

# Project Administration Manual

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Socialist Republic of Viet Nam: Productive Rural  
Infrastructure Sector Project in the Central Highlands

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Agriculture and Rural Development (MARD) and the Provincial People's Committees of the participating provinces (PPCs)<sup>1</sup> are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff are responsible to support implementation including compliance by MARD and the participating PPCs of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Loan Agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

<sup>1</sup> Participating Provinces are Kon Tum, Gia Lai, Dak Lak, Dak Nong and Lam Dong.

## Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
AH / AP	=	affected households / affected persons
APMB	=	Agricultural Projects Management Board
CCR	=	climate change resilience
CHP	=	Central Highlands provinces
CPC	=	Commune Peoples Committee
CPMU	=	Central Project Management Unit
CPPF	=	consultation and participation framework
CQS	=	consultant qualification selection
CSB	=	Commune Supervision Board
DARD	=	Department of Agriculture and Rural Development (Provincial)
DMF	=	design and monitoring framework
DRC	=	District Resettlement Committee
EARF	=	environmental assessment and review framework
EIA / EIAR	=	environmental impact assessment / EIA report
EM	=	Ethnic minority
EMDP	=	Ethnic minority development plan
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GAP	=	gender action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IDMC	=	Irrigation and drainage management companies
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LAR	=	land acquisition and resettlement
LIBOR	=	London interbank offered rate
LIC	=	loan implementation consultant
MARD	=	Ministry of Agriculture and Rural Development
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
PPC	=	Provincial People's Committee
PRI	=	productive rural infrastructure
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RP	=	resettlement plan
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SIR	=	subproject investment report
SO	=	safeguard officer
SOE	=	statement of expenditure
SPRSS	=	summary poverty reduction and social strategy
SPS	=	Safeguard Policy Statement

SSS	=	single source selection
TOR	=	terms of reference
WUO	=	Water users organization



## I. PROJECT DESCRIPTION

### A. Project Rationale, Location and Beneficiaries

1. The proposed project aims to regenerate and upgrade existing but underdeveloped or outdated productive rural infrastructure (PRI).<sup>1</sup> The project will target areas with good agricultural productive potential and with existing irrigation schemes. The PRI investments will include irrigation infrastructure and associated rural access infrastructure. The project will be carried out in Viet Nam's Central Highland Provinces (CHP) of Dak Lak, Dak Nong, Gia Lai, Kon Tum, and Lam Dong over a period of five years. It directly supports the Government of Viet Nam's National Target Program for New Rural Development (2010–2020) (NRD) with activities based upon the provincial socioeconomic development plans (PSED) of the participating provinces. It supports the National Water Resources Strategy (2006-2020) (NWRS) for which ADB played a major role in formulating and updating water resources policies and institutions.<sup>2</sup>

2. PRI in the CHP is underdeveloped or has deteriorated because of age, under-design, limited funding available for new investment and historically a limited capacity to maintain the assets. PRI in suboptimal condition contributes to CHP's poverty by constraining rural productivity. Viet Nam's record of poverty reduction has been driven by agricultural reforms facilitated by good access to infrastructure. Viet Nam has gained an important position in the global agricultural market: particularly coffee, pepper, and rice. Improved PRI will significantly increase production of these products.

3. The project will improve PRI to enable optimal agricultural output, diversity and production efficiency. The improved PRI is also expected to enable quicker and safer access to: markets; employment opportunities; and social services. Simultaneously, it will lead to reduced: costs of rural production and marketing; reduced food wastage during transport and handling. In good condition PRI enables increased incomes from on- and off-farm employment, decreased female work burden, and increased food availability. The proposed project is pro-poor, will increase food security as well as land and water resources productivity, all of which strengthen climate change resilience (CCR).<sup>3</sup>

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<sup>1</sup> The term PRI refers to infrastructure that contributes to improving agricultural production through irrigation (reservoirs canals, water management and control structures) and access infrastructure (rural roads and bridges).

<sup>2</sup> ADB assistance has been provided since the mid-1990s through several sector loans and technical assistance (TA) projects, most recently: ADB. 2012. *Technical Assistance to the Socialist Republic of Viet Nam for Preparing the River Basin Water Resources Management and Development Project*. Manila; ADB. 2008. *Technical Assistance to the Socialist Republic of Viet Nam for the Water Sector Review*. Manila; and ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Central Region Water Resources Project*. Manila.

<sup>3</sup> ADB. 2011. *Technical Assistance to the Socialist Republic of Viet Nam for Productive Rural Infrastructure Development in the Central Highlands*. Manila.

**Table 1: Relevant information about the target provinces**

Province	Gia Lai	Kon Tum	Dac Lak	Dac Nong	Lam Dong	CHP Total
Area (km <sup>2</sup> )	15,537	9,690	13,123	6,513	9,774	54,637
Population (x 1,000)	1,322	459	1,754	522	1,220	5,277
Rural Population (x 1,000)	934	297	1,333	434	754	3,752
Arable land (ha)	522,450	205,901	533,404	113,400	267,431	1,642,586
Irrigated land (ha)	25,400	10,136	67,418	30,700	42,239	175,893
No. of Districts	17	9	14	8	12	60
No. of Communes	222	97	152	61	118	650
Ethnic Minorities (%)	44.5	53.2	31.7	32.0	21.0	
2011 Poverty Rate (%)	25.9	31.9	21.9	28.3	13.1	

Sources: Government of Viet Nam's Statistical Year Book 2010; Provincial Reports and Provincial Statistical Year Books 2010 & 2011

## II. THE PROJECT

### A. Rationale

4. The majority (about 71%) of the CHP population lives in rural areas. The primary income source for nearly all rural CHP households is farming. While poverty has been reduced nationwide from 18.1% in 2002 to 10.7% in 2010, in the CHPs in 2010 the average poverty rate was 22.2%. Contributing factors are difficult terrain and hence inaccessibility, and the lack of commercial opportunities, social services, and arable land in some of the areas, compounded by deteriorated PRI. Poverty rates in some isolated areas of the CHP are 70%–80% among ethnic minority people, who represent between 21% and 53% of the provincial populations.<sup>4</sup> Women, especially those of ethnic minorities, tend to account for higher poverty rates than men.

5. Much of the CHP PRI stock is performing poorly because of age, under-engineered for current use, limited funding available for new investment, and a historically limited capacity for asset maintenance. Viet Nam's record of poverty reduction has been driven by agricultural reforms facilitated by good access to infrastructure. Viet Nam has gained an important position in the global agricultural market, particularly coffee, pepper, and rice. More effective PRI will greatly increase production of these products. The project will improve PRI to enable optimal agricultural output, diversity, and production efficiency. This is also expected to allow quicker and safer access to markets, employment opportunities, and social services. Simultaneously, it will lower the costs of rural production and marketing, and reduce food wastage during transport and handling. PRI in good condition will increase incomes from on- and off-farm employment, lessen the work burden of women, and boost food availability. The project is pro-poor, will increase food security as well as land and water resource productivity, all of which strengthen climate change resilience.<sup>5</sup>

6. The project will carry out a series of subprojects. Each subproject will be based within an existing irrigation scheme. Within the schemes there will be critical infrastructure in a condition that is causing reduced efficiency for both irrigation and mobility and transport. Irrigation infrastructure in poor condition reduces the capacity and reliability of providing enough water to

<sup>4</sup> In Viet Nam, the officially preferred term for indigenous people is ethnic minority people.

<sup>5</sup> ADB provided project preparatory technical assistance. ADB. 2011. *Technical Assistance to the Socialist Republic of Viet Nam for Productive Rural Infrastructure Development in the Central Highlands*. Manila.



the plants in a timely fashion. Improving this infrastructure will improve overall system efficiency thus improving the availability of water through less loss through the systems. This will mean that more water is available for longer periods of time. This will enable plants that are sensitive or easily stressed in the absence of water to be grown and there is the potential of double cropping for rice. For the first time in the context of PRI projects, attention will be paid to stabilizing and making safe, dams which are now aging and/or showing signs of distress. The dams and water reservoirs are the backbone of the irrigation schemes. Ensuring their stability is essential for water availability for agricultural production and for human consumption, as many of the reservoirs provide water for both purposes. The management of water storage will continue to become increasingly important as the impacts of climate change progress. Other irrigation infrastructure improvements will be to main and secondary canals and water control and management structures.

7. The project advances three key NRD priorities: (i) to extend the coverage of PRI development to the CHPs; (ii) to improve PRI sustainability by concentrating investments in selected productive areas and using appropriate designs to enable sustainable management and boost climate change resilience; and (iii) to strengthen the capacity of stakeholders to sustainably develop, manage, operate, and use PRI.<sup>6</sup>

8. In consultation with the Ministry of Agriculture and Rural Development (MARD) and the CHPs, 28 candidate subprojects from the provinces' SEDPs have been screened for possible inclusion in the project and were found to meet agreed-upon eligibility criteria for preliminary technical, financial, economic, environmental, and social considerations. Feasibility studies were carried out in three representative subprojects (RSPs), with positive results led by substantial increases in farm incomes, including for poor farmers, from both higher production and employment.<sup>7</sup> The other subprojects have been prioritized and will be subject to feasibility studies during implementation. Available funding suggests that 15 to 18 subprojects will be implemented using ADB loan proceeds.

9. The project has innovative technical and implementation features that highlight ADB's value addition to the sector. Four technical features that contribute to the ongoing policy dialogue on water resource management in general and irrigation sustainability in particular are: (i) strengthening of dams and reservoirs that are the backbone of irrigation systems in the CHPs but are now aging and likely to become increasingly unstable, especially given the predicted stresses associated with climate change—it is anticipated that this initiative will lead to an expansion of future investments in reservoir stability; (ii) in conjunction with the dam and reservoir improvements, establishment of community-based danger warning systems; (iii) integration of soil and water conservation measures into PRI design through bioengineering techniques<sup>8</sup>—this will improve the environs in the subproject areas and the stability of PRI; and (iv) research and demonstration of approaches to better irrigation and water management in the CHPs, which will be essential for coping with more extreme weather. A new implementation feature is the provision of startup consultants to support project implementation activities while the loan implementation consultants are recruited, thus avoiding early implementation delays.

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<sup>6</sup> A sector modality is proposed, as it directly supports the NRD to meet the priority development needs of the sector. There is demonstrated institutional capacity to implement the sector development plan, and it follows the experience in three previous and ongoing PRI development projects financed by ADB. The policies applicable to agriculture and rural development are appropriate and will be improved through the proposed project.

<sup>7</sup> Subprojects are Ea Kao in Dak Lak, Tan Son in Gia Lai, and Kon Trang Kla in Kon Tum.

<sup>8</sup> The project will cooperate with ADB 2012. *Technical Assistance to the Socialist Republic of Viet Nam for Promoting Climate Resilient Rural Infrastructure in the Northern Mountain Provinces*. Manila.

10. The central government's SEDP for 2011–2016,<sup>9</sup> the NRD, and the NWRS prioritize upgrading PRI to serve the dual objective of social and economic development. This includes improving irrigation for rural water supply, double paddy cropping, and the expansion of irrigated areas for cash crops. It also includes developing rural transport infrastructure for the timely movement of agricultural inputs and surpluses as well as the improvement of social conditions. In Viet Nam it is demonstrated that the poor gain the most by better access. There are two ongoing ADB-supported PRI projects—Integrated Rural Development Sector Project in the Central Provinces and Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces. Lessons were incorporated from these as well as six successfully completed, MARD-implemented, and ADB-supported PRI projects, particularly the Rural Infrastructure Sector Project. It builds upon the successful ADB-supported interventions in water and irrigation development and management, notably the Second Red River Basin Sector Project, which helped formulate Viet Nam's law on water resources and train the irrigation and drainage management companies (IDMCs),<sup>10</sup> and the Central Region Water Resources Project (footnote 4), which helped develop successful institutional models for IDMCs and water user organizations (WUOs). The project complements investments in poverty reduction being made in the CHP by the development partners.<sup>11</sup>

11. The project design is based on (i) a recognized demand to rehabilitate and upgrade priority PRI to improve socioeconomic conditions in the CHPs; (ii) government and ADB strategies of providing PRI as a means to reduce poverty as described in the government's SEDP and NRD, as well as ADB's country partnership strategy;<sup>12</sup> and (iii) the successful design, implementation experience, and lessons from related past and ongoing ADB-funded projects, in particular the need to (a) prescreen subprojects for prima facie viability with minimal safeguard issues; (b) limit the geographic coverage to obtain a good balance between capital investments and overhead costs, as well as contain implementation weaknesses at a manageable level; (c) confine activities to those that can be readily carried out within local capacities; (d) carefully prepare the procurement plan to optimize contract size, number, and methodology; and (e) take advance actions to ensure that competent counterpart project staff are assigned and trained, and prepare procurement packages to reduce implementation delays.

## **B. Impact and Outcome**

12. The impact of the project will be increased rural incomes and sustained livelihoods in the CHPs. The outcome will be improved rural and agricultural productivity with improved access to, and use of, water, materials, knowledge, production inputs and markets.

## **C. Outputs**

13. The project will have three main outputs: (i) improved PRI with activities carried out by implementing subprojects, including (a) civil works to improve irrigation infrastructure in at least 15 schemes;<sup>13</sup> (b) construction of rural roads to support the mobility and transport needs of the population in and around the irrigation schemes; and (c) creation of jobs during civil works that benefit local people, including women and ethnic minorities;<sup>14</sup> (ii) enhanced capacity to develop,

<sup>9</sup> Government of Viet Nam, Ministry of Planning and Investment. 2011. *The Five-Year Socio-Economic Development Plan, 2011–2016*. Ha Noi.

<sup>10</sup> ADB. 2012. *Completion Report: Second Red River Basin Sector Project in Viet Nam*. Manila (Loan 1855-VIE).

<sup>11</sup> Development Coordination (accessible from the list of linked documents in Appendix 5).

<sup>12</sup> ADB. 2012. *Country Partnership Strategy: Viet Nam, 2012–2015*. Manila.

<sup>13</sup> It is estimated that 12 small and medium-sized reservoirs will be repaired or strengthened.

<sup>14</sup> To be reported by the project from information provided by the construction contractors as a contract requirement.

manage, and use PRI, with activities in all subprojects including (a) training on project implementation management; (b) preparation of condition inventories and operation and maintenance (O&M) plans; (c) training of staff at MARD, equivalent agencies in the CHPs, and IDMCs; (d) in-service training to upgrade the formal qualifications of PRI managers; (e) training of PRI users to best use the upgraded PRI; (f) campaigns to raise awareness of HIV/AIDS, and of road and water reservoir safety; and (g) special PRI studies, pilots, and demonstrations; and (iii) efficient project management by meeting timelines for successfully (a) setting up a central project management unit (CPMU) and five provincial project management units (PPMUs); (b) recruiting and fielding consultants for project startup, implementation, benefit monitoring, and safeguard monitoring; and (c) completing feasibility studies and civil works.

