minority groups. This project may need to consider both socio-economic and poverty reduction justifications for support under the loan.

ii) *Action taken:* The PPMU was instructed to prepare a SIP emphasising the poverty alleviation benefits as justification for the road upgrading. Like the *Suoi Bac – Son Nguyen Road*, the PPMU was instructed to ensure that heavy traffic would not be allowed on the proposed road and that proper measures would be taken to protect the road against heavy axle loads. The PPMU was also requested to obtain a commitment letter from the provincial government that the two provincial roads at both ends of the proposed sub-project will be upgraded before or at the same time as the proposed sub-project.

**d) Hoa Hiep – Tu Nham Road:** This sub-project will upgrade 9 km of existing coastal road from dirt to bitumen surface. The road is the only link to the main highway for a commune of 9,600 people living mainly from fisheries. Approximately 20% of the beneficiaries live below the poverty line. .

i) *Assessment:* this is a good sub-project which will improve access to market and services for 9,000 beneficiaries living mostly from fisheries. There is no environmental or resettlement issue expected with this project. The road upgrade will cost \$0,825 million or \$91,000/km and is likely to meet the EIRR requirements

ii) *Action taken:* the PPMU was requested to prepare and submit a SIP for this sub-project as soon as possible.

**e) North Canal – Dong Cam irrigation System:** this sub-project will upgrade up to 12 km of secondary canals (N-3 and N-4) on the Dong Cam Irrigation system with concrete lining. A number of control structures, bridges, and crossings will also have to be repaired, upgraded or rebuilt. The Dong Cam Irrigation system provides irrigation water to a very large area of Phu Yen province near Tuy Hoa. The proposed lining of 12 km of secondary canal will reduce the water losses, improve the flow and efficiency of the canals and improve agriculture production for 2,000 ha of irrigated land. A total of 37,000 people will benefit from this upgrade, including 10% who are living below the poverty line.

*i) Assessment:* The two targeted canals irrigate a large area of land (2,000 ha) in a key agriculture area of Phu Yen province. The proposed lining of the canal will improve efficiency in the delivery of water and will increase agriculture production and yield. The cost of the project is estimated at \$0,600 million (or less than \$300/ha) which appears low (\$50,000/km of canal). Another issue is the operation and maintenance of the upper reaches of the two targeted canals. Although the lined upper reach sections of the two canals are in relatively good shape, there are many areas which appear damaged and need immediate attention. Unless these sections are repaired quickly, it is likely that the improved efficiency expected in the lower reaches of the canals as a result of upgrading may not be achieved due to inefficiencies in the existing upper reaches.

*ii) Action taken:* The PPMU was advised that this is likely a good sub-project, but it was instructed to review carefully the cost estimate as it appears rather low particularly given the number of structures that may need to be upgraded/repaired/replaced. The PPMU was also requested to obtain a commitment from the Provincial Government regarding maintenance not only of the proposed sections for upgrading but the entire canals N-3 and N-4 including the existing lined sections to ensure long term sustainability of economic benefits.

### Summary Assessment of Phu Yen Province

Phu Yen has proposed a well balanced and diversified portfolio of sub-projects, including upgrading of mountain roads in ethnic areas, upgrading of coastal roads, rehabilitation of coastal protection system, and upgrading of irrigation systems. Some of the proposed sub-projects, particularly in mountainous areas may not score as high on the EIRR, but are expected to have a significant impact on poverty reduction, and can well be justified on those grounds alone. The CPMU/PCPF team made some recommendations to the PPMU regarding O+M and sustainability aspects of some projects particularly road upgrading in areas cultivating sugar cane and cassava, as well as the need to consider the sustainability and efficiency of the entire irrigation system when planning for upgrading irrigation canals. The other important issue is the need to ensure accurate cost estimates in the project planning process.

The CPMU /PCPF team worked with the PPMU and visited the site of 5 potential sub-projects on 26 and 27 February 09. During these site visits, all sub-projects were assessed to be suitable for financing under IRDSP although some with conditions attached. The updated list of sub-projects for Phu Yen is as follows:

**Table 3 – Updated list of sub-project in Phu Yen**

No	Project Name	Cost	Remarks
1	Upgrading Ky Lo River Dike and Embankment	\$0,940 million	Approved
2	Chi Thanh – An Linh Road	\$1,370 Million	Approved
3	Xuan Thanh – Hoc Ram Road	\$1,000 Million	Approved
4	Upgrading Suoi Ky – Da Du – Lo Dieu road	\$1,180 Million	Good subproject but economics may not be high, need to ensure sustainability of the upgrade, need provincial commitment regarding upgrade of two provincial road linking to the sub-project road
5	Upgrading Suoi Bac – Son Nguyen Road	\$0,880 Million	Good subproject but need to ensure sustainability of the upgrade, need provincial commitment regarding upgrade of two provincial road linking to the sub-project road
6	Upgrading Ea Bar – Ea Trol Road	\$1,470 Million	Good subproject, PPMU instructed to submit SIP as soon as possible
7	Upgrading Hoa Hiep – Tu Nham Road	\$0,823 Million	Good sub-project, PPMU instructed to submit SIP as soon as possible
8	North Canal – Dong Cam Irrigation System	\$0,588 Million	Good sub-project need to review cost estimate and obtain Provincial Government commitment on maintenance of entire canals.
	<b>Total</b>	<b>\$8,251 Million</b>	

## E. Thua Thien Hue

TT Hue was identified as a priority province due to difficulties experienced by the PPMU in identifying suitable sub-projects. The PPMU staff have gained considerable experience and skill in preparation of SIPs but still remain weak in identification and conceptualization of potential sub-projects. All 13 SIPs for sub-projects listed for TT Hue have been submitted to date, and 9 SIPs have been approved in principle by the CPMU. None of the SIP has a cost estimate over the \$2 Million threshold requiring ADB approval. Seven sub-projects are for rehabilitation of rural roads, 5 for rehabilitation of irrigation and drainage facilities and 1 for rural water supply. The total value of the sub-project portfolio for TT Hue is \$8,717 million.

On 23 – 24 Mar 09, the PCPF consultants and CPMU staff visited different components of 6 sub-projects which had not been visited previously to review eligibility of the proposed sub-

projects, discuss safeguard issues and community consultation and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 24 Mar 09. The outcome of the field trip is summarized below:

**a) Rural Water Supply for Phu Vang District:** This is the larger of two segments under this proposed sub-project; the other smaller component is located in Huong Tra (and was not visited by the team due to time constraints). The sub-project aims to provide clean water supply to approximately 68,000 beneficiaries in 8 communes of Phu Vang. Currently the people rely on dug wells which suffer from salt intrusion and are contaminated by aluminium and iron compounds. The water will be brought from the existing water treatment plant by pipeline and will be distributed through the project area through underground PVC pipes. The project will pay for the cost of installation of the pipeline and distribution pipes up to the water meters; the beneficiaries will pay for the cost of individual connections.

*i) Assessment:* overall this is a good project, the current situation of water supply in the area threatens the health and livelihood of the people and their children. There are no major land acquisition or resettlement issues the pipes will be buried within the alignment of the existing road and individual connections will be carried out by the beneficiaries on their own property. Although consultations have not been carried out extensively in every commune, the people interviewed by the mission expressed their enthusiastic support for the project as well as their willingness to pay for connection and water fees.

*ii) Action taken:* the mission advised the PPMU that this proposed sub-project is likely to meet the selection criteria. The PPMU was requested however to complete consultations before resubmitting the SIP with minor modifications to reflect the comments of the team.

**b) Loc Binh - Loc Tri - Phu Loc Road and Dyke:** the SIP for this project has been submitted. The project proposes to upgrade an existing dirt road to concrete surface and to construct 4 km of new road to improve access of the coastal fishing villages to national highway number 1. The road is currently partly being built under government financing, but additional financing is required for the last 17 km (13 km upgrading and 4 km new road). There is also one large new bridge which needs to be constructed. The SIP identified 9 households which are likely to be affected by resettlement/land acquisition. The cost of this proposed road sub-project is considered high at \$152,000/km. The mission found no evidence of public consultation with the people that were randomly interviewed during the site visit.

*i) Assessment:* The SIP was well prepared but the information provided was somewhat misleading. The field visit revealed that most of the proposed project will consist in construction of a new road through existing paddy fields; densely populated areas; and even through the lagoon. There are potential significant environmental and resettlement issues arising from the design of the proposed road through settled areas, paddy fields and the lagoon. While those issues were downplayed by the district officials and in the SIP it is considered that they should be looked at in careful details.

ii) *Action taken:* the PPMU and the District officials were advised that in view of the high cost of construction of a new road through the settlement area and the lagoon, as well as the potential environmental impact and likely resettlement and acquisition issues, this sub-project is not likely to meet the selection criteria of the project and should be substituted by another more suitable sub-project. There is also an issue of accuracy of information provided in the SIP. The SIP indicated that the road already existed on 7 of the 13 km and only needed to be upgraded, but this proved to be quite inaccurate. It also stated that there were no environmental or significant resettlement issues which did not reflect the actual situation in the field. Likewise the issue of community consultation appeared misrepresented in the SIP.

c) **Vinh Giang – Vinh My – Vinh Hung Road:** This sub-project plans to upgrade 5,6 km of existing dirt inter-commune road to concrete surface, and to build 300 m of new road to connect one end of the proposed inter-commune road to an existing concrete road. The SIP of this sub-project has been submitted but a number of deficiencies were noted.

i) *Assessment:* the data presented in the SIP was found misleading. The SIP indicated an upgrade from existing dirt road to concrete but the sub-project will effectively build a new road. At present there is no road to speak of, only a rough 1 to 1 ½ meter wide motorcycle path linking 3 communes. The proposed sub-project will require widening the existing path to a 6 meter wide alignment; building a new foundation; building a 3,5m concrete surface; and construct drainage facilities along the alignment. There will be a need to acquire significant areas of land on both sides of the existing path. Although the SIP indicated that extensive consultations had taken place, no evidence of such consultation was found by the team, and the District official who accompanied the team to the field indicated that no such consultation took place as the project is not yet approved and therefore it would be premature to hold such consultation. Given the fact that the road would have to be built practically from nothing, the cost estimate appears quite low (\$95,000/km). The cost of land acquisition was not included in the cost estimate. The PPMU however reported that the communes have indicated their willingness to provide the land free of charge.

ii) *Action taken:* this proposed sub-project falls only marginally within the selection criteria of the project. It will involve substantial land acquisition and it consists primarily of construction of a new road from an existing motorcycle path. While the Loan Agreement does not preclude the construction of new roads, generally such endeavours are ruled out on the basis of high cost to low economic returns ratio and/or potential land acquisition /resettlement /environmental issues. The PCPF/CPMU Team indicated to the PPMU that for this project to be considered, i) the real cost and extent of land acquisition (and possible resettlement) must be fully disclosed; ii) the cost estimate must be revised to reflect the actual cost of the segment which is currently being built under Government funding; and iii) extensive consultation must be carried out throughout the project area as required under the ADB project agreement. Once these clarifications have been made and if the project remains economically and technically feasible and has the support of the community, the SIP should be revised and resubmitted for consideration. As was the case for the SIP for Loc Binh - Loc Tri - Phu Loc Road, the

SIP for this sub-project appeared to be inaccurate. The SIP indicated that the road already existed but physical inspection revealed that the said road was in fact a motorcycle path. There is no existing infrastructure or reserved alignment for a 6 meter road at present. It showed no land acquisition while in fact there will be a need for significant land acquisition to widen the existing path to a full 6 meter. The fact that the commune may be willing to provide the land free of cost should have been clearly stated in the SIP, as well as the actual area of land acquisition and potential resettlement expected. Finally the SIP also stated that extensive community consultations had taken place, but by the admission of the district official not only this had not occur but there was no plan to carry out such consultation until the sub-project is approved by the CPMU.

**d) Quang Ngan – Quang Cong – Quang Phuoc road:** this sub-project aims to upgrade and construct 5,2 km of roads in Quang Dien District. A total of 6 small segments of roads have been identified, some for upgrading some for new construction, with lengths varying from 1,3 km to 0,5 km.

*i) Assessment:* the mission visited a number of the proposed segments, and potential substitutes:

1) Xom Phuong Cu road: this segment is a 1,1 km of proposed road upgrade from existing dirt and sand surface to concrete. The road links a small fishing community at the eastern end to the provincial road and a commune market at the western end. There maybe some minor land acquisition/compensation required within the settlement area to relocate fences and other minor structures but this would be insignificant. No significant environmental impact is expected. This is a good component which would have a very positive impact on the poor fishing community of the area.

2) An Loc road: this is a 0,5 km segment of road also running from the provincial road to a fishing community on the eastern shore. The road is already concreted all the way and in general good condition. There are some minor repairs needed but this would be best done as part of the district O&M activities. The technical and economic justifications for resurfacing this road at this time are extremely poor and the PPMU was instructed to remove this from this sub-project and substitute with a higher priority segment.

3) Kien Giang – Thanh Cong road: this segment was proposed as a substitute to the An Loc Road above. The project would upgrade 1,4 km of road from motorcycle path to full 3,5 meter concrete surface. The community along the road is located only approximately 100 meters from the provincial road and the economic return of upgrading this road would probably be quite low given the cost and low expected benefits. There would be a need to acquire significant amount of land to widen the existing path to a full 6 meter alignment.

4) Tuyen Thon – Tan My Road: this segment would be a new 1,4 km road linking a newly built concrete road which runs parallel to the east sea shore with



the provincial road on the west lagoon side. The new east sea shore road connects already with the provincial road only a few km to the south of the proposed road. The proposed road would cross extremely bare sandy land presently occupied mostly by cemeteries. There is a plan in the future to use this area for resettlement and the road would be one step towards achieving this goal. At present however there is little if any justification to build the road as the land is practically inhabitable and the community on the sea coast are well linked to the provincial road only 1 km south of the proposed project.

5) Phuoc Dong – Thu Le Dong road: this segment was proposed as a substitute for the Tuyen Thon – Tan My road above. It consists of 1,3 km of new road linking the new coastal road to the lagoon road a few km north of the Tuyen Thon – Tan My road. The conditions in this area are similar to that of the Tuyen Thon – Tan My road area and the economic justification also rest on planned future resettlement.

*ii) Action taken:* two of the proposed segments were not visited by the team but judging from the 4 visited and the proposed substitutions, only the Xom Phuong Cu road would appear to meet the selection criteria and requirements for the project. All other segments appear to have weak economic justifications and for some poor social justifications. The PPMU was instructed to identify other potential roads for this sub-project which would have a higher priority and/or stronger economic/social justifications, or to remove the sub-project from the list and substitute with another sub-project more likely to meet the eligibility criteria of the project.

**e) An Gia Irrigation System:** this sub-project plans to construct a new pumping station and 4 km of new primary canal to expand the existing command area of An Gia irrigation system by approximately 200 ha.

*i) Assessment:* This is a good sub-project, the benefits of the new irrigation canal would be high compared to the relative low cost for this construction. There are only minor land acquisition /compensation issues associated with the new canal.

*ii) Action Taken:* The SIP for this project has already been approved in principle by the CPMU.

**f) Quang An – Quang Thanh Road:** this project aims to upgrade 3,7 km and construct 1,8 km of new inter-commune road.

*i) Assessment:* although the approved SIP indicates that this is an upgrade from an existing road, this project in fact will build a completely new road on an existing canal embankment. The justification for this road appears unclear. The PPMU indicated that the commune had moved to a new location and this new road would reduce the time of travel for farmers to reach the new commune centre. There is however an existing concrete road which links the old commune centre to the new centre only a few hundred meters away.

- ii) *Action taken:* The SIP for this project has already been approved in principle by the CPMU.

### Summary Assessment of Thua Thien Hue Province

The identification of suitable sub-projects by the PPMU of Thua Thien Hue continues to be marred with difficulties. To date 9 sub-projects have been approved in principle by the CPMU although few of those had been visited prior to the approval. The field visits revealed that the PPMU seem to experience difficulties particularly in the selection of road sub-projects, perhaps due to lack of experience of the staff in this area. While irrigation and water supply sub-projects appeared to be well conceived and meeting the selection criteria, road sub-projects seem to have been put together in a more hasty way, and without consideration to economic or socio-economic priority. In addition, the PPMU of TT Hue appear to adhere to a strict rule of allocation per district, which may place sub-projects with lower priority ahead of projects in other districts which may have a higher priority. The Mission offered to work with the PPMU staff for one additional day to help identify more suitable sub-projects, particularly roads, but the PPMU indicated that it will review its portfolio and take action to remove sub-projects which may not be suitable.

There is also a persistent problem regarding the extent of community consultation for the sub-projects in TT Hue. In a number of cases the mission found that little if any consultation had taken place despite the fact that some SIPs had indicated otherwise. Some district authorities appear to take the position that consultations are neither needed nor desirable until the sub-project has been approved. Such notion has been discussed with the said authorities, but the PPMU should undertake to actively monitor and indeed attend community consultations that are scheduled to take place under the project to ensure that the ADB requirements in this area are fully met. There is also a need for the PPMU to ensure that the information provided in the SIP is accurate and a true reflection of the conditions in the field. For a number of sub-projects, this was not quite the case. The SIPs for a number of road projects for instance indicated that the proposed work would upgrade an existing road from dirt to bitumen or concrete but upon visiting the sites, it was clear that the existing road was in fact only a narrow motorcycle path with no foundation or reserved alignment. The land acquisition and resettlement issues have also been understated in a number of cases. The PPMU is responsible for the quality and accuracy of the SIPs and should take measures to verify the accuracy of the information provided by the district authorities to ensure that the SIP truly reflect the proposed scope and conditions in the field.

### E. Thua Thien Hue (Supplement)

This was the second visit of the team to Thua Thien Hue for this review. During the previous visit on 23-24 March 09, the team observed that the PPMU seemed to experience difficulties particularly in the selection of road sub-projects, perhaps due to lack of experience of the staff in this area. There were also problems with the accuracy of information provided in the SIPs, and there appears to be a lack of understanding of project selection criteria particularly regarding safeguard issues and consultations. As a consequence, a number of sub-projects were rejected by the CPMU. It was decided that a follow up visit to the sites of potential sub-projects would be of benefit both to the PPMU as well as the CPMU.

The PPMU has identified two potential sub-projects to replace previously rejected sub-projects. The team visited both sites on 21 May 2009. The findings of the team were communicated to the PPMU during a wrap up meeting on 22 May 09, The outcome of the field trip is summarized below:

**a) Quang Cong – Quang Ngan Road and Protective Dike:** this sub-project proposes to rehabilitate 10 km of protective dike and to upgrade the dirt track on the dike to a concrete surface road. The alignment of the road will be 6 meter wide and the concrete surface will be 3 meter wide. The dike will also be raised by approximately 1 meter to allow for protection against annual floods.

