



## Project Administration Memorandum

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Project Number: 37097  
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### VIE: Integrated Rural Sector Development in the Central Provinces

The project administration memorandum is an active document, progressively updated and revised as necessary, particularly following any changes in project or program costs, scope, or implementation arrangements. This document, however, may not reflect the latest project or program changes.

Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 15 November 2006)

Currency Unit – Dong (d)

D1 = \$0.0000620

\$1 = D16,241

## **ABBREVIATIONS**

ADB	– Asian Development Bank
ADTA	– advisory technical assistance
AFD	– Agence Française de Développement
CARB	– Compensation, Assistance, and Resettlement Board
CPMU	– Central Project Management Unit
CQS	– consultants' qualification selection
CPRGS	– comprehensive poverty reduction and growth strategy
DARD	– Department of Agriculture and Rural Development
DPC	– District people's committee
EA	– executing agency
EIRR	– economic internal rate of return
GDP	– gross domestic product
IA	– Implementing Agency
ICB	– International competitive bidding
IPDF	– Indigenous Peoples Development Framework
IEE	– initial environmental examination
MARD	– Ministry of Agriculture and Rural Development
NCB	– national competitive bidding
O&M	– operation and maintenance
PCR	– project completion report
PPC	– provincial people's committee
PPMS	– project performance monitoring system
PPMU	– provincial project management unit
PPTA	– project preparatory technical assistance
PSA	– poverty and social assessment
PSC	– project steering committee
QCBS	– Quality and cost based selection
RISP	– Rural Infrastructure Sector Project
SEDP	– socio-economic development plan
SIP	– subproject identification proposal
SIR	– subproject investment report
SPRSS	– summary poverty reduction and social strategy
TA	– technical assistance

## **NOTES**

- (i) The fiscal year of the Government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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**LOAN PROCESSING HISTORY**

a.	Approval of project preparatory technical assistance	19 Nov 2004
b.	Feasibility Study	11 Dec 2006
c.	Fact-finding	23 Jan – 8 Feb 2007
d.	Management Review Meeting (MRM)	3 Apr 2007
e.	Appraisal Mission	13 – 16 May 2007
f.	Staff Review Committee (SRC)	18 Jun 2007
g.	Loan Negotiations	5 – 6 Sep 2007
h.	Board Circulation	21 Sep 2007
i.	Board Consideration and Approval	15 Oct 2007
j.	Loan Agreement Signing	20 Dec 2007
k.	Loan Effectiveness, including conditions	6 May 2008
l.		

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Improved livelihoods, incomes, and standards of living for the region's rural population through increased agricultural productivity, wider employment opportunities, improved health and education levels, and reduced exposure to natural disasters.	<p>Average per capita annual incomes in participating communes and districts increase by 50% by 2015.</p> <p>The Government achieves its target of reducing the level of poverty to 20% in the target provinces by 2015.</p> <p>Primary school attendance rates increase by 10% by 2013.</p>	<p>Commune and district statistics</p> <p>National poverty statistics</p> <p>Ministry of Education statistics</p>	<b>Risks</b> <ul style="list-style-type: none"> <li>Funding will not be available in provincial, district, or commune budgets for sustained operation and maintenance in the long term.</li> <li>Infrastructure provided will be damaged by natural disasters.</li> </ul>
<b>Outcome</b> Improved quality, greater coverage, and better integration of rural infrastructure in the Central Region with an increased awareness for the need for O&M.	<p>Vehicle operating costs on improved roads reduced by 50%.</p> <p>Travel time on improved roads reduced by 50%.</p> <p>Agriculture production in areas with improved irrigation, flood control, and drainage facilities increased by the equivalent in value of 1 ton of rice per hectare.</p> <p>Time spent collecting water reduced by an average of 2 hours per day.</p> <p>Proportion of off-farm income in total household income increased by 20%.</p>	<p>Project benefit, monitoring, and evaluation (PBME) surveys</p> <p>Commune and district statistics</p> <p>Project completion reports (PCRs) and post project audit reports (PPARs)</p> <p>Commune and district agricultural statistics</p>	<b>Assumptions</b> <ul style="list-style-type: none"> <li>Meaningful and viable subprojects selected for rehabilitation or establishment.</li> <li>Project works are completed to acceptable standards.</li> </ul> <b>Risk</b> <ul style="list-style-type: none"> <li>Maintenance of structures is not performed, reducing the economic life of the infrastructure.</li> </ul>
<b>Outputs</b> 1. A significant amount of the rural and coastal infrastructure in the project provinces is rehabilitated, upgraded, and maintained.	<p>1.1 Approximately 50 rural road subprojects or about 1,000 km of rural road rehabilitated by 2014.</p> <p>1.2. Around 20 irrigation and drainage schemes covering about 30,000 ha rehabilitated by 2014.</p> <p>1.3. Approximately 30 miscellaneous rural infrastructure subprojects, including about 50 markets and 25 rural water supply schemes, as well as other key infrastructure completed by 2014.</p>	<p>Semi-annual and annual progress reports</p> <p>Midterm review</p> <p>PCR and PPAR</p>	<b>Assumptions</b> <ul style="list-style-type: none"> <li>Adequate and timely local cost financing provided.</li> <li>Subprojects are appropriately designed.</li> <li>Skills of provincial project management unit (PPMU) and design staff are improved to appropriate levels.</li> </ul> <b>Risks</b> <ul style="list-style-type: none"> <li>Inadequate attention paid to environmental or social impact.</li> <li>Appropriate beneficiary consultation not undertaken</li> <li>Resettlement and compensation not properly</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>2. Improved capacities of national and provincial staff in technical and safeguard matters.</p> <p>3. Improved project management skills for infrastructure development.</p>	<p>2.1 About 130 provincial staff trained in technical topics, safeguard matters, and participatory techniques, 30–40% of whom will be women.</p> <p>3.1 About 80 provincial staff (at least 30% women) trained in project management and supervision.</p>	<p>Project-generated reports and knowledge, attitude, and practice surveys</p> <p>Project-generated reports and knowledge, attitude, and practice surveys</p>	<p>undertaken.</p> <ul style="list-style-type: none"> <li>Current appointments of women to provincial positions are too low to achieve the target.</li> </ul>
<p><b>Activities with Milestones</b></p> <p><b>1.0 Subproject Design, Preparation and Implementation</b></p> <p>1.1 Establish PPMUs (by Sep 2007)</p> <p>1.2 Briefing and initial training of PPMUs (by Dec 2007)</p> <p>1.3 Identify subprojects, select and prepare subproject proposals (first phase by Mar 2008, second phase by Jan 2009, third phase by Jan 2010)</p> <p>1.4 Subprojects appraised and approved by CPMU and ADB (first phase by Mar 2008, second phase by June 2009, third phase by June 2010)</p> <p>1.5 Detailed design and contractor bidding of subprojects (first phase by Sep 2008, second phase by Sep 2009, third phase by Sep 2010)</p> <p>1.6 Construction of subproject infrastructure (first phase fully completed by Dec 2010, second phase fully completed by Dec 2011, third phase fully completed by Dec 2013)</p> <p>1.7 Subprojects commissioned, O&amp;M activities commence (first phase by June 2011, second phase by June 2012, third phase by June 2014).</p> <p><b>2.0 Capacity Building</b></p> <p>2.1 Recruit capacity-building consultant (by Dec 2007)</p> <p>2.2 Undertake needs assessment (by Mar 2008)</p> <p>2.3 Design capacity-building program (June 2008)</p> <p>2.4 Recruit training consultants and institutions</p> <p>2.5 Implement capacity-building activities including formal training, secondment, and on-the-job training</p> <p>2.6 Coordinate international training.</p> <p><b>3.0 Project Management</b></p> <p>3.1 Establish implementation structure and appoint staff (by Dec 2007)</p> <p>3.2 Procure vehicles and equipment (by Mar 2008)</p> <p>3.3 Maintain financial management and physical progress reporting</p> <p>3.4 Prepare annual and final reporting requirements (ongoing)</p> <p>3.5 Consultant selection and appointment (by Sep 2007)</p>			<p><b>Inputs</b></p> <p>ADB:</p> <ul style="list-style-type: none"> <li>Infrastructure development: \$79.5 million</li> <li>Implementation consultants: \$1.7 million</li> <li>Vehicles and equipment: \$0.4 million</li> <li>Training: \$3.7 million</li> <li>CPMU management: \$1.5 million</li> <li>Interest during implementation: \$3.2 million</li> </ul> <p>AFD:</p> <ul style="list-style-type: none"> <li>Civil works: \$52 million</li> <li>Grant - consultants: \$1.3 million</li> </ul> <p>Government:</p> <ul style="list-style-type: none"> <li>Taxes and duties: \$13.1 million</li> <li>Project staff and facilities: \$2.1 million</li> <li>Infrastructure O&amp;M: \$9.7 million</li> </ul>

ADB = Asian Development Bank, AFD = Agence Francaise de Developpement, O&M = operation and maintenance, PBME = project benefit and monitoring evaluation, PCR = project completion report, PPAR = project performance audit report, PPMU = provincial project management unit.

## **I. PROJECT DESCRIPTION**

### **A. Project Areas**

1. The project area comprises 13 provinces in the Central Region of Viet Nam from north to south, namely: Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien-Hue, Quang Nam, Quang Nga, Kon Tum, Binh Dinh, Phu Yen, Ninh Thuan, and Binh Thuan.

### **B. Impact and Outcome**

2. The Project has been designed to improve the livelihoods of the rural population in these provinces by (i) increasing access to markets, agricultural inputs, and public services such as health and education; (ii) increasing employment opportunities; and (iii) reducing vulnerability to natural disasters. This will be achieved through the rehabilitation and upgrading of specific items of medium-scale rural infrastructure which have deteriorated over past decades due to war, natural disasters, and severe budgetary constraints that have limited their maintenance. Infrastructure to be improved will include (i) rural roads; (ii) irrigation drainage and flood control schemes; (iii) rural markets; (iv) domestic water supply schemes; and (v) special coastal works such as sand dune stabilization, salinity intrusion prevention, and mangrove rehabilitation. The overall impact of the Project is expected to enhance rural livelihood opportunities and standard of living for the rural population.

### **C. Outputs**

3. The Project has the following three components: (i) rural and coastal infrastructure development, further divided into (a) rural and coastal infrastructure subprojects, and (b) design support studies and community participation; (ii) capacity building; and (iii) central project management.

#### **1. Component 1: Rural and Coastal Infrastructure Development**

4. Under the rural and coastal infrastructure development component, the Project will provide funds for the design and implementation of priority rural and coastal subprojects chosen from the provincial socio-economic development plans (SEDPs). In order to ensure compliance with safeguard requirements of the Government and ADB, support will be provided for special design studies relating to resettlement, ethnic minorities and gender, and the environment for all subprojects. Under the project management component, funds will be provided for the coordination and day-to-day management of the Project and the provision of project implementation assistance and capacity-building consultants to assist in the implementation of the Project and training.

5. Being a sector-style project, precise outputs of the proposed Project will be identified during the implementation period from provincial priorities following public consultations. For project design purposes, a series of parameters was developed based on (i) past experience under the RISP, (ii) provincial priorities so far identified, (iii) stakeholder priorities from field interviews, and (iv) the contents of the respective provincial SEDPs. On this basis, it has been assumed that approximately 110 rural infrastructure subprojects, with an average cost of about \$1.4 million, will be funded under the infrastructure component. About 50% of subproject investment is expected to be applied to rural roads, 30% for irrigation and the balance for water supply and sanitation, markets, and specific coastal infrastructure. Given the prevailing unit costs for such works, the envisaged outputs will comprise construction and upgrading of (i)



approximately 55 rural roads totaling about 1,000 km, (ii) 20 irrigation, drainage, and flood control subprojects impacting on an area of about 30,000 ha, and (iii) approximately 30 further rural and coastal infrastructure subprojects (including water supply schemes, rural markets, and coastal works such as the upgrading of special infrastructure for salt processing and aquaculture, the prevention of salinity intrusion, sand dune stabilization, and mangrove rehabilitation).

## **2. Component 2: Capacity Building**

6. This component provides resources to facilitate training and guidance for national and provincial staff engaged in the Project. The outputs will be the training of a significant number of government personnel in project design, implementation, and construction supervision. Capacities of national and provincial individuals associated with the Project will also be improved in the area of safeguards (including environment, resettlement, and social issues). Activities to be undertaken will include (i) the training of personnel at the provincial level, especially on safeguard matters, but also in project planning, implementation supervision, monitoring, and the financial aspects of project management; (ii) the selection of the subprojects in consultation with key stakeholders; (iii) the recruitment of design consultants; (iv) subproject design; (v) contractor recruitment; (vi) the provision of civil works; (vii) the technical aspects of O&M required for different road standards and other infrastructure design; (viii) implementation monitoring; and (ix) the development of methods to ensure provision of adequate budget and training for O&M of completed subprojects.

## **3. Component 3: Central Project Management**

7. Under the project management component, funds will be provided for the coordination and day-to-day management of the Project and the provision of project implementation assistance and capacity-building consultants to assist in the implementation of the Project and training. Outputs from this component will be the improved capacities of provincial agency staff to manage small- to medium-scale infrastructure investments and to maintain these facilities in sound working condition.

## **D. Special Features**

8. The most significant special feature of the Project is the devolution of responsibility for implementation to provincial and district levels in keeping with the Government's policy on democracy and devolution as expressed in Decree 79/CP on the Regulation of the Exercise of Democracy in Communes (1998) (also known as the Grassroots Democracy Decree). Participating provincial governments will be responsible for their respective subprojects and, during implementation, responsibilities will be devolved (to the extent feasible and workable) to district level. The extent of commitment and ownership by the provinces to these arrangements is evident from the fact that counterpart funding for O&M of completed subprojects will come wholly from the provincial government budgets and that the provinces are in full agreement with these arrangements.

9. The attached advisory technical assistance (ADTA) will provide the opportunity to review the successes and failures in the critical issue of O&M on all types of rural infrastructure including the more public items such as rural roads, markets, and coastal structures, as well as the more individual items (where the main beneficiaries assume greater responsibility for O&M) such as water supplies and irrigation rehabilitation. By taking a broad perspective gained from reviewing other infrastructure-related projects in cooperation with other donors, there will be a unique opportunity to influence government policy on O&M issues. This should lead to (i) a

change in attitude of those allocating budgets to improve sustainability of infrastructure investment, and (ii) improved technical training in the principles of O&M requirements.

10. In addition, an important aspect in the selection of the subprojects will be their key strategic impact, maximized through rigorous local contextual selection and design processes (Appendix 1). For example, rural roads will be selected for upgrading not only because they are in poor condition but also because they open up areas where real development potential and the welfare of the productive poor are presently constrained by a lack of access to markets or inputs. Similarly, irrigation subprojects based on simple and straightforward repairs or improvements will be chosen on the basis of their ability to raise crop production across a broad area so as to maximize the benefit to a large number of people who may now be only partly dependent upon agriculture for their livelihoods. Water supply subprojects for the less productive poor areas, for example, will be chosen based on the estimated cost savings in areas where potable water is not available or seasonal drought causes severe hardship in addition to time and income losses.

## II. COST ESTIMATES AND FINANCING PLAN

### A. Project Investment Plan

11. The project investment cost is estimated at \$168.2 million, including taxes and duties of \$13.1 million. A project investment plan is shown in Table 1. Summary cost estimates are presented in Appendix 2.

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amounts <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Rural and Coastal Infrastructure	156.00
2. Capacity Building	3.20
3. Central Project Management	4.08
<b>Subtotal (A)</b>	<b>163.28</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.71</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>3.18</b>
<b>Total (A+B+C)</b>	<b>168.17</b>

<sup>a</sup> Includes taxes and duties of \$13.1 million.

<sup>b</sup> In mid 2006 prices.

<sup>c</sup> Physical contingencies computed at 0% for civil works being a sector type project; and 10% for training, implementation, consulting services, and operational costs. Price contingencies computed at 3% on foreign exchange costs and 5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a constant purchasing parity exchange rate.

<sup>d</sup> Includes interest during implementation computed at 1% per annum (none for Agence Française de Développement).

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

### B. Financing Plan

12. The Government has requested a loan of SDR 58,723,000 (\$90 million equivalent) from the Asian Development Fund to help finance the Project. The loan will have a 32-year maturity

including a grace period of 8 years, a 1% interest charge during the grace period and 1.5% during the amortization period. Loan joint cofinancing of the Project will be provided by Agence Française de Développement (AFD) in the amount of €40 million (\$52 million equivalent). The financing plan is shown in Table 2.

**Table 2: Financing Plan**

(\$ million)

Source	Total	%
Asian Development Bank	90.0	53.5
AFD Loan	52.0	30.9
AFD Grant	1.3	0.8
Provincial Government	24.0	14.3
Central Government	0.8	0.4
<b>Total</b>	<b>168.2</b>	<b>100.0</b>

ADB = Asian Development Bank, AFD = Agence Française de Développement.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

13. Conditions and arrangements for AFD cofinancing will be through a bilateral financing agreement to be negotiated between the Government and AFD. AFD will also provide cofinancing on a grant basis in the amount of €1.0 million (\$1.3 million equivalent). A cofinancing agreement will be entered into by ADB and AFD under which the parties will jointly finance the civil works and international consulting services. The proceeds of the loans will be passed to the 13 participating provincial governments by the national Government as a grant. The balance of the project cost (\$24.8 million equivalent), amounting to 14.7%, will be funded by the Government and participating provincial governments. Provincial budgets of all participating provinces have been examined and it has been concluded that all have the capacity to provide the needed counterpart funding (Supplementary Appendix E). Land acquisition under resettlement plans will not be financed from loan funds but will remain the responsibility of the provinces.

### **C. Allocation of Loan Proceeds**

14. The allocation of loan proceeds and the basis for withdrawal from the ADB loan and AFD accounts are summarized in Appendix 3.

## **III. IMPLEMENTATION ARRANGEMENTS**

### **1. Project Management**

15. The executing agency (EA) for the Project will be the Ministry of Agriculture for Rural Development (MARD). The management structure is shown in an organization chart in Appendix 4. MARD has implemented a number of ADB projects including the RISP (the precursor of the proposed Project), and is the EA for a number of ongoing projects. Almost all completed projects undertaken by MARD have been rated as successful, and while some inefficiency has been reported with ongoing projects, this may be attributed more to the complexities of design rather than any fundamental deficiency in MARD's capacity. In keeping with the principles of decentralization and the devolution of responsibilities, identification and approval of the subprojects will be through the provincial people's committees (PPCs) of the 13 participating provinces. Eight of these provinces participated in the RISP and have had several years experience in the implementation of rural infrastructure subprojects of the type proposed.

They are familiar with technical aspects of subproject implementation and the financial aspects of an ADB-financed loan. The other five provinces also have experience with projects funded by ADB and other multilateral agencies including World Bank and the International Fund for Agricultural Development. To ensure their full capability in subproject identification, design, implementation, and financial management, special capacity-building measures will be focused on these provinces during the early stages of implementation.

16. The central project management unit (CPMU) established within the Agriculture Projects Management Board (APMB) of MARD will be responsible for overall project implementation at the national level. The CPMU will be managed by a national project director and two vice directors supported by appropriate technical, administrative, and accounting staff.

17. At the provincial level, day-to-day management will be the responsibility of provincial project management units (PPMUs) established by PPCs of participating provinces within the provincial Department of Agriculture and Rural Development (DARD). Eight of these PPMUs will be the same as those established and operated under the RISP, while five will be newly established. As noted, the newly established PPMUs will be given support and training as well as assistance from the experienced PPMUs of neighboring provinces. The PPMUs will be managed by a director, and supported by a full-time coordinator appointed to ensure day-to-day supervision of the PPMU and to coordinate the work of specific technical experts involved in subproject identification, design, and implementation. PPMU staff will be seconded from DARDs as well as other departments as per the requirements. An important position of each PPMU will be the safeguards officer appointed to ensure compliance with public consultation requirements, environmental impact assessment and mitigation, and social impact (including resettlement) assessment and mitigation aspects of subproject implementation.

18. At the district and commune levels, the Project will liaise closely with the existing local administration. The PPMUs shall be responsible for ensuring coordination of day-to-day activities at the district and commune level. This will include organizing public consultations and monitoring of the subproject design and implementation by the subproject beneficiaries.

19. To guide project implementation at the provincial level and to ensure interagency coordination as required, provincial project steering committees (PSCs) will be established within participating provinces. The PSCs will be chaired by the vice chairman of the PPC and will comprise members of representatives from the respective PPC departments and local agencies. PSCs will meet regularly on a 6-monthly basis and intermittently as required.

## **2. Subproject Preparation and Appraisal**

20. A two-step process has been selected for the identification and preparation of subproject proposals. During the first step, subproject proposals will be selected by the provincial people's (PPCs) from priorities within their SEDPs. Subprojects chosen should be strategic and straightforward engineering projects and will comprise rural roads, irrigation (including drainage and flood control), domestic water supply, markets, and coastal infrastructure, with an estimated cost between \$0.5 million and \$4 million. These will then be reviewed through a process of public consultation<sup>1</sup> with potential beneficiaries and other stakeholders, after which a subproject identification proposal (SIP) will be prepared by the PPMU. The PPMU will ensure that all of the required initial screening selection criteria (Appendix 1) are properly addressed and reported. These will include the requirements for (i) public consultation, (ii) an initial environmental examination, (iii) a preliminary social assessment including resettlement and land acquisition

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<sup>1</sup> A consultation framework was agreed with the Government during the Appraisal Mission.

impacts, (iv) preliminary cost estimation, (v) a preliminary assessment of benefits, and (vi) preliminary proposals for O&M. The first two SIPs of less than \$2 million—one from an RISP province and the other from a non-RISP province—shall be submitted to ADB for approval (on a no-objection basis). SIPs for subprojects expected to cost more than \$2 million will be submitted to ADB for approval on a no-objection basis.

21. The second step in the subproject identification process involves the preparation of a feasibility study or subproject investment report (SIR). SIRs will be prepared by local consultants under the guidance of the PPMU to ensure that subproject eligibility criteria for implementation funding will be met. This includes ensuring that all measures are taken to mitigate possible social impacts including special measures for land acquisition, compensation, indigenous people's specific actions if required, and special measures to improve the participation of women and other disadvantaged groups as beneficiaries. Upon completion of the SIR, the PPC will review the studies to ensure that they fully meet the eligibility criteria for implementation financing and any other internal requirements that may be imposed by the province or the national Government. Upon approval of the SIRs (in the case of subprojects costing less than \$2 million) or ADB (in the case of subprojects costing more than \$2 million) funds will be committed for the commencement of implementation activities.