#### **D. Subprojects**

14. Subprojects will be implemented in three phases: (i) the three RSPs prepared under project preparatory technical assistance (TA) will start right upon loan effectiveness; (ii) the two top priorities for the provinces of Dak Lak, Gia Lai, and Kon Tum, and the three top priorities for the provinces of Lam Dong and Dak Nong will start as soon as the feasibility studies are completed (after about 1 year); and (iii) the remaining subprojects will be implemented after all contracts are tendered and their funding is verified. All subprojects will be subject to pre-implementation feasibility studies according to the following criteria: (i) the subproject is technically feasible with an economic internal rate of return (EIRR) above 12%;<sup>15</sup> (ii) procurement packages are in conformity with the procurement plan, cost estimates are clearly identified and recorded, and all sources of funding have been confirmed; (iii) the feasibility report contains a detailed financing plan for O&M; (iv) public hearings on subproject proposals are conducted in the communes concerned, and measures for future public consultation and supervision by the commune supervision boards are clearly spelled out; (v) the subproject has no major negative environmental or social impacts, and mitigation measures have been defined for minor impacts;<sup>16</sup> (vi) the subproject has no significant resettlement impacts and, for category B subprojects, a resettlement plan has been prepared in accordance with agreed Government of Viet Nam and ADB policies; and (vii) the subproject has no significant ethnic minority impacts and, where necessary, ethnic minority development plans will be prepared.

#### **E. Technical**

15. The subprojects involve the rehabilitation, upgrading, repairing and strengthening of existing PRI. The technology for undertaking such works is within the capacity of the provincial government agencies assigned to implement them. The focus of the civil works implementation will be on quality rather than maximizing coverage, and designs will be based on appropriate standards to ensure sustainability. This will entail the use of high standard designs (such as concrete roads) and the latest available technologies for improving water storage and control structures. It will also involve stabilizing the environs around the PRI through soil and water conservation measures. The capacity building component focuses on post-project O&M and includes training for the end users of the upgraded infrastructure with an asset management initiative for irrigation schemes. Provincial governments will ensure the availability of O&M funds as part of the feasibility screening and where relevant will register the road improvements with the provincial departments of transport to ensure their inclusion in maintenance programs.

<sup>15</sup> An EIRR of 10% is acceptable if a significant level of unquantifiable benefits is documented.

<sup>16</sup> Subprojects with any safeguard classification of A will be excluded.

16. Participating provinces have committed to provide adequate operation and maintenance funding for the IDMCs. Maintenance capacity building will be supported. Robust designs for both irrigation and transport infrastructure will reduce the maintenance burden. The Government of Viet Nam has recently made a significant commitment to improving the sustainability of irrigation schemes. Under Decree 115/2008/ND-CP,<sup>17</sup> funding is now guaranteed for the irrigation and drainage management companies (IDMCs) responsible for carrying out the operation and maintenance (O&M) of irrigation schemes down to the secondary canal level. This is being financed by the provincial governments which are in turn subsidized for these costs directly from the Central budget. WUOs are still responsible for O&M at the tertiary and on-farm level. ADB sponsored investigations<sup>18</sup> into the current situation indicate that O&M has greatly improved. This measure will significantly reduce concerns about the sustainability of the Project's investments. The project will provide support to strengthen both the IDMCs and the WUOs capacity to manage the irrigation schemes.

17. The use of robust designs and good construction quality control will reduce the vulnerability of the rural infrastructure to catastrophic climatic events. In particular the strengthening the structural integrity of the dams is important in this context. Upgraded designs will ensure greater resilience of the infrastructure provided. For example, the project aims at the strengthening of several existing reservoirs which are already in poor shape and a danger to the surrounding population. This hazard would be exacerbated due to climate change but will be reduced or eliminated as a result of the project.

18. In addition soil and water conservation measures will be included in subproject design to stabilize the local environment. One of the expected results of climate change is more and wider fluctuation in weather patterns. This means greater impact from floods and erosion during the monsoon season and greater impacts from droughts during the dry season. Improved and upgraded rural infrastructure will protect against both. In addition, the ADB is implementing a SCCF/GEF financed TA8102 Promoting Climate Resilient Rural Infrastructure in the Northern Mountains. The TA will be demonstrating approaches to improve the climate resilience of rural infrastructure. In support of soil and water conservation - bio-engineering approaches will be used. During the PPTA for the loan project the potential for using bio-engineering was explored for the loan. The loan project will adapt lessons from the TA as well as the PPTA study which provides guidance on integrating these approaches into the subprojects. The bio-engineering report will be included as a supplementary linked document.

## **F. Economic and Financial**

19. Benefits from PRI improvements include more agricultural productivity along with reductions in travel costs and times, while indirect benefits include the diversification of income sources, greater diversification of market-oriented agriculture output, and more value-added production. Indirect benefits also include broader access to health and education services, and lower costs of inputs and household commodities, all leading to better socioeconomic conditions in beneficiary communities. Analysis of the RSPs indicates that PRI improvements will allow crop diversification and adoption of high-value crops, and estimates are that annual incremental production attributable to the RSP investments will be in the range of 4,390 tons - 9,800 tons for rice and 927 tons - 2,200 tons for coffee.<sup>19</sup> As a result, incremental net crop financial value per household will be in the range of \$573–\$1,042 per annum. Based on quantifiable benefits, the

<sup>17</sup> Decree on the waiver of irrigation service fee - promulgated by the Ministry of Finance in 2008.

<sup>18</sup> McGrath, T., Review of the Impact of the Viet Nam Government's Waiver of Irrigation Service Fees, August 2012.

<sup>19</sup> Using year 10 of the subproject's completion as the representative year.

EIRRs of the three RSPs are 18.9%, 20.0%, and 20.2%.<sup>20</sup> The EIRRs are deemed attractive and robust, as none of the risk factors appears to place the subprojects' economic viability in immediate jeopardy. The EIRRs can be used as proxies to demonstrate the economic viability of the overall project since the RSP analysis will guide the evaluation of other subprojects. It is estimated that an average D8.8 billion per year per province (in 2013 constant prices) is needed to meet the O&M cost of subproject PRI. The fiscal analysis indicates that this is affordable.<sup>21</sup> The project loan agreement has incorporated covenants to the effect that each PPC will allocate a budget for O&M from 2018–2034, as per the whole-life asset analysis,<sup>22</sup> and ensure that the IDMCs receive adequate allocations for the O&M under their responsibility.<sup>23</sup>

## **G. Governance**

20. All procurement and recruitment of consultants to be financed by the loan funds will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time) and Guidelines on the Use of Consultants (2013, as amended from time to time). MARD has committed to ensuring that all accounts administered by the CPMU and PPMUs are consolidated and audited annually by auditors acceptable to ADB. The project will strengthen the capacities of CPMU and PPMU staff in disbursement and financial management procedures to allow efficient operation of imprest and sub-accounts, and the reporting of financial performance to the government and ADB. Implementation of the project will be consistent with the government's requirements for provincial implementation under national coordination. Where possible, the involvement of district and lower-level administrations and communities will be sought to effect their participation in design and construction monitoring. The project will establish a webpage on the Agriculture Projects Management Board website to disclose implementation progress and bid notifications and their results, and provide a grievance mechanism against corrupt practices.

21. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MARD. The specific policy requirements and supplementary measures are described in the project administration manual.

## **H. Poverty and Social**

22. The project will have a direct positive impact on rural incomes and poverty levels by stimulating more agricultural production (both food and commercial crops), which in turn will increase demand for labor and hence create jobs, reduce travel times, and lower transport costs for both goods and project beneficiaries, and increase access to services such as health and education.<sup>24</sup> While the selection of subprojects arises from the provincial SEDP process, components within the subprojects will be determined both by the IDMCs and the communities, and coordinated through the commune people's committees and WUOs. The IDMCs will see to it that critical infrastructure issues are solved, e.g., by repairing water reservoirs. The WUOs will see to it that canals reach key areas and that road access priorities reflect the communities'

<sup>20</sup> This is well above the economic cost of capital of 12%.

<sup>21</sup> The fiscal affordability analysis indicates that (i) based on the past 5 years' figures, all PPCs will be able to allocate significant budget for infrastructure investment and O&M; (ii) the required average annual budget of D8.8 billion per province is in the range of 2.0%–3.4% of the projected allocations. Review of past and ongoing projects suggests that if the O&M budget required of PPCs is below 5%, the annual allocations are affordable.

<sup>22</sup> This is consistent with Decree 115/2008/NDCP as described in Table 4 under "Sustainability".

<sup>23</sup> Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

<sup>24</sup> Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

mobility and transport needs. During construction, the commune supervision board will deal with local concerns and interests.

23. The project's gender classification is “effective gender mainstreaming,” category 2. To ensure that benefits accrue to women, a gender action plan has been prepared.<sup>25</sup> Women, including women's groups and the Vietnam Women's Union, will be consulted on infrastructure design. There will be separate meetings for women, held at appropriate times and using language and cultural sensitivity that allow women to participate. The commune supervision board will have female representation. Contractors will be encouraged to employ women in civil works, and must pay men and women equally for work of equal type. The project will improve women's decision making on PRI management and O&M. PRI training under the project will take into account the needs of female farmers and target at least 40% female participation.

24. Funds have been included in the project to secure the structural integrity of the subproject reservoirs and to ensure that community-based safety and warning systems are established and operational. To improve safety along roads to be upgraded by the project, funds have been provided to undertake road safety information campaigns. In addition, HIV/AIDS awareness campaigns will be carried out in the subproject areas. These safety and awareness campaigns and systems will factor in the needs of vulnerable groups, women and children.

## I. Safeguards

25. **Environment (category B).** Adverse environmental impacts are not likely. The initial environmental examinations for three sample subprojects found no indication of significant adverse environmental impacts. The PPTA subproject screening excluded those subprojects with potentially serious negative environmental impacts. MARD has gained environmental safeguard management capacity through implementing similar projects. Additional training for the CPMU safeguard staff and the PPMUs is included in the project costs. The project administration manual includes an environmental assessment and review framework<sup>26</sup> and a list of responsibilities for environmental management to guide the government in carrying out adequate environmental assessment and in taking measures to deal with potential environmental impacts. Proper use of pesticides and fertilizer will be promoted as part of the irrigation efficiency and management training to minimize soil and water pollution. The paving of roads will reduce dust, which has negative impacts on human and livestock health, crops, and safety. Measures to improve climate change resilience include the stabilization of local environs by improving reservoirs and integrating soil and water conservation measures into subproject design. Also, greater irrigation efficiency will reduce the stress on water resources.

26. **Involuntary resettlement (category B).** No significant resettlement impacts are expected because the majority of PRI improvements will occur along existing rights of way and will mainly require compensation for roadside trees, crops, and/or small structures with possibly a small amount of land acquisition. No actual resettlement is foreseen—the absence of major resettlement issues was one of the criteria when screening subprojects for eligibility. An indication of the effectiveness of the screening is that the three RSPs were assessed to be category C for resettlement and did not require resettlement plans. The government and ADB have agreed on a project resettlement framework and associated procedures, and the project administration manual outlines the responsibilities for preparing resettlement plans for potential

<sup>25</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

<sup>26</sup> Environment Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

category B subprojects.<sup>27</sup> The plans shall be submitted and approved by ADB before the subprojects are implemented. Compensation, allowances, operation and administration costs, surveys, monitoring, and reporting will be financed from provincial counterpart funds. Adequate provisions will be made for preparing and implementing resettlement plans, and for engaging resettlement specialists.

27. **Indigenous people (category B).** In the priority subprojects proposed by the CHPs, ethnic minorities were found to account for 21%–98% of the subproject area population; the predominant share being 47%. The minorities will be among the main beneficiaries of the project. Moreover, no negative changes are envisaged in their farming and livelihood systems or their cultural practice and ancestral domains. Any possible negative impacts such as temporary loss of crops or crop land for construction purposes will be avoided as best as possible, or will be compensated according to the resettlement plans. Impacts in these areas are expected to be overwhelmingly positive since the subprojects will be aimed at overall economic and social improvement of the population. An ethnic minority development framework has been prepared to manage any issues that might arise and has been agreed to by the government and ADB.<sup>28</sup> It guides the preparation of ethnic minority development plans for potential category B subprojects. The plans shall be approved by ADB before a subproject is implemented. As with involuntary resettlement, the three RSPs were assessed to be category C for indigenous people and did not require such plans.

28. Safeguard design, review, and monitoring consultants are included in the project design for all phases of implementation and, in adherence to government regulations and procedures, will provide sufficient capacity and expertise to ensure compliance with ADB's Safeguard Policy Statement (2009). Resources from loan proceeds are available to cover the costs of implementing ethnic minority development plans.

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<sup>27</sup> Resettlement Framework (accessible from the list of linked documents in Appendix 2).

<sup>28</sup> Indigenous Peoples Planning Framework: Ethnic Minority Development Framework (accessible from the list of linked documents in Appendix 2).

### III. IMPLEMENTATION PLANS

#### A. Project Readiness Activities

Table 2 presents the Project Readiness Activities. Its filter is given in Table 3.

**Table 2: Completion of Project Readiness Activities**

Indicative Activities	2013										Responsibility
	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
PDO approved			X								MARD/ GoV
FS approved			X								MARD
Loan negotiations				X							SBV/ADB
Advance contracting actions					X						MARD
Establish CPMU and PPMUs				X							APMB/DARD
ADB Board approval							X				SEER/ADB
Loan signing							X				SBV
Government legal opinion provided									X		SBV/MoJ
Government budget inclusion									X		MPI/MARD
Loan effectiveness										X	SEER/OGC

ADB = Asian Development Bank; APMB = Agricultural Project Management Board, CPMU = Central Project Management Unit, DARD = Department of Agriculture and Rural Development (Provincial); FS = feasibility study; GoV = Government of Viet Nam; MARD = Ministry of Agriculture and Rural Development of Viet Nam; MOF = Ministry of Finance of Viet Nam; MoJ = Ministry of Justice, OGC = Office of the General Counsel (ADB); PDO = project development objective; PPC = Provincial People's Committees; PPMU = Provincial Project Management Units, SBV = State Bank of Viet Nam; SEER = Southeast Asia Department, Environment, Natural Resources and Agriculture Division (ADB).

Source: ADB Staff estimates.