*i) Findings:* the existing dike has deteriorated significantly and offers little protection against flood for the agriculture land, and the village. There are 13,000 farmers cultivating 340 ha of paddy rice in the area between the dike and the coastal village. At present this area suffers from regular flooding which impact the productivity of the land. The level of poverty in the affected communes is high at 18-20%. The land and the existing dike belong to the commune and the proposed dike will follow the existing alignment to minimize land acquisition and compensation. There will be some widening of the foundation of the dike which may require minor land acquisition. There will also be a need for compensation to fishermen for moving temporary shelters and houses established on or near the dike. Since the work will be carried out in a wetland and lagoon area, there will be a need to carry out an IEE to ensure that there is no significant impact on the environment from the project. The cost of the sub-project is estimated at \$575,000 which appears rather low (\$57/m of dike) and should be verified. Consultations have not yet been carried out but from field interviews, there appears to be wide support for the upgrade.

*ii) Action taken:* The PPMU was instructed to carry out comprehensive consultations and to revise the cost estimate to ensure that the cost is accurately reflected taking into consideration the expected cost of compensation and land acquisition as necessary. The PPMU was further reminded that an IEE will be required during project preparation. The SIP should be prepared taking into consideration the comments of the team and submitted as soon as possible for consideration and approval.

**b) Vinh Hung – Vinh Giang – Vinh Hien Road and Protective Dike:** this sub-project is similar to the *Quang Cong – Quang Ngan Dike and Road* subproject above. It proposes to rehabilitate 6 km of protective dike and to upgrade the dirt track on the dike to a concrete surface road. The dike will be raised by approximately 0,6 meter to allow for protection against annual floods.

*i) Findings:* the existing dike is in a similar condition as the Quang Cong – Quang Ngan dike. Unlike the previous dike, this dike protects a combination of aquaculture (480 ha) and agriculture (250 ha) areas. There are 23,800 farmers and aquaculture farmers affected by the project. The land and the existing dike belong to the commune and the proposed dike will follow the existing alignment to minimize land acquisition and compensation. There will be some land acquisition and compensation but those are

expected to be insignificant. There will be a need to carry out an IEE to ensure that there are no significant environmental impact on the the wetland and lagoon areas. The cost of the sub-project is estimated at \$830,000 which appears quite high (\$140/m of dike). Consultations have not yet been carried out but from field interviews, there appears to be wide support for the upgrade.

*ii) Action taken:* The PPMU was advised that given the relatively small agriculture area affected by annual floods (250 ha) the EIRR of the project may not meet the required 10% unless the cost of the proposed dike can be reduced substantially. The PPMU was instructed to carry out extensive consultations and to revise the cost estimate. The SIP should also reflect all the expected benefits as clearly and accurately as possible. The PPMU was further reminded that an IEE will be required during project preparation.

### Summary of Findings of Thua Thien Hue Province

The PPMU has identified two new potential subprojects which combine road and protective dikes. There are a number of issues to be addressed in both of those sub-projects, ranging from questionable cost estimates to incomplete consultations. In both cases, the EIRR of the project is likely to be sensitive to the cost and at least in one of the two sub-projects, this may be a determinant factor in deciding whether the sub-project is eligible or not for financing under the project. Thua Thien Hue has strict rules regarding the allocation of project fund per district which appears to make it more difficult for the PPMU to identify solid projects. Pressure from the district authorities also appears to contribute to the difficulty.

## F. Quang Tri

Quang Tri was not considered a priority province has the staff of the PPMU have shown excellent skills and experience in identification of sub-projects and preparation of SIPs. It was never-the-less included in the field visits due to its location between the provinces of TT Hue and Quang Binh. Quang Tri has proposed a total of 10 sub-projects valued at \$8,717 million equivalent. To date 4 sub-projects have been approved, four are ready for approval, and the SIPs for the remaining 2 have not yet submitted. The cost of all proposed sub-project is below \$2,0 million and therefore within the discretionary approval limit of the CPMU. The main objective of the visit was to discuss with the PPMU the timing for submission of the remaining 4 SIPs and to visit the sites of proposed sub-projects which had not yet been approved/visited.

The PCPF consultants and CPMU staff visited all or parts of 5 of the 6 remaining unapproved sub-projects on 25 – 26 Mar 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 26 Mar 09. The outcome of the field trip is summarized below:

**a) Upgrading 19/5 reservoir; rehabilitation of drainage system T-5 in Cam Lo:** this sub-project combines three smaller components, two of which were visited by the mission:

*i) Assessment:* the observations of the PCPF/CPMU team can be summarized as follows:

1) Rehabilitation of Hoi Chua Small Scale Irrigation and Salinity Control Structure: this component will replace an existing artisanal small scale dam which was built by the community in 1998. The foundations of the dam are currently in poor state of repair and threaten the dam to collapse. The dam also serves as a salinity control structure to keep brackish water from the Cua Viet River nearby from flowing upstream and contaminating the groundwater. The project will build a new mini-dam 50 meter upstream from the existing one and a new salinity control structure 15 meter downstream. The new dam will not raise the water level in the stream and will not increase the size of the existing reservoir (in fact it may result in a smaller flooded area). Hence there are no significant environmental and resettlement impact to be expected from this scheme. The new salinity control structure will indeed improve the environment by reducing salt intrusion and contamination to the stream and the groundwater in the command area. The cost of this scheme is estimated at \$200,000 and it will allow continued irrigation of 120 ha of agriculture area. Without the project the dam is likely to fail in a near future which would result in a loss of irrigated area and lower agriculture productivity for the community.

2) Rehabilitation of T-5 drainage system in Cam Lo: this component will rehabilitate 2,5 km of an existing drainage canal. The drainage canal is in poor condition and currently floods an area of 100 ha. By rehabilitating the canal, the currently flooded area will be recovered for agriculture. The project will also build an outfall structure and a pumping station to recycle water to irrigate an additional 20 ha of land. There is a minor environmental issue which will need to be monitored during project design: recycling of drainage water to irrigate 20 ha of agriculture land may cause a slight elevation of pesticides, fertilizers and other chemicals in this irrigated area. This should be minor but needs to be investigated and if necessary mitigation measures envisaged. The cost of this component is estimated at \$250,000

.ii) *Action taken:* the two components visited by the mission appear well justified and technically sound. The economics are likely to be favourable as well. The minor environment issue can be addressed during project preparation. The PPMU was instructed to complete and submit the SIP as soon as possible for approval.

**b) Rural Water Supply in Gio Linh and Cam Lo districts:** This sub-project will provide fresh water for 4,375 ppl (1,150 household) in the two districts of Gio Linh and Cam Lo. At present the communities must collect water from public wells which are polluted and contaminated with chemicals and salinity intrusion. There is a high incidence of water born diseases as well as cancers and other severe pathologies in the targeted communes. The project will construct a pipeline from the existing water treatment plants and extend branch distribution pipes up to the property lines. The project will finance the cost of installation of the pipeline, branch distribution pipes and water meters. The beneficiaries will pay for the individual household connections.

- i) *Assessment:* this project is well justified based on the high incidence of water born diseases and serious pathologies. Women and children (girls) who spend considerable time fetching water from the community wells will benefit most from this sub-project. The project appears technically sound and feasible. The economic and financial rates of returns will be calculated during project preparation but if necessary this project is likely to be justifiable on social and public health grounds alone. There were extensive consultations carried out and the population appears to overwhelmingly support the project.
- ii) *Action taken:* the mission requested the PPMU to expedite preparation and submission of the SIP for this project.

**c) Upgrading of Nhi Thuong – Lai An Road and Bridge and Lam Xuan Dong Road and bridge:** This sub-project comprises two different segments:

- i) *Assessment:* the observations of the mission can be summarized as follows:
  - 1) Upgrading of Lam Xuan Dong Road and Bridge: this segment proposes to upgrade 4 km of inter-commune road from dirt surface to partly bitumen partly gravel surface, and to replace an existing wood bridge by a new 48 meter concrete bridge. The project will improve transport between 2 communes. The PPMU indicated that only 1,4 km of the road can be upgraded to bitumen in view of budget restrictions. This however would limit the economic benefits of the road upgrading since it would have limited impact on vehicle operating cost and the cost of O&M would remain very high. The proposed replacement bridge also appears slightly overkill. The existing bridge is in extreme poor condition, many serious and fatal accidents have occurred on this bridge and it needs to be replaced. However the proposed replacement structure appears unnecessary large at 48 meters (the current bridge is approximately 15 m long) and it may be possible to replace the bridge with a safer but more modest structure. Community consultations were carried out and the people interviewed by the mission appeared supportive of the project. There is no significant land acquisition or environmental issues.
  - 2) Lai An – Nhi Thuong Road and Bridge: this segment proposes to upgrade 3,1 km of road from an existing canal embankment access road (2 km) and dirt commune road (1.1 km) to bitumen surface, and to construct a new 33 meter concrete bridge. The road will link 5 villages to the commune centre and the provincial road at the other end. The previous bridge collapsed entirely and is no longer useable, at present villagers have to go around many kilometres to reach the commune centre. Community consultations have been held on this and people interviewed by the mission indicated support for the proposed project.
- ii) *Action taken:* this is a good sub-project well justified on technical grounds however, unless the entire length of the Lam Xuan Dong road is paved, the economic viability of this segment may be weak. The cost of investment of a 48 meter bridge may also reduce the economic viability further. There are no significant resettlement/ land acquisition or environment issues and community consultations have taken place. The



PPMU was requested to consider paving the entire length of the Lam Xuan Dom road and study the possibility to adopt a more modest design for the Lam Xuan Dom Bridge to reduce the investment cost and improve the economic viability of this segment. Once the SIP has been revised to reflect the comments of the Team, the PPMU was requested to resubmit it for approval by the CPMU.

**d) Upgrading Nam Bo road and Vinh Tan – Vinh Giang – Vinh Quang inter-commune roads:** this subproject combines two smaller components:

*i) assessment:* the observations of the mission can be summarized as follows:

1) Upgrading Vinh Thanh – Vinh Hieu inter-commune road: this component will upgrade 4,3 km of existing dirt road to bitumen surface. The road links two communes and will benefit directly 3,000 people from 600 households. It will also benefit indirectly 19,000 people by improving access to the commune centres. The proposed road will follow the existing alignment therefore no significant environmental or resettlement/acquisition issues are expected with this project.

2) Upgrading Vinh Tan – Vinh Giang – Vinh Quan road: this component will upgrade 4 km of existing inter-commune dirt road to bitumen surface. The road links three communes to two different points of the provincial road. The road will follow the existing alignment; therefore no significant environmental or resettlement/acquisition issues are expected with this project.

*ii) Action taken:* upgrading of the two proposed road segments is straight forward. There are no significant environmental or resettlement/land acquisition issues expected, the number of beneficiaries is high and the unit cost of this upgrade averages \$96,000 /km which is likely to yield a favourable EIRR. The SIP for this project has been submitted and reviewed and is ready for approval.

**e) Upgrading Quyet Thang Dam and Canal and Ban Cua Reservoir:** This sub-project comprises two smaller components:

*i) Assessment:* the observations of the mission can be summarized as follows:

1) Quyet Thang Dam and Canal: This component proposes to upgrade an existing artisanal stone dam, and two irrigation canals. The existing dam consists of stones placed manually across a mountain stream by the villagers and is subject to being damaged/destroyed every year during the flood season. Two earth irrigation canals carry the water from the dam along the side of the mountain on each side of the stream providing irrigation water for approximately 100 ha of coffee and pepper plantations. The project would construct a permanent concrete mini-dam at the same location as the existing one, and line the irrigation canals to reduce seepage and water losses. According to the PPMU only approximately 40% of the farmers currently use the scheme and support the project. The remaining 60% remain unconvinced of the necessity or effectiveness of irrigation for coffee and pepper. As a result the economic viability of this component is not clear. The cost is estimated at approximately

\$400,000 and the scheme could irrigate the full 100 ha increasing the productivity of higher value crops but if the farmers are not prepared to adopt it this could jeopardize the economic viability of the project. The new concrete mini-dam would not raise the water level and therefore there are no significant environmental or resettlement issues.

2) Upgrading Ban Cua Reservoir: this sub-project would rehabilitate the spillway of an earth dam that has been destroyed. Without rehabilitation it is likely that the dam will suffer progressive deterioration and may eventually be abandoned. The dam irrigates only 15 ha of rice in Van Kieu community. The cost of rehabilitation is very small (\$60,000) and therefore this work has to be combined with another component to be eligible for financing under the project.

*ii) Action taken:* the priority for the Quyet Dam and canal is not clear. The community does not strongly support the project and the economic viability needs to be assessed; the agriculture area is relatively small even assuming full participation of the farmers (100 ha) but the crops (pepper and coffee) are of relatively higher value than rice. The rehabilitation of the spillway on Ban Cua Reservoir is justifiable but cannot be considered alone in view of its very low cost (\$60,000). The PPMU was informed that in view of the low community support and the still unclear economic benefits/viability, it may be preferable to postpone preparation of this subproject until such time as when the farmers' support is at a higher level. The PPMU agreed to continue to work with the communities to develop support and promote the benefits of small scale irrigation for high value crops like coffee and pepper. This sub-project may thus be presented only at a later stage if there are funds available.

**f) Ba Long Road (orphan sub-project):** this sub-project was initially part of another subproject but was removed after the CPMU suggested that road sub-projects may better be combined by district. The project would upgrade 3 km of inter-commune road to bitumen surface.

*i) Assessment:* this is a potentially good sub-project the road alignment is quite good and will not necessitate widening. There are no significant environmental or resettlement/land acquisition issues. The cost of the project however is likely to be too low to be considered as a stand alone sub-project and it will need to be combined with another component for the combined cost to be over the minimum of \$500,000.

*ii) Action taken:* if this project can be combined to another sub-project such as the Nhi Thuong – Lai An Bridge and road and Lam Xuan Dong Road and Bridge, it would be a good candidate for support under the project. In such case it should be included in the SIP for the said subproject which needs to be revised to reflect the comments of the mission.

### Summary Assessment of Quang Tri Province

The PPMU of Quang Tri has demonstrated excellent qualifications in the identification of sub-projects and preparation of SIPs. The PPMU Director has an excellent understanding of the project objectives and selection criteria, coupled with an open and constructive approach with

the communities. Of all the sub-projects submitted by the PPMU none have been rejected outright although some have been returned for minor corrections and editing. The Mission has requested the PPMU to expedite preparation of the remaining SIPs and revision of the SIP for *Nhi Thuong – Lai An Bridge and Road and Lam Xuan Dong bridge and road* and submit them for consideration/approval of the CPMU as soon as possible.

## G. Quang Binh

Quang Binh was identified as a priority province in view of difficulties experienced in the preparation of a list of potential sub-projects which met the project eligibility and selection criteria. Four sub-projects initially proposed by Quang Binh were rejected by the CPMU for not meeting the eligibility criteria and one was withdrawn. A number of other sub-projects were also found to only marginally meet the requirements. Approval in principle has been issued by the CPMU for 8 proposed sub-projects. Substitute projects were added to the list by Quang Binh since the last field visit in December 2008 and the PPMU is working at rebuilding a sound sub-project list.

The PCPF consultants and CPMU staff visited all or parts of the remaining unapproved sub-projects on 27 – 28 Mar 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 28 Mar 09. The outcome of the field trip is summarized below:

**a) Vo Ham – Duy Ninh inter-commune road:** This sub-project proposes to upgrade 12,7 km of inter-commune road from dirt to concrete surface. The road links 4 communes to the provincial highway, administrative centres, 2 markets and schools and health centres. The cost of the road is estimated at \$1,2 million equivalent (or \$88,000/km).

*i) Assessment:* this is a good sub-project, the cost is reasonable, there are no major structures to be replaced or repaired. The road will follow the existing alignment and therefore is not likely to raise any significant environmental or resettlement/land acquisition issues. It is likely to meet the minimum EIRR of 10% and will have substantial impact on the livelihood of people in the 4 concerned communes.

*ii) Action taken:* the PPMU has indicated that an additional 2 km segment may be considered to be added to the initial 12,7 km. The conditions in the additional segment are similar to those in the initial road. The Mission indicated to the PPMU that this project is likely to be eligible and instructed the PPMU to revise the SIP to include the additional 2 km and resubmit for approval as soon as possible.

**b) Duc Nhan road and Nhan Trach Bridge:** This sub-project proposes to upgrade 12 km of inter-commune dirt road to concrete surface and replace one damaged bridge. The road and bridge traverses heavy settlement areas in 4 communes and link a coastal community to the national and provincial road network.

*i) Assessment:* this is a good subproject that will improve the livelihood of a large population with high incidence of poverty. There are some land acquisition/

compensation issues primarily related to relocation of fences and other small structures from the alignment of the road (mostly to accommodate drainage facilities) but those are expected to be minor. Consultations were carried out but only with officials and did not include community representatives. People interviewed by the mission in the field however expressed unquestionable support for the project.

*ii) Action taken:* The PPMU was instructed to carry additional community consultations, revise the SIP to reflect the comments of the CPMU, and resubmit the SIP as soon as possible for approval by the CPMU.

**c) Hoan Lao Water Supply:** this subproject is one of the replacements for the Co Dan Reservoir which was rejected by the CPMU. The project proposes to construct a pipeline from a nearby lake to supply water for 2,000 households primarily located in Hoan Lao, the district centre for Bo Trach.

*i) Assessment:* this project will build a water pipeline from a nearby lake, construct a water tower in the town of Hoan Lao, and build a new distribution system for 2,000 households located both within and on the outskirts of the town. Currently the population of Hoan Lao gets water from surface wells that are reportedly polluted and contaminated with chemicals and salinity. The project will substantially improve the quality of life and health of the people of Hoan Lao and the surroundings. There are no significant environment and/or resettlement/land acquisition issues expected. The cost of the project is estimated at \$1,2 million equivalent (600\$/connection), the economic and financial viability of the project will have to be reviewed during the feasibility study.

*ii) Action taken:* the main issue with this sub-project was to determine whether this can be considered as a rural water supply scheme eligible for financing under the project. Undisputedly the majority of the connections will be located in an urban centre, but some will be in the surrounding rural areas as well. On the other hand the total population of Hoan Lao is very small (1,700 hh) and can hardly be considered a major urban centre. The poverty level in the town is relatively low (3,8%) compared to the surrounding areas, but the project is likely to have a ripple effect on the poor rural areas around town. A major consideration is the condition of the contaminated wells and the impact on public health which the project will likely have. Based on the expected impact on public health and other considerations discussed above this subproject may be considered for support under the IDRSP provided the EIRR is within the project requirements. The PPMU should finalize the SIP and submit it for consideration as soon as possible.