#### IV. IMPLEMENTATION SCHEDULE

22. The Project will be implemented over a period of 6 years from 2008 to end of 2013. Since subprojects will be relatively small and most provinces already have several years of experience in implementing similar subprojects, and since the responsibility for implementation will be spread among 13 provinces, preparation work on most subprojects is expected to begin within the first year. Bidding and construction work will then proceed during the second year and will continue into the fourth year. The initial allocation to provinces will be based on a fixed amount to meet PPMU overhead<sup>62</sup> plus a proportional amount reflecting the respective size of the rural population of participating provinces. During the fourth year, a second phase of subprojects will then be taken up with funds not utilized during the first phase. These are expected to be somewhat smaller in size and will be completed by the end of the fifth year or the middle of the sixth year. The second allocation will be made using incentives based on the implementation performance of the province and the proportional incremental increase in provincial budget allocations for O&M. The final half year of the Project will be spent ensuring that O&M arrangements are in place for completed subprojects. The implementation schedule is described in Appendix 5.

#### V. PROCUREMENT

23. Goods and services financed partly or wholly by ADB and AFD will be procured in accordance with the ADB's *Procurement Guidelines*. Except as ADB may otherwise agree, Goods and works shall only be procured on the basis of the methods of procurement set forth below:

- (i) International Competitive Bidding
- (ii) National Competitive Bidding
- (iii) Shopping

24. Procurement under the Project will consist primarily of civil works, office equipment and motor vehicles. A provision of \$130,000 has also been set aside from the Project Management

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<sup>2</sup> A figure of \$6.1 million equivalent per participating province was agreed at appraisal.

loan category for the upgrading of building that would accommodate the office of the project management staff.

25. Contract packages for works exceeding \$2 million and \$0.50 million for goods will be awarded on the basis of international competitive bidding. Each contract costing between \$0.10 million and \$2 million for works and between \$100,000 and \$500,000 for goods will be awarded through national competitive bidding. Minor equipment and materials costing less than \$100,000 will be procured through shopping.

26. The methods of procurement are subject to, among other things, the detailed arrangement and threshold values set forth in the Procurement Plan in Appendix 6. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in the updates to the Procurement Plan.

27. **National Competitive Bidding.** The laws to be followed shall be those set forth in the Bidding Law No. 61/2005/QH11 of 29 November 2006 and the Construction Law. No. 16/2003/QH11 of 26 November 2003 and with the processes described in Decree 111/2006/ND-CP of 29 September 2006, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

(i) Registration

(a) Bidding shall not be restricted to pre-registered firms and such registration shall not be a condition for participating in the bidding process.

(b) Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through postqualification.

(ii) Eligibility

(a) National sanction lists may only be applied with the approval of ADB.

(b) Bidders shall not be required, as a condition for participation in the bidding, to provide suppliers' credit.

(c) A firm declared ineligible by ADB cannot participate in bidding for an ADB-financed contract during the period of time determined by ADB.

(iii) Prequalification and Postqualification

(a) Postqualification shall be used unless prequalification is explicitly provided for in the [Loan/Grant/Financing] Agreement/Procurement Plan. Irrespective of whether postqualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

(b) When prequalification is required, the evaluation methodology shall be based on pass/fail criteria relating to the firm's experience, technical and financial capacities.

(c) Qualification criteria shall be clearly specified in the bidding documents, and only the criteria so specified, shall be used to determine whether the bidder is qualified. The

evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid.

(d) When postqualification is applied, the assessment of bidder's qualifications shall be carried out only after the preliminary and detailed evaluation of the bids has been completed by the executing agency of implementing agency, and in doing so, the qualification of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. In carrying out of the postqualification assessment, the executing agency of implementing agency shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder's qualifications and shall provide a reasonable time period (a minimum of 7 days) to the bidder to provide response.

(e) If there is prequalification, all prequalified bidders all be invited to bid.

(iv) Preferences

(a) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.

(b) Regulations issued by a sectoral ministry, provincial regulations and local regulations which restrict national competitive bidding procedures to a class of contractors or a class of suppliers shall not be applicable.

(c) Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders, and local bidders shall be given no preference (either in bidding process or in bid evaluation) over foreign bidders, nor shall bidders located in the same province or city as the executing agency or implementing agency be given any such preference over bidders located outside that city or province.

(v) Advertising

(a) Invitations to bid (or prequalify, where prequalification is used) shall be advertised in at least one widely circulated national daily newspaper or freely accessible, nationally-known website allowing a minimum of twenty-eight (28) days for the preparation and submission of bids and allowing potential bidders to purchase bidding documents up to at least twenty-four (24) hours prior to the deadline for the submission of bids. Bidding of contracts estimated at \$500,000 or more for goods or \$1,000,000 or more for works shall be advertised concurrently with the general procurement notices of ADB's website.

(b) Bidding documents shall be made available by mail, electronically, or in person, to all who are willing to pay the required fee, if any.

(c) The fee for bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and their delivery to the bidder.

(d) Bidders domiciled outside the area/district/province of the unit responsible for procurement shall be allowed to participate regardless of the estimated value of the contract.

(vi) Standard Bidding Documents

(a) The Borrower's standard bidding documents, acceptable to ADB, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids.

(b) Bidders shall be allowed to submit bids by hand or by mail/courier.

(vii) Bid Security

Where required, bid security shall be in the form of a bank guarantee from a reputable bank.

(viii) Bid Opening

(a) Bids shall be opened in public, immediately after the deadline for submission of bids. Bidders or their representative shall be allowed to be present. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded. This record shall be signed by bidders' representatives, and the executing agency's representatives who are present at the bid opening. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

(b) Bids received after the deadline for bid submission shall be returned to the bidders unopened.

(ix) Bid Evaluation

(a) The process of bid evaluation shall be confidential until the publication of contract award.

(b) Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents. Only evaluation criteria so specified, shall be taken into account in bid evaluation. Merit points shall not be used in bid evaluation.

(c) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(d) A bid containing material deviations from, or reservations to, the terms, conditions or specification of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened.

(e) The contract shall be awarded to the technically responsive bidder that offers the lowest evaluated price and meets the qualifying criteria.

(f) Except with the prior approval of ADB, no negotiations shall take place with any bidder prior to the award, even when all bids exceed the cost estimates.



(g) A bidder shall not be required, as a condition for award of contract, to undertake obligations not specified in the bidding documents, or otherwise to modify the bid as originally submitted.

(h) If a bidder that submitted the lowest evaluated bid does not accept the arithmetical corrections made by the evaluating committee during the evaluation stage, its bid shall be disqualified and its bid security shall be forfeited.

(x) Rejection of All Bids and Rebidding

(a) No bid shall be rejected on the basis of a comparison with the estimate or budget ceiling set by the executing agency or implementing agency without ADB's prior concurrence.

(b) Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

(xi) Participation by Government-owned Entities

Government-owned enterprises shall be eligible to participate as bidder only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the executing agency or implementing agency. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(xii) Non-eligibility of Military and Security Units

Military or security units, or enterprises which belong to the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

(xiii) Participation by Foreign Contractors and Suppliers, Joint Ventures and Associations

(a) Foreign suppliers and contractors from eligible countries shall, if they are interested, be allowed to participate without being required to associate or form joint ventures with local suppliers or contractors, or to subcontract part of their contract to a local bidder.

(b) A bidder declared the lowest evaluated responsive bidder shall not be required to form a joint venture or to subcontract part of the supply of goods as a condition of award of the contract.

(c) License for foreign contractors' operation in Viet Nam would be provided in a timely manner and will not be arbitrarily withheld.

(xiv) Publication of the Award of Contract, Debriefing

(a) For contracts subject to prior review, within 2 weeks of receiving ADB's "No-objection" to the recommendation of contract award, the Borrower shall publish in the Government Public Procurement Bulletin when established or well-known and freely-accessible website the results of the bid evaluation, identifying the bid and lot numbers, and providing information on: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated prices of each bid

that was evaluated; (iv) name of bidders whose bids were rejected and the reasons for their rejection; and (v) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.

(b) For contracts subject to post review, the Borrower shall publish the bid evaluation results no later than the date of contract award.

(c) In the publication of the bid evaluation results, the Borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, should request an explanation from the Borrower. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing. In this discussion, only the bidder's bid can be discussed and not the bids of competitors.

(xv) Handling of Complaints

The bidding documents shall contain provisions acceptable to ADB describing the handling of complaints in accordance with Article 47 of Decree No. 111/20006/DD-CP, read with Articles 72 and 73 of Bidding Law No. 61/2005/QH11. A request for debriefing by a bidder made in accordance with paragraph 2.65 of the Procurement Guidelines shall not be regarded as a complaint and shall not therefore require the deposit of funds as described in Article 6 Decree No. 111/20006/DD-CP.

(xvi) ADB Member Country Restrictions

Bidders must be nationals of member countries of ADB, and offered goods and services, must be produced in and supplied from countries of ADB.

28. **Domestic Preference.** The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55 (b) and 2.56 of the Procurement Guidelines for domestic Works.

## VI. CONSULTING SERVICES

29. The Project will require three kinds of consulting services: (i) international and national consulting services to assist the CPMU with project implementation, monitoring, and training; (ii) national consultants to assist the PPMUs with the preparation of environmental, resettlement, and social safeguards for SIPs and SIRs; and (iii) national engineering consultants to prepare detailed engineering designs and supervise construction of works.<sup>3</sup>

30. Consultants will be selected and engaged in accordance with the ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). ADB's reference documents on consulting services can be downloaded from <http://www.adb.org/Consulting/documents.asp>. The CPMU will be responsible for recruiting the project implementation and training consultants<sup>4</sup> through a consulting firm and shall apply quality- and cost-based selection (QCBS) method in engaging consulting services. The CPMU will also recruit national consultants to facilitate

<sup>3</sup> Since categories (ii) and (iii) will be recruited as needed on a subproject-by-subproject basis as part of the sector loan package, it is not currently possible to quantify exactly the required number of person-months of expertise.

<sup>4</sup> To be partly funded by the AFD grant of €1 million equivalent to \$1.3 million.

community participation and provide advice on safeguards to provincial governments from national firms using the consultants' qualification selection (CQS). The PPMUs will be responsible for recruiting national consultants to provide design and supervision services. These consultants will be recruited using CQS procedures acceptable to ADB. The attached simplified documentation shall be used (Appendix 7).

31. The requirement for implementation and training consulting services and safeguard consultants and terms of reference is shown in Appendix 8. To support implementation and capacity-building initiatives, the Project will fund a total of 60 person-months of international specialists and 271 person-months of national specialists for a total of 331 person-months. Consulting services are necessary for smooth implementation of the Project and to incorporate increased emphasis on safeguards, community participation, and O&M for subprojects, as well as to continue the capacity-building initiated under the RISP. Consulting services will not only support the CPMU in technical areas of engineering design and construction, but will also be instrumental in introducing a more consultative approach during subproject identification and design to improve sustainability. International expertise is to be provided in (i) project management, (ii) technical engineering, (iii) training coordination, (iv) safeguard requirements of ADB and the Government, (v) O&M, and (vi) benefit monitoring. National specialists will be required in similar areas to facilitate technology transfer of the training within PPMUs and other target beneficiaries and will include community participation specialists, indigenous peoples, and gender specialists, together with experts in the economic assessment of subprojects.

## **VII. DISBURSEMENT ARRANGEMENTS**

32. After loan effectiveness, the Government will establish two first-generation imprest accounts (one for ADB and the other for AFD) in a commercial bank in Hanoi acceptable to ADB. These will be managed by the CPMU under the supervision of the central Treasury. The imprest accounts will be managed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time). ADB disbursement procedures will be followed for drawing down ADB and AFD loan funds through these two first-generation imprest accounts. The advance to be deposited into each of the imprest accounts will be based on an estimated 6 months of project expenditure or a maximum of 10% of the respective loan amounts, whichever is the lower. Funds in these first-generation imprest accounts will be used to establish advances in the second-generation imprest accounts in participating project provinces. These will be controlled by the PPMUs under the supervision of provincial treasuries. Since a large number of small payments are expected, most funds for the payment of civil works contracts will be drawn from the provincial imprest accounts, and these accounts will be reimbursed using the statements of expenditure procedures against progress payments outlined in works construction contracts. Provincial imprest accounts will be replenished upon presentation of documented liquidation of expenditures as outlined in ADB's *Loan Disbursement Handbook*. The CPMU will manage two imprest accounts, one for ADB funds and the other for AFD; similarly, PPMUs will manage two imprest accounts. Disbursement arrangements are presented diagrammatically in Appendix 9.

33. Payments made directly from the CPMU and PPMUs will be supervised and authorized by the treasury at central and provincial levels upon receipt of payment documents. Based on the payments authorized by provincial treasuries, each PPMU will prepare withdrawal applications with associated payment documents or statements and the second-generation imprest account balance sheet (using the CPMU format) and submit them to the CPMU. Upon the receipt of reimbursement applications and payment documents from PPMUs, the CPMU will prepare an aggregated withdrawal application and submit it to the Ministry of Finance for endorsement. Authorized withdrawal applications will be forwarded to ADB and AFD for

reimbursement to the respective first-generation imprest accounts. The percentage of each claim for reimbursement will be paid by the two financiers in accordance with the loan agreements between the Government, ADB, and AFD.

34. The effectiveness and efficiency of the disbursement procedures will be assessed at the midterm review and actions taken to simplify or streamline the processes if appropriate. Statement of expenditure procedures may be used to reimburse expenditures and liquidate the imprest accounts for all individual payments not exceeding \$100,000. The imprest accounts will be replenished on a monthly basis to ensure liquidity of funds or when the accounts are drawn down to 20% of the initial deposit. The imprest accounts and statements of expenditure will be audited annually by auditors acceptable to ADB.

## **VIII. PROJECT PERFORMANCE MONITORING AND EVALUATION**

35. Project progress and performance will be monitored through a comprehensive project performance monitoring system (PPMS). Detailed PPMS parameters and procedures will be developed during project implementation. Three different kinds of monitoring will be carried out including (i) implementation progress monitoring, (ii) safeguard monitoring, and (iii) benefit monitoring and evaluation. Implementation progress monitoring will be one of the main tasks of the CPMU. The monitoring unit within the CPMU will monitor the progress of activities in each province based on monthly PPMU progress reports. Withdrawals, disbursement, and reimbursement of project accounts will also be monitored by the same unit. Safeguard monitoring with associated grievance mechanisms will be undertaken to ensure that the required policies and procedures and plans for (i) resettlement including land acquisition and compensation, (ii) environmental impact assessment and mitigation, and (iii) indigenous peoples specific actions, are implemented and achieve their expected outcomes during subproject preparation, implementation, and operation. In addition, an independent agency will be recruited to specifically monitor the implementation of land acquisition and resettlement activities to ensure full compliance with all laws, decrees, policies, and plans, and to review the grievance mechanism for affected persons. Project benefit monitoring activities will entail periodic monitoring of the benefits and impacts of a representative number of selected subprojects. This will be undertaken independently by a university, institute, or similar agency with experience in the identification and quantification of economic development benefits.

36. To assist in financial management and disbursement of loan funds and implementation progress of infrastructure development, specialist inputs will be provided under the consulting services contract. In addition, participatory monitoring of infrastructure construction will be promoted by the Project to achieve beneficiary commitment to future O&M. Furthermore, each SIR will contain a detailed procurement plan that will assist in achieving open and competitive bidding for design, construction, and supervision of works contracts and other services as required. In addition, the procurement plan requires that selection of the main implementation consulting services contract shall be submitted to ADB for prior approval, as will subprojects that cost over \$2 million.

## **IX. ACCOUNTING, AUDITING, AND REPORTING**

37. Each PPMU and the CPMU will maintain records and accounts that identify the goods and services financed from the loan proceeds, financing resources received, expenditures incurred for the Project, and use of local funds. The accounts will be established and maintained in accordance with internationally accepted accounting standards. Annual project accounts of PPMUs and the CPMU will be audited by auditors acceptable to ADB. Audit coverage will include a special audit of project accounts, including separate opinions on (i) the utilization of

the primary and secondary imprest accounts; (ii) the statement of expenditures, including whether the amount claimed is duly supported and verified; (iii) whether the CPMU and PPMUs are operating the imprest accounts in accordance with ADB procedures; and (iv) compliance with financial covenants specified in the loan and project agreements. The audit reports, management letter, and related financial statements will be submitted to ADB not later than 6 months after the end of the fiscal year to which they relate, or the project closing date if earlier. The Sample Audit Letter showing the details of financial and auditing requirements is provided in Appendix 10.

38. Compliance with these financial reporting and auditing requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor. ADB shall impose the following measures should PMO fail to submit within the due date:

**Within six months after the due date:** Processing of requests for new contract awards and disbursement such as replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will be put on hold.

**Within twelve months after the due date:** Disbursement shall be suspended.

39. Each PPMU will provide monthly progress reports to the CPMU. These will be consolidated into quarterly reports and submitted to MARD, PSC, ADB, and AFD. These reports will record (i) the progress made, (ii) problems encountered during the review period, (iii) steps taken or proposed to remedy the problems, (iv) a proposed program of activities, and (v) progress expected for the following quarter. The CPMU will ensure that these reports are submitted to ADB in a timely manner in order for ADB to prepare the Project Performance Report (Appendix 11) which is part of the PPMS. The format of the quarterly progress report to be submitted by CPMU to ADB will be in accordance with the Aligned Monitoring Tool in project reporting.<sup>5</sup>

40. Within 6 months of physical completion of the Project, the CPMU will submit to ADB a PCR that describes (i) the physical progress of the Project, (ii) actual costs incurred in relation to cost estimates, (iii) the results of capacity-building activities, (iv) the outcome of safeguard efforts, (v) a preliminary assessment of achieved benefits, and (vi) other relevant project implementation matters requested by ADB. The suggested format and content of the PCR are provided in Appendix 12.

## X. PROJECT REVIEW

41. Apart from regular reviews, ADB, AFD, and the Government will undertake a comprehensive review within 18 months of loan effectiveness when the first batch of subprojects will be in the construction stage. A midterm review will also be undertaken within 36 months of loan effectiveness. These reviews will include (i) a comprehensive evaluation of project implementation arrangements, (ii) detailed evaluation of the scope and implementation process and progress of subprojects, (iii) feedback from the PPMS, (iv) the performance of consultants, (v) capacity-building progress, and (vi) the possible reallocation of loan proceeds. Remedial action will be instituted as required.

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<sup>5</sup> The use of the Aligned Monitoring Toll in project reporting under ADB-financed projects was agreed upon between ADB and PMU Directors of ADB-supported projects during the Interim Country Portfolio Review meeting on 23 and 24 April 2008. This is in accordance with Decision 803/2007/QD-BKH dated 30 July 2007.

## **XI. ANTICORRUPTION POLICY**

42. The Government was advised of ADB's *Anticorruption Policy* (1998, as amended to date) and the *Combating of Money Laundering and the Financing of Terrorism* (2003) policy. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the loan and grant regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of the Executing Agency and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

## **XII. PROJECT BENEFITS, IMPACTS, ASSUMPTIONS, AND RISKS**

### **A. Economic Benefits**

43. Rural road investments have been shown to produce a broad range of positive impacts, ranging from immediate benefits such as reduced travel costs and times to less direct benefits such as (i) a diversification of sources of income, (ii) higher levels of agriculture production, (iii) a greater diversity of agriculture crops, (iv) improved access to health and education services, (v) reduced costs of inputs and household commodities, and (vi) overall reduced levels of poverty among communities served by the roads. This is confirmed by economic internal rate of return (EIRR) estimates for sample rural road subprojects of 12–19% based on quantifiable benefits. One additional potential subproject evaluated in Nghe Ahn, being robust to variations in commodity price levels as well as levels of utilization, showed an EIRR of 16%. The impact on poverty reduction is illustrated by the 50% increase in per capita and household incomes from rehabilitated roads under the RISF.

44. The direct benefit of irrigation rehabilitation will be increased agriculture production and a shift to higher value crops. The sample subproject analyzed shows a change in cropping patterns from a single rain-fed rice crop to irrigated sugar cane production, leading to an EIRR of 19.9%. The benefits from improved coastal infrastructure are broad and varied but include (i) increased crop yields and safer drinking water due to the prevention of saline intrusions, (ii) increased aquaculture and salt production, (iii) reduced loss of farm land from sand dune encroachment, and (iv) enhanced fisheries from mangrove rehabilitation. The benefits from improved domestic water supplies are more difficult to quantify, but include reduced rates of water-borne diseases and reduced time and labor (especially for women and children) used in fetching water, leading to additional time for productive economic activities or education. Improved capacity building in the prioritization of planning, design, implementation, and management of rural infrastructure should lead to more efficient resource allocation and further opportunities to increase long-term economic growth and short-term poverty reduction impact.

45. The net overall economic benefits of the Project include (i) increased accessibility throughout the rural areas of the Central Region, (ii) higher levels of agriculture and aquaculture production, (iii) lower costs of agricultural inputs and consumer commodities, (iv) enhanced access to markets and services, (v) responsive and decentralized investment planning, and (vi) a broader range of economic opportunities both within and beyond the agricultural sector. An overall economic assessment is presented in Appendix 13.

## **B. Social Benefits and Impacts**

46. A summary poverty reduction and social strategy (SPRSS) is presented in Appendix 14. An analysis of the project benefits in the context of the SPRSS indicates that, as a consequence of the economic benefits described above, the more significant social impacts will be improved livelihoods and reduced levels of poverty for the population of the project area as a whole, as well as higher levels of education and improved public health. The provision of road access to ethnic minorities living in isolated mountain areas is likely to have a positive impact, providing them with an outlet for their produce and access to lower priced household commodities as well as health and education facilities. The Project is classified category B for indigenous peoples, and an ethnic minority development framework (Supplementary Appendix A) has been agreed upon in accordance with the Government's applicable laws and regulations and ADB's *Policy on Indigenous Peoples* (1998). The framework will help extend subproject positive impacts to ethnic minority groups and mitigate any negative impacts. The impact on women is also expected to be positive. Improved road access will open up new opportunities for women who live in previously isolated, rural communities. Not only will they have access to better educational opportunities and health services, but they will also be able to employ entrepreneurial skills in developing new income opportunities, particularly in association with the upgrading of markets.