**Table 3: Project Readiness Filters**  
(as of 18 February 2013)

<b>No.</b>	<b>Key Project Preparation Elements</b>	<b>At Project Identification</b>	<b>By Fact-Finding</b>	<b>Status at Loan Negotiation</b>	<b>Remarks (2013)</b>
1	Project priority	Included in ODA requesting list	Included in COBP	Agreed by ADB and the Government	
2	ADB concept paper	Submission for ADB Vice President approval	Approved by ADB Vice President	Approved by ADB Vice President	
3	Government - PDO	Drafted for Prime Minister approval	Will incorporate updates from FFM-MOU in the revised draft	Approved by the Prime Minister	7 May
4	ADB RRP and its linked documents	N/A	Drafted	Completed and approved by the negotiation teams both from ADB and the Government	25 March
5	Government – FS	N/A	in process	Approved by the Minister of MARD	4 June
6	ADB – PAM	N/A	Completed	Finalized – live document	
7	Counterpart funds	Proposed	Committed	Finalized	
8	Establishment of CPMU and five PPMUs and confirmation of key staff.	in process	in process	completed	Sept. with key positions in place.
9	EARF, RF EMDF, GAP	N/A	drafted	Finalized	
10	Loan Implementation Consultant recruitment	N/A	ToR Drafted	ToR approved in the PAM	

## B. Overall Project Implementation Plan

[illegible]



#### IV. PROJECT MANAGEMENT ARRANGEMENTS

##### A. Project Implementation Organizations – Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
<p><b><u>Executing Agency:</u></b></p> <p><b>Ministry of Agriculture and Rural Development (MARD) through the Agriculture Project Management Board (APMB) and a Central Project Management Unit (CPMU)</b></p>	<p>As the Executing Agency MARD through the APMB. MARD is the investment owner for the activities implemented by APMB and the CPMU. MARD will manage Government and ADB project funds and will be responsible for loan covenant compliance, overall management and coordination of project implementation, including, specifically, activities associated with Output 2. The APMB will be responsible for the administration and staffing of the CPMU.</p> <p>The CPMU will be responsible for overall Project management and coordination including:</p> <ul style="list-style-type: none"> <li>(i) liaise with provincial people's committees (PPCs), Departments of Agriculture and Rural Development (DARDs), and other stakeholders for project management and implementation issues;</li> <li>(ii) ensure that agreed criteria for subproject selection, prioritization and implementation are complied.</li> <li>(iii) provide guidance and coordinate all implementing agencies to implement the Project Performance Management System (PPMS);</li> <li>(iv) monitor project schedules, funds flow and participation of various beneficiaries in the project activities;</li> <li>(v) undertake periodic review missions; midterm project reviews both independently and jointly with ADB;</li> <li>(vi) establish and manage one imprest account for the ADB loan;</li> <li>(vii) consolidate sub-accounts, one for each of the five PPMUs, and facilitate timely fund replenishments;</li> <li>(viii) arrange for adequate counterpart financing in accordance with the Loan Agreement and project implementation schedule, as updated;</li> <li>(ix) recruit consulting services, procure civil works contracts, vehicles and equipment at the national level and provide guidance to PPMUs on similar activities at the PPMU level;</li> <li>(x) recruit and supervise safeguard consultants for preparation of social, gender and environmental</li> </ul>

	<p>safeguard assessments for eligible project investments; plan with PPMUs, monitor and report to ADB on progress of Gender Action Plan and EMDP implementation on regular basis.</p> <p>(xi) monitor effectiveness of safeguard implementation procedures and also project conformity with ADB anti-corruption policies and accountability mechanism;</p> <p>(xii) analyze the measurable benefits of the capacity building and training programs to beneficiaries;</p> <p>(xiii) ensure compliance with agreed procurement plan and ADB procedures;</p> <p>(xiv) based on agreed procurement plan, forecast annual contract awards and disbursement targets and monitor quarterly achievements; and</p> <p>(xv) prepare project financial statements and arrange for annual audits thereon, synthesize PPMU's reports and prepare consolidated project progress reports including audit and project completion report.</p>
<b>CPMU Staff to be reviewed for Government – ADB concurrence</b>	
<b>Project Director</b>	<p>Qualification: University degree in relevant subject. English language fluency is preferred or an effective arrangement for interpretation is put in place.</p> <p>Experience: Project director or deputy director on at least one previous ADB financed investment project. Staff experience on at three ODA financed projects.</p> <p>Responsibilities:</p> <p>(i) Overall management of the project implementation;</p> <p>(ii) Ensure adherence to the project loan agreement and covenants;</p> <p>(iii) Ensure timely delivery of inputs and reports;</p> <p>(iv) Liaison among the government stakeholders and the ADB;</p> <p>(v) Coordinate implementation between the CPMU and the provincial authorities and management units on financial and administrative issues; and</p> <p>(vi) Support the regular ADB project review missions.</p>
<b>Deputy Project Director – Finance and Administration</b>	<p>Qualification: University degree in financial and administration management. English language ability at University level.</p> <p>Experience: Project deputy director or financial staff on at least one previous ADB financed investment project. Staff experience on at two ODA financed projects.</p> <p>Responsibilities:</p> <p>(i) Overall management of the project finances and administration;</p> <p>(ii) Ensure financial and auditing procedures acceptable to ADB are followed;</p> <p>(iii) Ensure timely delivery of financial reports;</p>

	<p>(iv) Liaison among the government stakeholders and the ADB; and,</p> <p>(v) Coordinate financial management between the CPMU and the provincial authorities and management units.</p>
<b>Chief Accountant</b>	<p>Qualification: University degree in accounting and/or financial management. English language ability at University level.</p> <p>Experience: Project financial staff on at least one previous ADB financed investment project.</p> <p>Responsibilities:</p> <p>(i) Manage project finances;</p> <p>(ii) Prepare financial reports acceptable to ADB; and</p> <p>(iii) Provide guidance and training to provincial financial and accounting staff.</p>
<b>Procurement Officer</b>	<p>Qualification: University degree or master degree. Fluent written and verbal English language ability.</p> <p>Experience: Experience in procurement using ADB or any multilateral funding agency procurement/selection guidelines. Has a Certification in Procurement. Understands the tasks described below:</p> <p>(i) Manage project procurement;</p> <p>(ii) Follow and draft revisions to the project procurement plan;</p> <p>(iii) Provide guidance and training to provincial procurement staff to ensure adherence to ADB requirements;</p> <p>(iv) Assist the CPMU Director to set up and maintain an effective monitoring and recording system on procurement;</p> <p>(v) Manage the whole procurement process for goods and works according to project Procurement Plan, as approved by the authorised State body of Viet Nam, and the Bank's Procurement Guidelines, that includes:</p> <ul style="list-style-type: none"> <li>• Assist the PMU Director in preparing the technical specifications of goods/works;</li> <li>• Assist in advertising of the Invitation for Bids/Quotations;</li> <li>• Identify the sources of supply, evaluate the eligibility and qualifications in order to prepare the list of suppliers/contractors for contracts in consultation with the agency;</li> <li>• Prepare bidding documents/request for quotations, bids/quotations evaluation reports, contract conditions including issues of performance guarantee, advance payment guarantee, insurance, liquidated damages, contract execution schedule, payments, delays, compensation events, contract extension, quality control, disputes, claims parties'</li> </ul>

	<p>obligations and so on in accordance with the sample documents applied for this Project;</p> <p>(vi) Manage the process of the selection and employment of project consultants according to project Procurement Plan, as approved by the authorised State body of Viet Nam, and the Bank's Consultant Guidelines, that includes:</p> <ul style="list-style-type: none"> <li>• Prepare/comment Terms of Reference (TORs), request for expression of interest; short-list of consultants, RFPs, draft contracts, etc.;</li> <li>• Prepare evaluation reports and contract negotiation with selected consultants;</li> <li>• Monitor and supervise the contract implementation, including issues off claims and disputes, compensation events and so on;</li> </ul> <p>(vii) Work with the Bank staff to make sure all the procurement processes are in line with the Bank's regulations and procedures.</p> <p>(viii) Work with other project consultants to ensure the effectiveness and efficiency of all procurements under the project.</p> <p>(ix) Manage all procurement documents and prepare reports as required by the Bank</p>
<p><b><u>Implementation Agencies:</u></b></p> <p><b>Provincial People's Committees (PPCs)</b></p>	<p>Overall responsibility for subprojects management and implementation including:</p> <p>(i) Approval of subproject investment reports, including provincial counterpart fund allocation, and give guidance in land acquisition and compensation; and,</p> <p>(ii) Approval of procurement plan for subprojects in their province.</p>
<p><b>Department of Agriculture and Rural Development (DARD) in each participating province</b></p>	<p>DARD will be the investment owner of the subprojects. It will be responsible for approval of implementation and operational arrangements for each subproject.</p>
<p><b>Provincial Project Management Units (PPMUs) in each participating province</b></p>	<p>The PPMU will be responsible for overall financial management of project funds allocated to the province. In addition, the PPMU will be responsible for day to day management and coordination of subproject implementation including the:</p> <p>(i) monitoring the preparation of Subproject Investment Reports (SIRs) (technical and economic aspects);</p> <p>(ii) recruitment of consultants to prepare SIRs, detailed design documents, and tender documents, as well as those to carry out construction supervision;</p> <p>(iii) support to the national safeguard consultants (recruited by CPMU) regarding the preparation of social and environmental safeguard assessments</p>

	<p>for eligible subprojects;</p> <p>(iv) obtain from the competent agency(s) estimates of the current market price of land and non land assets in relation to possible resettlement and land acquisition;</p> <p>(v) execution of civil works construction contracts;</p> <p>(vi) Implementation of special initiatives to make subprojects of greater benefit to the poor,</p> <p>(vii) set up grievance redress mechanisms to address safeguards concerns and other project concerns from displaced or affected people; and</p> <p>(viii) Administration of the sub-accounts.</p>
<b>PPMU Staff to be reviewed for Government – ADB concurrence</b>	
<b>Deputy Project Director – Finance and Administration</b>	<p>Qualification: University degree in financial and administration management. English language ability at University level.</p> <p>Experience: Project deputy director or financial staff on at least one previous ADB financed investment project.</p> <p>Responsibilities:</p> <p>(i) Overall management of the provincial project finances and administration;</p> <p>(ii) Ensure provincial financial and auditing procedures acceptable to ADB are followed;</p> <p>(iii) Ensure timely delivery of provincial financial reports;</p> <p>(iv) Liaison among the provincial government stakeholders and the CPMU; and,</p> <p>(v) Coordinate provincial financial management with the CPMU and the provincial authorities.</p>
<b>Chief Accountant</b>	<p>Qualification: University degree in accounting and/or financial management. English language ability at University level.</p> <p>Experience: Project financial staff on at least one previous ADB financed investment project.</p> <p>Responsibilities:</p> <p>(i) Manage provincial project finances, which would include the operation and administration of the provincial project sub-account;</p> <p>(ii) Prepare provincial financial reports acceptable to ADB and the CPMU; and</p> <p>(iii) Provide guidance and training to provincial financial and accounting staff.</p>
<b>Procurement Officer</b>	<p>Qualification: University degree in administration, engineering or financial management. English language ability at University level with a proven track record of being able to work in English.</p> <p>Experience: Project procurement staff on at least one previous ADB financed investment project.</p> <p>Responsibilities: Manage provincial project</p>



	procurement to ADB requirements.
<b>Subproject Areas</b> <b>a. Irrigation and drainage management companies (IDMC)</b>	<p>IDMCs will be responsible for:</p> <ul style="list-style-type: none"> <li>(i) identifying key infrastructure needs within the irrigation scheme;</li> <li>(ii) providing support and guidance during the feasibility studies and the detailed design and construction phases;</li> <li>(iii) liaising with the Water User Organizations, Commune Peoples Committees and Commune Supervision Board;</li> <li>(iv) overall management of the irrigation scheme upon completion of the subproject.</li> </ul>
<b>b. Water User Organizations (WUO)</b>	<p>The WUOs will be responsible for the maintenance of tertiary and on farm infrastructure and cooperate with the IDMCs for the management of the irrigation schemes. The WUO will be concerned that canals reach key areas and road access priorities reflect their mobility and transport needs.</p>
<b>c. Commune Peoples Committees CPC</b>	<p>The CPCs will be the point of liaison for coordination with the Project. They will be responsible to ensure that local and commune interests are considered in project design and implementation. They will organize activities such as public consultations for design and implementation inputs.</p>
<b>d. Commune Supervision Board (CSB)</b>	<p>During construction the CSB will follow the progress on a daily basis and ensure that local concerns are addressed. This will include ensuring the participation of local people in the design and implementation of subprojects as well as employment generated by the civil works, particularly for women and ethnic minorities.</p>
<b>Financier: ADB</b>	<ul style="list-style-type: none"> <li>(i) Provide financing for 91.35% of the project cost through an ADF loan in accordance with the Loan Agreements;</li> <li>(ii) Monitor effective operation of project implementation arrangements, disbursement, procurement, consultant selection, and reporting;</li> <li>(iii) Review compliance with agreed procurement procedures;</li> <li>(iv) Monitor effectiveness of safeguard procedures;</li> <li>(v) Monitor project conformity with ADB anti-corruption policies;</li> <li>(vi) Undertake periodic review missions; and</li> <li>(vii) Undertake a midterm project review jointly with the Government.</li> </ul>

## Key Persons Involved in Implementation

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## **B. Project Organization Structure and Project Management**

29. MARD will be the executing agency and will delegate overall responsibility to its Agriculture Projects Management Board (APMB). APMB will establish a CPMU responsible for central level project coordination. The CPMU will be managed by a full time Project Director with management experience in similar projects and preferably is familiar with the preparation of the Project. The Project Director will be supported by two Vice Directors who have experience in the management of ODA-funded rural infrastructure projects as well as appropriate technical, administration, accounting and donor liaison staff (Appendix 5). One imprest account will be established for the CPMU. The Government will appoint project staff capable of using standard government accounting and financial management systems.

30. The EA is required to assign competent staff to the project. Loan implementation consultants will provide capacity building, training and technical review, while monitoring consultants will ensure project quality in terms of technical and safeguard requirements.

31. The implementing agencies will be the provincial people's committees (PPCs) of the five participating provinces. One Vice Chairperson from each PPC will be assigned for overall responsibility for implementation coordination in their respective province. Each PPC will act through its Department of Agricultural and Rural Development (DARD), which will establish a provincial project management unit (PPMU) responsible for province-specific, day-to-day project management. Five sub-accounts will be established, one each for the five PPMUs.

32. Each DARD shall establish a provincial project management unit (PPMU), led by a full-time Provincial Project Director and supported by two full time Vice-Directors who have experience in the preparation and implementation of ODA-funded rural infrastructure projects, one shall be responsible for finance and administration, the other for technical and planning matters. They will be supported by an adequate number of full-time staff who will be selected based upon their qualifications and experience in the implementation of similar projects. The PPMU will manage day-to-day Project operation and will coordinate the work of specific technical experts involved in subproject identification, design and construction supervision.

33. An important position in each PPMU will be the Safeguard Officer (SO) appointed to ensure compliance with public consultation requirements, environmental impact assessment and mitigation and social impact assessment and mitigation (including resettlement) aspects of subproject implementation. The SO will play a key role in ensuring that supporting initiatives are implemented so that the poor and ethnic minorities are able to participate equally in subproject benefits. The SO will supervise the subproject benefit monitoring and evaluation system as well as liaison with beneficiary communities.

34. At the commune levels, the proposed Project will coordinate closely with the existing local administrations, utilizing the Commune People's Committee as the project point of liaison. PPMUs will work in close cooperation with commune personnel who will be responsible for ensuring coordination of day-to-day activities at the commune level between the Project and commune authorities. These activities will include organizing public consultations and design and implementation monitoring by Commune Supervision Boards (CSB).<sup>29</sup> The CSB already are supported by a regular budget from the Districts.

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<sup>29</sup> The CSBs will include at least one women's representative.

35. In terms of the qualifications of the key project staff the following will be expected: All shall have relevant qualification at university graduate level.<sup>30</sup> All shall have previous experience on at least one ADB financed project. The senior technical officer shall have English language capacity (spoken and written), or have dedicated support, at a post secondary school level. The chief accountants and procurement officers shall have English language ability at University level with a proven track record of being able to work in English.

## **1. Subproject Implementation Procedures**

36. Implementation will include the following steps:

- (i) Preparation of feasibility and safeguard studies including resettlement plans, environmental impact assessment, gender action plans and indigenous people's plans as required ;
- (ii) Review/approval of the feasibility studies;
- (iii) Preparation of and approval of Detailed Engineering Designs;
- (iv) Tendering for civil works;
- (v) Construction, including technical and safeguard supervision and monitoring;
- (vi) Commissioning, training and handover; and,
- (vii) Operation, maintenance and monitoring.