**d) Dong Muoi Reservoir and Ho Mui Rong Dam:** this sub-project is proposed as a replacement for another rejected sub-project. The sub-project will comprise 2 components:

*i) Assessment:* the observations of the mission can be summarized as follows:

1) Dong Muoi Reservoir: this component will rehabilitate and line the face of the Dong Muoi dam, as well as rebuild the spillway which is severely damaged. The dam and reservoir provide irrigation water for 80 ha of mostly rice agriculture.

The cost of the rehabilitation is \$300,000 equivalent (\$1,875/ha assuming 2 crops/year).

**2) Ho Mui Rong Dam:** this component will rehabilitate and line the face of the Ho Mui Rong dam to stop erosion and prevent seepage. The proposed lining will promote water conservation and will increase water availability for irrigation during the dry season. At present the dam irrigates approximately 80 ha of rice cultivation but during the dry season this area is significantly reduced due to shortage of water in the reservoir. The cost for this rehabilitation is estimated at \$375,000 equivalent.

ii) *Action taken:* the main issue with both components is economic viability. Due to the relatively small command areas (160 ha for both dams) it may be difficult to build up sufficient benefits for the EIRR to reach 10%. This will have to be monitored closely during project preparation. The second issue is related to the Ho Mui Rong Dam. At present there are a number of households located on the low land area of the reservoir. The project will raise the dam embankment by 50 cm, and will reconstruct the spillway and install a control structure to manage water levels more efficiently. It is not proposed to raise the water level in the reservoir, and therefore the households on the low land areas are not expected to be affected, but this should be examined carefully during project preparation. The PPMU was instructed to prepare the SIP incorporating the comments of the mission and to submit for approval as soon as possible.

**e) Upgrade of Quang Hoa – Quang Minh – Quang Van road:** this sub-project is also submitted as a potential substitution for another project that was rejected. The subproject will upgrade 15 km of inter-commune road from dirt to concrete. The road links three communes to the national and provincial network.

i) *Assessment:* this is a good sub-project. The road will improve access to market and services for 3 communes. The road will follow the existing alignment and therefore does not present any significant environment or resettlement/ land acquisition problems. There is no major structure to be upgraded or replaced. The cost of the upgrade is estimated at \$1,1 million (\$92,000/km) and the EIRR is expected to be over 10%.

ii) *Action taken:* the PPMU was instructed to prepare and submit the SIP for this subproject as soon as possible

**f) Nghia Ninh and Bac Nghia – Dong Son Road:** This sub-project was submitted as a replacement to the Central Road in Loc Linh commune which was rejected by the CPMU. The project consists in two segments:

i) *Assessment:* the observations of the mission can be summarized as follows:

**1) Nghia Ninh road:** this project will upgrade 4,5 km of rural road located near the town of Dong Hoi from dirt to concrete surface, and will improve access to the Ho Chi Minh highway and the provincial road for the people of 1 commune of 7,000 households. The poverty level in the commune is approximately 8%.

2) Bac Nghia – Dong Son Road: this project will upgrade 2 km of rural road near the town of Dong Hoi from dirt to concrete. The road links at one end to the Ho Chi Minh Highway and at the other end to another rural road. The road serves the population of one commune.

ii) *Action Taken*: this is a good project, combining those two small segments of roads will allow the sub-project to reach the minimum value of \$500,000 and will reduce the administrative project management burden during preparation and construction. The cost estimate has not yet been developed for this sub-project but considering that only minor structures will need to be constructed, it should be possible to keep the investment cost to a minimum and given the high population level and proximity to a major urban center, the economic benefit and the EIRR should be well within the requirement of the project. Since this project has just recently been identified, there have not been any public consultations to date, but the people interviewed by the mission indicated their support for the project. The PPMU was requested to carry out public consultations, and prepare and submit a SIP for this project as soon as possible.

### Summary Assessment of Quang Binh Province

Since the previous visit by the Team in December 2008, the PPMU of Quang Binh has made significant progress in identifying suitable sub-projects for the IDRSP. All the sub-projects submitted for substitution of rejected projects have good to excellent potential for good economic return and minimal negative impact on safeguard issues. The PPMU should finalize its list of sub-projects and expedite preparation and submission of SIPs for all remaining subprojects.

### H. Thanh Hoa

Unlike other priority provinces which had been identified primarily due to difficulties they experienced in identifying acceptable subprojects, the PPMU of Thanh Hoa has a generally good list of sub-projects, but continues to experience difficulties in the preparation of SIPs. It also has some difficulties in prioritizing sub-projects which has resulted in a number of changes in the sub-project list. Thanh Hoa had an initial list of 24 sub-projects. To date 12 sub-projects have been approved by the CPMU and one sub-project was rejected as not meeting the project criteria – none of the listed sub-projects require approval of ADB as their cost estimates are all below \$2,0 million. SIPs have been submitted for and additional 8 sub-projects but 2 of these sub-projects have subsequently been removed from the list by the PPMU to be replaced by higher priority sub-projects. An additional 3 sub-projects have also been removed and one new sub-project has been added to the initial list. Overall the list of sub-projects exceeds the allocation for Thanh Hoa by approximately \$1,1 Million. The PPMU has developed a first priority and second priority list for consideration by the CPMU.

The PCPF consultants and CPMU staff visited all or parts of the remaining unapproved sub-projects on the first priority list on 20 – 21 April 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 21 April 09. The outcome of the field trip is summarized below:



**a) Hai Ninh - Binh Minh Road:** This sub-project proposes to upgrade 16 km of inter-commune road from dirt to concrete surface. The road links 7 communes and will benefit both directly and indirectly approximately 35,000 people. The level of poverty is quite high at 33%. There is no bridge or major structure to be rehabilitated only minor drainage structures. The cost of the sub-project is estimated at \$1,55 million equivalent (or \$97,000/km). The SIP of this sub-project has been submitted.

*i) Findings:* There are a number of sections in this road, including a large proportion of the proposed road which is currently only a dirt track and will need to be constructed from the foundation up. Although it is planned that the road will follow the existing alignment it will need to be widened in some sections from dirt track to a full 6 meter wide alignment. This will require land acquisition and compensation. During the community consultations the beneficiaries were advised that no compensation or land acquisition would be paid by the District for this road. This is clearly in contradiction with the ADB and Government regulations in this matter. The cost of the road also appears underestimated considering that a large portion will require the construction of a new foundation and concrete surface.

*ii) Action taken:* the PPMU was informed that the proposed land appropriation without compensation contravenes both the ADB and Government regulations. People must be compensated for lost of land/assets either through monetary payments or through a land for land exchange program acceptable to the beneficiaries. Furthermore, the cost of land acquisition and compensation must be fully disclosed in the cost estimate. Another issue is that the cost estimate of the sub-project appears underestimated considering i) the extent of work required to upgrade the existing dirt track to a paved road; and ii) the cost of land acquisition/compensation. The Mission indicated to the PPMU that the SIP for this project needs to be updated to reflect the actual conditions in the field as well as to fully disclose the land acquisition and compensation issues. The cost estimate must also be revised. Other minor deficiencies with the SIPs were pointed out as well.

**b) Van Loc – Cau Loc Inter-commune Road:** This sub-project proposes to upgrade 3,5 km of inter-commune dirt road to concrete surface; replace one damaged bridge; and upgrade 1 km of irrigation canal adjacent to the road. The project will benefit 4,300 people from 3 communes where poverty varies from 16 to 28%. The cost of the proposed sub-project is estimated at \$575,000. The road and bridge traverses heavy settlement areas in 4 communes and link a coastal community to the national and provincial road network.

*i) Findings:* This is generally a good project but the cost appears high. Consultations were carried out and the sub-project appears to have wide support from the communities. The major issue is whether the project will meet the minimum EIRR of 10%.

*ii) Action taken:* There are a number of deficiencies with the SIP. The PPMU was instructed revise the SIP to take into consideration the comments of the Mission and to resubmit the SIP as soon as possible for approval by the CPMU. Measures to reduce

the cost of the sub-project should also be envisaged to ensure economic viability of the project. The EIRR will need to be reviewed closely during project preparation.

**c) Tho Lap – Xuan Tan Inter-commune Road:** this subproject proposes to upgrade 6 km of existing dirt road to concrete surface, including construction or rehabilitation of 24 minor structures. The proposed sub-project will benefit approximately 15,000 people from 3 communes where 17 to 21% of the population live below the poverty line. The project is estimated to cost \$660,000. The SIP for this project was submitted and reviewed and several deficiencies were noted.

*i) Findings:* Consultations have not yet been held in this sub-project area but random interviews in the field show that the community is likely to support the project. There is no land acquisition or resettlement issue as the road will follow the existing alignment however the cost estimate show a significant cost of compensation (10% of construction cost). The cost per kilometer of the road is also high and this may negatively affect the economic viability of the project. The road connects at one end with a protective dike embankment road which is currently not concreted, unless this road is upgraded before or at the same time as the proposed sub-project road, this may reduce the economic benefits of the sub-project.

*ii) Action taken:* The PPMU was informed that the cost of the road upgrading appears high (\$110,000 /km) and measures to reduce the cost should be envisaged to ensure that the project will meet the economic viability criteria. Extensive consultations must also take place to ensure community support and ownership of the project. Finally there must be a commitment from the provincial government that the connecting dike road will be upgraded prior or at the same time of the proposed road to ensure full economic benefits. There were also a number of deficiencies with the SIP which were highlighted to the PPMU. The PPMU was requested to update the SIP taking into consideration the comments of the mission, and resubmit it as soon as possible.

**d) Thai Hoa – Tan Ninh Road:** this sub-project proposes to upgrade 4 km of dirt road and replace one 20 meter bridge and 16 minor structures. The sub-project is expected to benefit 8,140 people from one commune and will indirectly benefit 25,000 people from neighboring communes. The cost of the sub-project is estimated at US\$600,000 which appears high.

*i) Findings:* Community consultations took place and the project appears to enjoy the support of the beneficiaries. The project will directly and indirectly benefit a large number of people, including a large proportion of people living below the poverty line. The cost of the project appears high and at \$150,000/ km it is not clear whether the project will meet the 10% EIRR.

*ii) Action taken:* the main issue with this sub-project is its high cost and possible low EIRR. The PPMU was instructed to review the cost estimate and envisage measures to reduce the cost as much as possible. There are also a number of deficiencies with the SIP which were pointed out to the PPMU. The PPMU was instructed to revise the SIP incorporating the comments of the mission and to re-submit it for approval as soon as possible.

**e) Dinh Tan – Dinh Tien and Yen Truong – Yen Trung Inter-commune road:** this sub-project is divided in two sections. It will upgrade a total of 8,5 km of inter-commune road from dirt to bitumen surface. The project is expected to benefit 46,000 people from 8 communes, and the cost is estimated at \$860,000.

*i) Findings:*

1- Dinh Tan – Dinh Thien road: this segment will upgrade 5,2 km of road to bitumen surface. There are no major structure, no expected land acquisition/compensation issue. Consultations have not taken place yet but from random interviews with beneficiaries during the field visit it appears that the sub-project enjoys wide support from the community.

2- Yen Truong – Yen Trung road: this segment plans to upgrade 3,3 km of road to bitumen surface. This segment is divided in two parts, the first part consist of 0,8 km of existing paved road where only drainage and minor repairs will be needed. The second part consists of 2,5 km of dirt road to be upgraded to concrete surface. Consultations took place in this area and the project appears to enjoy the support of the community. this is a good sub-project. There are no significant land acquisition/ resettlement issue.

ii) *Action taken:* this is a good project the cost is reasonable and the number of beneficiaries is very high. There are a number of deficiencies with the SIP however and the PPMU was instructed to update the SIP in light of comments made by the mission and resubmit it as soon as possible for consideration of the CPMU.

**f) Ma River Left Bank Protection Dike:** the District authority wishes to substitute the above sub-project (Dinh Tan – Dinh Tien and Yen Truong – Yen Trung Inter-commune road) with this sub-project as it is considered a higher priority. The project consists in the rehabilitation and upgrading of over 1 km of an existing protective dike which is currently breaking down threatening to destroy approximately 10 houses and their gardens.

*i) Findings:* There was little information available at the time of the visit regarding this project as the PPMU had not been informed yet of the intention of the District to substitute the Dinh Tan – Dinh Tien – Yen Truong – Yen Trung road with this project. The existing dike is suffering from severe erosion from floods that occurred in the last year and is threatening to collapse, taking down with it a number of houses and their adjacent gardens. The District plans to resettled the affected households immediately due to the life threatening conditions of the dike. The cost of the project is not know neither is the detailed scope of work but it is expected that it would cost between VND 15 to 18 Billion (US\$850,000 to \$1,0 Million).

*ii) Action Taken:* while there is urgency to this work the details of the project at this stage are rather sketchy and will need to be worked out in more details. There will be a minor resettlement issue with approximately 10 households (50-60 people affected) which are presently being threatened by the precarious condition of the dike. Although this would be a minor resettlement issue, it would still require a short resettlement plan in

accordance with the project resettlement framework. Subsequent to the field trip this issue was raised with ADB's Resettlement Specialist who indicated that in view of the urgency to proceed with the resettlement, a short resettlement plan should be submitted as part of the SIP for ADB consideration. The PCPF sub-team is prepared to assist the PPMU and the District in the preparation of this short resettlement plan.<sup>8</sup>

### Summary of Findings of Thanh Hoa Province

Overall the quality of the sub-project portfolio in Thanh Hoa province is good. There are a number of sub-projects however where the cost estimate is high and may negatively affect the economic viability. The PPMU needs to review those sub-projects closely and envisage measures to keep the cost within a reasonable level. The total cost estimate of the current project portfolio exceeds the provincial allocation by over \$1,0 million and will need to be adjusted. The PPMU also has a number of second priority projects which may be considered as substitutes in case first priority projects do not meet the project requirements.

The major issue remaining in Thanh Hoa province however is the quality of the SIPs which have been submitted. Despite a number of workshops and clinics which were held for the benefit of the PPMU staff, many SIPs submitted remain unclear and require significant rewriting. The problem may stem from the fact that a number of staff in the PPMU are responsible for SIP preparation and not all of them have received proper training in this area. During the field trip, the Mission has instructed the PPMU regarding the major deficiencies encountered in the preparation of SIPs. It may help if the PPMU nominated a small group of 1 or 2 persons to prepare SIPs, it would then be possible for the PCPF consultants to train those people directly for both SIP and SIR preparation.

### I. Nghe An

Nghe An is not considered a priority province. The quality of the SIPs prepared by the PPMU is quite good, and the proposed selection of sub-projects generally meets the requirements and criteria of the project. From a list of 12 potential sub-projects in Nghe An, 6 have been approved to date, the SIPs for the remaining 6 sub-projects however have yet to be submitted for consideration. During the initial meeting, the PPMU indicated that three SIPs – for Upgrading of 205 road – Phuc Phu, upgrading of Mo River Right Bank Protection Dike, and Upgrading of Dien Van Bridge – were ready for submission to the CPMU, but it was intended to substitute the three remaining sub-projects with 5 new sub-projects of higher priority.

The PCPF consultants and CPMU staff visited all or parts of the 5 proposed substituted sub-projects and two alternative sub-projects on 22 – 23 April 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to

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<sup>8</sup> Subsequent to the site visit the PPMU advised that financing for this subproject would be arranged through the Government Program for Dike Protection

the PPMU in a wrap up meeting on 23 April 09. The outcome of the field trip is summarized below:

**a) Thanh Linh Pumping Stations:** This sub-project proposes to upgrade and replace three existing pumping stations, and to upgrade approximately 7 km of irrigation canals in the Thanh Linh commune. The project will restore provision of irrigation water for approximately 430 ha of command area and will increase the efficiency of the irrigation system. The estimated cost of the sub-project is \$500,000.

*i) Findings:* The project will rebuild three pumping stations which have been constructed in the 1990s and are now partly or totally inoperative. The three stations together will restore irrigation in approximately 430 ha of rice and other crops. It will also rebuild 7 km of main canal which had been originally constructed by the communities but is substandard and falling in disrepair. Consultations have not yet been carried out but based on field interviews, wide community support is expected for this project. There are no significant environment or resettlement issues as the project will replace existing infrastructures.

*ii) Action taken:* the PPMU was informed that the concept of this sub-project is sound and the economic benefits are expected to be high. The main issue is O+M of the facilities. At present the existing pumping stations have been maintained and operated by the communities but with limited success. Better O+M arrangements need to be envisaged for the new stations and the irrigation canals. O+M arrangement and funding should be clearly described in the SIP which should be prepared and submitted to the CPMU for consideration after community consultations have been carried out.

**b) Truong Linh Bridge:** This sub-project proposes to replace an existing suspended bridge by a 55 meter long 5 meter wide concrete bridge. The bridge and road are the only access to the provincial road network as well as schools, hospitals and markets, for 10,000 people, 20% of which live below the poverty line, in the commune across the river. The bridge is presently considered a safety hazard. The cost of replacing this bridge is estimated at \$500,000

*i) Findings:* The road linking the bridge to the commune and to the provincial road is also in need of upgrading. The economic benefits expected from the replacement of the bridge may not fully be realized unless the road itself is also being upgraded to concrete/bitumen surface. Consultations have not yet been carried out for this project but based on field interviews, it is expected that it would receive strong support from the community.

*ii) Action taken:* The PPMU was informed that this is potentially a good project which would improve the livelihood of a large number of people, but the economic benefits may not be fully achieved unless the road connecting the provincial road to the commune is also upgraded. Based on this the PPMU indicated that they would consider including the road upgrading as part of the sub-project provided sufficient funds are available under the project. Failing this, the mission indicated that a commitment from the Provincial Government to upgrade the road prior or at the same time as the bridge would

strengthen the economic viability of the project. The PPMU was instructed to carry out consultations and prepare and submit the SIP for consideration of the CPMU.

**c) Hung My – Hung Thong Inter-commune Road:** this subproject proposes to upgrade 6,5 km of dirt road to concrete surface, including construction or rehabilitation of 2 bridges and a number of minor drainage structures. The cost of the project is approximately \$1,25 million (\$192,000/km).

*i) Findings:* field visit established that the proposed road is actually a new road to be built on irrigation embankments through rice paddy fields. At present only motorcycle track exists where the road is to be build. According to the District authority, the land acquisition was carried out approximately 1 year ago. The EIRR of the project is expected to be quite low considering the high cost/km of the proposed project.

*ii) Action taken:* The PPMU in consultation with the CPMU staff, informed the district authority that this proposed sub-project is not likely to meet the selection criteria of the project. The District authority was asked to convene a meeting and discuss potential substitution for this subproject. The sub-project was rejected by the CPMU and PPMU.