47. Measures have been built into the design to deal with potential negative social impacts. To address the issue of land acquisition and resettlement, a summary resettlement framework (Appendix 15) sets out the compensation and other entitlements for any unanticipated land acquisition or resettlement impacts in accordance with the Government's applicable laws and regulations and ADB's *Involuntary Resettlement Policy* (1995). The Project is classified as category B. The absence of significant resettlement impacts is one of the eligibility criteria for subproject feasibility study funding and category A subprojects will be screened out at the SIR stage.<sup>6</sup> Short resettlement plans will be prepared for any subproject found to have resettlement impacts to the limit of category B. Compensation (excluding land acquisition), allowances, operation and administration costs, surveys, monitoring, and reporting will be financed from loan funds to help ensure full and expeditious implementation of resettlement plans, including compensation for any land acquired. Each PPMU will also appoint a safeguards officer. The Project also includes such measures as capacity building for PPMU and CPMU staff in social safeguards, and arrangements for the independent monitoring of compensation and resettlement during implementation. A representative resettlement plan for the Hung Trung – Nghi Kieu subproject is attached as Supplementary Appendix B. A resettlement framework is presented in Supplementary Appendix C.

## **C. Environmental Impact**

48. An initial environmental examination (IEE) was conducted based on the review of selected completed subprojects under the RISP and one new representative subproject to identify potential impacts, appropriate mitigation measures, and monitoring mechanisms. It concluded that serious negative environmental impact was unlikely since subprojects will primarily entail upgradation of small- and medium-scale infrastructure. In general, existing rights of way will be used so there will be little land clearing, and structures are generally simple so there will be minimal disturbance. Activities of primary concern during construction will be (i) the provision of filling material from borrow sites and the disposal of excavated material, (ii) the impacts on surface and ground-water quality, (iii) changes to property access, and (iv) traffic disruption. For coastal infrastructure, care will need to be taken to avoid damage to key

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<sup>6</sup> Under the RISP, only two out of 183 subprojects funded had significant resettlement impacts.

ecological areas such as estuaries and mangroves. In order to ensure a minimum of negative environmental impacts, subprojects will follow environmental assessment procedures stipulated in an environmental assessment and review framework developed to ensure (i) exclusion of subprojects that would cause significant adverse impacts, and (ii) compliance with the Government's environmental regulations and ADB's *Environment Policy* (2002). A summary IEE and environmental assessment review framework are outlined in Supplementary Appendix D.

#### **D. Financial Considerations**

49. Since most of the investments under the Project will be public sector investments, the main financial issues will concern the ability of the participating provinces to provide counterpart funding from their provincial budgets and the adequacy of O&M funding. While counterpart resources are likely to be made available as per the implementation requirements, provinces are expected to face difficulties in allocating appropriate resources for O&M expenditures (Supplementary Appendix E). Provincial budgets for the O&M of public works are chronically underfunded and there is a likelihood that the same situation will prevail for works carried out under the Project. This is a systemic problem that cannot be resolved through one single project but the Project itself can be used to raise policy issues relevant to O&M.

#### **E. Assumptions and Risks**

50. The project design assumes that the participating provincial governments broadly have the capacity and technical skills to identify, plan, design, and implement medium-scale rural infrastructure rehabilitation and upgrading works but that they do not have sufficient budget to meet the infrastructure rehabilitation and upgrading needs that they face.

51. Implementation of such a project at the provincial level does, however, face certain risks, including the following: (i) not all provincial governments are adequately skilled at identifying high-priority and strategic subproject investments; (ii) not all provincial government staff are fully familiar with environmental or social impact issues (other than land acquisition matters); (iii) not all provincial, district, and commune staff fully understand the need for public consultation before and during subproject identification, design, and implementation; and (iv) many provincial governments do not place due emphasis on O&M funding for completed civil works. Through the carefully formulated subproject investment eligibility criteria and the scale and scope of its capacity-building support, the project design has incorporated a series of measures to ensure that (i) project staff have the technical capacity to properly assess subproject proposals, (ii) environmental and social safeguard issues are fully taken into account, (iii) the public in general and beneficiaries in particular are fully consulted about proposed works, and (iv) sufficient understanding and awareness is created to ensure that O&M funds are made available after subproject completion to sustain economic benefits from investments made in rural infrastructure. The capacity-building initiatives incorporated into the design represent a significant attempt to address the sector policy development agenda. In view of the specialist consulting services support under the associated ADTA, the risk associated with inadequate attention to O&M is therefore minimized.

### **XIII. MAJOR LOAN COVENANTS**

52. The major and project specific covenants are summarized in Appendix 15. These will be closely monitored and their compliance status will be submitted to ADB with the quarterly progress reports. In addition, the indicators in the Project's Framework are to be monitored regularly as well.



#### XIV. KEY PERSONS INVOLVED IN THE PROJECT

53. To facilitate communication and coordination of project activities, the names and contact addresses of key persons involved in the implementation of the Project are given below.

Name and Designation	Institution/Ministry/Address	Fax/Phone/E-mail
Mr. Urooj S. Malik Director Agriculture, Environment and Natural Resources Division Southeast Asia Department (SEAE)	Asian Development Bank No. 6 ADB Avenue Mandaluyong City Metro Manila, Philippines	Tel: (632) 632-6234 Fax: (632) 636-2231 e-mail: <a href="mailto:umalik@adb.org">umalik@adb.org</a>
Mr. Ahsan Tayyab Sr. Natural Resources Specialist SEAE		Tel.: (632) 632- Fax: (632) 636-2231 e-mail: <a href="mailto:atayyab@adb.org">atayyab@adb.org</a>
Ms. Lorna Enjaynes Associate Operations Analyst, SEAE		Tel.: (632) 632-6914 Fax: (632) 636-2231 email: <a href="mailto:lenjaynes@adb.org">lenjaynes@adb.org</a>
Mr. G. Oliver Domagas Financial Control Specialist, CTLA-4		Tel.: (632) 632-4545 Fax: (632) 636-2606 email: <a href="mailto:odomagas@adb.org">odomagas@adb.org</a>
Ms. Monina de Guzman Senior Control Officer, CTLA-4		Tel.: (632) 632 4666 Fax: (632) 636 2606 Email: <a href="mailto:mguzman@adb.org">mguzman@adb.org</a>
Ms. Ma. Victoria Lacastesantos Assistant Disbursement Analyst CTLA-4		Tel.: (632) 632-4634 Fax: (632) 636-2606 Email: <a href="mailto:vlacastesantos@adb.org">vlacastesantos@adb.org</a>
Dr. Hoang Van Xo Project Director, CPMU	Agricultural Projects Management Board Central Project Management Unit (CPMU) 3 <sup>rd</sup> Floor, Building 2T Km9 Pham Van Dong St. Cau Giay District Hanoi, Vietnam	Telefax: (844) 792 0065 Phone: (844) 792 0067 Email: <a href="mailto:hoangvanxo@fpt.vn">hoangvanxo@fpt.vn</a>
Mr. Nguyen Tien Dung Vice Director International Cooperation		Telefax: (844) 771 1405 Phone: (844) 771 1404 Email: <a href="mailto:duanptntthmt@vnn.vn">duanptntthmt@vnn.vn</a>
Mr. Tran Xuan Ho Vice Director, Technical Design		Telefax: (844) 771 1405 Phone: (844) 771 1406 Email:
Ms. Tuyet Nhung Disbursement Accountant Finance and External Relation		Telefax: (844) 771 1405 Phone: (844) 771 1406 email: <a href="mailto:tuyet-nhung@hotmail.com">tuyet-nhung@hotmail.com</a>
Mr. Do Huu Dan Project Accountant		Telefax: (844) 771 1405 Phone: (844) 771 1406 email: <a href="mailto:huudando@yahoo.com">huudando@yahoo.com</a>

## **SUBPROJECT SCREENING CRITERIA**

1. To ensure that viable subprojects are identified, and to assure they will have the greatest possible impact upon the socioeconomic conditions of target beneficiaries, identification of eligible subprojects will follow a two-stage process, one at the completion of the subproject investment proposals (SIPs) and the second upon completion of the subproject investment reports (SIRs). To improve the overall impact of project interventions, potential links with other development initiatives will result in such subprojects receiving higher priority during selection and prioritization of subprojects for funding. These subprojects may include strategically important investments (such as provincial roads linking several district-level roads to a main highway, or the lining of key sections of irrigation canals to prevent water loss through seepage), where higher benefits can be obtained than from new infrastructure. In situations where such links cannot be substantiated, yet the social benefits are substantial (as might be anticipated in the more remote and less populated areas), the lack of obvious links should not prevent the subproject from being implemented. The adoption of an economic internal rate of return (EIRR) figure of 10% for accepting subprojects reflects the fact that some benefits (such as social benefits) are not readily quantifiable and the use of the EIRR level of 10% should ensure that subprojects in less viable areas are not disadvantaged through the selection process.

### **A. Screening at Subproject Investment Proposal Stage**

2. The following screening criteria are to be applied at the SIP stage.

- (i) The subproject must be included in the provincial socioeconomic development plan and will be expected to have significant impact on poverty reduction, economic growth, and livelihood improvement.
- (ii) Priority will be accorded to those subprojects that can demonstrate obvious links with other development initiatives to further enhance the overall impact, or where they improve access to other public services and economic opportunities.
- (iii) The subproject cost is estimated at greater than \$0.5 million but less than \$4.0 million. This cost range is specified to ensure that the number of beneficiaries is maximized, that development is not concentrated in a small area of the province but is more widely spread, and that the provincial project management units (PPMUs) do not have too many separate contracts to administer. If deemed of high priority, a number of smaller subprojects in one sector could be combined into one subproject.
- (iv) Comprehensive public consultations have been undertaken and documented in SIPs within all affected or participating communes.
- (v) The subproject has no significant resettlement impact, no significant impact upon vulnerable people, particularly ethnic minority groups (Supplementary Appendix K), no obvious negative environmental impact, and is likely to have an EIRR of greater than 10%.
- (vi) The subproject proposal outlines feasible and fundable operation and maintenance (O&M) arrangements with implementing organizations identified and sources of funds clearly identified.
- (vii) The subproject is a coherent scheme in an identified subsector(s) with provision for links with additional livelihood-enhancement activities or other donor or government programs or projects, and is supported by existing tertiary infrastructure, or will include such tertiary works as appropriate.

**B. Screening at Subproject Investment Report Stage**

3. The following screening criteria are to be applied at the SIR stage.

- (i) The subproject is shown to be technically feasible and expected benefits have been clearly identified. In addition, the subproject is shown to have an EIRR of return in excess of 10% although this should not exclude those subprojects with more significant social and poverty impacts.
- (ii) The selected subproject will be cost effective as measured by the unit cost per beneficiary, with priority being given to those with the least cost per beneficiary while providing the greatest benefit in terms of the estimated EIRR.
- (iii) Procurement packages have been clearly identified, as have the method of procurement; cost estimates have been clearly identified and recorded and all sources of funding have been identified, agreed, and confirmed.
- (iv) The SIR contains a detailed financing plan for O&M. This requires that an O&M entity shall be specified and both a budget amount and corresponding source of funding specified and agreed upon by the provincial people's committee and other concerned parties to ensure that the overall project investments will be financially viable and sustainable.
- (v) Public consultation on the subproject proposal has been held in concerned communes and measures for future public consultation at all stages of implementation are clearly defined.
- (vi) The subproject is shown to have no major negative environmental or social impacts and mitigation measures have been defined for minor impacts.
- (vii) The subproject is shown to have no significant resettlement impacts and, where needed, a resettlement plan has been prepared in accordance with the resettlement framework and the relevant regulations of the Government of Viet Nam and ADB policy.

## Summary of Cost Estimates

Item	ADB		AFD Loan		AFD Grant		Provincial Gov't		Central Gov't		Total	
	\$	% of Cost Category	\$	% of Cost Category	\$	% of Cost Category	\$	% of Cost Category	\$	% of Cost Category	\$	% of Project Cost
<b>A. Investment Costs</b>												
1. Civil Works												
a. Construction	63.10	49%	52.00	41%	-	-	12.70	10%	-	-	127.80	77%
2. Subproject Preparation and Management												
a. Feasibility Study and Investigations	2.00						0.20				2.20	
b. Technical Design and Cost Estimate	3.70						0.37				4.07	
c. Safeguard Studies and Community Participation	1.60							0.16			1.76	
d. Preparation of Bidding Docs	0.50						0.05				0.55	
e. Construction Supervision	2.60						0.27				2.87	
Subtotal	10.40	91%					0.89	8%	0.16	1%	11.45	7%
3. Resettlement Compensation (excluding land acquisition)	3.30	100%									3.30	2%
4. PPMU Management Costs	2.39	80%					0.58	20%			2.97	1%
5. Vehicles and Equipment	0.30	75%							0.10	25%	0.40	-
6. Implementation Consultants												
a. International	0.10				0.10						0.20	
b. National	0.30				0.30				0.30		0.90	
c. Consulting Supporting Costs	0.90				0.90						1.80	
Subtotal	1.30	45%			1.30	45%			0.30	10%	2.90	2%
7. Training	3.00	91%							0.30	9%	3.30	2%
8. Infrastructure O & M	-						9.70	100%			9.70	6%
9. CPMU Management Costs	1.20	92%							0.10	8%	1.30	1%
<b>B. Contingencies</b>	1.80	100%									1.80	1%
Total Project Cost	86.79	53%	52.00	32%	1.30	1%	23.87	14%	0.96	-	164.92	98%
<b>C. Interest During Implementation</b>	3.20	100%									3.20	2%
Grand Total	89.99	54%	52.00	31%	1.30	1%	23.87	14%	0.96	1%	168.12	100%

Note: Figures may not add up due to rounding off.

Allocation of ADB Loan Proceeds (in SDR)				
Category				Financing
No.	Item	Category	Subcategory	Percentage and Basis for Withdrawal from the Loan Account
1	Works	41,171,000		49% of total expenditure
2	Vehicles and Equipment	196,000		75% of total expenditure
3	Training	1,958,000		91% of total expenditure
4	Consulting Services and Project Management	9,983,000		
4A	National Implementation Consultants		6,786,000	91% of total expenditure
4B	International Consultants		848,000	45% of total expenditure
4C	PPMU Management*		1,566,000	80% of total expenditure
4D	CPMU Management**		783,000	92% of total expenditure
5	Resettlement Compensation	2,153,000		100% of total expenditure
6	Unallocated	1,174,000		100% of total amount due
7	Interest Charge	2,088,000		100% of total amount due
	Total	58,723,000		

\* inclusive of Suproject coordination costs

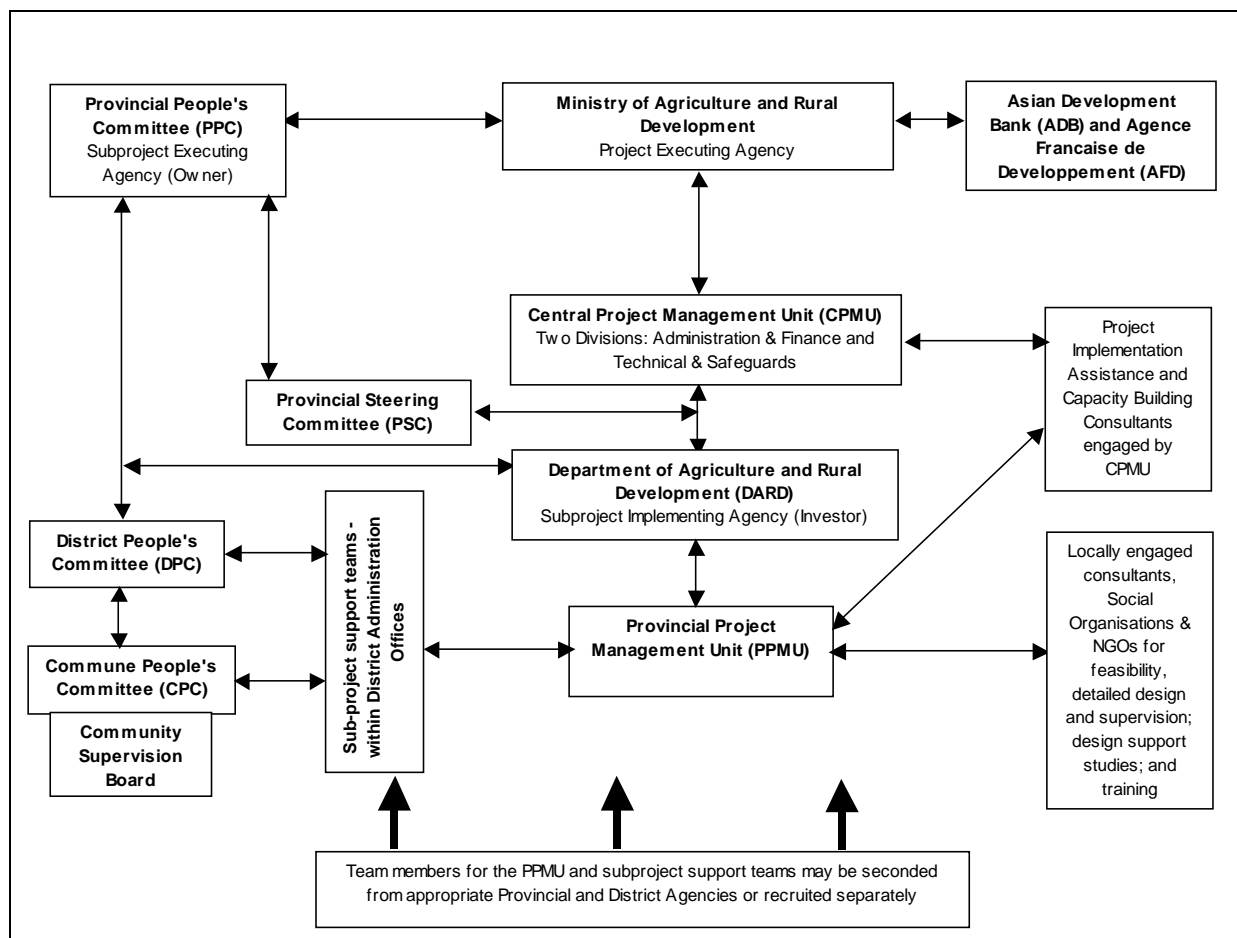
\*\* inclusive of external auditing costs

\*\*\* exclusive of land acquisition

Allocation of AFD Loan and Grant Proceeds (in €)				
Category				Financing
No.	Item	Loan	Grant*	Percentage and Basis for Withdrawal from the Loan Account
1	Works	40,000,000		41% of total expenditure
2	Consultants		1,000,000	45% of total expenditure
	Total	40,000,000	1,000,000	

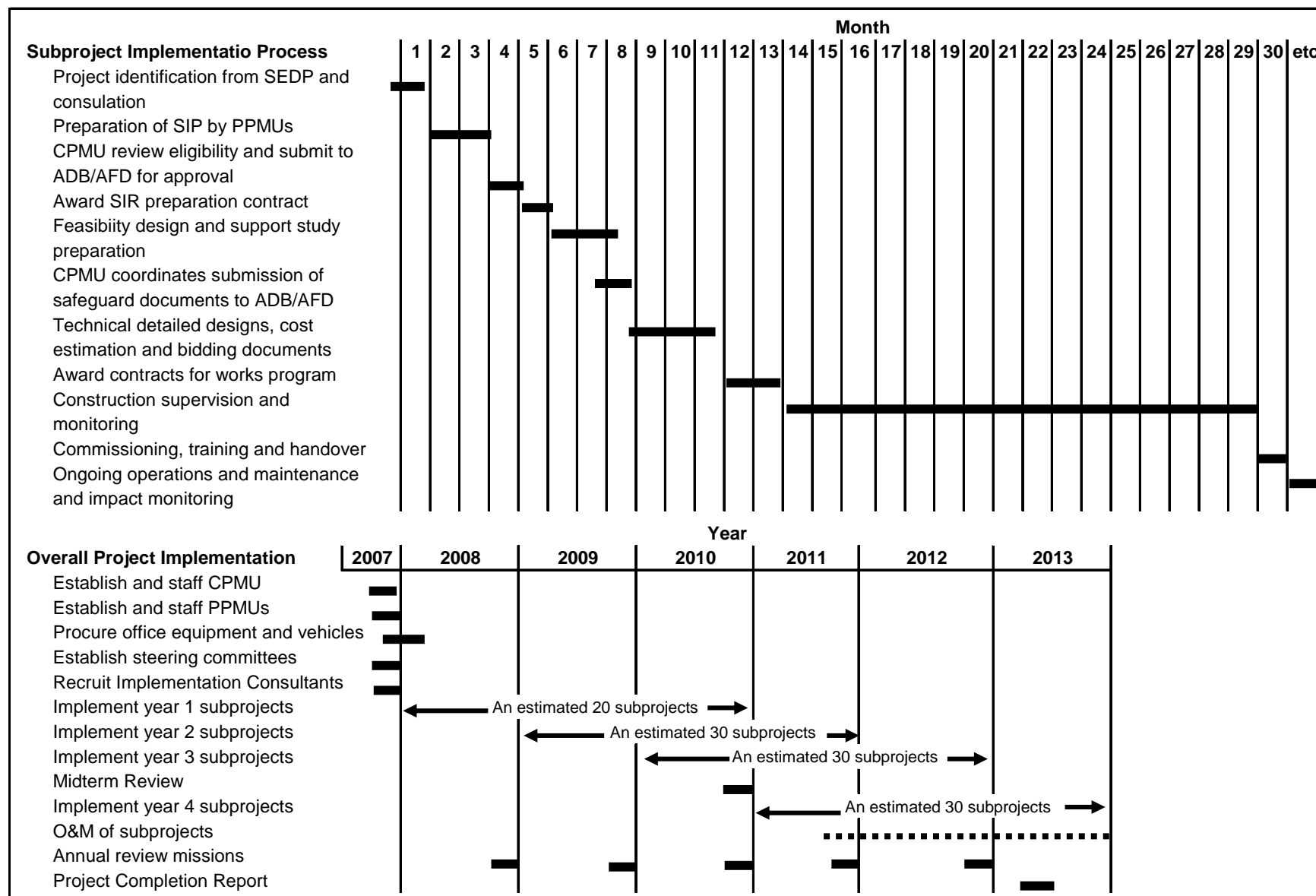
- Withdrawals will first be made from the AFD grant and upon full utilization, from the ADB loan (Section 4.02 of the Cofinancing Agreement between ADB and AFD).

## PROJECT ORGANIZATION AND MANAGEMENT STRUCTURE



NGO = nongovernment organization.

## IMPLEMENTATION SCHEDULE



ADB = Asian Development Bank, AFD = Agence Francaise de Developpement, CPMU = Central Project Management Unit, O&M = operation and maintenance, PPC = Provincial People's Committee, PPMU = provincial project management unit, SEDP = socio-economic development plan, SIP = subproject identification proposal, SIR = subproject investment report.

Source: Asian Development Bank estimates.

## PROCUREMENT PLAN

**Table A6.1: Project Information**

Project Name	Viet Nam: Integrated Rural Development Project in the Central Provinces
Loan Number	to be determined
Loan Amount (\$ million)	90.0
Executing Agency	Ministry of Agriculture and Rural Development
Date of first Procurement Plan	Loan Approval Scheduled for July 2007
Date of this Procurement Plan	May 2007

Source: ADB estimates.