37. Within this process feasibility studies will be prepared by consultants recruited by the PPMUs. They shall be responsible for the technical aspects of the feasibility studies including the economic and financial analysis. National safeguards consulting firms shall be recruited by the CPMU. They shall be responsible for preparing the IEEs as required and where appropriate EMPs, RPs, and Ethnic Minority Development Plans (EMDPs).

38. This will ensure that appropriate measures to mitigate any negative 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 are taken.

39. The CPMU upon completion of the feasibility studies (FS), shall engage technical specialists either individually (i.e., Loan Start-Up Consultants) or under the Loan Implementation Consultants (LIC) contract to review the FS to ensure that: (i) appropriate technical standards are incorporated in the design and that costs norms to be applied reflect realistic market estimates; and (ii) ADB's and the Government's social and environmental safeguards requirements are duly addressed. This review process will be coordinated by the CPMU and subsequently, once the technical and safeguard standards have been confirmed by the LIC, the CPMU will inform DARD of the feasibility's acceptance. DARD will then submit the accepted feasibility studies to the PPC for approval. ADB may review feasibility studies and associated documents on request. Ultimate responsibility for FS compliance rests with the EA.

## **2. Feasibility Criteria**

40. To ensure that the subprojects meet the project objectives, the following feasibility criteria will be applied at the review stage:

- (i) The subproject is shown to be technically feasible and the expected benefits have been clearly identified. Subprojects with the EIRR above 12% will be

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<sup>30</sup> Except administrative support staff such as drivers, clerks, etc.

- selected for project financing. An EIRR of 10% is acceptable only if a significant level of unquantifiable benefits is documented;
- (ii) Procurement packages have been clearly identified in conformity with the procurement plan as well as the method of procurement, cost estimates have been clearly identified and recorded;
  - (iii) Review of financial sustainability. The feasibility report contains a detailed financing plan for O&M, identifying entity in charge of O&M, sources of fund and schedule of fund commitment.;
  - (iv) Public hearings on the subproject proposal have been held in concerned communes and measures for future public consultation and supervision by the CSB are clearly spelled out;
  - (v) The subproject is shown to have no major negative environmental or social impacts and mitigation measures have been defined for minor impacts. Any subproject with an A-safeguard categorization will not be implemented;
  - (vi) The subproject is shown to have no significant resettlement impact and for Category B subprojects a Resettlement Plan has been prepared in accordance with the agreed Government of Viet Nam and ADB policies, and the concerned Provincial government shall have allocated necessary budget for any involved land acquisition and resettlement activities; and,
  - (vii) The subproject is shown to have no significant impact on ethnic minorities and where necessary RPs and EMDPs will be prepared.

### **3. Capacity Building Initiatives**

41. The Project has designed regular training programs to increase the capacity of the CPMU and PPMU staff in managing project activities. The following have initially been identified and scheduled for the first year of project implementation, before the Loan Implementation Consultants are appointed:

#### **For Implementation Management**

- (i) Project Start-up Workshop – Hanoi;
- (ii) Introduction to PIM Workshop for Representatives of MARD, Directorate of Water Resources, CPMU, Provinces, IDMCs, WUAs, and relevant offices at provincial and district levels; and
- (iii) Financial Management Courses for Officials and accountants of CPMU, PPMU, representatives of other relevant offices at the same level, and representatives of State Treasury at the same level.

#### **Planned Study Tour**

- (i) Upland Irrigation Water Saving Technology Study Tour – Thailand
- (ii) Upland Irrigation Water Management Study Tour – South Korea
- (iii) PIM Study Tour – Northern Viet Nam
- (iv) PIM Study Tour – Central/ Southern Viet Nam

42. MARD places great importance on developing systems to improve the sustainability of PRI. In order to further develop, and strengthen these systems, the Project will carry out studies which will lead to improved water and irrigation efficiency and management. These initiatives involve piloting and demonstrating techniques and systems as well as researching and adapting

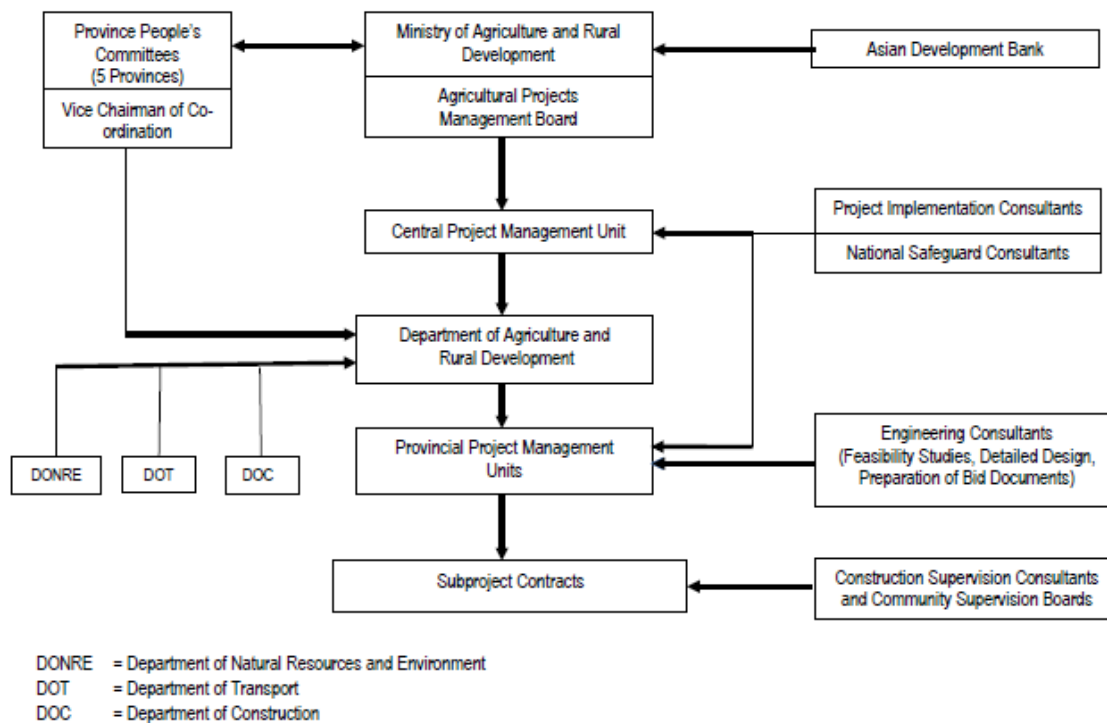
systems established in other regions of Viet Nam to the CHP. It was agreed that proposals for these initiatives will be prepared within the first two years of the project. International and national individual consultants will be recruited by CPMU to assist in the preparation of these studies, and a research design specialist has been included in the team for this. A budgetary allocation for these initiatives using loan proceeds is provisioned. Consulting entities to carry out the studies will be engaged/recruited by the CPMU using FBS.

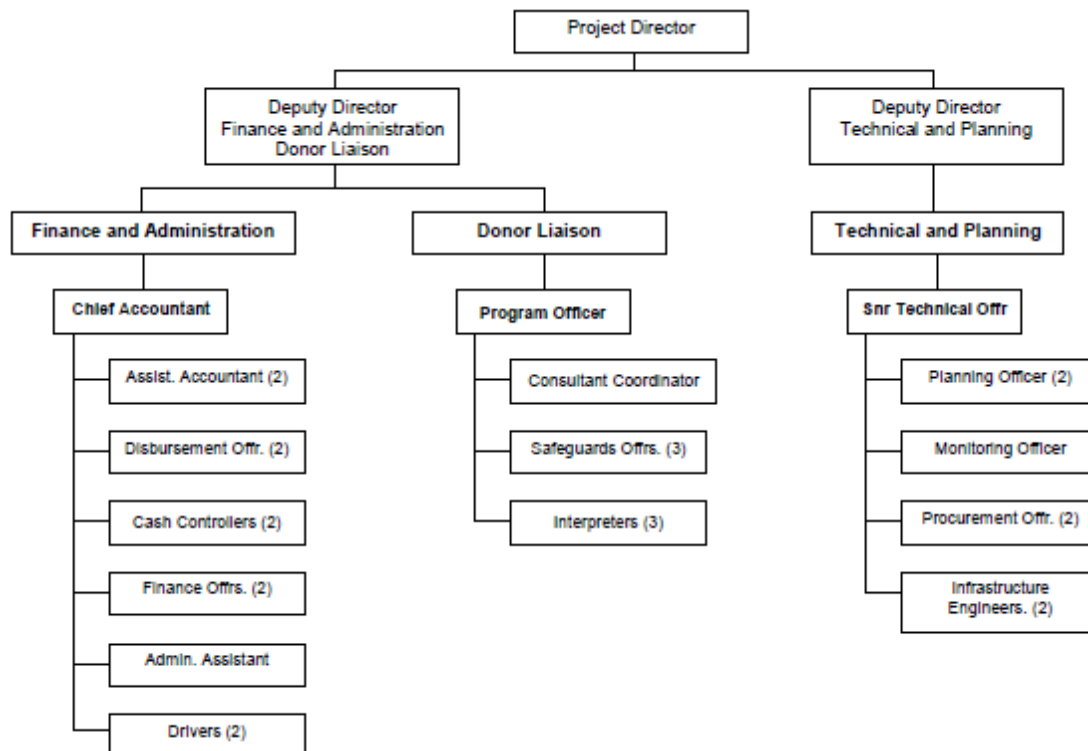
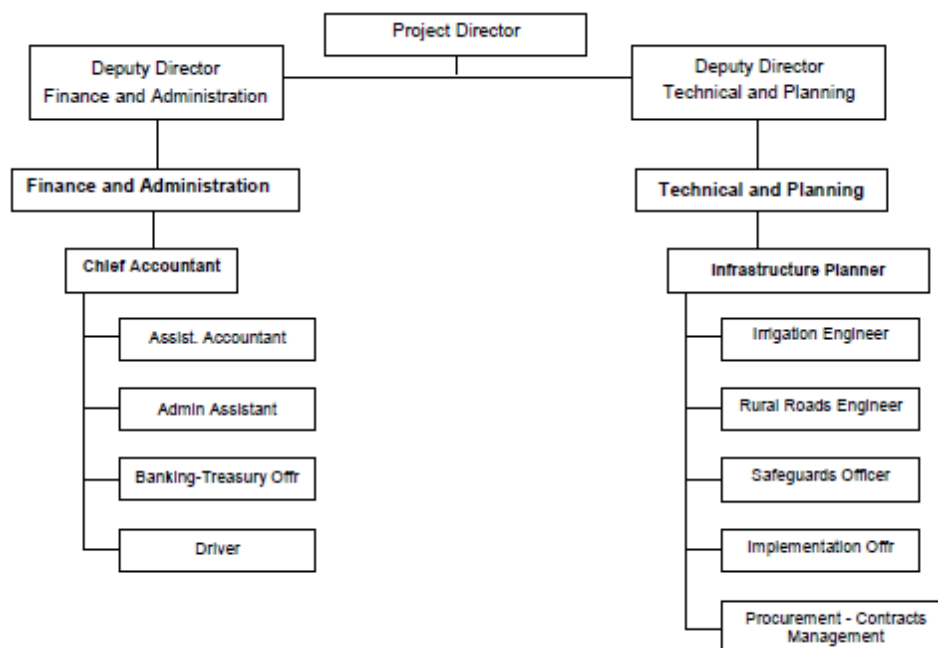
#### **4. GAP Implementation Arrangement**

43. CPMU and PPMUs will be responsible for implementation of GAP and will appoint Safeguard Officers with responsibility as gender focal point(s) ensuring annual planning, implementation and M&E of GAP. The CPMU will recruit national consultants to provide technical assistance to CPMU and PPMUs in implementation and M&E and reporting of GAP and related DMF targets. They will support PPMUs in preparing GAPs. The PPMUs will work with the relevant provincial, district and commune agencies (Vietnam Women's Union, Agriculture extension agencies, Committee for Ethnic Minority Affairs and NGOs, etc) to implement and coordinate training, capacity building, and HIV/AIDs awareness raising and road and dam safety activities.

44. Implementation of the GAP will be overseen by MARD's project steering committee, which include MARD's CFAW's representative. Budget for GAP implementation will include part of training budgets for capacity building on PRI and gender sensitization activities at central and provincial level, budget for gender consultants in consultancy package, budget for NGOs work (on road and dams safety education and HIV/AIDS education) and budgets for each subproject with the amount of 6,500USD (for design consultation with community people, including women only groups, and PRI-related extension and pro-poor training).

**Chart 1: Project Organizational Chart**



**Chart 2: Central Project Management Organization Chart****Chart 3: Provincial Management Organization Chart**



## V. COSTS AND FINANCING

45. The total project cost is estimated at \$87.58 million. The government has requested a loan in various currencies equivalent to SDR 53.041 million (\$80.0 million equivalent) from ADB's Special Funds resources to help finance the project.<sup>31</sup> The loan will have a 25-year term, including a five-year grace period, a 2.0% interest rate throughout the entire loan term, and equal amortization, and such other terms and conditions set forth in the draft loan agreement. Detailed cost estimates, allocation and withdrawal of loan proceeds, fund flow diagrams, and S-curves of contract award and disbursement are in Sections A-G that follow.

**Table 4: Project Financing Plan**

<b>Source</b>	<b>Amount (\$ million)</b>	<b>Share of Total (%)</b>
ADB ADF – Loan	80.00	91.34
Government of Viet Nam		
Project Provinces	7.38	8.43
Central Government Budget	0.20	0.23
<b>Total</b>	<b>87.58</b>	<b>100.00</b>

Source: ADB estimates.

46. It should be noted that the management costs include the costs of feasibility study preparation and detailed design. This accounts for what appears to be a high project management costs as these activities are carried out during project implementation.

<sup>31</sup> ADB will finance taxes and duties for the expenditure items it covers, interest during implementation, recurrent costs (i.e. project management costs), transportation costs, including taxes and duties for the expenditure items it covers, and bank charges related to the imprest account. The following principles were followed in determining the amount of taxes and duties to be financed by ADB: (i) the amount does not represent an excessive share of the project; (ii) the taxes and duties apply only to ADB-financed expenditures; (iii) the amount is within the thresholds identified during CPS preparation process; and (iv) financing of taxes and duties is material and relevant to the success of the project.