**d) Quynh Thang Commune Road:** this sub-project proposes to upgrade 5 km of dirt road and replace one bridge. The sub-project is expected to benefit 9,000 people – including 80 households from the Thai minority group – from one commune where the poverty level stands at 25%. The cost of the sub-project is estimated at US\$500,000.

*i) Findings:* The proposed sub-project is sound, there is no land acquisition issue as the proposed upgrade will follow the existing 6 meter wide alignment. Community consultations have not taken place yet but based on informal interviews in the field, there is wide support from the community to upgrade the road and replace the bridge which is considered a safety hazard. The cost of the project is reasonable and the EIRR is expected to meet the 10% requirements. There is one issue concerning the O&M of the proposed road. The area is producing sugar canes and unless access to the road is banned for heavy sugar cane carrying trucks, it is unlikely that the road upgrade will be sustainable.

*ii) Action taken:* the main issue with this sub-project is sustainability. The PPMU was informed that measures should be taken, such as installation of barriers, to prevent heavy trucks carrying sugar canes to use the road. The PPMU was also informed that designated areas at both ends of the road could be used to load and unload sugar cane. The cost of setting such loading areas could be included in the cost of the project. The PPMU agreed to review these recommendations and to reflect it in the SIP to be prepared shortly.

**e) Hung Nguyen – Hung Tan Inter-commune road:** this sub-project was proposed as a potential substitution for the Hung My – Hung Thong Inter-commune Road above. It is divided in two sections and will upgrade and build a total of 6 km of rural road and one 35 meter bridge.



The project is expected to benefit 9,000 people from 2 communes. The poverty level is 14,5% and the cost is estimated at \$860,000.

i) *Findings:* the first segment of the road will build a new 35 m bridge, upgrade 2 km of motorcycle track to a full 6 meter wide rural road on the embankment of an irrigation canal, and will widen 2 km of existing concrete road from 2 to 3 meters. This will also require the construction of erosion protection along the embankment of the canal. The second segment plans to build a new 2 km road through a paddy field to link the commune with a provincial road. The road would be build on existing paddy embankments which would have to be widened from 4 to 6 meters. This would require land acquisition of approximately 2 meters along the 2 km length of the road. Consultations have not yet been held and the cost of the sub-project has not been properly estimated yet.

ii) *Action taken:* although the cost has not yet been properly estimated it is expected that it will be quite high considering that most of the proposed project will consist in construction of new road and one 35 km bridge. There are potential land acquisition issues as well regarding the construction of a road through paddy field. The EIRR of both segments combined is likely to be very low and may not meet the requirements of the project. Consequently the CPMU advised the PPMU that this project was not likely to meet the selection criteria and was rejected.

f) **Hung Chinh – Hung Tay Road and Market:** this sub-project was proposed as another potential substitution for the Hung My – Hung Thong Inter-commune Road above. This project would upgrade 7 km of inter-commune road from dirt to bitumen, rebuild one commune market, and replace one bridge. The project would benefit directly 2 large communes with a total population of 17,000 people and a poverty incidence of 17%. The cost of the project is estimated at approximately \$860,000.

i) *Findings:* The project crosses a number of populated areas where the road has already been paved by the community. The cost is considered high at \$120,000/km and the EIRR needs to be reviewed carefully. This project has to be viewed in its different components. The first component is the upgrade of approximately 4,5 km of existing dirt road to concrete/bitumen surface is quite straight forward. There will be some minor land acquisition issues to widen the existing alignment by approximately 1 meter but this is not significant. The cost of this segment is expected to be reasonable given the scope of work and the actual condition of the existing road. The second component is the bridge which is an integral part of the road system and is in poor state of repair. Unless this bridge is replaced it is unlikely that the economic benefit of the road upgrades will be fully met. The third component is the market. It is located in the commune center at the intersection of two inter-commune roads, it is in poor condition and represents a public health risk. The main issue is whether the existing area is large enough to reconstruct a new market on the footprint of the existing one. The last component is less straight forward, the road is paved on most of it's length except for the last 1,5 km which is still a dirt road. The District proposes to pave this portion and continue the road through paddy fields to link it to the provincial road. The part of the road which is presently

paved is built partly on a protective embankment which suffers from severe erosion and is threatening to cave in many places.

ii) *Action Taken:* The PPMU was informed that the upgrade of the first section of the road as well as the bridge and the market are likely to meet the selection criteria of the project. There is a need to review the scope of work to upgrade the market, and if a larger area is needed land acquisition and resettlement issues would have to be addressed accordingly. In view of the cost and land acquisition issues which would arise from the construction of the 1 km new road to connect to the provincial road, it was recommended that this segment not be included in the project. Similarly, if upgrading of the last 1,5 km of existing dirt road is to be included in the project, it would be necessary to also include the repair of the protection embankment as well as provision of new embankment protection where needed to ensure the sustainability of the economic benefits. This project needs further consideration by the PPMU and the District authority. If the District and the PPMU decide to go ahead with this sub-project, the PPMU was instructed to consider the comments of the mission and prepare a SIP that would address these issues.

### Summary of Findings of Nghe An Province

The PPMU of Nghe An has good qualifications in the identification of sub-projects and preparation of SIPs. The PPMU Director has a good understanding of the project objectives as well as ADB and Government regulations regarding safeguard issues. The PPMU staff work well as a team. There are no major issues in Nghe An but the PPMU needs to finalize its revised list of subprojects and submit the SIPs for consideration as soon as possible.

### J. Ha Tinh

Like Nghe An, Ha Tinh is not considered a priority province. The quality of the SIPs prepared by the PPMU is good, and the proposed selection of sub-projects generally meets the requirements and criteria of the project. From the initial list of 9 potential sub-projects 7 have been approved to date, and the remaining two have been rejected as not meeting the project criteria. The main objective of the mission to Ha Tinh was to follow up on potential projects to substitute for the two that have been rejected. The PPMU identified 2 firm sub-projects for consideration and one back up sub-project which could also be considered should there be savings from the approved sub-projects.

The PCPF consultants and CPMU staff visited the 3 proposed substituted sub-projects on 23 – 24 April 09 to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 24 April 09. The outcome of the field trip is summarized below:

a) **Son Phuc – Son Truong – Son Thuy – Son Mai Inter-commune road:** This sub-project proposes to upgrade 8 km of existing dirt mountain road to concrete surface. The road links 4 communes with a population of 13,000 people. The incidence of poverty in the area is extremely high (up to 60%). The estimated cost of the sub-project is \$830,000.

i) *Findings:* The sub-project will upgrade 8 km of existing mountain road from dirt to concrete/bitumen surface. There are no major structures along the road. The alignment of the existing road is 6 meter wide on its entire length. The road will follow the existing alignment thus no environment or resettlement issues are expected. Consultations have taken place and show wide support for the road. The area is frequently subjected to extreme flooding and the incidence of poverty is very high. The cost of the road is reasonable particularly considering that it is a mountain road. At \$103,000/km the EIRR is likely to be over 10%.

ii) *Action taken:* the PPMU was informed that given the high rate of poverty in the area, this project can be considered a top priority, and the PPMU should prepare and submit a SIP as soon as possible.

**b) Rehabilitation of the Northern Main Canal of the Tiem River Irrigation system:** This sub-project proposes to upgrade 10,7 km of the Northern Main irrigation canal of the Tiem River Irrigation System to concrete lining. The canal presently irrigates approximately 700 ha of various crops. Concrete lining and realignment of the canal will improve its hydraulic efficiency and allow one additional crop /year in the existing area and will bring an additional 600 ha of agriculture production under command. The system serves 5 communes with a population of 19,000 people and the incidence of poverty is quite high at 28%. The cost of the subproject is estimated at \$940,000.

i) *Findings:* This is a good project that will increase the total production significantly. If the predictions are right, lining of the canal will increase the yield on 700 ha from 200% to 300% and will bring an additional 600 ha of production under command at 200% yield. The cost per incremental area of production would thus be approximately \$500/ha. Consultations have not yet been held but based on informal interviews in the field this project would enjoy wide support from the community. There are no significant environment or land acquisition issues expected with this project.

ii) *Action taken:* The PPMU was informed that this is potentially a good project. The PPMU was instructed to carry out consultations and prepare and submit the SIP for consideration of the CPMU as soon as possible.

**c) Upgrading of the West Main Canal of the Trai Tieu Reservoir:** This sub-project is considered a back up project in case savings are achieved in the implementation of the other approved projects. The sub-project proposes to upgrade 9 km of the West Main canal of the Trai Tieu Reservoir System to concrete lining, and to construct an access road on one of the banks of the canal. The canal presently irrigates approximately 450 ha of various crops but would be expected to increase the command area to 840 ha after upgrading. The system serves 3 communes with a population of 13,000 people and the poverty level is quite high at 28%. The cost of the subproject is estimated at \$750,000.

i) *Findings:* the proposed project would increase agriculture production by over 85% from 450 to 840 ha and would bring significant benefits for the area. The project would upgrade existing infrastructure and is not expected to encounter significant land

acquisition or environmental issues. Community consultations have not yet been held but it is expected that the intended beneficiaries will support the project.

ii) *Action taken:* The PPMU was informed that this is potentially a good project. Should there be any savings from other sub-projects, the PPMU may carry out consultations and prepare and submit a SIP for consideration of the CPMU<sup>9</sup>

### Summary of Findings of Ha Tinh Province

The PPMU of Ha Tinh has good qualifications in the identification of sub-projects and preparation of SIPs. The Director of DARD and the Director of the PPMU have excellent knowledge and understanding of the project objectives as well as ADB and Government regulations regarding safeguard issues and show outstanding commitment to the project. There are no major issues in Ha Tinh and the PPMU was instructed to finalize its list of subprojects and submit the SIPs for the two remaining subprojects as soon as possible.

### K. Quang Nam

Quang Nam was not considered a priority province. Twenty sub-projects have been identified by the PPMU, out of those 11 have been approved by the CPMU and only 1 was rejected. SIPs were submitted for 6 out of the 7 remaining sub-projects and one SIP is still outstanding. On 18 and 19 May 09, the CPMU and PCPF team visited the sites, or part of the sites, of 4 of the remaining sub-projects. The site of one sub-project which had not yet been included in the executive decision was also visited. The sites of 3 sub-projects were not visited due to their remote location and difficult access. The purpose of the site visits was to review eligibility of the proposed sub-projects, discuss safeguard issues and community consultation, and provide some feedback regarding the selection process. The observations of the team were communicated to the PPMU in a wrap up meeting on 20 May 09. The outcome of the field trip is summarized below:

**a) Upgrading Tu Phu Pumping Station and Irrigation System:** This sub-project consists in the rehabilitation of a pumping station built in 1978 and the upgrade of approximately 10 km of irrigation canal to concrete surface. The sub-project would replace 7 motors (but not the pumps) and related electrical controls. Ongoing work worth approximately VND 1,0 Billion, financed by the World Bank and the Government of Viet Nam is in progress to repair and rehabilitate other parts of the station. The sub-project would benefit approximately 10,350 people in an area where the incidence of poverty is more than 24,5%.

i) *Findings:* the proposed sub-project would improve livelihood of the beneficiaries by increasing agriculture production through improved irrigation efficiency. The scope of work would complement work presently being carried out under WB and Government financing, but does not include the replacement of pumps. This is considered a serious

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<sup>9</sup> Subsequent to the site visit the PPMU advised that sufficient funds were available for this sub-project under the provincial allocation and they intended to submit a SIP within 10 days

oversight as it is unlikely that the full capacity and efficiency of the pumping station will be achieved without replacing the obsolete and worn off pumps. Community consultations have been held but only in selected areas and seemingly only with authorities but not the beneficiaries.

ii) *Action taken:* The PPMU was informed that this is potentially a good project. There is a need however to consider increasing the scope of work to include the replacement of the pumps with newer and more efficient ones to maximize the efficiency of the irrigation system. There is also a need to review the O&M arrangements and funding for the pumping station to ensure sustainability of the investment. The PPMU was instructed to carry out additional consultations and upgrade the SIP to reflect the recommendations of the mission and re-submit it for consideration of the CPMU as soon as possible.

**b) Chan Son Reservoir, Ho Cai Reservoir and Na Bo Raising dam:** This subproject consists in three different components located in different district/regions of Quang Nam. All three components were visited individually and the findings are as follows:

1. Chan Son Reservoir: The earth dam for this reservoir was built in 1992 by the community. The reservoir provides water for 35 ha of agriculture but is in poor state of repair. There is significant seepage from the dam and the sides show advance signs of erosion. The PPMU proposes to raise the crest of the dam by 2 meters, remodel the cross section of the dam, and rebuild the spillway to increase the capacity of the reservoir. Post upgrade it is expected that the dam would irrigate approximately 70 ha of land.

i) *Findings:* There is a serious concern about the stability of the foundation of the dam and the bearing capacity of the underlying soil layers. The soil around the reservoir is waterlogged and soft. Even without increasing the height of the dam there is a risk that the dam may fail at anytime. Raising of the dam to increase the capacity of the reservoir would require detailed soil survey and foundation analysis. The technical solution for this project may require the entire dismantlement of the dam and rebuilding on new and more solid foundations if the soil bearing capacity can accommodate it. While there are other concerns with possible environmental impact associated with the increase of the reservoir area, those are superseded by the technical concerns described above. The cost of the proposed upgrading is also considered very high considering the small command area and is unlikely to yield an EIRR of 10% or more.

ii) *Action taken:* in view of the above the PPMU was informed that upgrading of the Chan Son reservoir is not likely to meet the selection criteria of the project and should not be included in the sub-project.

2. Ho Cai Reservoir: the dam for this reservoir was built by the Government and is in very good shape. The reservoir presently irrigates 120 ha, but the project is planning to raise the dam and the spillway by 3 meters to increase the capacity of the reservoir and

increase the irrigation area by an additional 150 ha. The cost of this component is estimated at \$600,000.

*i) Findings:* The dam is well maintained. This component would benefit 4,500 ppl but rising the dam by 3 m will result in flooding an additional 10 ha of land presently used for community forestry. This will also likely have a significant environmental impact.

*ii) Action Taken:* while this project would have significant benefits, the potential environmental impact and resettlement issues are likely to be important and may result in the project being classified as “A” for environment and possibly for resettlement. The PPMU was advised that upgrading of the Ho Cai reservoir is not likely to meet the project criteria and should not be included in the sub-project.

**3. Na Bo Reservoir Dam:** this component consists in the repair of an existing concrete dam which irrigates 75 ha of land and upgrading of 1,6 km of main irrigation canal and 3 – 4 km of secondary canal. The dam is in poor state of repair and needs urgent repair of the concrete surface.

*i) Findings:* the existing dam is in need of urgent repair. There are several leaks on the surface of the dam which result in significant losses of water. It is expected that improved efficiency resulting from the repair of the dam and lining of the irrigation canal will yield an additional 75 ha of agriculture land to be irrigated with this system. More than 5,900 people will benefit from this upgrade. The poverty incidence in the commune is very high at 46%. No significant environmental impact or resettlement issues are expected since the project will not increase the reservoir area and will only repair and upgrade existing infrastructure. Consultations have been held but not comprehensively. There is also a need to upgrade the service road to the dam and possibly the inter-commune road.

*ii) Action taken:* the cost of this component is \$350,000 which is less than the minimum \$500,000 for eligibility under the project. The PPMU was advised that this component would likely meet all other selection criteria, and therefore should be combined, possibly with the upgrading of the access road and commune roads to increase the cost over the \$500,000 threshold. Once additional community consultations have been carried out, the SIP for this reformulated sub-project should be submitted for consideration as soon as possible.

**c) Binh Lam – Que Tho Road:** this road is part of the “*Binh Lam – Que Tho, Xa Ba – Xa Tu road upgrading*” sub-project. The mission did not visit the Xa Ba – Xa Tu road due to the remoteness of the area and lack of time. The Binh Lam – Que Tho road component will upgrade 4 km of dirt and track road to concrete surface. The project will benefit 11,000 people from 2 communes. Poverty incidence is high at 23-35%.



*i) Findings:* the existing road is partly a dirt road (3km) and partly a motorcycle track (1 km). It links the two communes to a provincial road, but is often impassable during the rainy season. The project proposes to upgrade the foundation to 5m wide and concrete the surface (3 - 3,5m wide). The existing alignment is narrow (average 4 m) and traverses some hilly areas, it will need to be widened in some areas, which in turn will require some land acquisition.

*ii) Action taken:* given the fact that the road traverses some hilly areas, there will be a need to widen the road to accommodate side embankments and drainage facilities in some areas. The PPMU was requested to consider widening the road alignment to 6 meters instead of 5 to allow for the geographical conditions. Consultations have been held but not comprehensively. The PPMU was instructed to carry out additional consultations and update the SIP to reflect the recommendations of the mission and resubmit it as soon as possible.

**d) Binh Lam Water Supply project:** this component is part of the “*Binh Lam and Ba Commune Water Supply*” sub-project. The mission did not visit the Ba Commune Water Supply component due to the remoteness of the area and the lack of time. The Binh Lam Water Supply project will construct a 875 m<sup>3</sup>/day treatment plant and install 5 km of water pipeline for a population of 8,500 people (approximately 2,000 connections).

*i) Findings:* the water supply scheme aims to provide water for a small rural town and surrounding areas. There is presently no water supply system and the community relies on ground water wells for drinking water. The wells are contaminated and polluted and the water is not potable. The cost of this component is estimated at \$575,000 (approximately \$280/connection). The Commune is planning to form a Water Committee to be responsible for the water supply system but will hire a local company to manage the daily operations and maintenance of the system. A fee of VND1,000 / m<sup>3</sup> for individual households will be collected (higher fees will apply to companies and business). Consultations were carried out for this project and from interview in the field there is wide support and willingness of the beneficiaries to pay the water fee. O&M management and financing will be critical for the success of this project.

*ii) Action taken:* the PPMU was instructed to prepare an O&M management and financial plan, and resubmit the SIP reflecting this plan.

**e) Thay Son Reservoir Main Canal:** this is a supplementary sub-project which had not previously been included in the list of sub-projects. The project would line 7 km of the main canal from the Thay Son Reservoir and up to 5 km of secondary canal. A total of 15,000 people from 5 communes would benefit from the project. The total command area would increase from 530 to 1030 ha.

*i) Findings:* the sub-project will double the agriculture production area and will improve the overall efficiency of the irrigation system. The cost is estimated at \$575,000 and the EIRR is likely to be over 10%.

*ii) Action taken:* the PPMU was informed that this sub-project is likely to meet the requirements of the project, and if it is to be included in the project the PPMU should prepare and submit a SIP as soon as possible.