**Table A6.2: Goods and Works Contracts**

Item	Contracts Value ('000)	Procurement Method	Prequalification Of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
Office Equipment	425	Shopping	N		Multiple contracts
Motor Vehicles	140	Shopping	N		Multiple contracts
Civil Works	123,569	NCB	N	Jan 2008 – 2012	Multiple Contracts

NCB = national competitive bidding

Source: Asian Development Bank estimates.

**Table A6.3: Consulting Services Contracts**

Consulting Services Packages	Single /Multiple	Int'l Person-Months	National Person-Months	Value (\$ million)	Selection Method	Recruitment
Implementation and Training Consultants	Single	60	271	3.2	QCBS (Through a Firm)	CPMU
Special Support Study Contracts	Up to 10			1.6	CQS	CPMU
Technical Design and Supervision	Multiple			14.1	CQS	PPMUs

CQS = consultants' qualification selection, CPMU = central project management unit, PPMU = provincial project management unit, QCBS = quality and cost based selection

Source: Asian Development Bank estimates.



**Table A6.4: Project Procurement Thresholds**

Method	Threshold
International Competitive Bidding for Works	> \$2,000,000
International Competitive Bidding for Goods	> \$500,000
National Competitive Bidding for Works	> \$100,000 <= \$2,000,000
National Competitive Bidding for Goods	> \$100,000 <= \$500,000
Shopping for Works	<= \$100,000
Shopping for Goods	<= \$100,000

Note: Except as ADB may otherwise agree, these process thresholds shall apply to procurement of goods and works.

Source: Asian Development Bank estimates.

**Table A6.5: ADB Prior or Post Review**

Procurement Method	Prior or Post	Comments
ICB for Works	Prior	
ICB for Goods	Prior	
NCB for Works	Prior /Post	Usage subject to clarifications to Decree 111/2006/ND-CP of September 29 2006, guiding the implementation of the Bidding Law and the Selection of Contractors under the Construction Law. Prior review applies to the procurement of the first NCB contract by each PPMU. If first contract is procured satisfactorily, thereafter, post review.
NCB for Goods	Post	
Shopping for Works	Post	
Shopping for Goods	Post	
<b>Recruitment of Consulting Services</b>		
Quality and Cost Based Selection (QCBS)	Prior	Contract packages greater than \$200,000, QCBS based on 80:20 Quality:Cost weighting.
Consultants' Qualification Selection (CQS)	Post	Contract packages less than or equal to \$200,000
<b>Recruitment of Individual Consultants</b>		
Individual Consultant Selection (ICS)	Prior	Applied in accordance with Section 2.34, <i>ADB Guidelines on the Use of Consultants</i> (2007, as amended from time to time)

ADB = Asian Development Bank, CQS = consultants' qualification selection, ICB = international competitive bidding, ICS = individual consultant selection, NCB = national competitive bidding, PPMU = provincial project management unit, QCBS = quality-and cost-based selection.

Source: Asian Development Bank estimates.

**Table A6.6: Procurement Packages by Procurement Method**  
(\$'000)

Item	Procurement Method						Total
	National Competitive Bidding	Consulting Services: QCBS	Consulting Services: CQS	Individual Selection ICS	Shopping Goods/ Works	Other	
A. Office Equipment					425.4		<b>425.4</b>
B. Motor Vehicles					140.1		<b>140.1</b>
C. Works Contracts	123,569.4						<b>123,569.4</b>
D. Consulting Services							
1. Implementation Consultants		3,193.9					<b>3,193.9</b>
2. Capacity Building and Facilitation				198.0			<b>198.0</b>
3. Special Studies (multiple packages)			1,566.4				<b>1,566.4</b>
4. Technical Design and Supervision			14,132.5				<b>14,132.5</b>
E. Local Training Services					3,029.5		<b>3,029.5</b>
F. Infrastructure Maintenance	9,748.0						<b>9,748.0</b>
G. Operational Costs						8,986.4	<b>8,986.4</b>
<b>Total</b>	<b>133,317.4</b>	<b>3,193.9</b>	<b>15,698.9</b>	<b>198.0</b>	<b>3,595.0</b>	<b>8,986.4</b>	<b>164,989.6</b>

CQS = consultants' qualification selection, ICS = individual consultant selection, QCBS = quality-and cost-based selection.  
Source: Asian Development Bank estimates.

## CONSULTING SERVICES INPUTS

### A. Background

1. The Project will require three kinds of consulting services: (i) international and national consulting services to assist the CPMU with project management, implementation and training coordination, (ii) national consultants to prepare the Subproject Identification Proposals and Subproject Investment Reports including associated safeguards studies, and (iii) national consultants to prepare detailed engineering designs and supervise construction of works.

**Table SA-G.1: Consultant Input Requirements**

	2008	2009	2010	2011	2012	2013	Total
<b>Implementation Consultants</b>							
<b>1. International Specialists</b>							
Rural Development Engineer(Team Leader)	3	10	6	1	1	3	24
Training Coordinator	3	3	1	-	-	-	7
Monitoring and Evaluation Specialist	2	1	-	1	1	-	5
Operation and Maintenance Specialist	-	6	1	1	1	-	9
Community Participation and Gender Specialist	3	1	1	-	-	-	5
Resettlement Specialist	3	1	1	-	-	-	5
Environmental Specialist	3	1	1	-	-	-	5
<b>Subtotal International Specialists</b>	<b>17</b>	<b>23</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>60</b>
<b>2. National Specialists</b>							
Road Engineer	6	11	11	11	-	3	42
Irrigation Engineer	6	11	11	11	-	-	39
Water Supply Engineer	6	6	-	3	-	-	15
Training Specialist	6	6	6	-	-	-	18
Community Participation and Gender Specialist	4	4	2	-	-	-	10
Ethnic Minority Specialist	6	6	2	-	-	-	14
Resettlement Specialist	10	10	9	4	4	6	43
Environmental Specialist	6	6	2	-	-	-	14
Monitoring and Evaluation Specialist	6	6	4	4	4	4	28
Operation and Maintenance Specialist	-	6	6	6	6	6	30
Economist	6	6	6	-	-	-	18
<b>Subtotal National Specialists</b>	<b>60</b>	<b>81</b>	<b>61</b>	<b>46</b>	<b>10</b>	<b>13</b>	<b>271</b>
<b>Total Implementation Consultants</b>	<b>77</b>	<b>104</b>	<b>72</b>	<b>49</b>	<b>13</b>	<b>16</b>	<b>331</b>

2. The requirement for project management and implementation consulting services is detailed in Appendix 9 and are presented here for completion (Table SA-G.1) - excluding the proposed start up specialist to be recruited under the ADB funded piggy back Advisory Technical Assistance (ADTA) - see Appendix 12. The Project will fund a total of 60 person months of international specialists and 271 person months (pm) of national specialists for a total of 331 person months to support the implementation and capacity building initiatives. These consulting services are considered necessary to assist in the smooth implementation of the Project and to incorporate increased emphasis on safeguards, community participation and operations and maintenance (O&M) for subprojects as well as to continue the capacity building that was initiated under the Rural Infrastructure Sector Project (RISP). Greater

attention will be needed in the five new provinces that did not gain prior experience under RISP. The consulting services will not only support the CPMU in technical areas of engineering design and construction, but will also be instrumental in introducing more participatory approaches during subproject identification and design to improve the sustainability of subprojects. International expertise is to be provided in overall project management, technical engineering areas, training coordination, and in safeguard requirements of ADB, O&M and monitoring and evaluation. National specialists will be required in similar areas to facilitate technology transfer within PPMUs and other target beneficiaries of the training activities and will also include community participation and gender specialists, ethnic minority specialists together with expertise in the economic assessment of subprojects.

3. The contract for project management and implementation consulting services will be procured under one contract using international competitive bidding procedures. Consultants will be selected and engaged through a company in accordance with the ADB's *Guidelines on the Use of Consultants*, January 2007. The selection method will be the quality and cost based system (80:20) and full technical proposals will be required. Advance action for the recruitment of consultants has been approved to facilitate the timely mobilization of consultants. This component will be partly funded by a grant from the ADB loan and Agence Francaise de Développement (AFD), the latter having expressed interest in funding the the equivalent of e1 million on a grant basis to finance a portion of the consulting services. The following positions are envisaged under the Project.

## **B. Implementation Consultant Positions**

### **1. Rural Infrastructure Engineer (Team Leader - International 24 pm)**

4. This team leader position is a necessary to provide implementation support after the initial setup period and to coordinate the other specialist inputs under the Project. In addition, the position will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialist in the respective areas. The specialist will be based in the CPMU and directly support the national project director and the three deputy directors. The specialist will have a minimum of 10 years experience in rural infrastructure development, five of which will have been obtained in Viet Nam or similar South East Asian country.

5. Duties of the specialist will include the following:

- (i) Supervise the consulting team and ensure that inputs and activities of both the international and national consultants are of a high quality and effective.
- (ii) Assist the CPMU in the scheduling and planning of project implementation.
- (iii) Provide advice and guidance in procurement, disbursement and liquidation of expenditures following ADB and AFD procedures.
- (iv) Assist in the design, planning and supervision of implementation monitoring, safeguard monitoring and benefit monitoring activities.
- (v) Ensure that the community participation organization is properly recruited, oriented and supervised.
- (vi) Supervise the training consultants and ensure that the training program is properly implemented.

- (vii) Ensure that safeguards officers are appointed to and operational in each PPMU and that the safeguard studies are undertaken for each of the subprojects.
- (viii) Lead the consulting team in assisting the CPMU to review technical and safeguard aspects of the SIPs and SIRs.
- (ix) Together with the O&M consultants, assist the CPMU in addressing O&M issues in subprojects and at the broader provincial level.
- (x) Identify areas of weakness in the SIPs and SIRs presentation and provide consulting services as appropriate to strengthen provincial and district capacities.
- (xi) Assist the CPMU and PPMUs in the supervision of implementation by providing specialized expertise as and when required.
- (xii) Bring safeguard issues identified by other consultants, the community participation team, safeguard officers or the monitoring teams to the attention of the CPMU and PPMUs.
- (xiii) Bring project implementation or O&M issues identified by other consultants or the monitoring teams to the attention of the CPMU and relevant PPMUs.
- (xiv) Assist the CPMU and PPMUs to resolve safeguard and implementation problems and issues which may arise from time to time.
- (xv) Participate in the mid-term review.
- (xvi) Lead a team to prepare the project completion report.

## **2. Infrastructure Engineers (Roads, Irrigation, and Water Supply; national 96 pm)**

6. Three proposed positions are national specialists as there is considered to be adequate expertise in each of the respective areas, particularly having implemented RISP and other multi-nationally financed rural infrastructure projects in the recent past. The positions are required to assure that design quality will be maintained and that there is adequate technical support for the preparation of subproject designs as well as their evaluation based on technical criteria. They will also be needed to support the PPMUs as they proceed during implementation to assist in subproject supervision during construction and to strictly enforce the safeguard requirements during construction of works. The engineers will have a minimum of 5 years experience in their respective fields and will have more than 10 years experience as a consulting engineer. They will be based within the CPMU but will be required to travel on frequent occasions to the project area, sometimes for extended periods. The specialists will have tertiary qualifications from an established and recognized institution in Viet Nam and will be fluent in the English language. Individual specialists will be able to demonstrate good written skills in both English and Vietnamese and will have good interpersonal and communication skills who will be familiar working in large multinational teams.

7. Duties of the specialists in each of their respective technical areas will include the following:

- (i) Provide technical back up to the CPMU and the consulting team in terms of assessing subproject design, and O&M requirements.

- (ii) Assist the CPMU to provide oversight and quality control of the subprojects during the preparation of SIRs and detailed design.
- (iii) Address any major technical problems raised during SIRs preparation and detailed design or construction and provide technical advice to the PPMUs, design consultants or contractors.
- (iv) Together with the O&M specialists review and assess O&M requirements and arrangements and make recommendations for optimum O&M practice.
- (v) Provide general quality control during subproject construction.
- (vi) Review quality of completed subprojects and O&M arrangements during the commissioning period.

### **3. Monitoring and Evaluation Specialists (international 5 pm; national 28 pm)**

8. Project benefit, monitoring and evaluation (PBME) is an important aspect to ensure that benefits under the Project are as intended and that they are received by all members of the target communities. To achieve this, there need to be baseline studies undertaken during the subproject design phase to identify the current socio-economic conditions of target beneficiaries to assess the impact after subproject completion. To ensure that representative information is collected and that the full extent of variation is captured within the sample population of the surveys, it is important to have an experienced PBME specialist to assist in overall survey design and to provide the principles for analyzing the results. In addition, the specialist will be responsible for establishing performance monitoring of the implementation of subprojects to facilitate reporting to the Government and ADB/AFD. The specialists will have tertiary qualifications in rural development or a related field and have at least 10 years experience as a PBME specialist or related area. They will be responsible to the consultant team leader and be based in the CPMU with frequent travel to the target provinces as required.

9. Duties of the specialists will include the following:

- (i) Review the monitoring and evaluation recommendations in the PPTA consultant's Draft Final Report.
- (ii) Review the monitoring and evaluation procedures under RISP.
- (iii) Together with the CPMU staff and the consulting team leader determine the optimum type of monitoring program for project implementation, safeguards and benefits.
- (iv) Together with CPMU staff, design a monitoring system based on measurable inputs, outputs and outcomes.
- (v) Together with CPMU staff, brief PPMUs on their duties and responsibilities under the project monitoring system.
- (vi) Assist in recruiting an agency or institution to undertake benefit monitoring.
- (vii) Guide the benefit monitoring agency in undertaking baseline surveys, developing monitoring parameters and scheduling monitoring activities.

- (viii) Periodically review monitoring activities during project implementation and report any deficiencies, problems, issues or shortcomings to the CPMU.

#### **4. O&M Specialists (international 9 pm; national 30 pm)**

10. One of the most significant weaknesses in sustaining benefits under the rehabilitation of rural infrastructure is the approach taken by local O&M companies and provincial and district administrations to routine and periodic maintenance. This extends beyond the financial constraints from lack of budget to a lack of awareness of the impact investment in maintenance can have on extending the life of the infrastructure rehabilitated. Specialist input is needed to assist in the development of more appropriate maintenance programs by provincial administrations and to assist in the reallocation of scarce provincial funds to O&M. The specialists will have tertiary qualifications in infrastructure engineering from an internationally recognized institution with a minimum of 10 years experience in the south east Asian environment. The international specialist will have at least two of those in Viet Nam.

11. Duties of the specialists will include the following:

- (i) Examine the operation and maintenance experience on RISP subprojects and determine how well they are being maintained and what the major O&M issues are being faced.
- (ii) Examine the structural problems with O&M facing the provincial governments, their operation and maintenance companies and the communes or districts tasked with O&M responsibilities.
- (iii) Design and present a special series of briefings on the importance of O&M for the PPCs and PPMUs of the participating provinces.
- (iv) Examine the budgets of selected O&M companies to determine how the limited available funds are being utilized and make recommendations for a reordering of priorities or means of using available funds more effectively.
- (v) In conjunction with the technical engineering experts, examine engineering designs of typical rural road and irrigation subprojects (using RISP projects as examples) to identify any chronic or persistent problem (e.g. surface drainage) which if improved would reduce O&M requirements.
- (vi) Provide assistance to PPMUs in the preparation of SIPs and SIRs to ensure that O&M plans are adequate and review submitted plans in the SIRs.
- (vii) Work with the community participation and gender specialists to establish workable procedures for O&M in cases where it is devolved to the districts or communes.
- (viii) Periodically review engineering works being constructed and in the post-construction phase to ensure that the designs incorporate O&M measures and that they are effectively being implemented.
- (ix) Work with the training specialists to incorporate O&M aspects into the training program.

## **5. Community Participation and Gender Specialists (international 5 pm; national 10 pm)**

12. The Project wishes to gain maximum benefit from the investment in rural infrastructure rehabilitation. To contribute to this objective, it is proposed to increase the involvement of communities that stand to benefit directly from the investment. By obtaining their commitment to investments, there is greater likelihood that the structures will be maintained after construction and that detailed design will be more relevant, leading to a greater participation rate - e.g. in the case of irrigation and water supply investments. Furthermore, the safeguard requirements seek to improve the benefit to the poor and the disadvantaged groups within the target area. This will require specialist expertise in identifying affected groups and in accommodating their interests wherever feasible. The community development and gender specialists will be needed to support project initiatives in community development including gender activities. There will be capacity building in these areas that will also form part of the responsibilities of the two specialists. The international specialist will have tertiary qualifications from an internationally recognized institution with at least 10 years experience in the south east Asian environment. At least five years experience will have been obtained in Viet Nam. The national specialist will have similar qualifications from a national educational institution and will also have a minimum of 10 years experience in the community development field on internationally funded projects. They will be based in the CPMU and responsible to the consultant team leader but will be required to undertake training and other community development initiatives in the target area.

13. Duties of the specialists will include the following:

- (i) Review the Community Participation Action Plan in the PPTA consultant's Draft Final Report to propose changes and improvements.
- (ii) Assist in identifying and recruiting the community participation NGO or organization.
- (iii) Prepare and undertake briefing sessions on community participation with key provincial authorities (PPCs and PPMUs).
- (iv) Work with the community facilitators from the NGO or other suitably qualified organization in two or three project provinces to firm up the scope of community participation work and the procedures to be followed as well as the extent of linkages needed at the district, commune and mass organization level.
- (v) Provide briefing and training for the community facilitators about the project, its scope and intentions as well as their role in it prior to their delegation to the provinces.
- (vi) Review SIPs and SIRs prepared by the provinces to determine the degree of community involvement in their preparation.
- (vii) Make suggestions for community involvement in O&M operations as warranted.
- (viii) Make suggestions to the CPMU and the PPMUs on means of improving community participation in the subproject selection and design.
- (ix) Monitor community involvement in subproject implementation and bring issues or problems to the attention of the CPMU and relevant PPMUs.



- (x) Document the results of the community participation process and make recommendations for changes in procedures for the balance of the project and for future similar projects.

## **6. Resettlement Specialist (international 5 pm; national 43 pm)**

14. Resettlement is unlikely to be a significant issue in the implementation of the Project in view of the identification criteria to be adopted during implementation. This does not mean there will be none. The RISP Project Completion Report considered that resettlement concerns were raised in the previous project, views that were reinforced during the design of the Project. In order to address the concerns, international and national specialists will be engaged to assist the CPMU ensure that resettlement procedures are followed in accordance with laws of Viet Nam and policies of ADB. The specialists will assume responsibility of training the CPMU and PPMU staff in resettlement issues and procedures. They will also be responsible for establishing procedures in respect of resettlement and assist in the identification of procedures to resolve any resettlement that might be needed associated with rural infrastructure rehabilitation. The international specialist will have tertiary qualifications in an appropriate discipline and will have more than 10 years experience working in the field of resettlement for internationally funded development projects, some of which will have been undertaken in Viet Nam. The national specialist will also be an experienced specialist with a minimum of 5 years practical experience with appropriate tertiary qualifications. The national specialist will be conversant with the resettlement laws of Viet Nam and will also have considerable experience in internationally financed development projects where resettlement was an issue. The specialists will be based on the CPMU and will travel throughout the project area as required, answering to the consultant team leader.

15. Duties of the specialists will include the following:

- (i) Review the PPTA consultant's Draft Final Report and the recommendations on land acquisition and resettlement therein.
- (ii) Visit all 13 participating provinces and brief the PPCs, PPMUs and participating district staff on the land acquisition and resettlement requirements and, specifically how they differ from standard government procedures in light of ADB and AFD policies.
- (iii) Brief local consultants recruited to undertake land acquisition and resettlement plans in the preparation and reporting procedures to be followed.
- (iv) Review random selected land acquisition and resettlement plans as they are being prepared and make suggestions for improvements.
- (v) Review land acquisition and resettlement plans submitted with the SIRs.
- (vi) Liaise with the safeguards officer in each PPMU and randomly review land acquisition and resettlement plans being undertaken by the provincial and district governments and report anomalies to the CPMU and relevant PPMU.
- (vii) Assist in developing and implementing the training program on the land acquisition and resettlement aspects of the Project.

## **7. Environmental Specialists (international 5 pm; national 14 pm)**

16. Environmental issues are one area of safeguards that will be emphasized under the Project during implementation. While there are considered to have minimal long term environmental impacts from the Project, there are possibly short term concerns for which mitigation strategies need to be designed and implemented. International expertise is needed to ensure that the subprojects have well developed and executable environmental management plans with appropriate mitigation measures based on the finalized Environmental Framework to be finalized during their inputs. They will develop mechanisms to ensure that mitigating measures are in fact observed and will establish reporting formats to monitor the performance of contractors during the construction phase when environmental impacts are most likely. The specialists will have appropriate tertiary qualifications in environmental science or natural resource management from a recognized institution and will have more than 10 years experience working in the field of environmental management for internationally funded development projects, some of which will have been undertaken in Viet Nam. The national specialist will also have considerable experience in environmental monitoring and will be familiar with the laws of Viet Nam associated with the environment as well as having had experience in internationally funded development projects as an environmentalist. Training skills would also be an advantage to the international and national specialists. The specialists will be based in the CPMU and will be required to visit subproject sites for monitoring purposes and training as required whilst being responsible to the consultant team leader.

17. Duties of the specialists will include the following:

- (i) Review the environmental recommendations of the GHD Draft Final Report and the formats for environmental examinations contained therein.
- (ii) Brief the participating PPCs, PPMUs and participating district staff in all 13 provinces on environmental procedures and requirements for subproject preparation.
- (iii) Brief local consulting firms hired for the preparation of SIPs and SIRs on the environmental assessment requirements.
- (iv) Visit random subprojects during the SIR preparation to ensure environmental assessments are being properly done.
- (v) Assist in the review of SIRs from an environmental point of view.
- (vi) Liaise with the safeguards officers in each PPMU and make spot checks during implementation to ensure that environmental plans are being properly implemented.
- (vii) Assist in the preparation and implementation of training activities with regard to the environmental aspects of the Project.

## **8. Ethnic Minority Specialist (national 14 pm)**

18. Given the potentially large proportion of ethnic groups amongst the target population as beneficiaries, measures will need to be taken to ensure the groups share the benefits from project interventions. With this in mind, national specialist inputs are needed to assist CPMU and PPMUs in developing supportive activities to assure that benefits are shared by all disadvantaged groups including the ethnic groups. In addition, there is scope to develop

other associated investments that will target the minority groups that require further definition during the preparation of the SIRs for funding under the Project. The Project will therefore need the services of an ethnicity specialist who will have appropriate tertiary qualifications in the relevant social science. The specialist will have a minimum of 10 years experience in ethnic minority development issues in either internationally funded or domestically funded development programs. They will be conversant with the laws and policies of Viet Nam in respect of ethnic minorities. The specialist will be based in the CPMU and service all project provinces and PPMUs as required by the consultant team leader. The specialist will participate in the capacity building to strengthen the understanding of government staff in this critical social area.