# A. Detailed Cost Estimates by Expenditure Category (\$'000)

	(Dong Million)			(US\$ '000)			% Total Base Costs
	Foreign	Local	Total	Foreign	Local	Total	
<b>A. Investment Costs</b>							
1. Land Acquisition and Resettlement	0.0	2,940.0	2,940.0	0.0	1,400.0	1,400.0	1.6
2. Civil Works	13,003.8	102,918.3	115,922.1	6,192.3	49,008.7	55,201.0	64.7
<b>3. Construction Services</b>							
Subproject Feasibility Studies	0.0	3,196.7	3,196.7	0.0	1,522.2	1,522.2	1.8
Subproject Detailed Designs	0.0	5,340.6	5,340.6	0.0	2,543.1	2,543.1	3.0
Subproject Special Studies and Quality Assurances	0.0	638.5	638.5	0.0	304.0	304.0	0.4
Subproject Safeguards Reviews	0.0	606.4	606.4	0.0	288.8	288.8	0.3
Bid Preparation	0.0	103.4	103.4	0.0	49.3	49.3	0.1
Construction Supervision	0.0	1,920.3	1,920.3	0.0	914.5	914.5	1.1
Province-based Construction Services /a	0.0	1,817.6	1,817.6	0.0	865.5	865.5	1.0
<b>Subtotal 3. Construction Services</b>	0.0	13,623.5	13,623.5	0.0	6,487.4	6,487.4	7.6
<b>4. Vehicles, Equipment and Accounting Software</b>							
Vehicles	0.0	466.2	466.2	0.0	222.0	222.0	0.3
Equipment and Accounting Software	0.0	303.5	303.5	0.0	144.5	144.5	0.2
<b>Subtotal 4. Vehicles and Equipment</b>	0.0	769.7	769.7	0.0	366.5	366.5	0.4
5. Implementation Consulting Services	0.0	5,837.4	5,837.4	0.0	2,779.7	2,779.7	3.3
6. Training /b	0.0	3,731.3	3,731.3	0.0	1,776.8	1,776.8	2.1
7. Study Tours	0.0	487.4	487.4	0.0	232.1	232.1	0.3
<b>8. Project Management</b>							
Central Level (ADB Financed)	0.0	2,409.9	2,409.9	0.0	1,147.6	1,147.6	1.3
Central Level (Government Financed)	0.0	293.7	293.7	0.0	139.9	139.9	0.2
Provincial Level	0.0	4,693.5	4,693.5	0.0	2,235.0	2,235.0	2.6
<b>Subtotal 8. Project Management</b>	0.0	7,397.1	7,397.1	0.0	3,522.4	3,522.4	4.1
<b>9. Infrastructure O&amp;M During Implementation</b>	0.0	5,060.8	5,060.8	0.0	2,409.9	2,409.9	2.8
10. Project Financial Auditing	0.0	187.5	187.5	0.0	89.3	89.3	0.1
11. Duties & Taxes	0.0	16,709.7	16,709.7	0.0	7,957.0	7,957.0	9.3
<b>Total BASELINE COSTS</b>	13,003.8	159,662.5	172,666.3	6,192.3	76,029.8	82,222.1	100.0
Physical Contingencies	0.0	997.1	997.1	0.0	474.8	474.8	0.6
Price Contingencies	0.0	5,388.0	5,388.0	0.0	2,565.7	2,565.7	3.0
<b>Total PROJECT COSTS</b>	13,003.8	166,047.6	179,051.4	6,192.3	79,070.3	85,262.6	103.6
Interest During Implementation	4,866.6	0.0	4,866.6	2,317.4	0.0	2,317.4	2.7
<b>Total Costs to be Financed</b>	17,870.4	166,047.6	183,917.9	8,509.7	79,070.3	87,580.0	106.3

/a Includes: UXO clearance, material quality inspection, technical service for small quantity items, quality certification and subproject audit and liquidation

/b Includes: Development of model for sustainable management and exploitation of hydraulic works and development of water saving irrigation model for high value crops

**B. Allocation and Withdrawal of Loan Proceeds (\$'000's)**

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Productive Rural Infrastructure Sector Project in the Central Highlands)</b>				
Number	Item	Total Amount Allocated for ADB Financing (SDR)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	41,243,000		100% of total expenditure claimed
2	Construction Services	3,288,000		
2A	Subproject Detailed Designs		2,008,000	100% of total expenditure claimed
2B	Construction Supervision		763,000	100% of total expenditure claimed
2C	Subproject Special Studies and Quality Assurances		245,000	100% of total expenditure claimed
2D	Subproject Safeguard Reviews		232,000	100% of total expenditure claimed
2E	Bid Preparation		40,000	100% of total expenditure claimed
3	Vehicle, Equipment and Accounting Software	329,000		
3A	Vehicle		199,000	100% of total expenditure claimed
3B	Equipment and Accounting Software		130,000	100% of total expenditure claimed
4	Consulting Services	2,323,000		100% of total expenditure claimed
5	Training	1,444,000		100% of total expenditure claimed
6	Study Tours	197,000		100% of total expenditure claimed
7	Project Management*	2,601,000		
7A	Central Level		781,000	100% of total expenditure claimed
7B	Provincial Level		1,820,000	100% of total expenditure claimed
8	Project Financial Auditing	80,000		100% of total expenditure claimed
9	Interest Charges	1,536,000		100% of amounts due
	Total	53,041,000		

<sup>a.</sup> Project management costs include incremental CPMU and PPMU operational costs and salary for incremental staff recruited to the CPMU and PPMUs.

<sup>b.</sup> Study tours to be taken within ADB member countries only.

### C. Detailed Cost Estimates by Financier (\$'000)

	The Government		Project Provinces		Asian Development Bank <sup>e</sup>		Total		Duties & Taxes <sup>f</sup>
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>I. Investment Costs</b>									
<b>A. Land Acquisition and Resettlement <sup>a</sup></b>	0.0	0.0	1,400.0	100.0	0.0	0.0	1,400.0	1.6	0.0
<b>B. Civil Works</b>	0.0	0.0	0.0	0.0	62,205.1	100.0	62,205.1	71.0	6,220.5
<b>C. Construction Services</b>									
Subproject Feasibility Studies	0.0	0.0	1,800.0	100.0	0.0	0.0	1,800.0	2.1	180.0
Subproject Detailed Designs	0.0	0.0	0.0	0.0	3,029.3	100.0	3,029.3	3.5	302.9
Subproject Special Studies and Quality Assurances	0.0	0.0	0.0	0.0	370.0	100.0	370.0	0.4	37.0
Subproject Safeguards Review s	0.0	0.0	0.0	0.0	350.0	100.0	350.0	0.4	35.0
Bid Preparation	0.0	0.0	0.0	0.0	60.0	100.0	60.0	0.1	6.0
Construction Supervision	0.0	0.0	0.0	0.0	1,150.6	100.0	1,150.6	1.3	115.1
Province-based Construction Services <sup>b</sup>	0.0	0.0	1,170.0	100.0	0.0	0.0	1,170.0	1.3	117.0
<b>Subtotal Construction Services</b>	0.0	0.0	2,970.0	37.5	4,959.9	62.5	7,929.9	9.1	793.0
<b>D. Vehicles, Equipment and Accounting software</b>									
Vehicles	0.0	0.0	0.0	0.0	300.0	100.0	300.0	0.3	30.0
Equipment and Accounting software	0.0	0.0	0.0	0.0	195.9	100.0	195.9	0.2	19.6
<b>Subtotal Vehicles and Equipment</b>	0.0	0.0	0.0	0.0	495.9	100.0	495.9	0.6	49.6
<b>E. Implementation Consulting Services</b>	0.0	0.0	0.0	0.0	3,503.2	100.0	3,503.2	4.0	350.3
<b>F. Training <sup>c</sup></b>	0.0	0.0	0.0	0.0	2,178.1	100.0	2,178.1	2.5	70.0
<b>G. Study Tours <sup>c</sup></b>	0.0	0.0	0.0	0.0	297.2	100.0	297.2	0.3	29.7
<b>H. Project Management <sup>d</sup></b>									
Central Level (ADB Financed)	0.0	0.0	0.0	0.0	1,177.7	100.0	1,177.7	1.3	117.8
Central Level (Government Financed)	200.0	100.0	0.0	0.0	0.0	0.0	200.0	0.2	20.0
Provincial Level	0.0	0.0	0.0	0.0	2,745.3	100.0	2,745.3	3.1	274.5
<b>Subtotal Project Management</b>	200.0	4.9	0.0	0.0	3,923.0	95.1	4,123.0	4.7	412.3
<b>I. Infrastructure O&amp;M During Implementation</b>	0.0	0.0	3,010.0	100.0	0.0	0.0	3,010.0	3.4	301.0
<b>J. Project Financial Auditing</b>	0.0	0.0	0.0	0.0	120.1	100.0	120.1	0.1	12.0
<b>Total PROJECT COSTS</b>	200.0	0.2	7,380.0	8.7	77,682.6	91.1	85,262.6	97.4	8,238.4
Interest During Implementation	0.0	0.0	0.0	0.0	2,317.4	100.0	2,317.4	2.6	0.0
<b>Total Disbursement <sup>g</sup></b>	200.0	0.2	7,380.0	8.4	79,999.970	91.3	87,580.0	100.0	8,238.4

<sup>a</sup> This item will be disbursed based on actual resettlement plan for each subproject. Receipts by affected households will be required to substantiate actual expenses.

<sup>b</sup> Includes: UXO clearance, material quality inspection, technical service for small quantity items, quality certification and subproject audit and liquidation

<sup>c</sup> Includes: Development of model for sustainable management and exploitation of hydraulic works and development of water saving irrigation model for high value crops. Training and study tours must be incurred in ADB member countries only.

<sup>d</sup> Including salaries for project contracted staff and office operation costs at the CPMU and PPMUs, but excluding any salaries/remunerations other than travel costs and DSA for the government officials who work for the Project.

<sup>e</sup> The ADB ADF loan will finance interest charges during implementation and recurrent implementation and supervision costs.

ADB ADF loan may finance bank charges, transportation and insurance costs.

<sup>f</sup> The Government, project provinces, and ADB will cover taxes and duties associated to the expenditure items that each financier is financing.

<sup>g</sup> Contingency is included in each line item.

**D. Detailed Cost Estimates by Outputs/Components (\$'000)**

	Productive Rural Infrastructure	Capacity Building	Project Management	Total
<b>I. Investment Costs</b>				
A. Land Acquisition and Resettlement	1,400.0	0.0	0.0	1,400.0
<b>B. Civil Works</b>	62,205.1	0.0	0.0	62,205.1
<b>C. Construction Services</b>				
Subproject Feasibility Studies	1,800.0	0.0	0.0	1,800.0
Subproject Detailed Designs	3,029.3	0.0	0.0	3,029.3
Subproject Special Studies and Quality Assurances	370.0	0.0	0.0	370.0
Subproject Safeguards Review s	350.0	0.0	0.0	350.0
Bid Preparation	60.0	0.0	0.0	60.0
Construction Supervision	1,150.6	0.0	0.0	1,150.6
Province-based Construction Services /a	1,170.0	0.0	0.0	1,170.0
<b>Subtotal Construction Services</b>	7,929.9	0.0	0.0	7,929.9
<b>D. Vehicles, Equipment and Accounting Software</b>				
Vehicles	0.0	0.0	300.0	300.0
Equipment and Accounting softw are	0.0	0.0	195.9	195.9
<b>Subtotal Vehicles and Equipment</b>	0.0	0.0	495.9	495.9
E. Implementation Consulting Services	0.0	0.0	3,503.2	3,503.2
F. Training /b	0.0	2,178.1	0.0	2,178.1
G. Study Tours	0.0	297.2	0.0	297.2
<b>H. Project Management</b>				
Central Level (ADB Financed)	0.0	0.0	1,177.7	1,177.7
Central Level (Government Financed)	0.0	0.0	200.0	200.0
Provincial Level	0.0	0.0	2,745.3	2,745.3
<b>Subtotal Project Management</b>	0.0	0.0	4,123.0	4,123.0
<b>I. Infrastructure O&amp;M During Implementation</b>	3,010.0	0.0	0.0	3,010.0
J. Project Financial Auditing	0.0	0.0	120.1	120.1
<b>Total PROJECT COSTS</b>	74,545.0	2,475.4	8,242.2	85,262.7
Interest During Implementation	2,317.4	0.0	0.0	2,317.4
<b>Total Cost to be Financed</b>	76,862.4	2,475.4	8,242.2	87,580.0
<b>Taxes</b>	7,314.5	99.7	824.2	8,238.4
<b>Foreign Exchange</b>	6,192.3	0.0	0.0	6,192.3

\a Includes: UXO clearance, material quality inspection, technical service for small quantity items, quality certification and subproject audit and liquidation

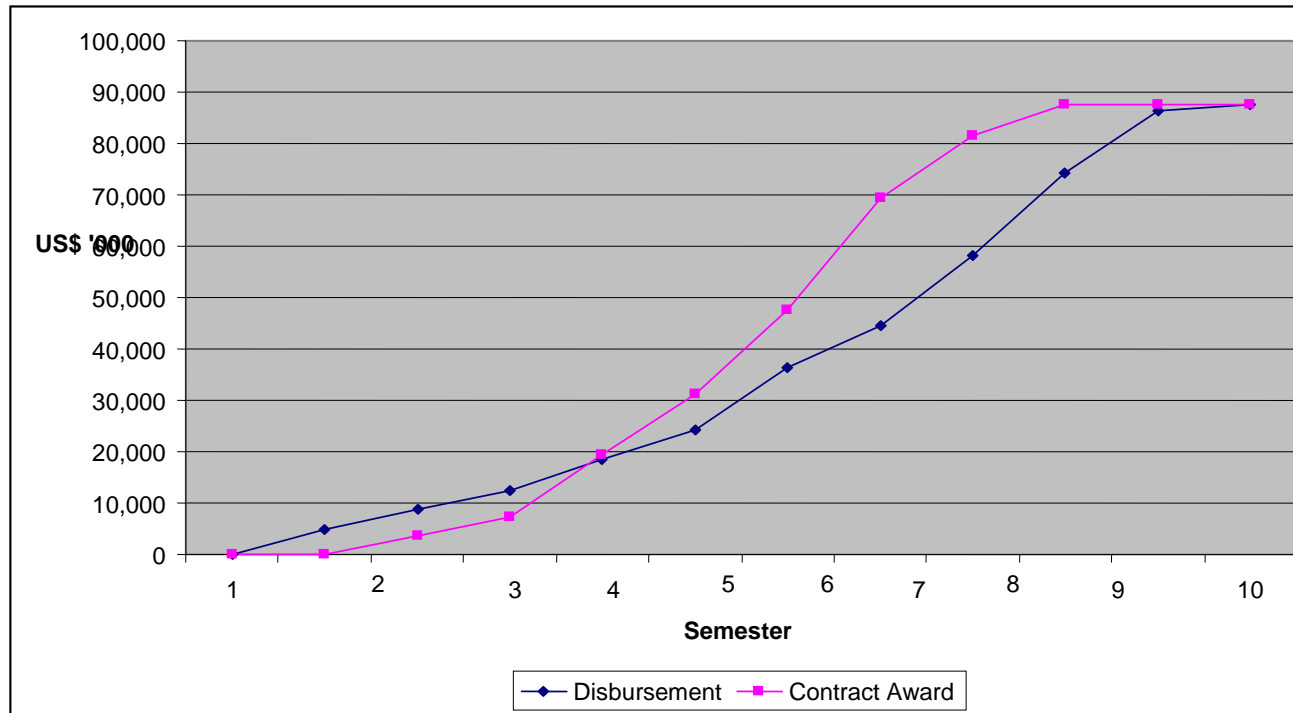
\b Includes: Development of model for sustainable management and exploitation of hydraulic works and development of water saving irrigation model for high value crops