### **Summary of Findings of Quang Nam Province**

The PPMU of Quang Nam has good qualifications in the identification of sub-projects and preparation of SIPs. There seems to be a need however to ensure that comprehensive consultations are being carried out. Although community consultations have been carried out in many cases interviews in the field showed that many households were not aware that consultation took place and had little knowledge of the project(s). In many cases, these same households voiced their support for the proposed project(s). Issues of O&M will also be important in a number of sub-projects, particularly but not limited to water supply. O&M management and financial arrangements need to be clarified and carefully designed to ensure long term sustainability of the sub-project investments.

**Appendix 4**

**GUIDELINES FOR PREPARATION OF  
SUBPROJECT IDENTIFICATION PROPOSALS  
AND  
SUBPROJECT INVESTMENT REPORTS**

### Guide for the preparation of Subproject Identification Proposals (SIP)

No.	Heading	Content	Comment/Example
1.	Subproject Overview		
1.1	Subproject Name	<p>a) Subproject Name</p> <p>b) Subproject Location</p>	<p><b>a) Name:</b> Use a descriptive name such as “Upgrading of x to y road” or “rehabilitation of XYZ irrigation Dam” to improve project name recognition.</p> <p><b>b) Location:</b> indicate commune(s), district(s) and province</p>
1.2	Subproject Objectives	State the objectives of the project, in the form of Project/Logical Framework: Primary Objective and Outcome.	<p><b>For example: Typical objectives for</b></p> <p><b>i) Road Projects:</b> The project will stimulate economic activities, reduce poverty and improve access to health and education services for xxxx people in the districts of xyz and wxy by reducing transportation time, and improving transport and transaction costs for agriculture products between districts.</p> <p><b>ii) Irrigation projects:</b> The project will improve the living standards and reduce poverty for xxx farmers in xx communes of the district XWZ, by increasing agriculture production, improving income from agriculture products, and reducing vulnerability to external events such as drought, flood and erosion.</p> <p><b>iii) Market projects:</b> The project will improve livelihood for xx,xxx people in the market catchment area by creating employment opportunities, stimulating rural enterprise development, increasing volume of agriculture transactions by providing an outlet for increased production, reducing transaction cost, and improving</p>

No.	Heading	Content	Comment/Example
			<p>public health especially for women.</p> <p><b>iv) coastal protection projects:</b> The project will reduce poverty, improve living conditions and quality of life, and reduce vulnerability to external events for XX,XXX people in the project area. The project will prevent economic and social disasters that would result from the collapse of vital infrastructure, and will help sustain and promote further agricultural production and economic development. The Project will improve flood protection for xx,xxx hectares (ha) of XX Province/District to sustain annual rice production of xx,xxx tons.</p> <p><b>v) Domestic water supply:</b> the project will improve the health and quality of life of the xx,xxx people living in the project by providing water supply, drainage, and sanitation facilities.</p>
1.3	Subproject Description	Describe the scope of the proposed subproject briefly but clearly.	<p><b>For example: Typical project description for</b></p> <p><b>i) Road Projects:</b> The project will upgrade xx km of the existing inter-district road from dirt surface to bitumen grade xyz. The total width of the road will be xx m with a bitumen surface of xx m. The road will follow the existing alignment as much as feasible. XX new bridges (xx m and xx m in length) will be constructed to replace existing bridges which are in poor state of repair. In addition xx smaller temporary bridges from xx to xx m will be replaced by new structures. A total of xx existing culverts and xx existing earth spillways will be replaced and upgraded. Drainage ditches will be constructed on both sides of the road on its entire length</p> <p><b>ii) irrigation projects:</b> The Project will improve and rehabilitate the intake structure and headworks; rehabilitate the existing pumping station including replacement of sluice gates, pumps, electric motors and control panels; repair or replace 10 km of existing canal linings, and approximately 120 culverts, drains and bridges over the</p>

No.	Heading	Content	Comment/Example
			<p>canals.</p> <p><b>iii) rural markets:</b> The project will upgrade xx rural markets in xx district. The project will provide covered stalls; concreted floor bases; internal alleys, improved drainage; improved loading and unloading areas; increased parking space; proper latrine and water supply system; power supply; improved fences, fire prevention and safety measures; and livestock holding areas.</p> <p><b>iv) coastal protection:</b> the project will rehabilitate xx km of earthen flood embankments, upgrade/replace x sluice gates and one spillway.</p> <p><b>v) Water supply:</b> the project will upgrade/expand the existing water intake structure, and extend the water transmission pipe by xx meters to provide water to and will install community wells/handpumps in xx villages.</p>
1.4	Key Beneficiaries	<p>a) Indicate the number and identity of direct and indirect intended beneficiaries;</p> <p>b) provide a socio economic profile of the intended beneficiaries; and</p>	<p><b>For Example:</b></p> <p><b>a) Beneficiaries:</b> xx rice farmers from xx communes of ABC district will directly benefit from the project. In addition, 100 residents of the communes will indirectly benefit from additional water supply for domestic consumption</p> <p><b>b) Socio-Economic Profile:</b> The communes of DEF and FGH have a total population of xxx ppl, (xxx households) of which xxx (xx HH) are from the MNO ethnic minority group. According to DOLISA, xx HH (xx %) live below the poverty line, including all xx HH of ethnic minority group. There are x HH headed by single women and xx HH headed by handicapped person, all live below the poverty line. Approximately xx% of the farmers in the area have income below or slightly above the poverty line. Agriculture is the most important</p>



No.	Heading	Content	Comment/Example
			<i>source of subsistence, but the area is subjected to periodic droughts during the dry season limiting the agriculture production to one harvest /year.</i>
1.5	Preliminary cost estimate	Indicate preliminary cost estimate	<p>In this section you only need to indicate the total cost estimate inclusive of cost of project preparation (feasibility study). More detailed cost estimate are required in section 3.3 (total cost) and 3.4 (cost of feasibility studies) below.</p> <p><b>For Example:</b></p> <p><i>The total cost of the project including cost of feasibility study is estimated at 40,93 billion VND (\$ 2,6 million)</i></p>
2.	Subproject identification and selection process	The following section should highlight how the proposed subproject was identified and selected to ensure that it is well integrated and meets selection criteria and the key needs of the beneficiaries.	
2.1	Relevance to Commune District and provincial Master Plans	<p>This is a key criteria for selection of subproject, and it requires that the subproject should not only be included in the SEDP but it <b>must</b> be expected to have significant impact on poverty reduction, economic growth and livelihood improvement.</p> <p>For the project to be eligible, it is important to describe clearly how the proposed subproject supports and integrates within the province, district and commune development SEDP, and how it will contribute to the objectives of poverty alleviation, economic growth and livelihood</p>	<p><b>For example: Typical statement of relevance to master plan for</b></p> <p><b>i) Road Project:</b> <i>The master plan sectoral objective is to upgrade all inter-district and inter-commune roads to insure food security and promote economic development and modernization of rural areas by 2010.</i></p> <p><i>The project is included in the 2006-2010 Provincial master plan as a priority project and it supports the objectives of the master plan by upgrading an important road transportation link between the districts of xxx and yyy It is expected that the project will improve the livelihood of xxx poor farmers in xx communes by providing improved access to markets and health and education services.</i></p>

No.	Heading	Content	Comment/Example
		improvement. [note look for sectoral goals/objectives in the provincial master plan and establish how the project supports those goals (see examples => )	<p><b>ii) Irrigation project:</b> The master plan's objective is to reduce poverty in the rural area through increased agriculture production, and improved income from agriculture product, provision of income generation opportunities, and reduced vulnerability to potential economic and human disasters such as drought, flood and erosion</p> <p>The project is included in the 2006-2010 master plan for the province of XXX and it supports the master plan's objective by upgrading and expanding irrigation facilities for xxx ha of agriculture land and providing flood protection for xx,xxx people living in the project area. The project will improve livelihood and standard of living for xxx poor farmers in xx communes through improved agriculture production and increased income from agriculture products.</p> <p><b>iii) markets:</b> Upgrading of the rural markets is included in the provincial master plan. The master plan's objective is to stimulate business and trading activities in the districts; open and expand provincial market to the rest of the country and potentially to export markets; increase imports; increase agriculture and rural production and provide outlets for agriculture and other products.</p> <p>The project is included in the 2006-2010 provincial master plan and it supports the master plan's objectives by improving transaction efficiency and stimulating economic activities at the rural and district levels. The project will improve income from agriculture and fisheries product for xxx poor farmers and xxx fishermen, by providing additional /improved outlet for their product.</p> <p><b>iv) coastal protection:</b> The provincial master plan's objective is to reduce poverty, improve living conditions and quality of life, and reduce vulnerability to external shocks in the poor coastal areas.</p>

No.	Heading	Content	Comment/Example
			<p><i>The project is included in the 2006-2010 master plan, and it supports the master plan's objectives by improving flood protection for xx,xxx hectares (ha) of XX District to sustain annual rice production of xx,xxx tons. The project will reduce poverty, improve living conditions and quality of life, and reduce vulnerability to external events for XX,XXX people in the project area.</i></p> <p><b>v) water supply:</b> <i>the provincial master plan's emphasises the need for development of safe water and sanitation facility in rural areas to improve living standards, improve health, and reduce water born diseases for xx % of the communes by 2020.</i></p> <p><i>The project is included in the 2006-2010 provincial master plan and supports the government's objective by providing water supply, drainage, and sanitation facilities for xx,xxx people in xx villages of XWZ district</i></p>
2.2	Linkage with related Government and Donor programs and projects	The second major criteria for selection of subprojects requires to demonstrate how the proposed subproject is linked to other government financed projects and programs and/or donor financed project (ADB, World Bank and other ODA). It also requires to describe how the proposed project will complement and enhance the impact of the government /donor supported projects	<p><b><i>For example: Typical statement of relevance to other Government and Donor Program/Projects</i></b></p> <p><i>The government of VN is supporting integrated rural development in the project districts through 3 key projects:</i></p> <ul style="list-style-type: none"> <li>▪ <i>XWY River Irrigation System;</i></li> <li>▪ <i>Provincial Road xx/yy; and</i></li> <li>▪ <i>XYZ Coastal Protection Dike System;</i></li> </ul> <p><i>The proposed subproject and the government programs complement each other by providing drainage and coastal protection to the proposed road and market. The proposed road and</i></p>

No.	Heading	Content	Comment/Example
			<p>market will provide outlet for xx communes and link them to the provincial road system.</p> <p>In addition, the ADB project for Rural Road will link and further extend the provincial and district road network. The proposed project will complement the ADB Rural Road project by improving transportation of agriculture products from the communes.</p>
2.3	Linkage with existing infrastructure	Another key criteria for selection of subprojects is linkages with existing infrastructure. This criteria requires to demonstrate how the proposed subproject will connect and link existing infrastructure and the end users to ensure that the proposed subproject fully is utilised.	<p><b>For example:</b></p> <p>In addition to linking xx communes to existing provincial roads the subproject will provide access to the district administration center of XWZ YYW, xx health stations and one district hospital, two primary schools, one secondary school and one high school. It will also support the transport and trade of fisheries products from the nearby fisheries port of XXY</p>
2.4	Community consultation	<p>A key criteria of the project is that the subproject must have been the object of <b>comprehensive public consultations</b> with participating communities. These consultations must be documented, and must demonstrate that issues such as impact on the environment, potential resettlement and land acquisition, potential participation in project design, implementation and operation, and potential responsibilities regarding operation and maintenance of the proposed infrastructure project have been fully disclosed, discussed and understood by the communities.</p> <p>The SIP should contain the minutes of such</p>	<p><b>For example:</b></p> <p>Public workshops were held in commune center xwy from 3 to 5 August 2008, with x,xxx people from xx villages in attendance, to discuss the proposed subproject. A number of different project designs were submitted to the communities for consideration. Potential impact on the environment and potential resettlement issues related to the construction of the proposed project were discussed. The villagers suggested ways to reduce the impact on environment. The commune supervisory board (CSB) indicated its willingness to participate in monitoring of construction activities, and villagers were informed of the scope and estimated cost of operation and maintenance of the new facilities.</p> <p>Detailed minutes of the consultation meeting are attached in appendix XX`</p>

No.	Heading	Content	Comment/Example
		<p>community participation which should indicate clearly: i) the dates of the consultations; ii) the type of consultation (workshop, meetings etc); iii) the number of people who participated in the consultation, and iv) the subjects discussed; and v) a summary of the agreement and understanding regarding safeguard issues.</p> <p>It is important to differentiate between consultation and information/awareness. Organising information/ awareness campaigns to familiarise project beneficiaries with proposed project facilities is essential but this is not what this criteria is about. This criteria requires that intended beneficiary communities as well as indirect beneficiaries, be consulted during identification and preparation of the subproject</p>	
3.	Outline Engineering Design	This section outlines the key engineering components of the proposed subproject	
3.1	Responsible Provincial Agency	Identify the provincial agency(ies) who will be responsible for the implementation of the subproject. If possible indicate which provincial agency will be responsible for design, procurement, recruitment of consultants, financial management etc	<p><b>For Example:</b></p> <p><i>The Department of Agriculture and Rural Development (DARD) will be responsible for overall design, contracting, supervision and monitoring of all project activities.</i></p>
3.2	Outline design	Provide an outline design of the proposed subproject including key maps and	<b>There is no need at this stage to present detailed design There is no need at this stage to present detailed design calculations,</b>

No.	Heading	Content	Comment/Example
		drawings.	<b>and/or lists of applicable laws, decrees and regulations.</b> <i>Department of Agriculture and Rural Development (DARD)</i>
3.3	Detailed Cost estimate	Unlike section 1.5 which is meant to provide only the overall estimated project cost, this section should provide an itemized bill of quantity and more detailed cost estimates. The cost estimates for land acquisition, resettlement, mitigation of environment impact, should be indicated clearly.	<b>See attached</b>
3.4	Preparation cost	A <b>separate</b> cost estimate for preparation of feasibility study and detailed design to prepare the Subproject Investment Report (SIR) is to be clearly shown in this section  NOTE, this is the amount requested for the CPMU to allocate from the Loan to assist in the preparation of the feasibility study and the SIR. It is important that this amount covers the entire cost of the study because it will be difficult (nearly impossible) to change that amount at later date.	In this section you only need to indicate the total cost estimate of project preparation (feasibility study).  <b>For Example:</b> <i>The cost of project preparation is estimated at VND 160,000,000 or US\$ 10,000</i>
4.	Operation and Maintenance		
4.1	Responsibilities	Identify the agency or group responsible for routine and periodic operation and maintenance of project facilities, and if applicable the role of civil societies and communities in the O&M program  Provide details of the experience and qualifications of the agency or group	<b>For Example:</b> <i>The District Transportation Department will be responsible for operation and maintenance of the subproject after construction. In each commune, the community will be mobilized to assist in O&amp;M activities by cleaning the ditches, keeping drains clear, and removing trees and plants growing in the embankment of the road.</i>



No.	Heading	Content	Comment/Example
		responsible for O&M, as well as records of their past performances if possible	
4.2	Fund availability	Identify the source of financing for O&M	<p><b>For Example:</b></p> <p><i>Funds for routine O&amp;M will be provided from the district budget and periodic maintenance and major repairs will be funded from the provincial budget.</i></p>
4.3	Provincial Commitment	Provide written commitment that both routine and periodic maintenance will be undertaken for the proposed subproject	
5.	Community participation and awareness	<p><b>a)</b> Participation (not to be confused with consultation): Describe proposed participation of communities in the design, implementation and operation/maintenance of the project. During community consultations efforts should be made to investigate potential roles of the Women's Union, Farmers' Groups, Credit Groups, and Civil Society during project design, implementation and operation and maintenance.</p> <p><b>b)</b> Awareness: describe plans to disseminate information about design, progress of work, and operation of the facilities to the beneficiary communities</p> <p>consider also special awareness campaign for people affected by resettlement and compensation.</p>	<p><b>For Example:</b></p> <p><b>a) Participation:</b> <i>the community will be participating in the project in different ways: the Commune Supervisory Board (CSB) with the support of the District will be mobilized to monitor progress of work and to report to the District and PPMU</i></p> <p><b>b) awareness:</b> <i>Information about the project will be provided to all beneficiaries through commune /town meetings, announcements on town /commune speaker systems, and hand outs about the project.</i></p> <p><i>Individual meetings and discussions will also be held with people who may be directly affected by land acquisition and resettlement.</i></p>

No.	Heading	Content	Comment/Example
6.	Safeguard Policies	The term Safeguard refers to ADB policies regarding poverty reduction and in particular on matters related to the environment, involuntary resettlement and land acquisition, women and vulnerable groups, and ethnic minorities (see below)	
6.1	Land acquisition and Involuntary resettlement	<p>a) Indicate the likely land acquisition and resettlement requirements of the project and describe briefly how the project will address the issues of land acquisition and resettlement.</p> <p>b) If possible provide a preliminary estimate of the number of people affected as well as the extent of the expected loss of property and income.</p>	<p><b>For example:</b></p> <p><b>a) land acquisition:</b> <i>The road will cross many settlement areas, but the design of the road will keep the existing alignment and width of the road within those settlements to minimize resettlement and compensation problems.</i></p> <p><i>Minor compensation issues will be addressed in the agriculture land areas where at present some encroachment exist on the reserved embankment of the road.</i></p> <p><i>Some compensation may also be required for temporary use of land during construction to provide access to contractors and machinery.</i></p> <p><b>b) Affected People:</b> <i>A total of xx households or xxx ppl may be affected by the project. There will be land acquisition for a total of xx ha of land in the new embankment of the proposed road, xxx households will be affected but land loss for each household will be less than 10% of their property/assets. Compensation in accordance with the laws of Viet Nam will be paid for each affected household/ landowner.</i></p>

No.	Heading	Content	Comment/Example
6.2	Environment	<p>a) Identify key areas where the project may have an impact on the environment, provide an analysis of the expected impact on the environment and describe mitigation measures envisaged to reduce or reverse the environmental impact whenever possible</p>	<p><b>For example:</b></p> <p><b>a) Project Impact (neutral):</b> Since the road follows the existing alignment the project is not likely to result in major environmental risks. The road does not traverse designated environmentally sensitive or historically important areas. During construction care will be taken to minimize disturbance especially at water crossings. Fill material will be taken from approved borrow pits. Spoils will be disposed in environmentally sound manners.</p> <p><b>b) Project Impact (positive):</b> The proposed market is expected to improve the environment by providing proper waste disposal, drainage, latrines, and water supply points.</p> <p><b>c) Project Impact (Minor Negative):</b> raising the dam will result in and additional 1 sq km of land being flooded. Most of the flooded area that will be flooded consist of shrubs of little ecological value. The slopes of the reservoir will be graded by bulldozers and covered with flat stones to avoid erosion of the natural land. It is not expected that significant adverse environment impact will result from the project. An IEE will be carried out during sub-project preparation and design to ensure that any adverse impact will be mitigated.</p>
6.3	Ethnic Minorities	Identify the ethnic make up of the proposed project area, highlight any potential impact (both positive and negative) on the ethnic minorities, and describe how the proposed subproject will address and/or extend them, both during construction and operation.	<b>NGA</b>
6.4	Gender and vulnerable	Highlight any positive or negative potential	<b>NGA</b>

No.	Heading	Content	Comment/Example
	groups	impact on women and vulnerable groups. Describe the profile of vulnerable groups including women and indicate how the project will address and/ or extend them both during construction and operation	
7	Project Implementation and Management		
7.1	Project management Unit	Provide the list of key personnel to be responsible for project implementation at the Province, District and Commune levels	
7.2	Implementation plan and schedule	Provide a bar chart project implementation schedule, for major project activities such as design, procurement, consultant selection, special studies, implementation of major contracts etc	<b>See attached</b>
8,	Screening Criteria	Fill the attached check list of criteria to ensure that all criteria are covered	<b>See attached</b>
9	Attachments		
9.1	Subproject maps and layout		
9.2	Other relevant information	Include photos showing existing situation, reference to studies of project areas, etc	

## **GUIDE FOR THE PREPARATION OF SUBPROJECT INVESTMENT REPORTS (SIR)**

### **INTRODUCTION**

The Subproject Investment Report (SIR) is different from the Subproject Identification Proposal (SIP). The SIP was meant to be a short concept paper to summarize the features of the proposed subproject and demonstrate that all selection criteria were being met. By comparison, the SIR is designed to be a much more complete and comprehensive document that will provide in-depth details of the proposed subproject for the investment owner, the CPMU and eventually the ADB to decide on the appropriateness of the proposed investment. The SIR is meant to be a self standing document, i.e. all key information necessary for the investment decision makers regarding the proposed investment should be found within the SIR. However the SIR is not a feasibility study, or a technical design study. It is a summary of information contained in other studies including the Feasibility Study, various Safeguard Studies, O&M Plan, etc. Those documents, which should be prepared in accordance with the appropriate regulations and standards of both the Government of Viet Nam and the ADB should also be submitted together with the SIR and should be cross-referenced in the text of the SIR whenever necessary for easy review by the different evaluation teams.