19. Duties of the specialist will include the following:

- (i) Review ADB, AFD and Government policies on ethnic minorities as well as project policies as set out in the PPTA consultant's Draft Final Report.
- (ii) Review subproject proposals to determine which ones would be in areas with large ethnic minority populations.
- (iii) Provide awareness and sensitivity briefings on ethnic minorities and gender to PPCs and PPMUs.
- (iv) Examine individual subproject proposals to determine if serious negative impacts on ethnic minorities or women are likely and make recommendations to the PPMU and CPMU to prevent or mitigate these.
- (v) Examine individual subprojects to determine any opportunities to enhance positive impacts on ethnic minorities or women.
- (vi) Together with the PPMU safeguards specialists, monitor subproject implementation and alert the CPMU to any ethnic minority or gender problem identified during project implementation.

**9. Economist (national 18 pm)**

20. An essential part of the preparation of proposals for ADB and AFD funding is an assessment of the economic impact of all subprojects, and, in some cases, an assessment of the financial implications for the provincial and district administrations where user fees are to be charged. Overall subproject impact will be assessed based on a number of factors including its contribution to poverty reduction and socio-economic development for the province. Part of the assessment of impact will also be the economic impact from the investment as indicated by its Economic Internal Rate of Return (EIRR). These estimates will also be used in prioritizing sub-projects where there are choices in the utilization of loan funds. Such estimates were required under the former RISP but, in view of the limited experience of local consulting companies in performing such estimations, resultant EIRR estimates lacked rigor, credibility and provided little guidance in the prioritization process.

21. In order to address this weakness in the preparation stage of subprojects, it is proposed to engage the services of a suitably qualified project economist to support the preparation of feasibility studies to a standard that can be a useful tool in prioritizing investments. The economist will have three intermittent inputs and will be responsible to the Consultant Team Leader. The position requires a minimum 5 years experience in the

economic analysis of infrastructure projects with strong training and interpersonal communication skills. Duties for the position include the following:

- (i) Conduct a training needs assessment of PMU staff and provincial consultants in their knowledge of economic analyses of projects.
- (ii) Based on the assessment, develop training material to be used in regional training activities.
- (iii) Conduct a series of training in economic analyses for rural roads, irrigation rehabilitation, water supplies and other key items of infrastructure.
- (iv) Provide technical assessment support for consultants engaged in the preparation of economic analyses.
- (v) Review the first year proposals to determine the quality of investment proposals and the impact of training provided.
- (vi) Conduct follow-on training in the preparation of economic analyses of subprojects.

### **C. Training Specialists**

#### **1. Training Specialists (international 7 pm; national 18 pm)**

22. A significant input has been designed for capacity building of national level staff, provincial, district and commune staff as well as amongst the project beneficiaries, particularly in the area of participation and safeguard matters. The Project will recruit technical expertise in each of these areas to provide strong technical input to the capacity building initiatives. Given the broad nature of the capacity building initiatives and the range of expertise available both within country and from the specialists, it is proposed to appoint an international and national training coordinator to stream-line capacity building initiatives and to ensure that training delivered is both relevant and effective. The international specialist will have general tertiary qualifications in education related field and will have at least 10 years experience in training institutions or training related activities. They will be familiar with training needs assessment techniques and also with Knowledge, attitude and practice surveys to gauge the effectiveness of training delivered. The national specialist will have a similar tertiary qualifications from a recognized Viet Nam registered institution with a minimum of 10 years experience in capacity building programs both from the conceptualization and implementation of same. The specialists will be based in the CPMU and will need to travel extensively throughout the project area under the direction of the consultant team leader, even though the funding for these positions will come from a proposed AFD grant.

23. Duties for the position include the following:

- (i) Review the training recommendations in the GHD Draft Final Report.
- (ii) Discuss training needs with the CPMU, PPMUs and other consulting team members
- (iii) Review the training courses and modules prepared under RISP
- (iv) Review the sources of training expertise (including consulting team members)

- (v) Review the training needs of government personnel likely to be involved in the project and determine appropriate training modalities.
- (vi) Review the training needs of local consultants likely to be involved in the project and determine appropriate timing and modalities for training especially in such aspects as safeguards, O&M and engineering design.
- (vii) Prepare a training program in cooperation with the CPMU.
- (viii) Supervise and monitor initial training program activities.
- (ix) Design a feedback mechanism for training participants.
- (x) Update the training program periodically based on identified needs and the feedback program.
- (xi) Review the implementation of the program and make recommendations for future training activities.

## CONSULTANT QUALIFICATION SELECTION (CQS) DOCUMENTS

### I. Expression of Interest for Consulting Firms

#### 1. Project Data

<b>Subproject Name</b>	
<b>Subproject Number</b>	

#### 2. Eligibility

##### Declaration

We hereby declare that:

- (i) we have read the advertisement, including the terms of reference (TOR), for this assignment;
- (ii) we have not been engaged to prepare such TOR as a firm, subconsultancy, or joint venture; and
- (iii) no full-time or part-time or contracted expert employed by our firm, subconsultancy, or joint venture has been engaged to prepare such TOR.

We further confirm that, if any of one or more of our experts is engaged to prepare TOR for any ensuing assignment as part of our work product under the assignment to which this advertisement relates, our firm and any such expert(s) will be disqualified from short-listing and/or participation in such follow-on assignment.

Lead Firm

Signed by:

Position :

Associate/Partner 1

Signed by:

Position :

Associate/Partner 2

Signed by:

Position :

Associate/Partner 3

Signed by:

Position :

#### 3. Experience of the Firm

- a. When was your firm established and where?
- b. How many professional staff do you employ and what is their expertise?
- c. How many similar assignments have you undertaken?

- d. Where are your offices established?
- e. What is your annual financial turnover over past 3 years?

### 3. Technical Qualifications

#### Narrative Descriptions

Based on the attached reference project sheets, highlight the technical qualifications of your firm/subconsultancy/joint venture (maximum of 2 pages).

#### Project Sheets

Indicate up to 6 reference projects that the firm/subconsultancy/joint venture feels are relevant.

#### Project 1 of \_\_

- Project Name
- Name of Client
- Project Location
- Participation
  - ☐ As lead firm
  - ☐ As associate firm
- Value of Services (VND)
- Source of Financing
- Consultancy Services
  - (i) No. of staff
  - (ii) No. of person months
- Length of Consultancy Assignment
- Start Date (dd/mm/yyyy)
- Completion Date (dd/mm/yyyy)
- Name of Associate Firms (if any)
- No. of Person-Months of Professional Staff Provided by Associated Firm(s)
- Detailed Narrative Description of the Project
- Detailed Description of the Actual Services Provided by your Firm

## II. Instructions to Consultants

### II. Instructions to Consultants

#### (ii) DATA SHEET

*[Comments in Italic provide guidance for the preparation of the Data Sheet; they should not appear on the final RFP to be delivered to the shortlisted Consultants]*

Paragraph Reference	
1.1	Name of the Client: _____ _____ Method of selection: _____
1.2	Financial Proposal to be submitted together with Technical Proposal: Yes ____ No ____ Name of the assignment is: _____
1.3	A pre-proposal conference will be held: Yes ____ No ____ <i>[If yes, indicate date, time, and venue]</i> _____ _____ _____ The Client's representative is: _____ Address: _____ Telephone: _____ Facsimile: _____ E-mail: _____
1.4	The Client will provide the following inputs and facilities: _____ _____ _____ _____
1.12	Proposals must remain valid ____ <i>[Insert number: normally 90 days]</i> days after the submission date, i.e. until: _____ <i>[Insert date]</i>



<b>2.1</b>	<p>Clarifications may be requested not later than ____ [<i>Insert number</i>] days before the submission date.</p> <p>The address for requesting clarifications is: _____</p> <p>Facsimile: _____ E-mail: _____</p>
<b>3.4</b>	<p>The format of the Technical Proposal to be submitted is: FTP ____, or STP ____, or BTP ____ [<i>check the applicable format</i>]</p>
<b>3.6 and 3.8(g)</b>	<p>Minimum number of person-months that must be shown on the personnel schedule are:</p> <p>: _____</p>
<b>3.8 (iii) b</b>	<p>[Estimated _____ or _____ Maximum] Budget: _____ VND</p>
<b>4.3</b>	<p>Consultant must submit the original and ____ [<i>Insert number</i>] copies of the Technical Proposal and the original of the Financial Proposal.</p>
<b>4.4</b>	<p>Financial Proposal to be submitted in sealed envelope Yes _____ No _____</p>
<b>4.5</b>	<p>Consultant must submit the original and two copies of the Technical Proposal, and the original Financial Proposal (if required under the selection method indicated under 1.1) to the Client to the following address:</p> <p>_____, _____,</p> <p>Proposals must be submitted no later than the following date and time:</p>
<b>5.1</b>	<p>Criteria, sub-criteria, and point system for the evaluation of Technical Proposals are those indicated in the Evaluation Sheets listed in Appendix 1.</p> <p>The minimum technical score required to pass is 750 from a maximum of 1,000 points.</p>
<b>5.3</b>	<p>Expected date for public opening of Financial Proposals (applicable for FBS, LCS or QCBS only): _____ [<i>insert date</i>] at: _____ [<i>insert location</i>]</p>
<b>5.4</b>	<p>The source for determining the exchange rates is: _____ [applicable exchange rate as of the date of deadline for proposal]</p>

	submission]
<b>5.6(ii)</b>	Quality-Cost Ratio (applicable for QCBS only): _____ [ <i>Choose only one: 90:10 or 80:20 or 70:30</i> ]
<b>6.1</b>	Expected date and address for contract negotiations: _____
<b>7.2</b>	Expected date for commencement of consulting services _____ [ <i>Insert date</i> ] at: _____ [ <i>Insert location</i> ]

## APPENDIX

## Evaluation Sheets to be used for the Evaluation of Technical Proposals

## PERSONNEL EVALUATION SHEET

CONFIDENTIAL

Name of Firm:

POSITION/AREA OF EXPERTISE		NAME	A		B		TOTAL SCORE (A+B)
			General Qualifications		Project-Related Experience		
			30%		70%		
			Rating	Score	Rating	Score	
a.	Expert 1			0		0	
b.	Expert 2			0		0	
c.	Expert 3			0		0	
d.	Expert 4						
e.	Expert 5						
f.	Expert 6						
g.	Expert 7						
h.	Expert 8						
i.	Expert 9						
j.	Expert 10						
k.	Expert 11						
l.	Expert 12						
<p><b>Rating:</b>    Excellent - 100%    Very Good - 90%    Above Average - 80%    Average - 70%    Below Average - 50%    Non-complying - 0%</p> <p><b>Score:</b>                      Maximum weight x Rating/100</p> <p><b>Note:</b> Interband ratings are not allowed in application of the above rating scale. For example, only a rating of 90 or 80 can be given, not 85, 87, etc.</p>							
Criteria Approved by:					Date Approved:		
Chairperson							

SUMMARY EVALUATION SHEET FOR SIMPLIFIED TECHNICAL PROPOSALS				
Confidential				
TA No.-Country: Title				
EVALUATION CRITERIA		Max. Weight	Firm 1	
			Rating	Score
<b>I. Approach and Methodology</b>		<b>300</b>		<b>0</b>
a.	Quality of Approach and Work Plan	200		0
b.	Personnel Schedule	50		0
c.	Proposal presentation	50		0
<b>II. Personnel (Areas of Expertise)</b>		<b>700</b>		
<b>Consultants</b>				<b>0</b>
a.	Expert 1		0	0
b.	Expert 2		0	0
c.	Expert 3		0	0
d.	Expert 2			
e.	Expert 5			
f.	Expert 6			
g.	Expert 3			
h.	Expert 8			
i.	Expert 9			
j.	Expert 4			
k.	Expert 11			
l.	Expert 12			
<b>TOTAL</b>		<b>1000</b>		<b>0</b>
<b>Rating:</b> Excellent - 100%      Very Good - 90%      Above Average - 80%      Average - 70%      Below Average - 50%      Non-complying - 0% <b>Score:</b> Maximum Weight x Rating / 100 <b>Note:</b> Interband ratings are not allowed in application of the above rating scale. For example, only a rating of 90 or 80 can be given, not 85, 87, etc. <b>However, for II. Personnel, figures in the rating column may result to interband ratings derived from the "Total Score" column of the Personnel Evaluation Sheet.</b>				
Criteria Approved by:		Date Approved:		
Chairperson				

### III. Technical Proposal

#### III. SECTION 3. TECHNICAL PROPOSAL - STANDARD FORMS

*[Comments in brackets [ ] provide guidance to the shortlisted Consultants for the preparation of their Technical Proposals; they should not appear on the Technical Proposals to be submitted.]*

Refer to Clause 3.4 of the Data Sheet for format of Technical Proposal to be submitted, and paragraph 3.4 of Section 2 of the RFP for Standard Forms required and number of pages permitted.

TECH-1 Technical Proposal Submission Form

TECH-4 Description of the Approach, Methodology and Work Plan for Performing the Assignment

TECH-5 Team Composition, Task Assignments, and Summary of CV Information

TECH-6 Curriculum Vitae (CV) for Proposed Professional Experts

TECH-7 Personnel Schedule

TECH-8 Work Schedule

**FORM TECH-1 TECHNICAL PROPOSAL SUBMISSION FORM**

---

[Location, Date]

To: [Name and address of Client]

Dear Sirs:

We, the undersigned, offer to provide the consulting services for [Insert title of assignment] in accordance with your Request for Proposal dated [Insert Date] and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed<sup>7</sup> under a separate envelope.<sup>8</sup>

We are submitting our Proposal in association with/as a Joint Venture: [Insert a list with full name and address of each joint venture partner or sub-Consultant].<sup>9</sup> Attached is the following documentation: [Joint Venture Agreement and Joint Venture power of attorney for lead or managing Partner]

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

If negotiations are held during the period of validity of the Proposal, i.e., before the date indicated in Clause Reference 1.12 of the Data Sheet, we undertake to negotiate on the basis of the proposed personnel. Our Proposal is binding upon us and subject to the modifications resulting from Contract negotiations.

We undertake, if our Proposal is accepted, to initiate the consulting services related to the assignment not later than the date indicated in Clause Reference 7.2 of the Data Sheet.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature [In full and initials]: \_\_\_\_\_

Name and Title of Signatory: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_

---

<sup>7</sup> If FBS, LCS or QCBS.

<sup>8</sup> [In case Clause Reference 1.2 of the Data Sheet requires to submit a Technical Proposal only, replace this sentence with: "We are hereby submitting our Proposal, which includes this Technical Proposal only."]

<sup>9</sup> [Delete in case no association or Joint Venture is proposed.]

Form TECH-4 Description of Approach, Methodology and Work Plan for Performing the Assignment

---

(For small or very simple assignments the Client should omit the following text in Italic)

*[Technical approach, methodology and work plan are key components of the Technical Proposal. You are suggested to present your Technical Proposal (maximum of 10 pages if a Simplified Technical Proposal is used) divided into the following three chapters:*

- a) Technical Approach and Methodology,*
- b) Work Plan, and*
- c) Organization and Personnel,*

*a) Technical Approach and Methodology. In this chapter you should explain your understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. You should highlight the problems being addressed and their importance, and explain the technical approach you would adopt to address them. You should also explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.*

*b) Work Plan. In this chapter you should propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule of Form TECH-8.*

*c) Organization and Personnel. In this chapter you should propose the structure and composition of your team. You should list the main disciplines of the assignment, the key expert responsible, and proposed technical and support personnel. You shall also specify if you will be the lead firm in a joint venture or in an association with Sub-Consultants. For joint ventures, you must attach a copy of the joint venture agreement.]*

**a. FORM TECH-5 TEAM COMPOSITION, TASK ASSIGNMENTS AND SUMMARY OF CV INFORMATION**

---

Family Name, First Name	Firm Acronym	Area of Expertise	Position Assigned	Task Assigned	Employment Status with Firm (full-time, or other)	Education / Degree (Year / Institution)	No. of years of relevant project experience	CV signature (by expert/by other)



## FORM TECH-6 CURRICULUM VITAE (CV) FOR PROPOSED EXPERTS

- 
1. **Proposed Position** *[only one candidate shall be nominated for each position]:* \_\_\_\_\_
2. **Name of Firm** *[Insert name of firm proposing the expert]:* \_\_\_\_\_  
 \_\_\_\_\_
3. **Name of Expert** *[Insert full name]:* \_\_\_\_\_
4. **Date of Birth:** \_\_\_\_\_ **Citizenship:** \_\_\_\_\_
5. **Education** *[Indicate college/university and other specialized education of expert, giving names of institutions, degrees obtained, and dates of obtainment]:* \_\_\_\_\_  
 \_\_\_\_\_
6. **Membership in Professional Associations:** \_\_\_\_\_  
 \_\_\_\_\_
7. **Other Trainings** *[Indicate significant training since degrees under 5 - Education were obtained]:*  
 \_\_\_\_\_  
 \_\_\_\_\_
8. **Employment Record** *[Starting with present position, list in reverse order every employment held by expert since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.]:*

From [Year]: \_\_\_\_\_ To [Year]: \_\_\_\_\_

Employer: \_\_\_\_\_

Positions held: \_\_\_\_\_

<p><b>11. Detailed Assigned Tasks</b></p> <p style="text-align: center;"><i>[List all tasks to be performed under this assignment]</i></p>	<p><b>12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned</b></p> <p><i>[Among the assignments in which the expert has been involved, indicate the following information for those assignments that best illustrate the expert's capability to handle the tasks listed in line 11.]</i></p> <p>Name of assignment or project: _____</p> <p>Year: _____</p>
--	--

	Location: _____ Client: _____ Main project features: _____ Positions held: _____ Activities performed: _____
--	--

### 13. Certification:

I, the undersigned, certify to the best of my knowledge and belief that

- (i) this CV correctly describes my qualifications and my experience;
- (ii) I am not employed by the Executing /Implementing Agency;
- (iii) In the absence of medical incapacity, I will undertake this assignment for the duration and in terms of the inputs specified for me in the Personnel Schedule in Form TECH-7 provided team mobilization takes place within the validity of this proposal or any agreed extension thereof;
- (iv) I am committed to undertake the assignment within the validity of Proposal;
- (v) I am not part of the team who wrote the terms of reference for this consulting services assignment;

I understand that any willful misstatement described herein may lead to my disqualification or dismissal, if engaged.

\_\_\_\_\_  
*[Signature of expert or authorized representative of the firm]<sup>10</sup>* Date: \_\_\_\_\_  
*Day/Month/Year*

Full name of authorized representative: \_\_\_\_\_

<sup>10</sup> This CV can be signed by a senior representative of the Consultant provided that if the Consultant's proposal is ranked first, a copy of the CV signed by the expert and/or specialist must be submitted to the Client prior to the commencement of contract negotiations.

### FORM TECH-7 PERSONNEL SCHEDULE

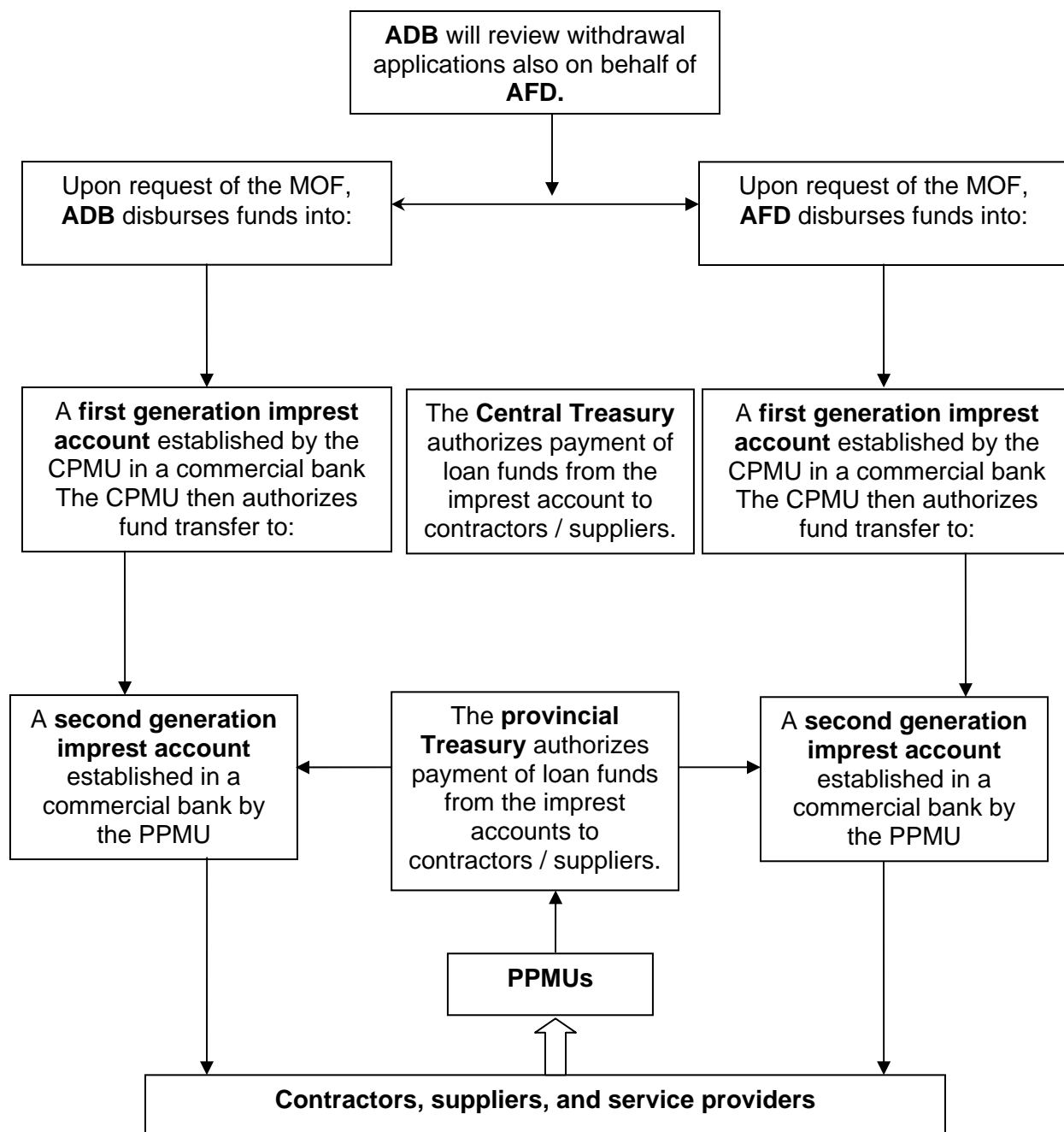
	Name of Expert /Position	3. Professional Expert input (in the form of a bar chart) <sup>2</sup>													4. Total person-month input		
		1	2	3	4	5	6	7	8	9	10	11	12	n			Total
1		[Home]															
		[Field]															
2																	
3																	
4																	
										<b>Total</b>							

1 Months are counted from the start of the assignment. For each expert indicate separately the input for home and field work.