**E. Detailed Cost Estimates by Year (\$'000)**

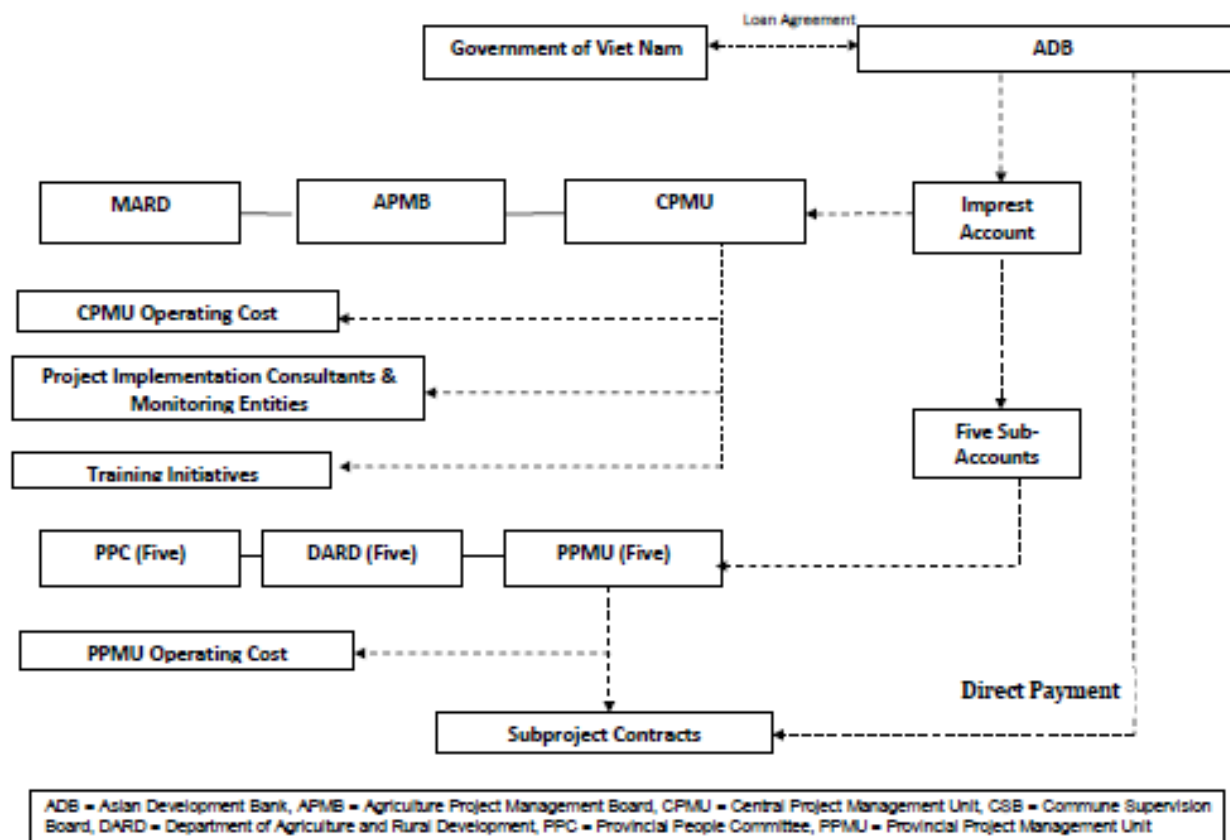
	Totals Including Contingencies					Total
	2014	2015	2016	2017	2018	
<b>I. Investment Costs</b>						
A. Land Acquisition and Resettlement	420.0	840.0	140.0	0.0	0.0	1,400.0
<b>B. Civil Works</b>	3,299.1	15,299.1	12,299.1	18,299.1	13,008.8	62,205.3
<b>C. Construction Services</b>						
Subproject Feasibility Studies	529.4	1,085.2	185.4	0.0	0.0	1,800.0
Subproject Detailed Designs	0.0	2,719.6	309.7	0.0	0.0	3,029.3
Subproject Special Studies and Quality Assurances	64.7	85.9	146.4	52.1	20.9	370.0
Subproject Safeguards Review s	0.0	137.2	140.7	72.1	0.0	350.0
Bid Preparation	0.0	23.4	18.0	12.3	6.3	60.0
Construction Supervision	0.0	108.7	222.7	228.3	590.9	1,150.6
Province-based Construction Services /b	960.0	19.8	40.7	41.7	107.8	1,170.0
<b>Subtotal Construction Services</b>	1,554.1	4,179.8	1,063.6	406.4	725.9	7,929.8
<b>D. Vehicles, Equipment and Accounting Software</b>						
Vehicles	300.0	0.0	0.0	0.0	0.0	300.0
Equipment and Accounting software	195.9	0.0	0.0	0.0	0.0	195.9
<b>Subtotal Vehicles and Equipment</b>	495.9	0.0	0.0	0.0	0.0	495.9
E. Implementation Consulting Services	265.5	1,063.0	943.7	694.7	536.3	3,503.2
F. Training /c	158.7	917.7	522.8	507.4	71.6	2,178.2
G. Study Tours	137.5	159.7	0.0	0.0	0.0	297.2
<b>H. Project Management</b>						
Central Level (ADB Financed)	231.1	235.9	230.4	235.2	245.1	1,177.7
Central Level (Government Financed)	0.0	0.0	0.0	0.0	200.0	200.0
Provincial Level	650.0	595.3	500.0	500.0	500.0	2,745.3
<b>Subtotal Project Management</b>	881.1	831.2	730.4	735.2	945.1	4,123.0
<b>I. Infrastructure O&amp;M During Implementation</b>	0.0	620.1	635.6	651.5	1,102.8	3,010.0
J. Project Financial Auditing	18.8	19.3	19.8	20.3	42.0	120.1
<b>Total PROJECT COSTS</b>	7,230.7	23,929.9	16,355.0	21,314.6	16,432.5	85,262.6
Interest During Implementation	122.9	570.0	458.2	681.7	484.6	2,317.4
<b>Total Cost to be Financed</b>	7,353.6	24,499.9	16,813.2	21,996.3	16,917.1	87,580.0

/a Includes: UXO clearance, material quality inspection, technical service for small quantity items, quality certification and subproject audit and liquidation

/b Includes: Development of model for sustainable management and exploitation of hydraulic works and development of water saving irrigation model for high value crops

**F. Contract and Disbursement S-curve**

# G. Fund Flow Diagram





## VI. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

47. A detailed financial management assessment, carried out during the project preparation concluded that the proposed financial management arrangements are considered adequate for implementing the Project, as APMB has managed properly the financial disbursement of the previous projects. As needed, accounting and bookkeeping training should be provided.

48. The project finance and accounting functions will be performed by qualified and experienced staff both at central level and in participating provinces. In addition, the project will provide timely training and written guidelines, especially in ADB procedures and disbursement, particularly to the PPMUs that have limited experience in ADB funded projects.

49. The project will prepare terms of reference (TORs) that define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff. The following responsibilities will be performed by different units or persons:

- (i) authorization to execute a transaction;
- (ii) recording of the transaction; and
- (iii) custody of assets involved in the transaction.

50. The bank reconciliation will be prepared by someone other than those who approve payments. Accounting software must be capable of generating reports identifying expenditures in accordance with project components, expenditure accounts, disbursement categories, and sources of funds.

51. Controls will be in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained. The chart of accounts will be able to account for and report on project activities and disbursement categories. The cost allocations to the various funding sources will be made accurately and in accordance with established agreements. The general ledger and subsidiary ledgers will be reconciled and in balance.

52. All accounting and supporting documents will be retained on a permanent basis in a defined system that allows authorized users easy access. Regular monitoring and internal audit functions will be built up to monitor transactions along the line from central government to provincial, and subproject levels. Such control procedures will be documented in the Government's Project Implementation Manual (PIM).

### B. Disbursement

53. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),<sup>32</sup> and detailed arrangements agreed upon between the Government and ADB. Except as ADB may otherwise agree, the Government shall establish immediately after the effective date one imprest account at a commercial bank acceptable to SBV and ADB, to be managed by the CPMU. Five sub-accounts are expected to be established at commercial banks acceptable to SBV and ADB for each PPMU within one month of the establishment of the CPMU imprest account. The EA is accountable and responsible for proper use of advances to the imprest account, including advances to the sub-accounts.

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<sup>32</sup> Available at: <http://www.adb.org/documents/loan-disbursement-handbook>.

54. The imprest account shall be established, managed, replenished and liquidated in accordance with the ADB *Loan Disbursement Handbook* (2012, as amended from time to time) and detailed arrangements agreed upon between the Government and ADB. The imprest account shall only be used for the intended purposes of the Project. The CPMU activities will be funded directly from the imprest account. The PPMU activities will be funded directly from the sub-accounts. Direct payment by ADB may be used, if considered desirable, for payments for procurement of goods, civil works and consulting services.

55. The EA may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet<sup>33</sup> setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the EA in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest account.

56. The currency of the imprest account shall be US dollar while the currency for the sub-accounts will be in Vietnamese Dong. The aggregate amount to be deposited into the CPMU's imprest account shall not exceed 10% of the loan amount (\$8 million). The maximum amount to be deposited into each PPMU's sub-account shall not exceed expected expenditures for the following 6 months of project implementation.

57. The statement of expenditures (SOE) procedure may be used to reimburse eligible expenditures and to liquidate advances provided in accordance with the ADB's *Loan Disbursement Handbook* (2012, as amended from time to time) and detailed arrangements agreed upon between the Borrower and ADB.<sup>34</sup> Any individual payment to be reimbursed or liquidated under the SOE procedures shall not exceed the equivalent of \$100,000. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

58. Payments made directly from CPMU and PPMUs will be certified by the Treasury (at central and provincial levels respectively) upon receipt of payment documents. Based on the payments that have been authorized by the provincial treasury, each PPMU will prepare withdrawal applications with associated payment documents/statements and the sub-account reconciliation sheet as per ADB requirements (2012, ADB *Loan Disbursement Handbook*) and submit these to the CPMU. Upon receipt of applications and payment documents from PPMUs, the CPMU will prepare an aggregated withdrawal application and submit to the MOF for endorsement. Authorized withdrawal applications will be forwarded to ADB for processing and for replenishment to the imprest account.

59. Before the submission of the first withdrawal application, the borrower shall submit through SBV to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The borrower is to consolidate claims to meet this limit for replenishment to the imprest account. Withdrawal applications and supporting

<sup>33</sup> Available in Appendix 10B of the *Loan Disbursement Handbook*.

<sup>34</sup> Available in Appendix 9B of the *Loan Disbursement Handbook*.

documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

60. With regard to ADB financing of land acquisition and resettlement cost, to ensure that ADB funds are delivered to the intended beneficiaries, the ADB fund will be disbursed based on actual resettlement plan for each subproject. Signed receipts by affected households will be required to substantiate actual land acquisition and resettlement expenses.

### **C. Accounting**

61. The financing units established in the CPMU, and each PPMU involved in Project implementation will maintain the project financial records and financial statements that identify goods and services from loan proceeds, financing resources received, expenditures incurred, and use of government counterpart funds. These project financial records and statements will be prepared and maintained in conformity to the Government's accounting laws and regulations and in accordance with sound accounting principles and standards acceptable to ADB.

62. The CPMU will be responsible for: (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, (iv) collecting and verifying replenishment requests from the PPMUs (for the CPMU), (v) preparing financial statements, and (vi) preparing and sending withdrawal applications to ADB.

63. The CPMU Director and the Chief Accountant will be responsible and accountable to the Government of Viet Nam and ADB for managing the budget and for all expenditures related to the Project in accordance with the conditions of the Loan Agreement, Government and ADB regulations, and other legal documents.

64. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),<sup>35</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. ADB and the Government will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to all subprojects.

### **D. Auditing**

65. The CPMU will cause the consolidated project financial statements to be prepared and audited in accordance with auditing standards acceptable to ADB by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the executing agency.

66. The independent auditor will provide an audit management letter and auditor's opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) compliance with the imprest fund procedure; and (v) compliance with use of the SOE procedure certifying (a) to the eligibility of those expenditures claimed under SOE procedures, and (b) proper use of the procedure in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time) and the project documents.

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<sup>35</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

67. Compliance with 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.

68. The government and the CPMU have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements<sup>36</sup>. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower/grantee), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- (iii) When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan."

69. The audited financial statements and management letters, and related financial statements will be submitted to ADB in the English language not later than 6 months after the end of the fiscal year to which they relate, or the Project closing date if earlier. ADB informed the Government of its policy on submission of audited accounts (covering failure of submitting audited accounts and financial statements by the due date). Formal warning will be issued, and disbursements may be suspended, for accounts more than 6 months overdue. ADB reserves the right to verify the Project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

70. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).<sup>37</sup> After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

<sup>36</sup> ADB Policy on delayed submission of audited project financial statements

<sup>37</sup> Available from: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

## VII. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting<sup>38</sup>

71. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (2013, as amended from time to time) (ADB's *Procurement Guidelines*)<sup>39</sup> and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time) (ADB's *Guidelines on the Use of Consultants*).<sup>40</sup> The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower, the MARD and the participating PPCs have been advised that approval of advance contracting does not commit ADB to finance the Project.

72. To facilitate rapid start up, the Government and ADB agreed to a number of advance actions (prior to loan effectiveness) to expedite:

- (i) establishment of a functional CPMU and PPMUs with sufficient number of qualified and experienced staff. Special attention should be paid to the recruitment of good procurement and financial management staff;
- (ii) carry out training in ADB procedures for procurement, disbursement, and financial management;
- (iii) prepare ToR for recruitment of:
  - a. LIC by the CPMU;
  - b. national Safeguard Consultants by the CPMU;
  - c. national monitoring and evaluation consultants by the CPMU;
  - d. feasibility investment study consultants and detailed design consultants by the PPMUs; and,
  - e. individual start up consultants for the implementation of the three representative subprojects and the research design.
- (iv) Request EOIs and shortlist for the LIC;
- (v) Issue request for proposals for LIC; and
- (vi) Recruit start up consultants up to contract signing.

73. ADB financing will be dependent upon compliance with all aspects of ADB procedural requirements, including compliance of the Government with relevant provisions of the loan and project agreements and ADB guidelines. The Project will provide training in disbursement procedures to the CPMU and PPMUs to ensure relevant ADB standards and requirements are met.

### B. Consultants Recruited During Loan Implementation

74. Consultants to prepare feasibility studies for subprojects will be recruited by PPMUs. Such recruitment will be initiated after loan effectiveness. The recruitment of these consultants will be financed by provincial counterpart funds and follow government recruitment procedures.

75. Detailed Design, Bid Preparation and Construction supervision consultants shall be recruited by the PPMUs using loan funds following ADB recruitment procedures.

76. The national safeguard (environment and social) and the monitoring and evaluation consultants will be recruited by the CPMU using ADB loan resources.

<sup>38</sup> There will be no retroactive financing under the Project

<sup>39</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>40</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

### C. Procurement of Goods, Works and Consulting Services

77. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines (2010 as amended from time to time)*.

78. International competitive bidding procedures will be used for civil works contracts estimated to cost \$5.0 million or more, and supply contracts valued at \$500,000 or higher. National competitive bidding (NCB) will be used for civil works contracts between \$5.0 million and \$500,000 and for supply contracts for procurement of goods between \$500,000 and \$100,000. Shopping will be used for contracts for procurement of works and goods worth \$100,000 and below.

79. Before the start of any procurement ADB and the Government will review the public procurement laws of the central and state governments to ensure consistency with ADB's *Procurement Guidelines*.

80. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C. The procurement plan will be updated annually and as required.

81. All consultants and nongovernment organizations (NGOs) to be financed by the ADB loan will be recruited according to ADB's Guidelines on the Use of Consultants (April 2010, as amended from time to time).<sup>41</sup>

82. Seven types of consulting packages will be recruited under the project:

- (i) **individual consultants:** this will comprise of three kinds of consultants:
  - a. start up consultants: one international and three national consultant will be hired by the CPMU to assist with start up activities including the recruitment of other consultants during the project implementation period. Their prime task will be to assist with the implementation of the first three representative subprojects; and
  - b. Research design consultants: one international and one national consultant will be hired by the CPMU. They will be responsible for: Identifying significant knowledge and practice gaps in the context of MARD priorities for developing PRI. Prepare research programs from scoping into research for agreed upon subjects; and
  - c. Bid preparation consultants will be recruited by the PPMUs.
- (ii) **recruitment of an international firm by the CPMU as the Loan Implementation Consultant (LIC):** This will entail the recruitment of an international consulting firm with national and international expertise to assist with project implementation including capacity building, gender and social and environmental safeguards review and feasibility study review for the subprojects;
- (iii) **institutions engaged or NGOs recruited by the CPMU for monitoring and training activities:** Monitoring and evaluation consultants to undertake baseline socio-economic studies within subproject areas, to design a monitoring and evaluation system and to undertake periodic implementation and benefit monitoring. Independent safeguard monitoring consultants to monitor the implementation of the safeguard measures. Training consultants to implement direct training to staff of the CPMU, PPMUs, in irrigation management companies

<sup>41</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

- and project beneficiaries with a particular focus on sustainability of the project investment;
- (iv) **safeguard consultants recruited by CPMU:** to provide input into feasibility studies including the preparation of Initial Environmental Examinations (IEEs), Resettlement Plans (RPs), and EMDPs and to monitor environmental, social and resettlement aspects;
- (v) **firms recruited by the PPMUs:** including consultants to prepare the detailed design and construction supervision of subprojects and of their associated bidding documents;
- (vi) **firms recruited by PPMU financed entirely by counterpart funds:** for subproject appraisal, feasibility study preparation, subproject completion audit, and other small government required consultancies; and
- (vii) **institutions, NGOs and firms financed by the loan to carry out special studies recruited by CPMU:** For awareness and pilot/demonstration activities, dam safety, road safety, HIV/AIDS, water management related research.

83. Individual start up consultants consisting of 3 person months of international and 18 person months of national expertise will be recruited in the first year using individual consultancy selection.

84. The LIC will require a firm to be recruited to provide 79 person months of international expertise and 281 person months of national expertise following the Quality and Cost-Based Selection (QCBS) method with a ratio of 90:10 based on full technical proposals.

85. Safeguard consultants, monitoring and training consultants will be recruited by the CPMU using Fixed Budget Selection (FBS). It is not possible to quantify their input in terms of person months prior to project inception since this will depend on how many subprojects are eventually taken up under the sector loan and the nature of the subprojects (size, location, type of infrastructure to be upgraded and the state that it is in).

86. Recruitment of the feasibility study consultants will be by the PPMUs. The consultancy engagements to carry out the feasibility studies will be funded wholly by the provincial counterpart funds following the Government laws and decrees identified in the Procurement Plan (updated from time to time). Subsequent recruitment of the detailed design consultants using ADB loan proceeds will be carried out by PPMUs using FBS.

87. All detailed design, bid preparation and construction supervision consultants will be recruited by the PPMUs, using ADB loan proceeds following ADB procedures identified in the Procurement Plan (updated from time to time).

88. For dam and road safety awareness campaigns, and HIV/AIDS, consulting entities will be engaged/recruited by the CPMU using Consultant Qualification Selection (CQS).

89. For special studies involving piloting, demonstrating and researching water management techniques and systems, consulting entities of 3 international person months and 6 person month will be engaged/recruited by the CPMU using FBS.

90. The single stage one envelope bidding procedures shall be used for NCB works and goods. This will consist of a bidder submitting both the technical and financial proposal in one envelope. It is noted that close attention needs to be paid by the CPMU and PPMU to preparing the qualification and evaluation criteria.

91. On eligibility, national sanction lists may only be applied with the approval of ADB.<sup>42</sup> A firm declared ineligible by ADB cannot participate in bidding for an ADB financed contract during the period of time determined by ADB. The CPMU/PPMUs shall carry out assessments of SOE eligibility during the evaluation of expressions of interest. This will be done regardless of the selection method used, and will include eligibility assessments as part of the recommendations for the shortlisted firms. The CPMU shall validate the assessment done by the PPMUs.

## **D. Procurement Plan**

### **1. Basic Data**

<b>Project Name:</b> Productive Rural Infrastructure Development Project in the Central Highlands	
<b>Country:</b> Viet Nam	<b>Executing Agency:</b> Ministry of Agriculture and Rural Development (MARD)
<b>Loan Amount:</b> ADB - \$80 million	<b>Loan Number:</b> XXXX
<b>Date of First Procurement Plan:</b>	<b>Date of this Procurement Plan:</b>

### **2. Process Thresholds, Review and 18-month Procurement Plan**

#### **a. Project Procurement Thresholds**

92. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works

<b>Method</b>	<b>Threshold</b>
ICB works	≥ \$5,000,000
ICB goods	≥ \$500,000
NCB works <sup>a</sup>	Below \$5,000,000 but ≥ \$100,000
NCB goods <sup>a</sup>	Below \$500,000 but ≥ \$100,000
Shopping works <sup>b</sup>	Below \$100,000
Shopping goods <sup>b</sup>	Below \$100,000

ICB = international competitive bidding, NCB = national competitive bidding

<sup>a</sup> NCB procedures are described in Section D of this procurement plan.

<sup>b</sup> For the procurement of items below \$10,000, the executing and implementing agencies may purchase the items directly from suppliers, and in such cases, ADB should be satisfied that the price paid is reasonable.

#### **b. ADB Post and Prior Review**

93. Except as ADB may otherwise agree, the following prior- or post-review requirements apply to various procurement and consultant recruitment methods used for the Project.

<sup>42</sup> The Sanctions section of the Integrity Principles and Guidelines allows ADB to sanction parties who fail to meet ADB's high ethical standards based on the decisions of third parties, such a decision can only be made by the Integrity Oversight Committee on the basis of ADB's own independent examination of the evidence. As such, the process should follow the normal assessment and investigative processes prescribed by the Integrity Principles and Guidelines. <http://www.adb.org/sites/default/files/integrity-principle-guidelines.pdf>



Procurement Method	Prior or Post	Comments
<b>For Goods and Works</b>		
International Competitive Bidding (ICB) - works	Prior	
ICB - goods	Prior	
National Competitive Bidding (NCB) - works	Prior for the first bidding document and bid evaluation report from each province and post review thereafter.	PPMUs must commit to using the format of the documents reviewed and approved by ADB. If such commitment is provided, post review shall apply after the first document has been cleared by ADB.
NCB - goods	Prior for the first bidding document and bid evaluation report from each province and post review thereafter.	PPMUs must commit to using the format of the documents reviewed and approved by ADB. If such commitment is provided, post review shall apply after the first document has been cleared by ADB.
Shopping works	Post	
Shopping goods	Post	
Direct Purchase	Prior for loan funded purchases.	No review for community participation for infrastructure O/M. This is to be financed by Government counterpart funds.
<b>For Consultant Recruitment</b>		
Quality and Cost Based Selection (QCBS) (90:10)	Prior	The CPMU will recruit implementation consultants using full technical proposals.
Consultant Qualification Selection (CQS)	Prior	.
Fixed Budget Selection (FBS)	Prior	
Single Source Selection (SSS)	Prior	For exceptional cases.
Individual Consultants (IC)	Prior	Use individual selection procedures.
Least-Cost Selection (LCS)	Prior	

CPMU = Central Project Management Unit; PPMU = Provincial Project Management Unit.

Note: For international competitive bidding, invitations for bids, invitations for prequalification, draft prequalification documents, draft bidding documents, prequalification, and bid evaluation reports will be submitted to ADB for prior review and approval. For NCB, the first procurement documents for both goods and works shall be submitted for ADB review and approval regardless of the estimated contract amount, after which post review will apply. For shopping, ADB will normally review the award of contracts on a post-review basis.

### **c. Goods and Works Contracts Estimated to Cost \$1 million and above**

94. The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

<b>General Description</b>	<b>Contract Value (\$'000)</b>	<b>Recruitment Method</b>	<b>International or National Assignment</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
Civil works for subprojects	1,000-3,500	NCB	National	Q1 2014	Estimated to be 45 to 55 civil works contracts. The draft of the revised Procurement Plan is to be submitted to OSFMD and VRM for review once the subprojects have been identified. Size of civil works contracts must take into account a thorough assessment and solid understanding of national contractors experience and financial resources.

ICB = international competitive bidding; NCB = national competitive bidding.

**d. Consulting Services Contracts Estimated to Cost \$100,000 and above**

95. The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

<b>General Description</b>	<b>Contract Value (\$'000)</b>	<b>Recruitment Method</b>	<b>International or National Assignment</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
Project implementation consultants - firm	3,287	QCBS (90:10)	International	Q1 2014	ADB loan
Subproject construction supervision	1,151	FBS	National	Q3 2014	ADB loan. One contract per province, i.e. 5 contracts
Feasibility studies - all	1,800	Up to 18	Government of Viet Nam recruitment procedures	Fully funded from provincial counterpart funds (to be advertised Q1&2 2014)	Feasibility studies - all
Detailed design - all	3,030	FBS	National	Q2 2014	ADB loan
Safeguard Consultants	290	FBS	National	Q1 2014	ADB loan
Special Studies Pilot/demonstration water management for agriculture	1,478	FBS	National	Q4 2014	ADB loan
Project Financial Audit	120	LCS	National	Q2 2014	ADB loan
Monitoring and Evaluation	100	1	FBS		Monitoring and Evaluation

CPMU = Central Project Management Unit; CQS = Consultants Qualifications Selection; FBS = Fixed Budget Selection; FTP = Full Technical proposal; ICB = international competitive bidding; LCS = Least Cost Selection; QCBS = Quality – and Cost Based Selection; PPMU = Provincial Project Management Unit; STP = Simplified Technical Proposal

**e. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000**

96. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Cumulative Contract Value (\$,000)	Number of Contracts	Procurement / Recruitment Method	Comments
Vehicles	300	1	NCB	5 vehicles one for each PPMU.
Equipment and accounting software	196	2	Shopping	CPMU and five PPMU.
Office rental	400	6	Shopping	CPMU and five PPMU.
Project start up	125	4	Individual Selection	International 3 person months National 18 Person months (contract awarded Q1 2014)
Research design consultants	93	2	Individual Selection	International 3 person months National 6 Person months (to be advertised Q1 2015)
Bid preparation	60	Up to 18	Individual Selection	To be advertised Q2 2014
Safeguards Monitoring	60	1	FBS	Q3 2014
Special services consultants	370	4	CQS	Awareness and pilot/demonstration activities. Dam safety, Road safety, HIV/AIDs, and baseline studies.

CPMU = Central Project Management Unit; CQS = Consultants Qualifications Selection; FBS = Fixed Budget Selection; FTP = Full Technical proposal; ICB = international competitive bidding; LCS = Least Cost Selection; QCBS = Quality – and Cost Based Selection; PPMU = Provincial Project Management Unit; STP = Simplified Technical Proposal

**f. Indicative List of Packages Required Under the Program**

97. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the Program.

General Description	Estimated Value (cumulative, \$'000)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
<b>Works</b>					
Civil works for subprojects	62,205	45 to 55	NCB	Not Applicable	PPMUs
<b>Goods</b>					
Vehicles	300	1	NCB	Not Applicable	CPMU
Equipment	176	1	NCB	Not Applicable	CPMU

<b>General Description</b>	<b>Estimated Value (cumulative, \$'000)</b>	<b>Estimated Number of Contracts</b>	<b>Procurement Method</b>	<b>Domestic Preference Applicable</b>	<b>Comments</b>
Office rental	400	6	Shopping	Not Applicable	CPMU and 5 PPMUs
Accounting software	20	1	Shopping	Not Applicable	CPMU
<b>Consulting Services</b>					
Project implementation consultants - firm	3,287	1	QCBS (90:10)	Not Applicable	CPMU
Project Start up consultants and research design consultants	218	6	Individual selection	Not Applicable	CPMU
Feasibility studies for subprojects	1,800	Up to 18	Financed by the Government and follow Government Procedures	Not Applicable	PPMU
Bid preparation	60	Up to 18	Individual Selection	Not applicable	PPMU
Construction supervision for subprojects	1,151	5	FBS	Not Applicable	PPMU
Detailed design for subprojects	3,030	Up to 10	FBS	Not Applicable	PPMU
Special services consultants (Dam and road safety, HIV awareness and baseline survey).	370	4	CQS	Not Applicable	CPMU
Special Studies Pilot/demonstration water management for agriculture.	1,478	4	FBS	Not Applicable	CPMU
Safeguard Consultants and Safeguard Monitoring Entities	350	2	FBS	Not Applicable	CPMU
Monitoring and Evaluation	100	1	FBS	Not Applicable	CPMU
Project financial audit	120	1	LCS	Not Applicable	CPMU

BTP = Biodata Proposal; CPMU = Central Project Management Unit; CQS = Consultants Qualifications Selection; FBS = Fixed Budget Selection; FTP = Full Technical proposal; ICB = international competitive bidding; LCS = Least Cost Selection; QCBS = Quality and Cost Based Selection; PPMU = Provincial Project Management Unit; STP = Simplified Technical Proposal

## **g. National Competitive Bidding**

98. **General.** The laws to be followed for national competitive bidding are set forth in (i) the Law on Procurement No. 61/2005/QH11 of 29 November 2005, (ii) the Construction Law no. 16/2003/QH11 of 26 November 2003, (iii) the Amendment Law No. 38/2009/QH12 of 19 June 2009 amending and supplementing key articles of the above-mentioned two laws, and (iv) the processes described in Decree No. 85/2009/ND-CP of 15 October 2009 on “Guiding Implementation of Procurement Law and Selection of Construction Contractors under the Construction Law” and the amendment Decree No. 68/2012/ND-CP of 12/9/2012 amending and supplementing key articles of the Decree No. 85/2009/ND-CP. Whenever any procedure in the national procurement laws is inconsistent with the ADB Procurement Guidelines (April 2010, and as amended from time to time), the ADB Guidelines shall prevail.

### **99. Registration:**

- (i) Bidding shall not be restricted to pre-registered firms and such registration shall not be a condition for participation in the bidding process.
- (ii) 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 not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- (iii) Foreign bidders shall not be required to register as a condition for submitting bids.
- (iv) A bidder's qualifications shall be verified through post-qualification process.

### **100. Prequalification and Post Qualification:**

- (i) Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement and/or procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.
- (ii) When pre-qualification is required, the evaluation methodology shall be based on pass or fail criteria relating to the firm's experience, technical and financial capacities.
- (iii) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and **only** criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid.
- (iv) In carrying out the post-qualification assessment, the employer and/or purchaser shall exercise reasonable judgment in requesting, **in writing**, from a bidder missing factual or historical supporting information related to the bidder's qualifications and shall provide reasonable time period (a minimum of 7 days) to the bidder to provide response.