## Guideline for Preparation of SIR (12-21 pages)

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
<b>I. Summary Description</b> <b>(1 page)</b>  [This chapter should provide a short description of the main features of the project, much like an executive summary, more details will be provided on each item in further sections.]	<b>1.01 Sub-project name &amp; Location</b>	Name of Sub-Project as approved by PPC /CPMU, and location, including Commune(s) if applicable, District(s) and Province	SIP/FS <sup>1</sup>		PPMU/FS Consultant
	<b>1.02 Sub-project Objectives</b>	State the Objectives, Outcome and output of the sub-project in a Framework format, as stated in the SIP and/or modified during preparation	SIP/FS	<p><b>Road:</b> The subproject will <b>[objective]</b> improve livelihood and reduce poverty for XXXX people in the 3 communes of XXX, XXX, and XXX, by <b>[Outcome]</b> providing improved access to markets and social services, and reducing the time and cost of transport for farm produce. The project will <b>[output]</b> upgrade 10 km of rural road between XXX and XXX to bitumen surface and will provide drainage for the road to ensure sustainability.</p> <p><b>Irrigation:</b> The sub-project will <b>[objective]</b> improve livelihood and reduce poverty for XXX people in the communes of XXX, XXX..., by <b>[Outcome]</b> improving agriculture production and farmer income and reducing vulnerability to external events such as drought, flood and erosion. The project will <b>[output]</b> upgrade and rehabilitate the intake structure and headworks of the xxx irrigation system, and repair or replace xx km of existing canal linings, and approximately XXX culverts, drains and bridges over</p>	PPMU/FS Consultant

<sup>1</sup> SIP = Subproject Identification Proposal; FS = Feasibility Study; IEE = Initial Environment Examination; RP = Resettlement Plan; O&M = Operation and Maintenance;

SIA = Social Impact Assessment; EMDP = Ethnic Minority Development Plan.



Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
				<i>the canals.</i>	
	<b>1.03 Owner/ Investor/ functional manager</b>	Indicate who is the Sub-project owner, functional manager, and Sub-project investor	SIP/FS	[Generally PPC is the owner and DARD is the investor, in the case of roads, DOT is the functional manager, Road Management Company or district/commune are the functional managers, in the case of irrigation projects DARD Irrigation Dept is the functional owner and the Irrigation and Drainage Management Company or Water Users Organization is the functional manager]	PPMU/FS Consultant
	<b>1.04 Project Management</b>	Describe briefly the Project Management structure, including Implementation agency, participating agencies, beneficiaries, etc	SIP/FS	<i>DARD under the guidance of the Provincial Steering Committee established by the PPC has the responsibility for implementation of all sub-projects under the IRDSP. The overall responsibility for implementation of the sub-project is delegated to the director of the PPMU. The PPMU Coordinator is responsible for day to day supervision and management of project activities at District and commune levels. Domestic consultants will be recruited to assist the PPMU in detailed design and construction supervision. Functional owners, managers will be involved in the design (feasibility study) and pre-handover facility inspection.</i>	PPMU/FS Consultant
	<b>1.05 Total Cost</b>	State total cost of the sub-project (Detailed breakdown will be the object of a further section)	FS	<i>The total cost of the sub-project is estimated at VND XXX Billion (US\$XXX equivalent)</i>	PPMU/FS Consultant
	<b>1.06 Implementation Period</b>	Indicate the expected implementation period, including starting date, completion date and number of months	SIP/FS	<i>The sub-project will be implemented over a period of 18 months, starting on DD/MM/YYYY until DD/MM/YYYY.</i> <b>NOTE: REQUIRED ATTACHMENT:</b> <b>- IMPLEMENTATION SCHEDULE</b>	PPMU/FS Consultant
	<b>1.07 O+M</b>	Indicate the name of the	SIP/FS	<i>The Road Management Company/ District OT will be</i>	PPMU/FS

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
	<b>Agency</b>	agencies (which will include the functional manager), companies, and beneficiaries responsible for O+M.		<p>responsible for O+M. The RMC of xx District is currently responsible for O&amp;M of xxx km of district, inter-district, and inter-commune roads in the xxx District.</p> <p><b>Note:</b> the role for beneficiaries living alongside the road should be considered for O&amp;M</p> <p>The XXX Irrigation Company of XXX province will be responsible for operation and maintenance of the completed facilities. Maintenance and clearing of minor irrigation canals will be carried out by Agriculture Cooperatives under the supervision of the CPC or the WUO under the guidance of the CPC</p>	Consultant
<b>II. Background (1-3 Pages)</b>  [This chapter is to provide the general context of the subproject, it's location the existing condition of the proposed infrastructure to be upgraded, how they fit in the overall infrastructure of the area, the socio-         ]	<b>2.01 Geographic location</b>	Provide general background and relevant information regarding the overall geography, topography, main features, climate, and other conditions of the project area. It is acceptable to provide contextual information about the province/district but this should be brief and relevant to the subproject objectives (poverty alleviation for instance).	SIP/SF	<p><b>Province:</b> XXX province covers a wide range of geographic areas, from the coastal sandy plains in the east to the mountainous areas bordering Laos to the west. It is bounded by XXX province to the north and XXX province to the south. The province as a total population of XXX, the density of population is approximately XX people/sq km but this figure is slightly misleading as most of the population is concentrated in the low plain areas where population density may reach XX people/sq.km. There are XX ethnic groups in the province, totalling XX households or XXX people mostly located in the mountainous areas. The overall poverty ratio for the province is XX% representing XXX people living below the poverty line. In the mountain area this ratio is higher at XX%.</p> <p><b>Sub-project area:</b> The sub-project is located in district XXX of XXX province and covers an area of XXX sq. km. and a population of XXX people living in the XXX communes of XXX, XXX and XXX. The is located in the low coastal land which is endowed with good fertile soil. A total of 42% or XXX Ha of the project area is irrigated by the XXX river irrigation</p>	PPMU/FS Consultant

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
economic, climatic, and general conditions in the project area etc.]				<p>system. The area is bordered to the north-west by the mountainous areas of XXX and to the east by the south china sea. National Highway No. 1 crosses the entire district from north to south. There are several towns and medium size centers in the district, and the district center is located 20 km to the south east of the project area and is accessible by provincial road No. XXX . The three communes are linked together by inter-commune dirt roads which are often in poor state of repair particularly during the rainy season. There are XX rural markets within the sub-project area and the district market is located in the district center XX km away.</p> <p><b>Climate</b> The district as a monsoon tropical climate, divided into two distinct seasons, the rainy season which lasts from May to October and the dry season which last from November to April. Average annual rainfall is XXX mm and mean temperature is XXX °C. The project area enjoys one major crop /year but only XX% of the project area receives enough irrigation water for a second crop. Etc etc</p> <p><b>NOTE: OPTIONAL ATTACHMENTS:</b></p> <p>- MAPS,and/or PHOTOS OF PROJECT AREA</p>	
	<b>2.02 Existing conditions</b>	<p>Provide relevant information regarding the existing condition of the infrastructure to be rehabilitated. This should be concise but should provide the basic rational for the infrastructure improvement as well as the major constraints if any.</p> <p>Since the subproject will normally involve rehabilitation</p>	SIP/FS	<p><b>Road:</b> The existing road is a rural inter-commune dirt road of 3,5 m wide. There are only minimal drainage facilities and ditches in populated areas. The road suffers regular damage from rain and flooding during the rainy season and is often closed to most vehicles during that period. DOT has determined that the road surface has deteriorated by XX%. There is one XX m bridge which is in poor state of repair and will need to be replaced. There are a number of stream crossings using stone spillways. Most of those are in poor state of repair and need to be upgraded. The road traverses XX populated areas on the outskirts of the commune</p>	PPMU/FS Consultant

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
		and improvement of existing infrastructure, describe the present O&M arrangements identifying all agencies and groups concerned (please provide an organisation diagram and state the responsibilities of each). Indicate how much has been spent on O&M activities on staff, equipment, materials etc over the last 3 years and identify the source of funds. If the subproject involves new infrastructure, describe the O&M arrangements (as above) for similar existing infrastructure		<p>centers, and a number of smaller villages and hamlets. On 80% of its length the road traverses agriculture land. The road is entirely located on plain land, there are no mountainous area within the sub-project area. Etc etc</p> <p><b>Irrigation:</b> the existing main canal is not lined and suffer from erosion damage. The banks of the canal are in poor state of repair, there is an access road on the left bank but it is severely damaged and provides access only to motorcycles during the dry season. In its present state delivery of irrigation water from the main canal is impaired by seepage and poor hydraulic capacity. There are XX control structures on the main canal, XX of them need to be replaced and the remaining XX will require significant repair. There are also XX crossing structures and bridges including XX major bridge(s) which will need to be replaced. Etc etc</p> <p><b>NOTE: OPTIONAL ATTACHMENT:</b></p> <p><b>- PHOTOGRAPHS OF FACILITIES TO BE UPGRADED</b></p>	
	<b>2.03 Linkage to Existing infrastructure</b>	<p>Provide information about other existing infrastructure linking to the project. Include as well other projects currently being implemented in the area which may have an impact on expected benefits from the sub-projects.</p> <p>This section should not be limited to similar infrastructures/projects but should also include other relevant infrastructures such</p>	SIP/FS	<p><b>Road:</b> The proposed road links at the east end to provincial road No. XXX and to the west with district road XXX. There are 2 primary schools and 1 secondary school located along the road, one district hospital is located at the district center. The road connects three communes of XXX, XXX, and XXX and provide access to the XXX rural market. The road serves a significant area of the XXX irrigation system, and provides the only transportation route for farm products to reach the district center. Etc etc.</p> <p><b>Irrigation:</b> The system receives water from the main XXX regulator at XXX reservoir. There are XX main roads serving the sub-project area, provincial road No. XX and district road XX which links the area to the</p>	PPMU/FS Consultant

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
		as schools, hospitals and clinics, and markets, to provide contextual information on the need for the proposed improved infrastructure.  Indicate also projects in progress in the area		<i>district center. The main market is located in the XXX district center and serves as the major outlet for XX% of the farm produce grown in the sub-project area. There are also XX rural markets located at XX and XX... etc etc</i>	
	<b>2.04 Target Beneficiaries</b>	Indicate who the main target beneficiaries are (farmers, fishermen, etc), those are the direct beneficiaries. Then describe who will indirectly benefit from the project., Describe how the project is targeting the intended beneficiaries	SIP/FS	<b>Road:</b> <i>The sub-project is intended to directly benefit approximately XXX people mostly living from coffee farming in XX communes of XXX, XXX, XXX, by improving transport of input and farm produce to the markets. The cost of transportation of farm products will be reduced substantially for the farmers, improving their real income. In addition, the sub-project will indirectly benefit XXX people living outside the project area by providing a link between two key provincial roads and reducing travel distance and time. The sub-project will also improve access to education and health centers for the beneficiaries and their children improving their livelihood. Etc etc</i>  <b>Irrigation:</b> <i>The sub-project is intended to directly benefit approximately XXX rice farmers located in the XX communes of XXX, XXX ... by improving agriculture production through increased water supply particularly during the dry season. The total area under irrigation will increase by XXX Ha from XX ha, and ha of the existing irrigated area will benefit from a second crop of rice, resulting in a total incremental agriculture area of XXX ha. In addition, xxx people from nearby villages of XXX will indirectly benefit from additional water for domestic use. Etc etc</i>	
	<b>2.05 Socio economic</b>	Provide a detailed socio-economic profile of the	FS/ Social Evaluation/	<i>XXX percent of the households of XXX district earn their primary income from agriculture. There are</i>	PPMU/ FS

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
	<b>profile and poverty incidence</b>	beneficiaries including official statistics regarding poverty  <u>Provide reference and date of data.</u>	GIS data / MOLISA	<i>approximately XX household that belong to the XXX ethnic group in the project area. Based on figures provided by GIS, the average per capita income in the project area is VND xxxxxx/month. XX% of the population (XX Households) live below the poverty line, and an additional XX% (XX Households) are considered poor as their income is marginally above the poverty line. All XX households from the XX ethnic community have income below the poverty line. There are XX households headed by a single parent, and XXX people who are chronically ill or incapacitated and unable to work. Besides farming there are XXX families who own livestock and the XXX ethnic group complement their income by making and selling artefact. Approximately XX% of the area (XX%) is under rice production but only XX% of the area (XX Ha) produces more than one crop/year. Other crops include XXX (XX%) XXX (XX%) Etc etc</i>	Consultant/ Safeguard Consultants
<b>III. Technical proposal</b> <b>(2-4 pages)</b>  [This chapter is to provide detailed technical information regarding the proposed works. Avoid listing decrees and	<b>3.01 Sub-project Scope</b>	Describe in detail the scope of the project	FS	<b>Road:</b> <i>The project will upgrade xx km of the existing inter-district road from dirt surface to bitumen grade xyz. The total width of the road will be xx m with a bitumen surface of xx m. The road will follow the existing alignment as much as feasible. XX new bridges (xx m and xx m in length) will be constructed to replace existing bridges which are in poor state of repair. In addition xx smaller temporary bridges from xx to xx m will be replaced by new structures. A total of xx existing culverts and xx existing earth spillways will be replaced and upgraded. Drainage ditches will be constructed on both sides of the road on its entire length</i>  <b>Irrigation:</b> <i>The sub-project will repair the XXX irrigation dam by replacing the concrete lining which is considerably damaged; construct a new spillway to replace the damaged existing one; and replace the intake sluice gate which is presently inoperative. The</i>	FS Consultant



Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
regulations, if it is important it can be listed in appendix. The main text should concentrate on important technical aspects of the work]				<p>sub-project will also upgrade XX km of primary and XX km of secondary canals with concrete lining; replace XX existing cross structures, XX sluice gates, and repair XX existing bridges over the main canal. Etc etc</p> <p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <ul style="list-style-type: none"> <li>- OUTLINE DRAWINGS,</li> <li>- TYPICAL CROSS SECTIONS</li> <li>- TYPICAL DETAIL DRAWINGS</li> </ul>	
	<b>3.02 Design considerations</b>	Provide basic information on the design criteria, and attach outline design and typical sections in appendix	FS	<p><b>Roads:</b></p> <p><b>NOTE:</b> for roads, provide an indication of the traffic volume and type expected over the life of the project.</p> <p><i>The proposed rehabilitation is aimed to upgrade the existing rural road from dirt surface to class V road standard. The road foundation will be 6,5 m in width and will be constructed of XX cm of gravel. The road surface will be 3.5 m in width and consist of xx cm of bitumen and a XX% grade to ensure proper surface drainage. Drainage ditches of minimum XXX m wide will be provided on xxx km to ensure proper drainage. The road will follow the existing vertical and horizontal alignment. A total of XX culverts of approximately XX m in length will be constructed to replace existing inadequate drainage structures. XXX existing bridges will be reconstructed in concrete according to XXX standards. Etc etc</i></p> <p><b>Irrigation:</b></p> <p><b>Note:</b> for irrigation projects provide basic information about irrigation and drainage requirements for cropping patterns expected over time.]</p> <p><i>The canals will be reformed and reconstructed in a trapezoid section and the sides and bottom will be</i></p>	FS Consultant

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
				<p><i>lined with 5 cm concrete slabs. The concrete lining sections will be cemented together in situ. A total of 23 minor control structures and 18 crossing structures will be replaced with new concrete structures to be built in-situ. Two existing bridges will not need to be replaced but will need some minor repairs. Etc etc</i></p> <p><b>NOTE: OPTIONAL ATTACHMENT:</b></p> <ul style="list-style-type: none"> <li>- LIST OF DECREES AND REGULATIONS</li> <li>- DETAILED CALCULATIONS (IF RELEVANT)</li> <li>- DESCRIPTION OF OPTIONS</li> </ul>	
	<b>3.03 Detailed Quantities</b>	Provide a table of quantities based on preliminary design	FS	<p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <ul style="list-style-type: none"> <li>- TABLE OF QUANTITIES</li> </ul>	FS Consultant
	<b>3.04 Itemized Cost estimate</b>	Provide an itemized cost estimate based on the format attached	FS	<p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <ul style="list-style-type: none"> <li>- COST ESTIMATE BREAKDOWN (see attached format)</li> </ul>	FS Consultant
	<b>3.05 Financing plan</b>	Provide a detailed financing plan showing the percentage of financing from each donor and agency	FS	<p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <ul style="list-style-type: none"> <li>- FINANCIAL PLAN (See attached Financial Plan Format)</li> </ul>	FS Consultant
	<b>3.06 Project Implementation Arrangements</b>	Describe the arrangements for project implementation, the project management structure, and various responsibilities. Describe the participation mechanism for local residents into the implementation process, and the role of the CSB in the monitoring of project	FS	<p><i>The CPMU is the main link between the PPMU and the national and international level agencies responsible for funding and oversight of the project and its component subprojects. Under the guidance of the CPMU, the PPMU will be responsible for overall implementation of the sub-project. The PPMU will be responsible for preparation of work plans, tender documents, bid evaluation, contracting, procurement, monitoring, supervision and quality control of the works. It will also coordinate with district support</i></p>	FS Consultant