 Full time input  
 Part time input



## LOAN FUNDS DISBURSEMENT ARRANGEMENTS



ADB = Asian Development Bank; AFD = Agence Francaise de Developpement; CPMU = Central Project Management Unit; PPMU = provincial project management unit; MOF = Ministry of Finance.

**SAMPLE AUDIT LETTER**

[Date]

Hon. Margarito Teves  
Secretary of Finance  
Department of Finance Building  
Roxas Blvd., Manila, Philippines

Dear Secretary Teves:

**Loan 2311-PHI/Grant 0071-PHI: Integrated Coastal Resources Management  
Financial Reporting and Auditing Requirements**

1. This letter is to ensure your timely compliance with the loan covenants and the quality of financial information as required by ADB. ADB's Handbook for Borrowers on the Financial Governance and Management of Investment Projects Financed by the ADB (the Booklet) is enclosed to guide you.
2. ADB, by its Charter, is required to ensure that the proceeds of any loan made, guaranteed, or participated in by ADB are used for the purposes for which the loan was approved. ADB requires accurate and timely financial information from its borrowers to be assured that expenditure was for the purposes stated in the loan agreement.
3. For these particular loans, the requirements are stipulated in Section 4.02 (a) of the Loan Agreement and Section 2.12 of the Financing Agreement of 28 March 2004<sup>7</sup> between ADB and the Republic of the Philippines. Further copies of the Loan/Financing Agreements are enclosed for onward transmission by your office to your auditor(s), together with a copy of this letter.
4. The following are the main requirements:
  - (i) ADB requires the EA to maintain separate project accounts and records exclusively for the Project to ensure that the loan funds were used only for the objectives set out in the Loan or Project Agreements. The project accounts comprise the Audited Project Accounts (APA) including cash flow statements.
  - (ii) The first set of project accounts to be submitted to ADB covers the fiscal year ending 31 December 2007. As stipulated in the Loan or Project Agreements, they are to be submitted up to 9 months after the end of the fiscal year. For this loan, the deadline is by 30 September 2008. A sample report format with explanatory notes, is attached as Annex A.
  - (iii) The accounts and records for the project are to be consistently maintained by using sound accounting principles. Please stipulate that your external auditor is to express an opinion on whether the financial report has been prepared using

international or local generally accepted accounting standards and whether they have been applied consistently.

- (iv) ADB prefers project accounts to use international accounting standards prescribed by the International Accounting Standards Committee. Please advise your external auditor to comment on the impact of any deviations, by [name of the Executing Agency] from international accounting standards.
- (v) Please ensure that your external auditor specifies in the Auditor's Report the appropriate auditing standards they used, and direct them to expand the scope of the paragraph in the Auditor's Report by disclosing the key audit procedures followed. Your external auditor is also to state whether the same audit procedures were followed for all supplementary financial statements submitted.
- (vi) ADB wishes that auditors conform to the international auditing standards issued by the International Federation of Accountants. In cases where other auditing standards are used, request that your external auditor to indicate in the Auditor's Report the extent of any differences and their impact on the audit.
- (vii) The external auditor's opinion is also required on whether
  - (viii) the proceeds of the ADB's loan have been utilized only for the project as stated in the Loan Agreement;
  - (ix) the financial information contains data specifically agreed upon between [name of the Borrower or EA] and ADB to be included in the financial statements;
  - (x) the financial information complies with relevant regulations and statutory requirements; and
  - (xi) compliance has been met with all the financial covenants contained in the Loan or Project Agreements.
- (xii) The Auditor's Report is to clearly state the reasons for any opinions that are qualified, adverse, or disclaimers.
- (xiii) Actions on deficiencies disclosed by the external auditor in its report are to be resolved by [name of Borrower or Executing Agency] within a reasonable time. The external auditor is to comment in the subsequent Auditor's Report on the adequacy of the corrective measures taken by [name of Borrower or EA].

5. Compliance with these ADB requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor.

Yours sincerely,

Urooj S. Malik  
 Director  
 Agriculture, Environment and Natural Resources Division

**PROJECT PERFORMANCE REPORT**

As of

 SERIAL NO :  
 DIVISION :  
 DEPARTMENT :  
 PROJECT NO :  
 LOAN STATUS :

(ALL AMOUNTS IN US\$ MILLION)

**A. BASIC DATA**

NAME

**PROJECT AT RISK**
 Development Objectives (DO) :  
 Implementation Progress (IP) :  
 Potential Problem (PP) :  
 Override :
**LAST:****CURR:****Poverty Classification****Thematic Classification**

LOAN NO(S)	APPROVAL	SIGNING	EFFECTIVITY	----- ORIGINAL	CLOSING REVISED	----- ACTUAL	PHYSICAL COMPLETION ORIG : REV :	ELAPSED LOAN PERIOD ORIG. REV.	PROJECT PROGRESS	REVIEW MISSIONS: LAST: ACTUAL DAYS: (last 12 months) NEXT: PLANNED DAYS:
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 EXECUTING  
 AGENCIES:
**B. FINANCING PLAN**

PROJECT COST	FOREX	LOCAL	TOTAL	COUNTERPART FUNDS ADEQUATE	CURRENT VALUE OF BANK LOAN:	BALANCE AVAILABLE FOR
ADB LOAN BORROWER					APPROVED : NET :	COMMITMENT:

**C. LOAN UTILIZATION**

----- CUMULATIVE CONTRACT AWARDS -----				----- 2001 CONTRACT AWARDS -----					
ADB	OTHERS	CUMULATIVE CONTRACTS TO NET BANK LOAN(S):		PROJ ACTUAL	1Q	2Q	3Q	4Q	TOTAL
----- CUMULATIVE DISBURSEMENTS -----				----- 2001 DISBURSEMENTS -----					
ADB	OTHERS	CUMULATIVE DISBURSEMENTS TO NET BANK LOAN(S):		PROJ ACTUAL	1Q	2Q	3Q	4Q	TOTAL

**D. COVENANTS  
COMPLIANCE  
WITH  
COVENANTS:**

AUDITED PROJECT ACCOUNTS / DELAY	AGENCY FINANCIAL STATEMENTS / DELAY	SECTOR COVENANTS	ENVIRONMENTAL COVENANTS	SOCIAL COVENANTS	FINANCIAL COVENANTS	ECONOMIC COVENANTS
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**E. MAJOR ISSUES/PROBLEMS (IP, DO, Covenants)****PROBLEMS****ACTION TAKEN/PROPOSED**

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PAU Assistant

PROJECT OFFICER



## DEVELOPMENT OBJECTIVES

## Long Term Development Objectives

Description

## Immediate Development Objectives

Description (with quantifiable / monitorable targets)	Rating (HS,S,PS,U)	Assessment of Current Status
Key Assumptions/Risks	Rating (HS,S,PS,U)	Assessment of Current Status
Assumptions:		
Risks:	Mitigated (Y/N)	
Overall Rating		

## Recent Development (Date: )

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## Major Problems with DO

Description	Action Taken/Proposed

## Project Quality (one time input primarily for COPP)

Capacity Building Component	Training Component	Participatory Process	Project Manager/Project Office prior to Loan Approval	Incorporated Lessons Learned in Sector/Country	Logical Framework

## IMPLEMENTATION PROGRESS

## Project Outputs

PROJECT OUTPUTS (Components/Subcomponents)	
Description (with quantifiable/monitorable targets)	Assessment of Progress-to-date
Key Assumptions/Risks (Input-Output)	Assessment of Current Status

## Key Project Inputs

(Loan Categories from LFIS/Logical Framework)	Remarks

## Implementation Progress

Rating Criteria	Rating (HS, S, PS, U)	Remarks
1. Project Implementation		
2. Change in Project Scope		
3. Change in Implementation Arrangements		
4. Project Costs		
5. Counterpart Funding/Cofinancing		
6. Covenants (exclude #7 below)		
7. Audited Project Accounts and Agency Financial Statements		
Overall Rating		

## Design Changes

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## Recent Development (Date: )

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## Problems with IP

Description	Action Taken/Proposed

## POTENTIAL PROBLEM PROJECT

Rating Criteria	Flag (Yes/NO)	Actual Rating	Remarks
1. Project Implementation Delays			
2. Poor Compliance with Covenants			
3. Established, Staffed, and Operating PMU/PIU			
4. Fielding of Consultants			
5. Shortage of Counterpart Funds/Co-financing			
6. Cost Overrun			
7. Poor Compliance with Audited Project Accounts and Agency Financial Statements			
8. Environmental or Social Problems			
9. Significant Disbursement Delays			
10. In Risk Sector in a Country with History of Past Problems			
11. Project Field Missions			
<b>Overall Rating</b>			

## COVENANTS

## Project and EA Accounts

EA	FY End	FY	Months Due After FY	Due	Date Received	Months Delayed	Acceptable Y / N	Status of Compliance	Rating
Submission of Audited Project Accounts (APA):									
Submission of Agency Financial Statements (AFS):									
Overall Compliance and Rating:									
Remarks:									

## Project Specific Covenants

Project-specific covenants	Date Due	Date Complied	Delays (mo.)	Status of Compliance	Rating (HS,S,PS,U)	Remarks/ Issues
Sector						
Environmental						
Social						
Financial						
Economic						
Others						
Overall Rating						

## Major Problems/Remarks/Issues with Covenants

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## **Suggested Topics for Project Completion Reports to be Prepared by Borrowers**

### **I. PROJECT DESCRIPTION**

- A. Objectives
- B. Components (or subprojects for sector and multiprojects)
- C. Implementation methods
- D. Description and justification of changes in components (or subproject appraisal criteria) or implementation methods

### **II. PROJECT IMPLEMENTATION**

- A. Compare original and actual implementation schedules. Indicate delays, length and causes of delays, and remedial action taken.
- B. Compare cost estimates made during appraisal and actual costs (foreign and local). Local currency costs incurred, appropriate exchange rates for their conversion into US dollars, and the foreign exchange costs financed by cofinanciers must be compiled correctly with reference to audited project accounts. Indicate factors that contributed to any significant overruns or underruns.
- C. State problems or difficulties in recruiting consultants, with reference to ADB procedures. Assess the consultant's work and the working relationship between the executing agency (EA) and the consultant. Use of a design and monitoring framework is strongly recommended.
- D. State problems or difficulties encountered in procuring goods and services (including civil works) with reference to ADB procedures. Assess the supplier's or contractor's performance under the contract.
- E. Give the extent of compliance of the borrower and EA with loan covenants, with reasons for noncompliance or delays in compliance and the remedial actions taken.
- F. State reasons for any delays in loan utilization. Evaluate the appropriateness of the disbursement methods used. Justify the reallocation of loan proceeds.
- G. State problems or difficulties with subproject appraisal. Evaluate the EA's performance and capacity to appraise subprojects.

### **III. INITIAL OPERATIONS**

- A. Describe initial operations of the project and transitional problems encountered from project completion to initial operations.
- B. Describe measures taken to ensure continued smooth operation of the project relative to management, staffing, funding, and maintenance of project facilities.
- C. Analyze the prospects of the project benefits being realized.

#### **IV. EVALUATION OF THE ASIAN DEVELOPMENT BANK'S PERFORMANCE**

A. Assess ADB's performance in supervising project implementation. Include comments on the adequacy of the consultants' terms of reference and appropriateness of specifications in tender documents. Evaluate the effectiveness and timeliness of assistance extended by ADB to solve implementation problems.

B. Comment on problems encountered with ADB's procedures. Note the measures taken to resolve these problems and suggest changes in procedures and requirements.

## ECONOMIC ASSESSMENT

1. In view of the sector lending modality, an economic analysis has been carried out on the proposed loan based on ADB guidelines.<sup>11</sup> The proposed Project is an investment loan, but because of the significant number and location of potential subprojects within the target provinces<sup>12</sup> it was not possible to identify all subprojects during the design phase, nor was it appropriate as the Government has already demonstrated a capacity to implement a sector modality project.<sup>13</sup> The Project also seeks to influence policy reform<sup>14</sup> and thereby qualifies as a sector loan. It will “systematize the present ad hoc approach to sector development through emphasis...on considerations in the development of the sector”,<sup>15</sup> an ADB requirement for a sector loan. A more detailed analysis of four representative subprojects (to confirm they are economically viable and that they will contribute to poverty reduction) is presented in Supplementary Appendix C. Further material on the sector and planning contexts for the rural infrastructure sector is contained in Appendix 2.

### Rationale for Government Involvement

2. The Government's Five-Year Socio-Economic Development Plan (SEDP) (2006–2010) has three main outcomes targeted for the 5-year period: (i) growth, to boost the economic growth rate, quickly but sustainably bringing the country out of the low development state (to reach per capita income of \$950–1,000 by 2010); (ii) social development, to significantly improve people's material, cultural, and spiritual life; and (iii) good governance, to create institutional and infrastructure foundations to boost the industrialization and modernization process and gradual transformation into a knowledge-based economy. To achieve its economic growth objective, the Government proposes to (i) liberalize markets, (ii) develop infrastructure, (iii) promote science and technology, (iv) improve factor productivity, (v) improve the quality of resource allocation and use, and (vi) proactively accelerate international economic integration to promote exports and foreign investment. To achieve and maintain its high gross domestic product (GDP) annual growth rate of 7.5%, Viet Nam needs to develop physical infrastructure and maintain investment levels of at least 35% of GDP.

3. The other rationale for Government involvement is that because rural infrastructure is a public good, infrastructure investments tend to require large capital resources, and this precludes private investment. In addition, the means for recovering rents or user charges are not well developed in Viet Nam (although tollways are effective on national routes). With the possible exception of irrigation facilities and water supplies, benefits are distributed over a large and unidentifiable number of users, reinforcing the public nature of the investment. Rural infrastructure is essentially a public good; the responsibility rests with the Government to provide an appropriate environment to facilitate private investment.

<sup>11</sup> ADB Economics Research Division. 2005. Technical Note No.14: *Economic Analysis of a Sector Loan*. Manila.

<sup>12</sup> Participating provinces include eight former Rural Infrastructure Sector Project (RISP) provinces and five new provinces within the Central Region.

<sup>13</sup> ADB 1997. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for the Rural Infrastructure Sector Project*. Manila

<sup>14</sup> ADB's Operational Manual states that a sector loan is “for project related investments based on considerations relating to a sector... as a whole”.

<sup>15</sup> ADB. 2003. *Operations Manual*. Section D3/OP: Sector Lending. Manila (29 October).

## Goals of the Plan

4. The main elements of the Government's rural infrastructure strategy include (i) an emphasis on rural roads, particularly a complete grid of all-weather roads in the supply areas for the major urban centers and a focus on much simpler linkages in remote areas; (ii) a decision to design and implement as much rural infrastructure development as practicable at provincial and lower levels with beneficiary or user participation; (iii) capacity development with regard to training and equipment so as to allow provinces to plan effectively without waste and to supervise construction; (iv) preparation and monitoring of standards for new works and maintenance; (v) priorities established for major national water projects within an overall plan; (vi) a system to determine priorities for national funding contributions to provincial infrastructure plans; and (vii) effective cost-recovery systems and practical, funded management and maintenance programs in place. In the SEDP plans for the Northern Central and Central Coastal regions, targets include raising per capita GDP to \$700–800 by 2010. For the Central Highlands region, the rural infrastructure focus is more on small- to medium-scale irrigation works, development of rural markets to support commodity-based border and domestic trade, and the development of side roads, feeder roads, and border roads from the National Highway 1A. The various ways in which the provision of rural infrastructure supports economic growth and poverty reduction in a range of situations are outlined in Appendix 2.

## Government Plans

5. Details of Government plans and priorities are given in Section D of Appendix 2.

## Associated Economic Policies

6. Two recent policy initiatives that are likely to impact upon the rural infrastructure sector (other than the sector development policy itself) are (i) the policy on decentralization and grassroots identification of priority public investments, and (ii) the policy for maintaining rural infrastructure. The Government has given significant importance to the commune-identified investments and has provided funding to resource the implementation of these investments (e.g., Program 135, funded from Government resources) and other bilaterally and multilaterally funded initiatives. Infrastructure items identified through these tend to be smaller-scale public investments of immediate relevance to the concerned communities. They tend not to have the broader economic development rationale or any appreciation of the larger-scale development issues. This has created an opportunity for coordination with these smaller-scale investments to increase their impact. Linking a number of village or commune roads with district road rehabilitation has the potential for a far greater impact than the road alignment in its own right.

7. The second policy is related to the resources of provinces and their financial capacity to maintain rehabilitated structures. The Government is clear in its desire to recover operation and maintenance (O&M) costs from the immediate beneficiaries using rural infrastructure. Local authorities have been charged with responsibility for setting user charges to recover O&M costs. For the larger items with broad-based benefits, contracts are provided to state-owned enterprises to operate and maintain state assets. The pricing policy of local administrations, however, does not provide for full cost recovery and in many cases recovered user-charges are insufficient to meet immediate O&M needs, particularly in the case of rural water supply and sanitation. Local authorities consider that they must retain responsibility for maintaining services to the public at subsidized prices. The subsidy that would allow comprehensive maintenance is not provided from provincial budgetary allocations; inevitably, assets deteriorate. The policy is



based on social considerations and is highly political given the limited capacity of some households to afford tariffs set to achieve full cost recovery. With the limited resources available in the districts and provinces to subsidize user charges, combined with a lack of appreciation of the need for routine and periodic maintenance (or at least the benefits thereof), rural infrastructure is seldom maintained in sound working order. The various dimensions of this planning and financing problem, and the nature of the resulting impacts upon rural livelihoods, are explained in more detail in Appendix 2. The Project has addressed this issue by capacity building for O&M requirements and by providing higher initial capital costs for structures (increasing design standards). However, the policy of allowing local authorities to set user fees at subsidized rates will impact upon the sustainability of the investments under the Project.

### **Government and Local Consultant Capacity**

8. The Government has demonstrated a capacity to implement an ADB-funded sector modality project (the RISP) between 1998 and 2005 (footnote 2). In addition, the Government has recently completed the first and second Rural Transport Projects implemented by the national Government (i.e., centralized) project management unit. These projects have generally been regarded as satisfactory in terms of implementation efficiency and overall development impact; over 6,800 kilometers (km) of basic access roads were rehabilitated, and the projects helped to improve capacity to plan and implement work at the national level, and contributed to the emergence of private-sector contractors in the country. The ADB-funded RISP was implemented through provincial project management units where there was significant capacity building in the identification, design, works supervision, and in general project management. While it was assessed that more capacity building was needed<sup>16</sup> in the areas of safeguards and economic evaluation, the project was rated as successful, demonstrating that capacity to implement a sector modality project has been established. However, the project completion report recommended (i) that further devolution should not be attempted too hastily, (ii) that there be a period of consolidation, and (iii) the refinement of local consultant capabilities in the social aspects of identification and design. Similarly, the capacities of the local consultants to prepare technically sound and appropriate detailed designs and to supervise works construction have been demonstrated.

### **Fiscal Impacts**

9. Most of the rural infrastructure being rehabilitated or established under the Project will be of sufficient size that it is unlikely that communities will assume responsibility for its maintenance. Wherever possible, the Government is committed to charging user fees to provide for, or at least contribute towards, O&M requirements. Where it is possible to identify and charge local beneficiaries for contributions to O&M (as is the case in rural water supply and sanitation, markets, and irrigation subprojects), the immediate beneficiaries will be able to contribute to routine maintenance. For roads, the funding of routine maintenance will inevitably become the responsibility of the provinces, as will periodic maintenance requirements of other infrastructure. This places a significant demand on provincial and district resources to maintain rehabilitated infrastructure along with their increased capital stock of infrastructure. While the revenue-raising capacity of the predominantly rural provinces is limited, the issue of sustainability is very much dependent upon central Government allocations. Sustainability is partly an issue of financial management but is more one of limited resources.

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<sup>16</sup> ADB. 2006. *Project Completion Report on the Rural Infrastructure Sector Project in Viet Nam*. Hanoi.

10. A review of the financial position of the 13 target provinces shows significant growth in the level of financial activity, sources of funding, and the allocation of these funds to both capital and recurrent expenditure. In the period ended December 2004, annual budget receipts per capita (from all sources) in the target provinces varied between D0.6 million and D2.9 million, with Binh Dinh the lowest and Kon Tum the highest (the latter due to large transfers from the central Government). Annual per capita expenditure ranged between D0.8 million and D2.4 million with most budgets being balanced (made possible by transfers from the central Government). Provinces maintain their focus on funding capital investments that accounted for, on average, 28% of provincial expenditure. Provincial allocations for routine and periodic maintenance of infrastructure have been estimated to be approximately 40% of actual requirements. The heavy dependence on the central Government for budget resources averages 61% for target provinces, but ranged from 42% in the case of Thua Thien-Hue to 81% in Kon Tum.

11. The Project and associated ADTA have designed the capacity building to raise the awareness of provincial decision makers to achieve increased allocations for routine and periodic maintenance allocations from provincial budgets, but this continues to be a challenge facing the resource-poor provinces. Furthermore, as their respective economies develop, greater allocations will be needed for recurrent expenditure rather than maintaining the focus on investment and capital infrastructure as was needed in the period following the cessation of conflict to rehabilitate the dilapidated infrastructure.

12. ADB funds are not fully fungible as the three financing sources—ADB, AFD, and the Government—have already been specified in the design for the identified subprojects. The allocation of counterpart funds proved to be a major concern during the implementation of the RISP as 20% funding was sought from the provinces.

### **Economic Risks**

13. The major economic risk to the successful outcome of the Project is the need for periodic and routine maintenance to sustain benefits. The economic analysis in Supplementary Appendix C draws attention to the sensitivity of the economic internal rates of return (EIRRs) for the representative subprojects to maintenance for road subprojects in particular. If the benefit stream stops 5 years after rehabilitation, the estimated EIRR becomes negative; if it stops after 10 years, the EIRR falls below the cost of capital. Specifically, the sensitivity analysis of the Phu Quy – Phuoc Hau, Phuoc Thai – Lien Son, and Tan Tai – Xom Lang roads suggests that if maintenance stops after 5 years the EIRRs will be about –4.3%, while if maintenance stops after 10 years the EIRR will only be 5.9%. For the Hung Trung – Nghi Kieu subproject (comprising roads, irrigation rehabilitation, and rural markets) the situation is similar, with the EIRR being –5.5% if maintenance stops after 5 years and 10.1% if it stops after 10 years.

14. The importance of attending to maintenance of rehabilitated structures cannot be overstated as it has such a dramatic impact upon the benefits achieved. While the identified economic risk is part policy-related in that tariffs do not reflect the real operational cost of rehabilitated infrastructure, the risk is equally a function of the limited availability of resources to maintain structures. The subproject identification process will go part of the way to ensuring that resources are allocated to the rehabilitated infrastructure, but there is a period of time between the commitment to a maintenance program and the commitment of budgetary resources during which such undertakings could be forgotten. It is therefore important to formalize commitments for maintenance by the provinces and, wherever possible, set minimum financing amounts for specific items of infrastructure.

## **Government Commitment**

15. The commitment of both the central and provincial governments was strong during the previous ADB-funded sector loan, and has been evident again during the preparation of the Project. The provinces see considerable merit in the outcomes of the Project as it has been developed in a participatory manner with numerous workshops and individual consultations. Government commitment is clear, in that it financed 31% of the total project cost, compared with the 20% estimated at appraisal for the RISP. Whilst this was provided to ensure that adequate standards of design were achieved given the unit cost limitations in the RISP project documents, it substantiates Government commitment to the sector and its development plan.

## **Coordination of Foreign Aid**

16. There are a number of international agencies and bilateral donors working in the rural and coastal infrastructure sector (Appendix 3) as well as a number of state-funded initiatives (such as the Program 135 phase II). Clearly there is a need to coordinate with these development initiatives at the provincial level. To achieve this coordination, responsibility for implementing has been assigned to the provincial people's committees (PPCs). Provincial steering committees have been proposed to ensure that subprojects will be consistent with the provincial SEDPs. Furthermore, as PPCs will have a major role in approving identified subprojects, and as the selection and prioritization process will be administered by the provincial project management units, it suggests that donor coordination will be effectively handled.

## **Conditions Attached to the Loan**

17. Most conditions for the proposed Project relate to subproject identification and have been incorporated in the selection criteria. While policy reform may be appropriate in the case of the rural water supply and sanitation sector, the Project is intended to have some impact upon policy development within this sector in respect of the practices for O&M that forms the main condition of the proposed loan. This also constitutes the main risk under the Project that will impact on maximizing benefits from the investment. Time-bound and quantified provincial budgetary allocations that can be monitored after completion should be established during the selection process.

## **Economic Analysis of Representative Subprojects**

18. Given the sector modality of the proposed Project, four representative subprojects were analyzed to determine their suitability for funding. In view of the similarity between the proposed Project and its predecessor (the RISP), three completed subprojects were reanalyzed using 2006 costs (indexed from actual costs); they were assessed against demonstrated benefits in current 2006 terms. In addition to the three completed subprojects, a new potential subproject<sup>17</sup> was evaluated using similar approaches to the completed subprojects under the RISP. Each subproject demonstrated EIRRs in excess of 12%, ranging from 12.2% to 19.9% based on the identified net benefit flows. In each case, there were additional benefits from the investment that could not readily be quantified, and estimates were considered to be conservative. Sensitivity tests were carried out to the main potential variables that might impact upon the findings, including price declines, increases on capital costs, and also a reduction in utilization. The

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<sup>17</sup> Hung Trung Nieu Tru road rehabilitation and associated irrigation rehabilitation and market structures.

sensitivity to routine and periodic maintenance was also analyzed with utilization declining to prerehabilitation levels after the maintenance ceased. In most cases, the benefits were not sensitive to changes in price levels or to increases in the unit investment costs. The area of greatest sensitivity was identified from maintenance practices. Where the maintenance was ceased after 5 years of operation, the EIRRs fell dramatically below the cost of capital. In cases where the maintenance ceased after 10 years from completion, the EIRRs were significantly reduced (but not to below zero) as most of the benefits would have been received before the deterioration of the infrastructure. This result is more an impact of the method of estimating EIRRs, as the more substantial benefits are those occurring immediately after the initial investment.

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

### A. Linkages to the Country Poverty Analysis

<b>Is the sector identified as a national priority in country poverty analysis?</b> <div style="float: right;"> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </div>	<b>Is the sector identified as a national priority in country poverty partnership agreement?</b> <div style="float: right;"> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </div>
<b>Contribution of the sector or subsector to reduce poverty in Viet Nam:</b>	
<p>Viet Nam has already achieved the first Millennium Development Goals of halving poverty by 2015 as the national poverty rate fell from about 58.1% in 1993 to 24.1% in 2004. Despite the success, regional inequalities remain: poverty, particularly extreme poverty, remains heavily concentrated in isolated rural areas and among ethnic minority groups. Over 90% of the poor (73% of the whole population) are found in rural areas. The need for social equity and balanced development to sustain the country's economic growth is well recognized in the Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS) and its latest Five Year Socio-Economic Development Plan, 2006–2010, and ADB's country strategy and program (CSP) (2007–2010). Key focuses of the CPRGS are the development of a diversified rural economy, inclusive social development, and addressing the needs of the relatively impoverished Central Region. Both plans place considerable emphasis on the provision of infrastructure, both at the national level and more directly at the provincial, district, and commune levels. The CSP recognizes this priority and has identified limitations in physical infrastructure as one of the main bottlenecks to accelerated, private sector-led growth, as well as to socially inclusive growth.</p> <p>The Project will contribute to achieve balanced and equitable growth in the 13 provinces in the Central Region. It will fund a series of subprojects aimed at rehabilitating and upgrading medium-scale rural and coastal infrastructure such as intercommune roads, irrigation facilities, water supply and sanitation, markets, and special coastal zone works. It is expected that approximately 50% of the subprojects will be roads to improve access to markets, employment opportunities, health centers, and schools by reducing isolation and remoteness of rural communes. It is also expected that another 30% of the subprojects will be irrigation schemes that will increase the productivity of agriculture. Improving access to safe water supplies will reduce health and hygiene problems particularly among the poor women and children quite apart from the time saved from water collection, a task performed by women and children. Likewise, markets will promote livelihood diversification by encouraging trade and enable information exchange.</p>	

### B. Poverty Analysis

### Targeting Classification: General intervention

<b>What type of poverty analysis is needed?</b>	
<p>The Project is not a direct poverty intervention because all people will have access to, and benefit from, the various subprojects. However, the Project will greatly benefit poor communities as subprojects will be located in geographically poor provinces, where the average rural poverty rate in 13 target provinces is 52%, a figure exceeding the national average of 26.4%.</p> <p>Participating provinces are characterized by a long, narrow coastal zone up to about 10 km wide along the coast in the east. This zone borders a flat, productive coastal plain that in turn is flanked by a series of mountains and hills to the west. The most densely populated areas in the provinces are the coastal zones and alluvial plains. The mountains and hills tend to be sparsely populated by ethnic minority tribal people. While the greatest absolute numbers of poor are in the coastal zone and the alluvial plain (due to the much higher population density), the hill and mountain areas have extremely high levels of poverty. Households in mountainous communes are substantially poorer, with 56% falling into the poor income group, compared with 22% of households in coastal communes and 42% of households in plains communes.</p> <p>All the provinces are predominantly rural and agricultural. The main economic activity is rice cultivation, and this is supplemented in the coastal zones by capture fisheries and aquaculture. Moreover, the region is also disaster prone, being subject to typhoons and consequent floods in the rainy season and droughts in the dry season. This adds to the precarious economic situation of the population, most of which lives below or just above the poverty line. Rural infrastructure in the project provinces is in generally poor condition. Approximately 70% of provincial roads are unpaved and are impassable during the wet season, while many of the irrigation systems require rehabilitation and upgrading. As a result, access to irrigated land and markets is constrained, as are access to services such as health and education. A poverty and social assessment (PSA) was undertaken during project preparation covering six provinces and six districts in each province with two districts selected in each of the three agro-environmental zones - coastal, plains, and mountainous. According to the PSA, upgrading of roads and bridges to all-weather surfaces and improving access to safe water supplies are the highest-ranked infrastructure development priorities of most</p>	

surveyed households, irrespective of gender or ethnicity. Despite the recognition of the need to improve water supply and sanitation, survey respondents are more willing to pay for improvements to infrastructure such as roads, irrigation, and markets. The PSA also revealed that there are differences between ethnic minority households and Kinh households with regard to access to infrastructure and services. Only 18% of ethnic minority households live in villages with a health centre (compared with 26% of Kinh households), 5% with a market (compared with 22% of Kinh households), and 15% with a lower-secondary school (20% of Kinh households). Subproject locations are yet to be determined.

### C. Participation Process

**Is there a stakeholder analysis?**

☒ Yes

☐ No

A stakeholder analysis was conducted during project preparation to identify key project stakeholders, their project-related interests, and their potential roles in project implementation. Project field surveys were also conducted and approximately 400 potential beneficiaries per province were included. In addition, a number of province and national level workshops were held during implementation of the preparation study.

**Is there a participation strategy?**

☒ Yes

☐ No

A participation strategy has been integrated into the project design and social safeguard documents to ensure that different stakeholders continue to participate during implementation. Screening criteria for subproject investment proposals include that the public consultations have been undertaken on the subproject proposals within all affected or participating communes and feedback from consultations have been included in the proposal. The Project will mobilize community participation specialists in order to ensure that stakeholders, particularly beneficiaries, participate in sharing information about the Project, determine the location and design of subprojects, and supervise construction and benefit monitoring. The various safeguard processes (resettlement, ethnic minority development, and environment) also include consultation and participation of the community as a key step in identification of impacts and mitigation measures.

### D. Gender Development

**Strategy to maximize impacts on women:**

Viet Nam has a long tradition of promoting gender equality, having one of the highest economic participation rates of women in the world (83%). The PSA concluded that women will be beneficiaries of the Project as around half of all workers in the agriculture sector are women, and compared with men, women contribute more hours of labor to cultivation, agricultural processing, and marketing of agricultural produce. In particular, market improvements will primarily benefit women, as over 90% of traders are women. Improvements in water supply may also ease women's physical burden.

The results from the PSA indicate that there is almost no difference between female-head and male-head households across the project area in terms of poverty level, with female-head households being slightly better off than male-head households. With regard to participation of women in community infrastructure planning and implementation, across the project area there is a relatively high participation of women in the decision-making process. Decisions about the types and actual location of new infrastructure had consistent participation of women. Nonetheless, subproject planning and implementation will ensure women, including female household heads, are provided equal opportunity to participate in and benefit from the Project. Gender will be an integral part of resettlement plans and environmental assessments.

**Has an output been prepared?**

☐ Yes

☒ No

### E. Social Safeguards and Other Social Risks

Item	Significant/Not Significant/None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The Project will upgrade mainly existing infrastructure. Category A subprojects (with significant resettlement impacts) will be excluded through the subproject screening process. Short resettlement plans will be prepared for each subproject that may have land acquisition and resettlement impacts in accordance with the resettlement framework presented in Appendix 15.	<input type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant	The affected population, including the poor, generally lacks access to infrastructure and related services. The Project will help to improve connectivity and provide better access to basic	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Item	Significant/Not Significant/None	Strategy to Address Issues	Plan Required
	<input type="checkbox"/> None	infrastructure and services. User charges and fees for irrigation, water supply and sanitation projects, and markets, will be discussed and agreed to by beneficiaries prior to implementation. There will be no in-kind beneficiary contributions to construction, while operation and maintenance provisions for public infrastructure are included as a project cost.	
Labor	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	No adverse impact is anticipated. The Project will create employment opportunities (mainly for poor, unskilled labor) in infrastructure construction and maintenance, and also ensure that all labor laws and regulations are adhered to by all subproject contractors.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous People	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Overall 35 different ethnic minority groups are located in the project area and account for some 12% of the population in total. Two out of 13 target provinces have high proportions of ethnic minority population, namely Kon Tum (53.6%) and Ninh Thuan (21.9%). The ethnic minority development framework will aim to extend the subproject's positive impact on ethnic minority groups. Together with the resettlement framework, it will ensure participation of ethnic minority populations in resettlement planning and implementation, and impacts and mitigating measures are addressed in the resettlement plan. Furthermore, if the ethnic minority population exceeds 20% of all the affected persons, small-scale livelihood activities will be prepared in consultation with ethnic minority affected people as a special rehabilitation program.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The incidence of HIV/AIDS in the project provinces is not significant, and the increased risk to HIV/AIDS due to the Project is considered minimal.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## SUMMARY RESETTLEMENT FRAMEWORK

### A. Background

1. The Integrated Rural Development Sector Project in Central Provinces funds small- and medium-scale investments in rural and coastal infrastructure such as roads, irrigation, water supply, sanitation, and markets in 13 provinces in the Central Region. Negative impacts from the Project are considered small and are likely to be confined to (i) permanent loss of small areas of land adjacent to the works, (ii) minor damage to structures, crops, and trees, (iii) temporary loss or disruption of the use of land or other assets caused by construction works; and (iv) the movement of construction plant and materials to and from work sites. Few, if any, people will be severely affected by land acquisition. In accordance with the Asian Development Bank's (ADB's) *Involuntary Resettlement Policy* (1995), the Project is classified category B. Full resettlement plans (as required for category A projects) will not be required because any subproject with significant resettlement impact will not be eligible for funding<sup>18</sup>. Short resettlement plans will be prepared for any subprojects found to have land acquisition and resettlement impacts up to the limits for category B.

### B. Policy Framework and Entitlements

2. The resettlement framework is prepared based on laws, regulations, and policies of the Government of Viet Nam and ADB policies and guidelines. It was endorsed by the Government and guides the preparation of resettlement plans (should any be needed) during project implementation. The provisions and principles adopted in this framework and subsequent plans will supersede the provisions of the relevant decrees currently in force in Viet Nam wherever a gap exists, as provided for under Decree 131/2006/ND-CP (November 2006), which regulates the management and use of official development assistance.

3. The project entitlement matrix (Table A15.1) summarizes the main types of losses and the corresponding nature and scope of entitlement. The extent of impact on vulnerable groups including ethnic minority groups and other disadvantaged groups—such as the landless, poor, households headed by women, elderly, and disabled—who should receive special economic rehabilitation programs will be determined during preparation of subproject investment reports (SIR) and resettlement plans. If the ethnic minority population exceeds 20% of all the affected persons, special economic rehabilitation programs specifically targeted to ethnic minority affected persons will be prepared in consultation with the ethnic minority affected persons. The details are found in the separate Ethnic Minority Development Framework (Supplementary Appendix I).

### C. Institutional Framework

4. The Ministry of Agriculture and Rural Development (MARD), through the Central Project Management Unit (CPMU) of its Agricultural Projects Management Board, will assure overall planning, coordination, and reporting for the Project. In each of the 13 participating provinces, the respective Departments of Agriculture and Rural Development (DARD), through their provincial project management units (PPMUs), will prepare and implement subprojects. A safeguard officer will be appointed in each PPMU. The CPMU and PPMU will liaise with the provincial people's committee (PPC), and the PPC will request the district people's committee (DPC) in districts where a subproject is located to establish a Compensation, Assistance, and

<sup>18</sup> As per ADB policy, 'significant' resettlement means that 200 or more people (or approximately 40 households based on an average size of household) will experience being physically displaced or lose \$10 or more of their productive assets (income-generating).



Resettlement Board (CARB). The CARB will lead the resettlement process for each subproject, including preparation and implementation of the resettlement plan. The Committee for Ethnic Minorities and Mountainous Areas and the Fatherland Front have mandates for ethnic minority issues, and these agencies will be included in the special rehabilitation program for ethnic minority population wherever possible.

#### **D. Screening, Preparation, and Implementation of Resettlement Plans**

5. Based on information given in subproject identification proposals (SIPs), the CPMU will determine the requirements for resettlement plans using screening and categorization forms. During the initial screening of SIPs, subprojects likely to have significant resettlement impact will be rejected for ADB funding.

6. A short resettlement plan will then be prepared for each subproject investment report (SIR) where resettlement impacts are unavoidable. The preparation of a subproject resettlement plan will use the following procedure.

- (i) Undertake a census of all affected persons.
- (ii) Undertake an inventory and detailed measurement survey<sup>19</sup> of all losses of all affected persons. At the same time, inform potential affected persons (without discrimination) of the subproject, its likely impacts, and principles and entitlements as per the resettlement framework.
- (iii) Undertake a socioeconomic survey<sup>20</sup> of at least 10% of all affected persons, 20% of severely affected persons and ethnic minority population.
- (iv) Undertake a replacement cost survey for various types of affected assets as a basis for determining compensation rates at replacement cost. Determine the losses in accordance with the entitlement matrix.
- (v) Provide project and resettlement information to all persons affected in a form and language understandable to them, and consult them on compensation and resettlement options, including relocation sites and economic rehabilitation.
- (vi) In consultation with those people affected, prepare a special rehabilitation program for affected ethnic minority population when their number exceeds 20% of all the affected persons.
- (vii) Prepare the draft resettlement plans with time-bound implementation schedule, procedures for grievance mechanism, and monitoring and evaluation, and a budget.
- (viii) Finalize the subproject resettlement plan in both Vietnamese and English. Submit plan to the CPMU for preliminary review, then CPMU will forward it to ADB for approval.
- (ix) Disclose the draft and final resettlement plan in accordance with ADB's *Public Communications Policy* (2005) to the affected communities and on ADB's website. The draft resettlement plan will be disclosed prior to submission to ADB for approval. The final resettlement plan will be disclosed after approval.

7. Land acquisition, compensation, and relocation of affected persons cannot commence until the resettlement plan has been reviewed and approved by ADB. All resettlement activities will be coordinated with the civil works schedule. MARD will ensure that civil works contractors will not be issued a notice of possession of the site until (i) compensation and relocation of

<sup>19</sup> Data will be disaggregated by gender and ethnicity.

<sup>20</sup> The socioeconomic survey will include gender analysis and data will be disaggregated by gender and ethnicity.

affected persons have been satisfactorily completed; (ii) agreed rehabilitation assistance is in place; and (iii) the site is free of all encumbrances (where relevant).

#### **E. Consultation, Grievance Redress, and Disclosure**

8. Consultation with the affected persons will take place from the SIR preparation stage, and will be completed prior to finalization of detailed designs and resettlement plan so that their needs and preferences can be incorporated into the design where practicable. They will also participate in the various resettlement plan processes, including (i) preparation of the inventory of losses, (ii) validation of compensation rates and entitlements, (iii) handover of entitlements, (iv) monitoring of impacts and benefits, and (v) discussion and settlement of grievances.

9. To ensure that all grievances of those affected on any aspect of land acquisition, compensation, relocation, and determination and payment of entitlements are resolved in a timely and satisfactory manner, and that all avenues for airing grievances are available, the Project will set up a mechanism to deal with any such grievances during project implementation. The affected persons will be made fully aware of their rights (both verbally and in writing) during consultations and at each phase of the resettlement process. Detailed procedures for hearing and redressing grievances, including appeal processes, will be made public through an effective public information campaign. The CARB will record and report on all complaints and their resolution. An independent monitor will check procedures and resolutions of grievances and complaints.

10. The PPMUs, assisted by the resettlement committees, will disclose (i) draft resettlement plans prior to submission for review and approval by ADB, (ii) final resettlement plans approved by the CPMU and ADB, and (iii) any revisions to resettlement plan as a result of changes in scope or design layout. Key information in resettlement plan, including compensation and rehabilitation options, will be disclosed to affected persons before commencement of civil works. The information will be made public in a readily accessible location such as village and commune halls and be in the form of an information leaflet or brochure, all in a form and language readily understood by the affected persons. All relevant project information, including final resettlement plan or specific actions prepared under the Project, will be made freely available in both English and Vietnamese to all affected persons and other interested parties, and will be posted on the ADB website following ADB and MARD approval of the related subproject detailed design.

#### **F. Monitoring and Evaluation**

11. The PPMU will supervise the preparation and implementation of the subproject resettlement plan and will monitor and report on all resettlement activities. The CARB will submit monthly progress reports to the PPMU which will review and forward them to the CPMU. The CPMU will consolidate all provincial reports into the project performance monitoring system, which will be used to prepare regular progress reports for submission to ADB. Monitoring and evaluation will also focus on social impacts and whether the people affected are able to restore, and preferably improve, their preproject living standards, incomes, and productive capacity.

12. The CPMU will recruit an independent monitoring organization to conduct external monitoring and evaluation of resettlement for the Project, focusing on the social impacts of the Project and whether affected persons are able to restore, and preferably improve, their preproject living standards, incomes, and productive capacity about 12 months after compensation and relocation have been completed. All such reports will be submitted to the CPMU and ADB.

## G. Budget

13. All compensation for land and other affected assets will be paid at replacement cost based on current market prices. Compensation rates will be established for each project province, at replacement cost based on market prices during the replacement cost survey. All costs for subproject resettlement programs under the Project including land acquisition, compensation and allowances, operation and administration costs, surveys, monitoring, and reporting will be financed from loan funds. The commune resettlement committees will be responsible for payment of compensation directly to those affected. If ADB loan funds are utilized, the resettlement plans will identify key activities for which funds will be used, and any disbursement and auditing requirements that will facilitate appropriate and timely delivery.

**Table A15: Project Entitlement Matrix**

Type of Impact	Entitled Persons	Entitlements	Implementation Issues
<b>A. Affected Land (Permanent)</b>			
<b>1. Minor Impact</b> <b>Agricultural and Forestry Land:</b> if less than 10% of the total productive landholding is affected  <b>Residential and Commercial Land:</b> If there is remaining land sufficient to rebuild structures  <b>Fishpond Land:</b> If the area still meets the expected personal or commercial yield	User with legal or legalizable right and eligible land management organizations (LMOs)	(i) Cash compensation for acquired land at replacement cost. (ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D.	Replacement cost for land is equivalent to current market value plus transaction costs such as administration, taxes, and titling cost; productive value and similar location attributes.
	User with lease or temporary right	(i) Cash assistance for affected land corresponding to 30% of replacement cost of the affected land; or, cash compensation of loss of net income for the remaining leased or assigned period, whichever is higher. (ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D.	
	Nontitled user	(i) No compensation for land but will be allowed to continue to use any remaining land that affected persons are illegally occupying. (ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D.	Poor, vulnerable affected persons and landless affected persons will be allowed to continue to use any remaining land that they are illegally occupying.
<b>2. Severe or Significant Impact</b> <b>Agricultural and Forestry Land:</b> 10% or more of the total productive landholding affected  <b>Residential and Commercial Land:</b> Without sufficient remaining land	User with legal or legalizable right	(i) As a priority, allocation of replacement land (a) equal in area to affected land up to a maximum of land quota in province, (b) of same category (or productive capacity), (c) at a location satisfactory to affected persons and, (d) with full title. If the household head is married, title will be issued in the names of both husband and wife. Affected persons will not be charged for taxes, registration and land transfer costs; or, cash compensation for loss of land at replacement cost. (ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D. (iii) Assistance for livelihood stabilization and livelihood restoration programs (Item H).	Priority will be given to land-for-land compensation within the same or neighboring commune.  Cash in lieu of land will be offered only as a last resort or at the informed request of the affected persons.  PPMU will consult with affected persons who are eligible to rehabilitation for their options and prepare proposal for rehabilitation programs in the period of resettlement plan preparation and implementation.