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
		activities.		<p>teams and commune supervision boards, regarding actual implementation of activities in the field. The PPMU will be responsible to recruit and supervise the work of detailed design and supervision consultants. The PPMU will also liaise with Departments/Management Companies/district and commune authorities and WUO responsible for post handover management – on project design, pre-handover design inspections and preparation of the O&amp;M plan.</p> <p>Etc etc...</p> <p><b>NOTE: OPTIONAL ATTACHMENT:</b> - PROJECT MANAGEMENT ORGANIZATION STRUCTURE (organization chart)</p>	
	<b>3.07 Procurement plan</b>	Provide a detailed procurement plan showing various packages, mode of procurement, and schedule for procurement	FS	<p><b>NOTE: REQUIRED ATTACHMENT</b> - <b>PROCUREMENT PLAN AND CONSULTANT SELECTION PLAN (See attached Procurement Plan Format)</b></p>	FS Consultant
	<b>3.08 Consultants Requirement</b>	Identify the areas which will require consultants, the type of consultant required, the proposed method of recruitment	FS	<p>A total of XX person months of consultants will be required to assist in the detailed design and construction supervision of the sub-project. The PPMU will be responsible to recruit Design and Supervision consultants following CQS procedures. EOIs will be requested from consulting firms until XXX 20XX, and it is expected that negotiations with the selected firm will take place in XXXX 20XX. The consultants will begin their input on XXXX 20XX. Etc etc</p> <p><b>NOTE: REQUIRED ATTACHMENT</b> - <b>CONSULTANT SELECTION PLAN (SEE</b></p>	PPMU/ FS Consultant

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				<b>PROCUREMENT PLAN ABOVE)</b>	
<b>IV. Operation &amp; Maintenance</b> <b>(3-5 pages)</b>  [this chapter is to provide detailed information regarding the operation and maintenance of the facilities, including background, responsibilities, cost, source of financing, and community partnership arrangements if required]	<b>4.01 Responsibilities</b>	Indicate the name of the agency, company, and beneficiary groups responsible for O+M and provide an organization chart with clear links between groups. Describe experience in similar O&M activities.  Include discussion on the need and/or plan for training in O&M activities	O+M Plan	Provincial Dept/Owner will instruct the functional manager(s) for O&M  DOT instructing the RMC (DARD Irrigation Dept) guiding IDMC /AC/WUO)  <b>NOTE: REQUIRED ATTACHMENT:</b> - <b>O&amp;M PLAN</b>	FS Consultant
	<b>4.02 O&amp;M Activities</b>	Describe the scope and extent of O+M activities, and who will undertake them, grouped in "Operation", "routine", "periodic" and "major/emergency". Include the activities planned to be carried out by local community	O+M Plan	The O&M plan is to develop a 5 year 'rolling' plan with cost estimates (inflation indexed) for routine maintenance (to be defined by category and source of maintenance), periodic and major maintenance. This is to be prepared by the project designer (schedule of requirements and works) and the facility manager (costs and human and other resource requirements)	FS Consultant
	<b>4.03 O&amp;M Cost Estimate</b>	Provide a cost estimate of the O+M activities  If the subproject is part of a larger system (of road or irrigation canals for instance), the cost of O&M should be calculated for the entire system not only for the upgraded part to ensure sustainability of the entire system.	O+M Plan	Project designer in conjunction with functional manager.	FS Consultant

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	<b>4.04 O&amp;M Financing</b>	Provide a financial plan to support the cost of O+M activities, including source and amount of commitment required	O+M Plan	<p>Completion of sub-project O&amp;M template signed off by <b>all concerned (project investors, owners, operators, beneficiaries etc)</b> with necessary apportionment of finance sources. The estimates are backed up by a schedule of anticipated works over time plus contingency against major disaster or emergency. The functional management agency will feed these estimates and human resource requirements into their short and medium term business plans.</p> <p><b>NOTE: REQUIRED ATTACHMENT:</b>  <b>- O&amp;M TEMPLATE (See Attached O+M Template Format)</b></p>	FS Consultant
<p><b>V. Safeguard Issues (3-5 pages)</b></p> <p>[one of the most important aspect of the IRDSP as opposed to the RISP is the added emphasis on safeguard issues, this chapter should provide detailed</p>	<b>5.01 Community Consultation</b>	<p>Describe the community consultation process, the number and type of participants (village representatives, farmers, villagers etc) the content (topics/agenda), process (e.g. methodologies/ approaches employed) and results particularly decisions/ agreements reached among the various stakeholders especially the potential beneficiaries</p> <p>Summarize the (i) scope of consultation (number of consulted hamlets, number of participants segregated by gender (male: %, female: % )</p>	Minutes of consultation	<p><i>Consultation meetings were held at the commune centers of XXX, XXX, and XXX communes from DD/MM/YYYY to DD/MM/YYYY. A total of XXX people participated in the meetings, including XX women from XX villages, XX representatives from local commune (farmers), XX representatives from district authorities and mass organizations. The purpose of the meetings was to discuss the proposed sub-project and obtain feedback from the communities regarding different design options. A number of different project designs were presented for consideration and discussion. Communities were informed of the objectives, purpose and output of the proposed project, as well as key issues of resettlement, land acquisition, compensation, potential impacts on the environment and other important features of the proposed sub-project. Suggestions and comments from communities were taken into consideration during the finalization of the project design. In particular, suggestions and recommendations which aimed at improving the</i></p>	Safeguard Consultants

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information on each relevant aspects of safeguards and ensure that each aspect meets the requirement of the project as well as the ADB and GOV regulations]		ethnicity, etc; (ii) object of consultation: what specific subjects were discussed?; (iii) outcome of consultation: summarize feedbacks of local residents about each specific consultation content		<p><i>positive impacts of the subproject to the beneficiaries with special attention to ethnic and minority groups, women and other vulnerable groups. The villagers suggested ways to reduce the impact on environment including [summarize suggestions]. The commune supervisory board (CSB) indicated its willingness to participate in monitoring of construction activities, and villagers were informed of the scope and estimated cost of operation and maintenance of the new facilities, [Note: the minutes also should include a discussion of their responsibility with respect to O&amp;M]</i></p> <p><b>Note:</b> For irrigation projects, the designers must present their proposals to concerned user groups who should confirm their agreement in writing with the proposed works to assure that it closely fits their needs.</p> <p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <p><b>- MINUTES OF COMMUNITY CONSULTATIONS</b></p>	
	<b>5.02 Community awareness</b>	<p>Describe clearly which communication/awareness activity took place to date; summarize the content of communications; which communication channels were used in project communes.</p> <p>For the implementation phase, describe the proposed approach to community awareness during construction and operation</p>	Safeguard study recommendations	<p><i>Information about the project will be provided to all beneficiaries through commune /town meetings, announcements on town /commune speaker systems, and hand outs about the project during construction and operation and maintenance. The CPC will be responsible to ensure that the beneficiaries are fully informed on progress of activities as well as any change to the initial design which may have a significant impact on issues of resettlement, land acquisition, and the environment. The CPC will also prepare a detailed awareness campaign program and will provide periodic reports to the PPMU regarding the implementation of the awareness program as well as feed back received from the beneficiaries.</i></p> <p><i>Individual meetings and discussions will also be held</i></p>	Safeguard Consultants



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		and maintenance.		<i>with people who may be directly affected by land acquisition and resettlement. Minutes of these meetings/discussions will be provided to the PPMU for their records and to ensure that ADB and Government regulations regarding such issues are being observed.</i>	
	<b>5.03 Community Participation</b>	<p>Describe the proposed participation to the project by the community during construction, and during operation and maintenance. Elaborate on groups that will be formed and their role in the project.</p> <p>Describe specifically how community can participate; which activities community could participate directly and which activities community could participate indirectly (through representatives of community organizations such as the Water Users Groups, Women's Unions, etc)</p> <p>Describe the mobilization mechanism of community participation in each project stage: (i) Sub-project selection; (ii) Project implementation; (ii) Compensation and Resettlement; (iv) Operation</p>	Safeguard study recommendations	<p><i>Each commune will establish a commune supervisory board (CSB) for the project. CBS will participate in the monitoring of compensation for land acquisition, construction activities, and awareness campaign. This will involve informing villagers regarding progress in implementation of the sub-project; representatives of CSB will participate in the district compensation board and inventory team; ensuring that compensation policies, list of affected households, inventory results and compensation price framework etc are in accordance with proper regulations; and monitoring of physical progress of implementation.</i></p> <p><i>The O &amp; M user group will be formed at the design/FS stage of the project and trained up to cover their specific responsibilities. The CSB will liaise with the CPC to ensure that funds are available for both equipment and daily employment fees in relation to the work to be done.</i></p> <p><i>The CSB will prepare regular periodic reports to PPMU regarding progress in implementation as well as community consultation and participation.</i></p> <p><i>During the construction process, contractors shall be encouraged to hire people in the area to participate into the construction of civil works.</i></p> <p><b><u>When Ethnic minorities are involved:</u></b></p>	Safeguard Consultants

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		<p>and Maintenance in commune/hamlet</p> <p>Gender issue in community participation: describe activities in which community directly participate, and activities in which community indirectly participate where there is a need for the participation of Commune/Hamlet Women Union. Highlight the participation of women in the Community Supervisory Board</p> <p>In cases where target beneficiaries include Ethnic minority villagers the consultations should not only focus on what the Ethnic groups will participate in, but it should clarify the purpose as well as the means of the participation for the ethnic groups</p>		<p><i>The EM villagers will participate in the implementation of the sub-project by contributing their indigenous knowledge of the social and physical environment, by engaging their traditional institutions such as the matriarchal/patriarchal system, village elders' councils, and their traditional village autonomy, tribal beliefs, community commitments. This participation shall reduce the risk of negative impacts for themselves (properties losses, potential threats of landslide, water pollution, social evils,...); and increase the benefit from the subproject (sound resettlement, satisfactory compensation, opportunities for employment, improve their awareness, contribute their voice, ...);</i></p>	
	<b>5.04 Resettlement, Land acquisition &amp; compensation</b>	Identify any resettlement issue anticipated during construction. Indicate the number of persons and household that will be slightly or seriously affected, provide a socio economic profile of	RP	<b>Resettlement Action Plan (RAP)</b> is a time- bound action plan with budget setting out compensation and resettlement strategies, measures to minimize the sub- project impact, objectives, entitlement, actions, responsibilities, monitoring and evaluation. The RAP for IRDPCP is compliance with the ADB's requirements.	Safeguard Consultants

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		<p>the affected people, and describe how they will be affected, describe the resettlement plan and measures to be taken to mitigate the impact of resettlement.</p> <p>Describe and quantify the extent of land acquisition which will be required to complete the project. Indicate the number of persons and households that will be affected and describe to which extent each household will be affected. Describe the proposed measures to mitigate and reduce the impact of land acquisition on the community</p>		<p><b>For example:</b></p> <p><b>a) Upgrading Inter-commune Road</b></p> <p><b>Land acquisition:</b> The road will cross many settlement areas, but the design of the road will keep the existing alignment and width of the road within those settlements to minimize resettlement and compensation problems. A total of XX households or XXX people will be affected by the project. There will be need for acquisition of a total of XX ha of land in the new embankment of the proposed road. Minor compensation issues will be addressed in the agriculture land areas where at present some encroachments exist in the reserved embankment of the road. Some compensation for crops or trees may also be required for temporary use of land during construction to provide access to contractors and machinery.</p> <p><b>Affected People:</b> XX households will be affected but land loss for each household will be less than 10% of their property/assets. Most of them are poor farmers who are living in the coastal area living from farm and livestock activities. The proportion of poor households in communes XXXX, XXXX and XXX is XX%, XX% and XX% respectively. Compensation for this will be made pursuant to the Resettlement Action Plan and it will be paid for each affected household/ landowner.</p> <p><b>b) Upgrading irrigation canal system</b></p> <p><b>Land acquisition</b></p> <p>XX ha of land is required for canal construction. Compensation process and procedures will be implemented beyond the resettlement plan approved in the Loan Agreement and will be paid for each affected households (AH). Total cost for compensation and site clearance is estimated to be</p>	

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				<p><i>about VND XX XXX XXX (equivalent to XXXXX USD).</i></p> <p><i>In order to minimize the land acquisition the alignment of the canal was carefully chosen to minimize sections crossing residential areas. The width of the canal's section was calculated to provide the most efficient hydraulic discharge while minimizing the amount of land acquisition. During the final design special attention will be paid to minimize the number of relocation of houses and permanent structures. Compensation for affected people will be made pursuant to the Resettlement Action Plant. Social assistance may also be required for relocation of householders and vulnerable groups.</i></p> <p><i>During the project implementation, some land area will be temporally acquired for the contractor(s) equipment, machinery and camp. Compensation for this temporary use as well as for loss of crop or trees will be made pursuant to the resettlement framework under the loan agreement.</i></p> <p><b>Affected people</b></p> <p><i>There are approximately XXX affected people/ XX households of which XX people/ XX households will be severely affected due to relocation. The impact of this resettlement will be mitigated through appropriate canal design and construction methods.</i></p> <p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <p><b>- RESETTLEMENT PLAN</b></p>	
	<b>5.05 Environmental impact</b>	Provide sufficient information to give a brief but clear picture of the existing environmental resources in the area affected	IEE	<p><b>a. No Significant Impact or Positive impacts:</b></p> <p><b>Road:</b> <i>Since the road follows the existing alignment, the project is not likely to result in major environmental problems. There are no designated protected or</i></p>	Safeguard Consultants

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
		<p>by the project, especially including the following</p> <ul style="list-style-type: none"> <li>▪ Air quality: (dust, noise ) Dust &amp; noise level is lower or higher than permission limit compared to Vietnamese Environmental Standards</li> <li>▪ Water quality: (surface water &amp; groundwater)- water quality is still good or polluted by domestic &amp; agricultural wastewater</li> <li>▪ Ecological resources:</li> </ul> <p>There is no or any precious or endangered species in subproject area</p> <p>There is no or any protected area within subproject area and</p> <p>There are some Protected area &amp; Historical-Cultural Site in subproject's province but outside of subproject</p>		<p><i>conservation areas and their buffer zones located within or adjacent to the project area; the proposed subproject will not change or affect the course of a river or alter river characteristics in a significant way; and the subproject will not result in significant changes in the surrounding environment, including existing wetlands. During construction, care will be taken to minimize any disturbance to the environment including rivers, wetlands and other ecologically sensitive areas. Fill material will be taken from approved borrow pits and spoils will be disposed in environmentally sound manners.</i></p> <p><b>Irrigation:</b> <i>since rehabilitation of the xxx irrigation system follows the existing alignment, the project is not likely to result in major environmental problems. There are no designated protected or conservation areas and their buffer zones located within or adjacent to the project area; the proposed subproject will not change or affect the course of a river or alter river characteristics in a significant way; and the subproject will not result in significant changes in the surrounding environment, including existing wetlands. During construction, care will be taken to minimize any disturbance to the environment including rivers, wetlands and other ecologically sensitive areas.. Fill material will be taken from approved borrow pits and spoils will be disposed in environmentally sound manners</i></p> <p><b>Note:</b> Improving and upgrading small irrigation canal system, rural roads or building water treatment plans with small size would have a positive effect on the social and cultural environment and would ultimately result in improved economic development in subproject area</p>	

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
				<p><b>b. Minor Negative impacts:</b></p> <p><b>Project location:</b> a relatively small part of the sub-project area is currently subject to regular minor flooding from the impoundment of internally generated floodwaters. The area is at risk of major flooding from externally generated floodwaters from the nearby XXX. The sub-project will raise the bank of the main canal by xx meter and reduce the risk of external flooding.</p> <p><b>Project design:</b> the surface water abstraction from the XXX river for irrigation water is not significant to cause flow reduction downstream. The sub-project is not likely to result in adverse water quality or salinity effects downstream. The quality of the water being discharged however can be expected to have elevated nutrients levels due to the accumulation of human and animal wastes as well as agricultural chemicals. An integrated pest management program is active in the sub-project area, but very high rate of fertilizer application are still evident and future agriculture extension work is required to reduce the use of chemicals. DARD will put a program of awareness and demonstration to assist farmers in reducing the use of harmful chemicals</p> <p><b>Project construction:</b></p> <p>Irrigation and Roads: During construction some temporary minor negative environmental impact such as</p> <ul style="list-style-type: none"> <li>- Increase in noise and dust from clearing and excavation activities and movement of construction machineries,</li> <li>- reduced quality of water in water bodies near the</li> </ul>	



Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
				<p>construction site due to filling and excavation activities and dumping of spoil from construction sites; and</p> <p>- water table may be at risk of pollution from waste water and/or bitumen(in case of roads) if managed improperly.</p> <p>Normal contract supervision will ensure that any adverse effect during construction, including potential safety hazards, although only temporary, will be minimized.</p> <p><b>Project operation:</b></p> <p>Irrigation: the extended command area and the implementation of a second (winter) crop will inevitably result in an increase in chemicals being applied. The impact of chemical and pesticides on water and soil quality should be effectively mitigated through continued IPM programs and farmer training through the agriculture extension. The most significant environmental issue is water quality and it's impact on agriculture production including aquaculture and human health. Water quality in the project area as well as the cause and effect relationship of water quality on morbidity needs to be monitored closely for potential problems to be avoided. This will be achieved through a water quality monitoring network system to be developed and implemented by DARD.</p> <p>Road: some negative impacts in operation phase such as increase of exhaust fumes, dust and noise due to increase of traffic volume may be expected. Level of exhaust fumes, dust, noise need to be monitored and trucks carrying construction material should be covered with canvas to minimize pollution from dust and particles. Monitoring of fumes, dust and noise will</p>	

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
				<p>be achieved through an air quality monitoring network system and implemented by the DPC.</p> <p><i>Environment Management Plan:</i> A summary of the environmental monitoring plan should describe the impacts to be monitored, and when and where monitoring activities will be carried out, which group/organization will be responsible to carry them, their experience and track record in this field should also be indicated.</p> <p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <p><b>- INITIAL ENVIRONMENTAL EVALUATION (IEE)</b></p>	
	<b>5.06 Gender and Vulnerable groups</b>	<p>Identify vulnerable groups in the project area including: women, children, single parent households, chronically ill and handicapped people etc. Present data/statistics on number of poor households, household led by single female, the handicapped, households which are beneficiaries of social welfare, HIV patients.</p> <p>From the Social Assessment, describe the positive impacts and negative impacts (if any) of sub-project on vulnerable groups identified above. Propose measures to increase positive impacts and mitigate negative impacts of sub-project on vulnerable</p>	Social Impact Assessment (SIA)	<p><i>The total population of XXXX commune is XXX people (XX households). Based on data collected from commune, there are XXX households (XX%) living below the poverty line, XX households headed by single women and XX households having disadvantage people (people suffering from chronic illness and handicapped people). Overall it is expected that the proposed subproject will have some impact on women and vulnerable groups as detailed below:</i></p> <p><b>a) Positive impact:</b> The subproject is expected to result in improvement in the conditions of woman, children and vulnerable groups by providing better access to schools for children - especially girls – as well as health centers, markets and administrative centers. Once completed the sub-project will likely result in a number of changes in the socio-economic condition of households through increased demand for agriculture produce and diversification of production methods.</p> <p><b>b) Negative impact:</b> Land acquisition will directly affect people in participating areas, especially women,</p>	Safeguard Consultants

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
		<p>groups in project area.</p> <p>Describe some main gender issues in project area: Women participating in infrastructure construction and operation and maintenance in project area; family violence and women trafficking issue (if any)</p>		<p><i>children and vulnerable groups. Accordingly, it is necessary to implement appropriate compensation policies and social assistance for the affected people. Also, during the construction period, it is expected that the project will have temporary adverse environmental impact such as dust and noise which may cause health problems particularly on women, children and chronically ill people who are most vulnerable to airborne and waterborne transmitted diseases. To overcome these problems, the contractors will be requested to take measures to reduce dust emission. Vulnerable groups will also be instructed regarding hygienic use of water and ways to prevent airborne diseases. Public health organizations will be mobilized to carry out preventive clinics and awareness campaigns prior to the start of construction.</i></p> <p><i>In Vietnamese rural areas, women often have minor voice in sub-project preparation, implementation and operation. This often makes them more vulnerable to the negative impact of development initiatives. The sub-project will encourage women through the Women's Union, to: i) assume a more active role in the sub-project through community participation and awareness initiatives including participation in the commune monitoring board; promote the role of women in public consultation process as well as O&amp;M activities.</i></p> <p><i>During the subproject preparation and design, studies will be carried out to identify possible ways to minimize any negative effect and maximize positive impacts on women and vulnerable groups.</i></p> <p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <p><b>- SOCIAL EVALUATION ASSESSMENT (SEA)</b></p>	
	<b>5.07 Ethnic</b>	Indicate if there are ethnic	EMDP	<i>Most people in the project area are from the xxxx and</i>	Safeguard

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
	<b>groups and Minorities (if relevant)</b>	<p>groups or minorities living in the project area, describe their livelihood and provide a socio-economic profile of the ethnic groups/minority. Describe how the project will affect them including both negative and positive impact, and describe measures envisaged to minimise negative impact and maximise positive impact.</p> <p>In case there are no ethnic minority groups affected or living in the project area, just indicate "No ethnic minority"</p>		<p><i>xxx ethnic minority groups. Poverty is especially serious for these ethnic groups. In the project area, approximately XX% of the overall population live below the poverty line but the number of people from minority groups living below the poverty line is much higher at XX%. This high incidence of poverty is a result of economic and social isolation due to poor road access and long distance to access education and health facilities as well as even minor markets. The subproject is expected to bring out positive impacts on the life of the minority groups through improved access to health, educational and administrative centers, as well as markets. Better access to school health, markets and administrative centers expected to lead to improved education of the children particularly girls, improved cultural standards and reduced social ills (local people can benefit from social benefits, social services, education and health care). It will also improve employment opportunities for people in the area including ethnic groups.</i></p> <p><i>The subproject follows the existing alignment, so it causes insignificant land acquisition and no resettlement. There is minor compensation for agricultural land and garden land affected due to expansion of the road where necessary and construction of drains. It is estimated that there will be xx ethnic minority households affected with xxxx m<sup>2</sup> agricultural and garden land to be acquired. There are XX woman-headed households who will be affected by land acquisition. The lost of land is less than 10 % the affected people's total assets or revenue. Compensation for land acquisition will be provided pursuant to the resettlement framework under the loan agreement. Social assistant may also be required for directly affected ethnic minority householders to stabilize their life.</i></p>	Consultants

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
				<p>After roads are rehabilitated and upgraded to provide improved access to ethnic minority traditional territories, the ethnic groups face increased competition with free immigrants (mostly Kinhs) for living spaces. In these circumstances, ethnic minorities groups commonly move deeper into the jungle and continue their traditional activities of cutting wood for building new villages. There is a risk that traders, taking advantage of improved transport may take advantage of unsuspecting ethnic groups through unfair commercial exchanges. This increases the danger for and erosion of the livelihood of poor and vulnerable groups because of increasing pressure on forestry and natural resource.</p> <p><b>NOTE: REQUIRED ATTACHMENT:</b></p> <ul style="list-style-type: none"> <li>- EMDP – Ethnic Minority Development Plan</li> <li>- ETHNIC MINORITY SOCIO-ECONOMIC TABLE (See Attached Format)</li> <li>- ETHNIC MINORITY SUMMARY OF CONSULTATION (See Attached Format)</li> </ul>	
<p><b>VI. Economic, Financial and Socio Economic Analysis</b> (2 -3 pages)</p> <p>[this chapter provides information on the economic,</p>	<p><b>6.01 Economic Analysis (Cost benefit analysis/ EIRR/ FIRR/ Least cost analysis as relevant)</b></p>	<p>Summarize the conclusion of the economic analysis from the feasibility study, stating particularly the estimated EIRR (or FIRR) and the sensitivity analysis</p>	<p>Feasibility study</p>	<p><u><b>Roads:</b></u> Economic benefits of the proposed road rehabilitation is based on four elements: i) reduction in vehicle operating cost of the existing traffic on the road ii) lower vehicle operating cost on an increased traffic volume due to population growth, general economic growth and a more convenient way of traveling; iii) the possibility of using more cost effective means of transport (busses, trucks instead of motorcycles and bicycles); and iv) halting the process of disintegration and degradation of road sections and structures. Based on these premises the EIRR for the project is estimated at XX%. The investment is considered economically viable even under adverse scenario including cost overruns by XX%, benefit decrease by XX%.</p>	<p>FS Consultants</p>

Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
financial (if applicable) and socio-economic justifications for the project]				<p><b>Irrigation:</b> Prevailing (before project) trends in agricultural production at the intended project site show an average production growth rate of xxx (by value – in current costs - deflated by the rate of inflation). Prevailing cropping intensities (per main crop i.e. rice, coffee etc) are xxx and have the potential to increase to xxx.</p> <p>The average cost per hectare to be covered is xxxx (this should be based upon the prevailing average capacity usage in the province [or use 70% national average if this figure is not available].</p> <p>The analysis includes the alternative project analysis based upon seeing if a discrete range of periodic repairs will serve the purpose more cost effectively. This analysis showed [summarize the outcome of the alternative project analysis] A without- project analysis was carried out and showed [summarize outcome of without project analysis from FS]</p> <p>Economic analysis based on benefits from increased yields and production area show an EIRR estimated at XX,X%. The EIRR is very sensitive to the level of benefits; a XX% reduction in benefits reduces the EIRR to XX,X%.</p> <p><b>NOTE: REQUIRED ATTACHMENT:</b> - <b>DETAILED ECONOMIC ANALYSIS</b></p>	
	<b>6.02 Social Benefits and impact on Poverty reduction</b>	Summarize the conclusion of the social and poverty assessment study. For subprojects with a less than 10% EIRR, this section should provide the justifications for support based on social and poverty	SIA	<p><b>Road:</b> The incidence of poverty in the sub-project area is significant; according to GIS data, XX% of the people live below the poverty line and an additional XX% of people have an income slightly above the poverty line. Indices of poverty in the project area include limited access to basic infrastructure facilities such as roads, irrigation services, markets, schools and social services such as education, health and</p>	FS Consultants



Chapters	Sections	Content	Source Of Data	Example/Remarks	Responsibility
		<p>impact, in line with the selection criteria: "...the subproject is shown to have an EIRR in excess of 10% although this should not exclude those sub-projects with more significant social and poverty impacts."</p> <p>It is critical to show how the subproject will reduce poverty, what will be the impact on the poor/near poor communities and to provide data to justify those conclusions.</p> <p>For example: Irrigation sub-project: "The sub-project contributes to increase of incomes, cultivation area and number of crops." This is too general, it must state how the poor will benefit and what will be the impact on their livelihood. Projected % of increase in agriculture production, and revenue for the poor households etc</p>		<p>credit. XX% of the poor in the project area do not complete primary schooling, have limited knowledge outside of subsistence farming, and many suffer from chronic illness and debilitating diseases. The poor road condition is a major obstacle to poverty reduction and economic development. Improvement of the road is likely to boost agriculture production and diversification and provide opportunities for income generation through non-farming activities, and facilitate access to markets and support services such as health, education and credit facilities.</p> <p><b>Irrigation:</b> The incidence of poverty in the sub-project area is significant; according to GIS data, XX% of the people live below the poverty line and an additional XX% of people have an income slightly above the poverty line. Indices of poverty in the project area include limited access to basic infrastructure facilities such as roads, irrigation services, markets, schools and social services such as education, health and credit. XX% of the poor in the project area do not complete primary schooling, have limited knowledge outside of subsistence farming, and many suffer from chronic illness and debilitating diseases. Women are particularly vulnerable, they are generally overworked, and also suffer from physical illness caused by water borne diseases. XX% of the population live from agriculture, with XX% of the farmers involved in rice production. Many farmers (XX%) indicated that poor soil condition without irrigation leading to low profit margin is the main reason for not cultivating winter crops. The increase in agriculture land through extended irrigation facilities and drainage will result in farmers making better use of the land during the winter season. Etc etc</p>	

## Table of Content

	Chapter	Responsibility
<b>I.</b>	<b>Summary Description</b>	
1.01	Subproject Name & Location	PPMU/FS Consultant
1.02	Subproject Objectives	PPMU/FS Consultant
1.03	Owner/ Investor/ Functional Manager	PPMU/FS Consultant
1.04	Project Management	PPMU/FS Consultant
1.05	Total Cost	PPMU/FS Consultant
1.06	Implementation Period	PPMU/FS Consultant
1.07	O+M Agency	PPMU/FS Consultant
<b>II.</b>	<b>Background</b>	
2.01	Geographic location	PPMU/FS Consultant
2.02	Existing conditions	PPMU/FS Consultant
2.03	Linkage to Existing infrastructure	PPMU/FS Consultant
2.04	Target beneficiaries	PPMU/FS Consultant
2.05	Socio-economic profile and poverty incidence	PPMU/FS Consultant
<b>III.</b>	<b>Technical Proposal</b>	
3.01	Subproject Scope	FS Consultants
3.02	Design considerations	FS Consultants
3.03	Detailed quantities	FS Consultants
3.04	Itemized cost estimate	FS Consultants
3.05	Financing plan	FS Consultants
3.06	Project implementation arrangements	FS Consultants
3.07	Procurement plan	FS Consultants
3.08	Consultant requirement	FS Consultants

<b>IV.</b>	<b>Operation and Maintenance</b>	
4.01	Responsibilities	FS Consultants
4.02	O+M Activities	FS Consultants
4.03	O+M Cost Estimate	FS Consultants
4.04	O+M Financing	FS Consultants
<b>V.</b>	<b>Safeguard Issues</b>	
5.01	Community Consultation	Safeguard Consultants
5.02	Community Awareness	Safeguard Consultants
5.03	Community Participation	Safeguard Consultants
5.04	Resettlement/Land acquisition	Safeguard Consultants
5.05	Environmental Impact	Safeguard Consultants
5.06	Gender & Vulnerable groups	Safeguard Consultants
5.07	Ethnic groups and minorities (if relevant)	Safeguard Consultants
<b>VI.</b>	<b>Economic, Financial and Socio-Economic Analysis</b>	
6.01	Economic Analysis	FS Consultants
6.02	Social Benefits and Impact on poverty	FS Consultants

**List of Required Attachments  
(In order presented in the text<sup>1</sup>)**

- Implementation Schedule
- Outline Design/ Typical Sections or Details Drawings
- Detailed quantities
- Cost estimate (optional in the main document)
- Financing plan (optional in the main document)
- Procurement plan and consultant selection plan
- O&M Plan
- O&M Template
- Minutes of community consultations
- Resettlement Plan
- Initial Environment Evaluation (IEE)
- Social Evaluation Assessment (SEA)
- EMDP – Ethnic Minority Development Plan
- Ethnic Minority Socio-Economic Table
- Ethnic Minority Summary of Consultation
- Detailed Economic Analysis
- Screening Criteria Checklist

**Additional Attachments (Optional)**

- Map and Photos of Project Area
- Photos of Infrastructure to be Upgraded
- List of Decrees and Regulations
- Detailed Calculations (If relevant)
- Project Management Organization Structure (organization chart)
- Other relevant information

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<sup>1</sup> Include Number and Reference in the main text for all the appendices

## Screening Criteria Checklist

Criteria	Complied	Evidence
i) SIR Conform to Approved SIP Design and cost	Yes/No	Ref. Section 3.01 Subproject Scope
ii) a) Technically Feasible b) Benefits Clearly Identified c) EIRR > 10% d) Substantial Social/Poverty Impact	Yes/No Yes/No  Yes /No (if no see v below) Yes/No	Ref. Technical Section of Feasibility Study Ref. Section 6.01 Economic Analysis Ref. Section 6.01 Economic Analysis Ref. Section 6.02 Social Benefits and Impact
iii) Cost effective	Yes/No	Ref. Feasibility Study
iv) a) Procurement Packages identified b) Procurement Methods Identified c) Cost Estimate d) source of funding identified, e) funding agreed and confirmed	Yes/No  Yes/No Yes/No  Yes/No Yes/No	Ref. Section 3.07 Procurement Plan Ref. Section 3.07 Procurement Plan Ref. Section 3.04 Cost Estimate Ref. Section 3.05 Financial Plan  Ref. Commitment letter
v) a) O+M responsibility identified b) O+M Budget c) Financing d) O+M Commitment	Yes/No  Yes/No Yes/No Yes/No	Ref. Chapter 4 O+M Plan Ref. Section 4.03 O+M Cost Ref. Section 4.04 O+M Financing Plan Ref. Commitment letter
vi) a) Public consultations carried out b) Future Public consultation agreed	Yes/No Yes/No	Ref. Minutes of consultations Ref. Section 5.01 Community consultation
vii) a) no significant environment impact b) mitigation measures identified for minor environment impact c) no significant social impact d) mitigation measures identified for minor social impact	Yes/no Yes /No  Yes/no Yes/no	Ref. Initial Environmental Examination(IEE) Ref. Initial Environmental Examination(IEE)  Ref. Section 5.06 /5.07 Vulnerable Groups/ Ethnic and minority groups Ref. Section 5.06/5.07 Vulnerable Groups/ Ethnic and minority groups
viii) a) no significant resettlement impacts b) resettlement plan prepared in accordance GOV and ADB policy (if needed)	Yes/no Yes/no	Ref. Section 5.04 and Resettlement Plan Ref. Section 5.04 and Resettlement Plan

## Appendix 5. Table of Required vs Actual Report Submission

Required Report	Date Due	Date Submitted	Comment
Inception report	10 Sept 2008	10 Sept 2008	
Preliminary O&M Issue Report	10 Jan 2009	10 Jan 2009	
Revised Issue Report	10 Apr 2009	N/A	This report was removed from the scope of work subsequent to the change in TA scope in April 2009
First Interim Report	10 Aug 2009	N/A	This report was removed from the scope of work subsequent to the change in TA scope in April 2009
Interim report on Subproject Selection and Evaluation	10 Aug 2009	13 Apr 2009	ADB and VICA agreed to include this report after the changes in scope of work of the O&M subteam
4 Provincial Reports	10 Jul 2009, 10 Sep 2009, 10 Nov 2009, 10 Jan 2010	N/A	Provincial Reports were removed from the scope of work subsequent to the change in TA scope in April 2009
Second Interim Report	10 Oct 2009	N/A	This report was removed from the scope of work subsequent to the change in A scope in April 2009
Quarterly Progress Reports	10 Nov 2008, 10 Feb 2009, 10 May 2009, 10 Jan 2010	Nov 2008, 11 Feb 2009, 10 May 2009, 28 Aug 2009 <sup>1</sup> , 27 Nov 2009, 10 Feb 2010 and 10 May 2010	Quarterly Report were required throughout the TA implementation due to change in personnel schedules which extended the work in the field beyond the initial expectations
Proejct Website Development	30 Sept 2009	1 Jan 2010	Delays were encountered due to launching procedures which were more complex than anticipated.
Final Report O&M Policy	30 June 2009	30 Oct 2009 (draft) and 20 Feb 2010 (final)	Delays were encountered obtaining comments from MARD on the Draft Final Report.
Draft Final Report	1 July 2010	Being submitted	
Final Report	10 Aug 2010	Not yet due	

<sup>1</sup> Quarterly Progress Report No. 4 was initially submitted on 28 August 2009 but was revised following ADB comment and resubmitted on 21 Sept 2009



## Appendix 6. Planned and Actual Personnel Schedule

## PLANNED VS ACTUAL PERSONNEL SCHEDULE

No.	Name of Expert/Position	Months																											Person Month Input														
		2008								2009												2010																					
			Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Planned	Actual											
INTERNATIONAL																																											
1	Kevin Rutter	Planned																													12												
	O&M Policy Specialist/TL	Actual																															1										
2	Donald Taylor	Planned																											0														
	O&M Policy Specialist/TL	Actual																														8.1											
3	Michel D. Latendresse	Planned																												12													
	PCPF Specialist/TL	Actual																														15.1											
		Subtotal																											24	24.2													
NATIONAL																																											
1	Nguyen Thi Thanh Nga	Planned																																	18								
	O&M Policy Specialist	Actual																																		15.5							
2	Be Quynh Nga	Planned																																								12	
	PCPF Specialist	Actual																																				20					
3	Bui Thai Giang	Planned																											0														
	Project Economist	Actual																														7.1											
		Subtotal																											30	42.6													
TOTAL																													54	66.8													

**Note:** ■ Planned ■ Actual ▨ Part Time