Type of Impact	Entitled Persons	Entitlements	Implementation Issues
<p>to rebuild upon</p> <p><b>Fishpond Land</b>, if the remaining area is no longer viable or can no longer meet the expected personal or commercial yield</p>	User with lease or temporary right	<p>(i) As a priority, allocation of replacement land: (a) equal in area to affected land up to a maximum of land quota in province of subproject, (b) of same category (or productive capacity), (c) at a location satisfactory to affected person, and, (d) with lease or temporary rights. If the household head is married, lease rights will be issued in the names of both husband and wife. Affected persons will not be charged for taxes and registration; or, cash assistance for affected land corresponding to 30% of current market value of the affected land; or, cash compensation for loss of net income for the remaining leased or assigned period, whichever is higher.</p> <p>(ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D.</p> <p>(iii) Assistance for livelihood stabilization and livelihood restoration programs (Item H).</p>	
	Nontitled user	<p>(i) No compensation for loss of land but will be allowed to continue to use any remaining land that affected persons are illegally occupying;</p> <p>(ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D.</p> <p>(iii) Assistance for livelihood stabilization and livelihood restoration programs (Item H).</p>	Poor and vulnerable affected persons who have no other land will be allocated with replacement land with title or temporary or lease land rights. Landless affected persons will not be displaced until the commune allocates land within the same or neighboring commune.
	Eligible land management organizations	<p>(i) As a priority, replacement land equal in area to affected land up to a maximum of land quota in province; of same category (or productive capacity), at a location satisfactory to affected person; or, cash compensation at replacement cost.</p> <p>(ii) Affected assets (e.g., houses, structures, crops, and trees) will be compensated at replacement cost, see Items B to D.</p>	LMO will not be charged for taxes, registration, and land transfer costs.

Type of Impact	Entitled Persons	Entitlements	Implementation Issues
<b>B. Loss of Houses, Structures, and Other Fixed Assets</b>			
Totally affected houses	Owners of houses whether or not land is owned	Compensation at replacement cost (in cash or in kind) equivalent to current market prices of materials and labor, with no deduction for depreciation or salvageable materials.	Affected persons will demolish the impacted areas and reconstruct or improve their houses themselves. Notice to be given at least 3 months before land clearance.
Partially affected houses	Owners of houses whether or not land is owned	Compensation for cost of materials with no deduction for depreciation or salvageable materials and cost of repair.	Affected persons will demolish the impacted areas and repair their houses themselves.
	Tenants in private or government housing or buildings	Has an option to (i) stay with the owner's agreement or (ii) if affected person decides to move out, 6 months' rent allowance; and (iii) assistance in finding new, affordable rental accommodation.	Notice to tenants by the owner has to be given at least 3 months in advance.
Other structures (including secondary and industrial structures)	All owners regardless of whether land is owned or not	Compensation at replacement cost (in cash or in kind) equivalent to current market prices of materials and labor, with no deduction for depreciation or salvageable materials.	Affected persons will demolish the impacted areas and reconstruct or improve the structures themselves.
<b>C. Affected Community Assets, Graves, and Public Properties</b>			
Loss of graves	Affected family	(i) All costs of excavation, relocation, and reburial will be reimbursed in cash to the affected family; (ii) The graves will be relocated in existing municipal cemeteries.	Graves to be exhumed and relocated in culturally sensitive and appropriate ways.
Community assets, community resources, or public property	Village, ward, government unit	(i) Land replaced in areas identified in consultation with affected communities and relevant organizations. (ii) Restoration of affected community buildings and structures to original or better condition.	If income loss is expected (e.g., irrigation, community forest, income from fishpond), the affected village will be entitled to compensation for the total production loss over 3 years. This compensation will be used collectively for income restoration measures or new infrastructure.
<b>D. Affected Crops and Trees</b>			
Crops and trees	Owners, regardless of whether or not land is owned	For annual crops, cash compensation at replacement cost is equivalent to the highest production of crop over the last 3 years multiplied by current market value of crops at the time of compensation. For perennial crops and trees, cash compensation at replacement cost is equivalent to current market value given the type, age, and productive value at the time of compensation.	Affected person has the right to use salvageable trees. Affected persons will be given 2 months notice that the land on which their crops are planted will be recovered and that they must harvest their crops in time. Affected persons will receive cash compensation at current market cost for any unharvested crops that are near or ready to harvest at the time of land acquisition.
<b>E. Business and Income Sources</b>			

Type of Impact	Entitled Persons	Entitlements	Implementation Issues
Temporary loss of income (i.e., while business is rebuilding)	Nonregistered business	Cash compensation for the duration of disruption based on the minimum wage per month in the province.	Full compensation for incomes lost to affected persons at least 1 month before land clearance.
	Registered business	Cash compensation for the duration of disruption based on net income (tax receipts).	
Permanent loss of business or income source affected (relocated business)	Nonregistered business	Cash compensation based on the minimum wage per month in the respective province for 12 months.	PPMU consult with affected persons who are eligible for rehabilitation for their options and prepare proposal for rehabilitation programs in the period of resettlement plan implementation.
	Registered business	Cash compensation based on net income (tax receipts) for 12 months.	
F. Income of Employees and Hired Labor			
Temporary loss while business reorganizes within remaining land	All	(i) Cash compensation for lost salary or wages for each month they cannot work; or (ii) Assistance in securing new employment, including relevant skills training expenses if required.	Businesses will be encouraged to retain existing employees.  PPMU consult with affected persons who are eligible for rehabilitation for their options and prepare proposal for rehabilitation programs in the period of resettlement plan implementation.  The Project will encourage business to provide severance pay for employees.
Permanent loss in case the business stops its activities	All	(i) Cash compensation for 6 months salary or wages, or cash compensation for remaining period of contract, whichever is higher. (ii) Assistance in securing new employment, including relevant skills training expenses. (iii) Assistance for livelihood stabilization and livelihood restoration programs (Item H).	
G. Any Damages Caused by Contractors			
Land and non-land assets	All persons affected by damage	(i) Contractor to (a) pay rent for the additional land required for construction working space, and (b) compensate for damages on properties at replacement cost (as indicated in Items A to F).  (ii) Temporary use of land will be promptly restored or improved in its preproject condition at no cost to the affected persons.	For the contractor working space, to the extent possible, only unused land will be used to avoid disruption to households and business establishments; use of residential land will not require any impacts on houses and structures and will not disrupt access to households; If use of land is more than 1 year, affected persons has the option to sell the land at replacement cost (See Item A above).

Type of Impact	Entitled Persons	Entitlements	Implementation Issues
<b>H. Severely Affected and Poor And Vulnerable Affected Person Households</b>			
<b>1. Allowances During Transition</b>			
Materials transport allowance	All relocating affected persons	All affected persons moving away from their original residence but relocating within the province are entitled to a maximum allowance of D3 million per household and all affected persons relocating beyond the province are entitled to a maximum allowance of D5 million per household.	This allowance is for the transportation of their household contents, salvaged materials, and any other living facilities.
Life and production stabilization allowance	All relocating affected persons, all affected persons losing significant impacts on their productive land, and employees losing their job.	Cash allowance equivalent to 30 kg of rice per family member per month for a minimum period of 6 months or longer.	
	Affected persons rebuilding structures on remaining land.	Cash allowance equivalent to 30 kg of rice per family member per month for a period of 3 months.	
Special cash assistance for poor and vulnerable affected persons	All poor and vulnerable affected persons (marginally and severely affected persons).	Special cash allowance equivalent to 30 kg of rice per family member per month for a period of 6 months.	This is in addition to the life and production stabilization allowance
<b>2. Livelihood Restoration Programs. (They are recommendations given by ADB. Specific program will be determined during subproject resettlement planning and included in the Resettlement Plan as given below).</b>			
Project-related job opportunities	Severely affected persons; poor and vulnerable affected persons.	In each severely affected family, one person of working age will be prioritized for employment during the construction phase.	The family members will decide which person will benefit from these measures. the PPMU will ensure that the executing agency will hire these persons.  The PPMU will ensure that this is included in the contractors' specifications wherever possible.
Agricultural extension	Severely affected persons; poor and vulnerable affected persons.	(i) Assistance to improve productivity on remaining agricultural or forestry land by linking them with preexisting government-run programs such as agricultural extension.  (ii) Agricultural assistance will be of a value of \$110 per severely affected household.	Links will be facilitated by the PPMU and the other implementing agencies with the executing agency, once a demand assessment is completed.  The \$110 will be given to the agency providing the extension services.

Type of Impact	Entitled Persons	Entitlements	Implementation Issues
<b>3. Ethnic Minority Specific Action and Livelihood Development Program</b>			
Affected ethnic minority households	All affected people	(i) Ethnic minority affected people are ensured for equal entitlement to Kinh affected people. (ii) Ethnic minority affected people have separate opportunities for consultations and meetings.	
	Ethnic population represent 20% of affected people	In-kind economic rehabilitation assistance to strengthen or initiate income-generating activities, to be decided in consultation with eligible people; forms of assistance may include agricultural extension assistance, technical and other assistance to develop new nonfarm income-generating activities, project-related employment, and partial or full assistance for provision of tertiary infrastructure.	The detail of economic rehabilitation assistance will be prepared with affected persons and included in the resettlement plan. These programs will target the needs of both men and women. Careful attention will be given to the special needs of and opportunities for women, young adults, ethnic minority, and other vulnerable affected persons.

LMO = land management organization, PPMU = provincial project management unit,

Source: Resettlement Framework, Ministry of Agriculture and Rural Development, Hanoi, Viet Nam.



### MAJOR LOAN COVENANTS

	Nature of Covenants	Reference
1	<p><b>Audited Project Accounts</b></p> <p>The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently acceptable to ADB; (ii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each relate fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this</p>	Loan Agreement (LA), Section 4.02
2	<p><b>Project Executing Agency</b></p> <p>MARD shall have overall responsibility for Project Implementation, as the Project executing agency (EA).</p> <p>The existing CPMU within MARD's Agricultural Projects Management Board shall be responsible for (i) providing overall Project management and coordination; (ii) liaising with the respective DARD, PPC and PPMU in each Project Province to consolidate the Subproject proposals; (iii) providing advice and project orientation training to the PPMUs; (iv) assisting the PPMUs in relation to design standards; (v) monitoring progress and budgets, and preparing progress reports covering the whole Project by consolidating the reports from each project province; and (vi) preparing the Project completion report; A team of international consultants shall assist the CPMU to review the feasibility study and design products prepared by the PMU in each project province. The CPMU shall be managed by a National Project Director, provided that he/she has experience satisfactory to ADB in managing similar rural infrastructure projects, and two Vice National Project Directors supported by appropriate number of technical, administrative, social sectors and accounting staff whose experience and qualifications are acceptable to ADB.</p>	LA, Schedule 5, paras. 1 & 2
3	<p><b>Implementation at the Provincial Level</b></p> <p>The PPCs of the Project provinces shall be responsible for (i) screening and classifying the Subprojects based</p>	LA, Schedule 5, para. 3

	Nature of Covenants	Reference
	on the criteria agreed between the Borrower and ADB and specified in the operation manual prepared for the Project, and excluding any that would be classified as category A in relation to ADB's requirements on environment, resettlement or indigenous peoples; (ii) approving the Subprojects; and (iii) establishing the Provincial Steering Committee.	
4	<p><b>Provincial Project Management Units</b></p> <p>(a) The PPMUs shall be responsible for Project implementation in the Project provinces under the direct administration of the respective DARD. Each PPMU shall be headed by a Provincial Project Director and a Provincial Vice Director seconded from DARD, both of whom shall be supported by a full-time coordination to be appointed, to ensure day-to day supervision of the PPMU and to coordinate the work of specific technical experts involved in Subproject identification, design and implementation. A sufficient number of appropriately qualified staff, consistent with the number and complexity of the Subprojects to be managed shall also be assigned to the PPMUs. A safeguards officer shall be appointed in each PPMU to ensure compliance with public consultation requirements, environment impact assessment and mitigation, social impact assessment and mitigation aspects of Subproject implementation, including resettlement. The safeguards officer shall also play a key role in the Project benefit monitoring and evaluation as well as beneficiary liaison with beneficiary communities.</p> <p>(b) In particular, the PPMUs shall be responsible for (i) implementing public consultations and carrying out social analyses and environmental assessments; (ii) preparing the Subproject feasibility studies and detailed design, including all necessary environmental assessment reports, resettlement plans, indigenous peoples development plans, or other specific actions that may be needed; (iii) procuring goods, works and services; (iv) supervising construction implementation, including incorporating any specific environmental mitigation measures and/or specific actions aimed at mitigating adverse social impacts and compensating affected people for losses; and (v) ensuring adherence to the EMPs. The Borrower shall cause the PPMUs to ensure</p>	LA, Schedule 5, para. 4

	Nature of Covenants	Reference
	that (i) for each Subproject screened as environmental Category B, an IEE and an EMP are prepared; (ii) for any resettlement for which there will be less than 200 affected people, a resettlement plan is prepared in accordance with the Resettlement Framework; and (iii) if there are ethnic minority groups that would be at a disadvantage in the development process or would encounter constraints on their ability to enjoy Project benefits, an indigenous peoples development plan is prepared in accordance with the IPDF.	
5	<b>Subproject Coordination</b> At the district and commune levels, the Borrower shall cause the PPMUs to ensure close coordination of the Project implementation activities with the existing local administration authorities at the district and commune levels. The PPMUs shall be responsible for ensuring coordination of day-to-day activities at the district and commune level between the PPMUs and the district and commune authorities, which shall include organizing public consultations and monitoring of the Subproject design and implementation by the Subproject beneficiaries.	LA, Schedule 5, para. 5
6	<b>Subproject Coordination</b> The Borrower shall case each participating PPC to establish a PSC to guide the Project implementation at the provincial level and to ensure interagency coordination. The PSCs shall be chaired by the Vice Chairman of the PPCs concerned and comprise members or representatives from the respective PPC departments and local agencies. The PPMU directors concerned shall also be part of the PSCs. The PSC shall meet regularly on a bi-annual basis and intermittently, as may be required.	LA, Schedule 5, para. 6
7	<b>Subproject Preparation and Appraisal</b> The Borrower shall identify, prepare and appraise the Subproject proposals through a two-stage process as agreed between the Borrower and ADB, and documented in the operation manual prepared for the Project.	LA, Schedule 5, para. 7

	Nature of Covenants	Reference
8	<p><b>Subproject Screening and Selection Criteria</b></p> <p>The Borrower shall ensure that all Subprojects meet the screening and selection criteria agreed between the Borrower and ADB, and documented in the operation manual prepared for the Project, in order to be eligible to receive financing under the Project.</p>	LA, Schedule 5, para. 8
9	<p><b>Operation and Maintenance</b></p> <p>The Borrower shall ensure, and case the Project EA and the PPMUs to ensure, that (i) where Subprojects link with tertiary infrastructure, either existing or planned, measures are taken to ensure that plans will be developed for the O&amp;M of the tertiary infrastructure; and (ii) adequate funds are allocated for routine and periodic maintenance of rehabilitated infrastructure through provincial budgets in order to maintain the rehabilitation infrastructure in sound functional order.</p>	LA, Schedule 5, para. 19
10	<p><b>Anticorruption Measures</b></p> <p>(a) The Borrower shall comply with, and shall cause the Project EA and the PPMUs to comply with ADB's Anticorruption Policy (1998, as amended to date_ and the Policy relating to Enhancing ADB's Role in Combating Money Laundering and the Financing of Terrorism (2003). The Borrower (i) acknowledges ADB's rights to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; (ii) agrees to cooperate fully with, and to cause the Project EA and the PPMUs to refrain from engaging in money laundering activities for financing of terrorism and shall allow, and cause the Project EA and the PPMUs to allow ADB to investigate any violation or potential violation of these undertakings.</p> <p>(b) Without limited the generality of the preceding paragraph, the Borrower shall (i) ensure that the Project EA and the PPMUs conduct periodic inspections on the contractors' activities related to fund withdrawals and settlement; and (ii) ensure and cause the Project EA and the PPMUs to ensure tha all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and the accounts of all contractors, suppliers, consultants and other service providers as they relate to the Project.</p>	<p>LA, Schedule 5, para. 20</p> <p>LA, Schedule 5, para. 21</p>

	Nature of Covenants	Reference
	(c) In addition to these requirements, to deter corruption and increase transparency, the Borrower shall maintain the website to disclose information about public procurement, including those related to the Project. For each contract, the website shall include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services, including consulting services procured. In addition to the web-based disclosure, stakeholders which include civil society and non-governmental organizations, shall be provided detailed information on public notice boards in their respective areas.	LA, Schedule 5, para. 22
11	<b>Environmental</b> The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure that (i) an environmental impact assessment is prepared for each Category B Subproject in accordance with ADB's Environmental Policy (2002) and related requirements, and the relevant regulations of the Borrower; and (ii) civil works for each Subproject commence only after approval of the respective IEEs by the relevant local agencies shall have been obtained. In case of discrepancies between the Borrower's laws, regulations and procedures and ADB's Environmental Policy, ADB's Policy shall prevail.	LA, Schedule 5, para. 9
12	<b>Resettlement</b> (a) The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure, that (i) only Subprojects whose resettlement impacts will impact 200 affected people (Category B) or less, in accordance with ADB's Involuntary Resettlement Policy (1995) and related requirements, are financed by the Project; (i) during detailed design, every effort is made to avoid relocating households or interfering in the income-earning activities of those at or near the site; (iii) if any land is to be acquired for implementation of a Subproject or if there is compensation, a resettlement plan, acceptable to ADB, is prepared in accordance with the Resettlement Framework, applicable laws and regulations of the Borrower and requirements of ADB's Involuntary Resettlement Policy, and in full consultation with and disclosure to the affected people; (iv) the resettlement plans are updated on the basis of detailed technical designs; in full	LA, Schedule 5, para. 10

	Nature of Covenants	Reference
	<p>consultation with and disclosure to the affected people prior to submitting to ADB for review and approval; and (v) land acquisition and resettlement activities are implemented in accordance with the terms of the updated and approved resettlement plans, applicable laws and regulations of the Borrower and requirements of ADB's Policy of Involuntary Resettlement. In case of discrepancies between the Borrower's laws, regulations and procedures and ADB's Involuntary Resettlement Policy, ADB's Policy shall prevail.</p> <p>(b) The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure that (i) special measures and complementary mitigation and enhancement activities are incorporated in the resettlement plans to protect socially and economical vulnerable groups that may be at high risk or impoverishment, such as those without legal title to land and other assets, ethnic minorities, households headed by women, children, the disabled or elderly, and the poorest people; (ii) appropriate assistance through asset building strategies are provided to help such groups improve their socio-economic status such as land-for-land, replacement housing of minimum standard and increased security of tenure.</p> <p>(c) The Borrower shall ensure that a qualified expert of institution acceptable to ADB is contracted to conduct independent external monitoring and evaluation of the resettlement process and impacts.</p> <p>(d) The Borrower shall ensure that (i) adequate budgetary support is fully committed and made available to cover the costs of land acquisition, resettlement and rehabilitation within the agreed implementation period; (ii) counterpart funds are provided in a timely manner for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates in order to satisfy resettlement requirements and objectives; and (iii) no notice of compensation payments have been made and relocation to new sites (where relevant) has been confirmed to the EA by an independent monitoring agency.</p>	<p>LA, Schedule 5, para. 11</p> <p>LA, Schedule 5, para. 12</p> <p>LA, Schedule 5, para. 13</p>
13	<p><b>Affected People</b></p> <p>The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure, that implementation of the resettlement plans are carried out with the full</p>	LA, Schedule 5, para. 14

	Nature of Covenants	Reference
	participation of the affected people (APs). The comments and suggestions of the APs and communities shall be taken into account during the design and implementation phases of the resettlement activities. To ensure that the grievances of the APs on any aspect of land acquisition, compensation, relocation, and determination and payment entitlements are solved in a timely and satisfactory manner, and that all avenues for airing grievances are available to the APs, the Borrower shall set up a mechanism under the Project to deal with any such grievances during Project implementation.	
14	<b>Community Participation</b> The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure, that the Department of Agriculture for Rural Development (DARD) actively promote and undertake full community participation in the selection, preparation, implementation and performance monitoring of the Subprojects in accordance with the public consultation plan to be agreed between the Borrower and ADB, prior to and during the implementation of the Subprojects.	LA, Schedule 5, para. 15
15	<b>Labor Issues</b> The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure, that bidding documents include provisions to ensure (i) contractors' preferential hiring of local labor; (ii) equal opportunities are guaranteed for female workers to work with the principle of equal pay for work of equal value; and (iii) necessary measures are taken to prevent employment of child labor, in compliance with the relevant rules and regulations of the Borrower.	LA, Schedule 5, para. 16
16	<b>Indigenous People</b> The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure, that the Subproject do not adversely affect indigenous people's female-headed households, disabled, elderly or similarly vulnerable groups. In the event that the indigenous people are affected by or are beneficiaries of any Subproject, the Borrower shall ensure that their rights and needs are fully respected in compliance with ADB's Policy on Indigenous Peoples (1998) and in accordance with the Indigenous Peoples Development Framework (IPDF), the relevant regulations of the Borrower and ADB's Indigenous People's Policy. In case of discrepancies	LA, Schedule 5, para. 17

	Nature of Covenants	Reference
	between the Borrower's laws, regulations and procedures and ADB's Involuntary Resettlement Policy, ADB's Policy shall prevail.	
17	<p><b>Gender Development</b></p> <p>The Borrower shall ensure, and cause the Project EA and the PPMUs to ensure, that the women, in particular those who belong to female-headed households and ethnic minority groups, participate, at a rate satisfactory to ADB, in (i) consultations and resettlement planning, (ii) preparation of detailed assessment of losses, (iii) capacity building programs on resettlement and (iv) relocation, compensation and livelihood improvement activities to be undertaken under the Project. The Borrower shall also ensure that any land rights granted to APs shall be issued in the names of both husband and wife.</p>	LA, Schedule 5, para. 18