### **101. Preferences:**

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Regulations issued by a sectoral ministry, and 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.
- (iii) 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 procuring entity be given any such preference over bidders located outside that city or province.

**102. Advertising:**

- (i) Invitations to bid (or prequalify, where prequalification is used) shall be advertised in the Government Public Procurement Bulletin. In addition, the procuring agency should publish the advertisement 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 the deadline for the submission of bids. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.
- (ii) Bidding documents shall be made available by mail, or in person, to all who are willing to pay the required fee, if any.
- (iii) The fee for the bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and their delivery to the bidder (maximum currently set at ₦1 million, increase subject to approval of ADB.)

**103. Standard Bidding Documents:**

- (i) 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.
- (ii) Bidders shall be allowed to submit bids by hand, by mail or by courier.

**104. Bid Opening.** A copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

**105. Bid Evaluation:**

- (i) Merit points shall not be used in bid evaluation.
- (ii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations<sup>43</sup>.
- (iii) 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.
- (iv) 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.
- (v) Bids shall not be rejected on account of arithmetic corrections of any amount. However, if the 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.

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<sup>43</sup> Minor, non-substantial deviation is one that: if accepted, would not affect in any substantial way the scope, quality, or performance specified in the contract, or limit in any substantial way, the contracting entity rights or the Bidder's obligations under the proposed contract; or if rectified, would not unfairly affect the competitive position of other bidders presenting substantially responsive bids.

**106. Rejection of all Bids and Rebidding:**

- (i) No bid shall be rejected on the basis of a comparison with the owner's estimate or budget ceiling without the ADB's prior concurrence.
- (ii) Bids shall not be rejected and new bids solicited without the ADB's prior concurrence.

**107. Participation by Government-Owned Enterprises.** Government-owned enterprises shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under Enterprise law and are not a dependent agency of the contracting entity. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

**108. Non-Eligibility of Military or Security Units.** Military or security units, or enterprises which belong to the Ministry of Defence or the Ministry of Public Security shall not be permitted to bid.

**109. Participation by Foreign Contractors, Suppliers, Joint Ventures and Associations:**

- (i) 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.
- (ii) A bidder declared the lowest evaluated responsive bidder shall not be required to form a joint venture or to sub-contract part of the supply of goods as a condition of award of the contract. \
- (iii) A license for a foreign contractor to operation in Viet Nam will be provided in a timely manner and will not be arbitrarily withheld.

**110. Publication of the Award of Contract Debriefing:**

- (i) 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, or well-known and freely-accessible website the results of the bid evaluation, identifying the bid and lot numbers, and providing information on: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.
- (ii) For contracts subject to post review, the procuring entity shall publish the bid evaluation results no later than the date of contract award.
- (iii) 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 procuring entity. The procuring entity 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 as debriefing. The discussion will address only the bidder's bid and not the bids of competitors.

**111. Handling of Complaints.** The national competitive bidding documents shall contain provisions acceptable to ADB describing the handling of complaints in accordance with Article

60 of Decree No. 85/2009/ND-CP and Article 4 of the amendment Decree No. 68/2012/ND-CP of 12/9/2012 amending and supplementing key articles of the Decree No. 85/2009/ND-CP, read with Articles 72 and 73 of Law on Procurement No. 61/2005/QH11.

112. **ADB Member Country Restrictions.** Bidders must be nationals of member countries of ADB; and offered goods, works and services must be produced in and supplied from member countries of ADB.

113. **Fraud and Corruption.** ADB will sanction a party or its successor, including declaring it ineligible, either indefinitely or for a stated period of time, to participate in ADB-financed activities if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, an ADB-financed contract.

114. **Right to Inspection and Audit.** Each bidding document and contract financed by ADB shall include a provision requiring bidders, suppliers and contractors to permit ADB, or its representative, to inspect their accounts and records relating to the bid submission and contract performance of the contract and to have them audited by auditors appointed by ADB.

## **E. Consulting Services**

### **1. General**

115. The implementation consultants will require individual start-up engagements as well as a firm engagement. In total, 85 person months of international expertise and 305 person months of national expertise for a total of 390 person months (see Table 4 below) will be required.

- (i) **Start-up Individual Consultants:** In total, 3 person months of international expertise and 18 person months of national expertise for a total of 21 person months will be required. These will be recruited using Individual Selection method upon loan effectiveness.
- (ii) **Loan Implementation Consultants:** A firm will be recruited to provide 79 person months of international expertise and 281 person months of national expertise for a total of 360 person-months. The LIC will be recruited following the Quality and Cost-Based Selection (QCBS) method with a ratio of 90:10 based on full technical proposals.
- (iii) **Research Design Individual Consultants:** In total, 3 person months of international consultants and 6 person months of national consultants. These will be recruited using Individual Selection method upon loan effectiveness

116. International expertise is to be provided in project management, technical engineering, training coordination, safeguard requirements of ADB and the Government, infrastructure asset management, risk and vulnerability appraisal, procurement and benefit monitoring.

117. National specialists will be required in similar technical areas to facilitate technology transfer from international specialists. The Central Project Management Unit (CPMU) is responsible to recruit the entire loan implementation consultant requirement.



**Table 5: Loan Implementation Consulting Firm Inputs**

	2014	2015	2016	2017	2018	Total
<b>1. International Consultants</b>						
Project Management and Rural Infrastructure Specialist/ Team Leader	0	10	10	4	2	26
Rural Roads Engineer	0	2	2	2	0	6
Irrigation Engineer	0	3	3	3	0	9
Bio Engineer	0	1	0	1	0	2
Operations and Maintenance Specialist	0	0	1	1	2	4
Monitoring and Evaluation Specialist	0	2	1	1	1	5
Procurement specialist	0	2	0	0	0	2
Resettlement Specialist	0	2	1	0	0	3
Poverty and Gender specialist	0	2	2	1	1	6
Indigenous People - Ethnic Minority Specialist	0	2	2	1	1	6
Training Coordinator	0	2	0	0	0	2
Geotechnical/dam specialist	0	2	2	2	0	6
Unallocated	1	0	0	1	0	2
<b>Subtotal Firm international</b>	<b>1</b>	<b>30</b>	<b>24</b>	<b>17</b>	<b>7</b>	<b>79</b>
<b>2. National Consultants</b>						0
Deputy Team Leader - Project Management and Rural Infrastructure Specialist	0	10	10	10	10	40
Appraisal economist	0	5	4	2	1	12
Rural Roads Engineer	0	10	10	10	0	30
Irrigation Engineers	0	10	10	10	6	36
Bio Engineer	0	0	4	3	4	11
Operations and Maintenance Specialist	0	0	2	4	6	12
Monitoring and Evaluation Specialists	0	2	2	2	4	10
Procurement specialist	0	4	4	2	0	10
Environmental specialist	0	10	10	10	2	32
Resettlement Specialist	0	4	4	4	2	14
Poverty and Gender Specialist	0	4	4	4	4	16
Indigenous People - Ethnic Minority Specialist	0	4	4	4	2	14
Training Coordinator	0	4	4	2	0	10
Dam safety specialist	0	4	4	2	2	12
Geotechnical/dam specialist	0	6	6	0	0	12
Unallocated	0	5	5	0	0	10
<b>Firm national subtotal</b>	<b>0</b>	<b>82</b>	<b>87</b>	<b>69</b>	<b>43</b>	<b>281</b>
<b>Firm total international and national</b>	<b>1</b>	<b>112</b>	<b>111</b>	<b>86</b>	<b>50</b>	<b>360</b>

## 2. Detailed Tasks of Specialists

### a. Individual Start-up Consultants

#### 118. International Start-Up Project Management Specialist (3 p-m)

- (i) Qualifications: A master's degree or equivalent in engineering, agronomy, or a related discipline.
- (ii) Experience: At least 15-years' experience in rural in providing consulting services in rural infrastructure development in developing countries in the humid tropics, preferably in environments with similar characteristics to the mountainous areas of northern Viet Nam. Experience with the implementation of ADB projects is an advantage.
- (iii) Duties: This expert will provide implementation support to the CPMU after loan effectiveness and will coordinate the inputs of the other individual start-up consultants under the Project. In addition, the expert will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialists in their respective areas. The specialist will be based in the CPMU and directly support the Project Director and the two Deputy Directors. The specialist will have a minimum of 15 years' experience in rural infrastructure development. Experience in Viet Nam working in similar projects will be considered an asset. Duties of the specialist will include the following:
  - a. Supervise the work of the individual start-up national consultants team to ensure that inputs and activities are of a high quality and effective;
  - b. Ensure that a technical review is undertaken for initial subproject feasibility studies and recommendations are provided;
  - c. Assist the CPMU in the initial scheduling and planning of project implementation;
  - d. Provide advice and guidance on procurement, disbursement and liquidation of expenditures following ADB procedures;
  - e. Assist in the preliminary design, planning and supervision of the monitoring of: implementation safeguards and benefits;
  - f. Ensure that appropriate levels of community participation are undertaken by domestic consulting firms engaged to prepare subproject feasibility studies; and ensure that pro-poor measures identified in the community consultations are designed and carried out;
  - g. Ensure that safeguard officers (SO) are appointed to and operational in each PPMU and that the safeguard studies are undertaken for each of the subprojects;
  - h. Lead the individual start-up national consultants in assisting the CPMU to review technical and safeguard aspects of SIRs and investment studies;
  - i. Identify areas of weakness in subproject feasibility studies presentation and provide assistance as appropriate to strengthen provincial and district capacities;
  - j. Bring safeguard issues identified by other consultants, SOs or the monitoring teams to the attention of the CPMU and PPMUs, accompanied by recommendations for action;
  - k. Bring project implementation or O&M issues identified by other consultants or the monitoring teams to the attention of the CPMU and relevant PPMUs, accompanied by recommendations for action; and
  - l. Assist the CPMU and PPMUs to resolve safeguard and implementation problems and issues that may arise from time to time.

119. **National Project Management (6 p-m)**

- (i) Qualifications: An undergraduate degree in civil or agricultural engineering or a related discipline.
- (ii) Experience: At least 10-years' experience in designing, constructing and operating productive rural infrastructure in Viet Nam. Experience in working with slope stabilization, erosion prevention, and stream flow hydrology will be a valuable asset. Experience with the implementation of ADB projects is an advantage.
- (iii) Duties: This position will support the International Start-Up Project Management Specialist to provide implementation support after loan effectiveness and to coordinate the other individual start-up consultants under the Project. The position will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialists in their respective areas. The specialist will be based in the CPMU and directly support the Project Director and the Deputy Directors. Assist the International Start-Up Project Management Specialist to manage start-up activities and, liaise with Government, ADB and other stakeholders. Specific tasks will include but will not be limited to:
  - a. Provide support to the International Start-Up Project Management Specialist in its management and technical duties as listed above.
  - b. With the International Start-Up Project Management Specialist, coordinate the work of the other individual start-up consultants and ensure that consultant inputs and start-up activities are of a high quality and effective; and
  - c. Provide assistance and technical review for initial SIRs and Investment Studies.

120. **National Procurement (6 p-m)**

- (i) Qualifications: The national procurement expert will have tertiary qualifications from an established and recognized institution and will be fluent in the English language.
- (ii) Experience: The consultant will have demonstrated knowledge and understanding of ADB procurement procedures and rural infrastructure engineering; preferably experience with the project implementation of ADB-financed projects. The consultant will also have good skills in communicating in English.
- (iii) Duties: Under the close supervision of the CPMU, the consultant shall work closely with other government staff assigned to the Project to ensure smooth start-up of project implementation. The consultant will assist the EA and IAs to undertake (a) recruitment of consultants, and (b) preparing for project procurement in compliance with Project documents (e.g., loan agreement, the report and recommendation of the president [RRP], the project administration manual [PAM], procurement plan, project safeguards documents) and other Government and ADB requirements; including ADB's Guidelines on Procurement and the Use of Consultants (April 2010, as amended from time to time), and ADB's Safeguard Policy Statements (2009). Duties of the specialist will include the following:
  - a. **Recruitment of consultants.** The consultant will facilitate the preparation of required documents related to the recruitment of the Project's initial consultancy requirement. In close coordination with the CPMU (and subject to review and approval of CPMU and ADB), the consultant will:

1. Finalize the detailed terms of reference for each assignment (a) by using initial material developed during the PPTA, and (b) through consultative meetings with relevant agencies of the Government to determine the detailed requirements to properly carry out the assignment;
2. Develop detailed cost estimates for the assignment that is acceptable to both ADB and the CPMU;
3. Develop the evaluation criteria to be used (a) in determining firms to be short-listed for a subject assignment, and (b) when assessing technical and financial proposals submitted by short-listed firms;
4. Prepare the draft request for proposal (RFP) to be used for the consultancy recruitment, including the Data Sheet, using updated templates available in the ADB website; and
5. Translate all required outputs to the English language, whenever necessary.

b. **Procurement Competitive Bidding.** The consultant will facilitate the preparation of required documents related to procurement to be carried out by the CPMU under the Project. In close coordination with the CPMU (and subject to review and approval of CPMU and ADB), the consultant's will:

1. Monitor the Government's approval of the government requirements/technical specifications of civil works/goods to be procured; The specifications must be drafted to permit the widest possible competition and, at the same time, present a clear statement of the required standards of materials, plant, other supplies, and workmanship to be provided;
2. Based on the technical design of the civil works to be procured, the consultant will prepare the Employer's Requirements (ERQ); To the extent possible, the ERQ shall include (a) specifications, (b) drawings, and if available (c) supplementary information (e.g., compliance with loan covenants, Government's core labor standards, and safeguard requirements);
3. Develop the evaluation and qualification criteria, which will be used to evaluate the bids and qualify bidders if the bidding was not preceded by a prequalification exercise and post-qualification is applied;
4. Identify provisions (e.g., data and contractual requirements) that need to be specified in the procurement contract through consultative meetings with relevant agencies of the Government;
5. Prepare the draft bidding document to be used for the procurement, including the Bid Data Sheet, using updated templates available in the ADB website; and
6. Translate all required outputs to the English language, whenever necessary.

121. **National Resettlement/Social Safeguards (6 p-m)**

- (i) Qualifications: The specialist will have tertiary qualifications in an appropriate discipline.

- (ii) Experience: The national specialist will also be an experienced specialist with a minimum of 5 years practical experience. 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.
- (iii) Duties: The specialist will assume responsibility for reviewing land acquisition and resettlement procedures and the briefing of CPMU and PPMU staff on any changes which need to be made to make those procedures conform to ADB and Government of Viet Nam requirements. The consultant will ensure that these procedures are being applied as intended. The specialist will be based at the CPMU and will travel throughout the project area as required, answering to the international start-up project management specialist and the CPMU. Specific tasks of the consultant will include the following:
  - a. Review and provide recommendations regarding the PPTA consultant's Final Report and the recommendations on land acquisition and resettlement therein;
  - b. Review and provide recommendations regarding the LARP prepared by the CPMU appointed safeguards consultants to prepare the safeguard studies for all subprojects;
  - c. Make recommendations to develop the LARPs to a standard acceptable to ADB and have those changes incorporated in the SIRs and Investment Studies;
  - d. Visit participating provinces, as required, 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 policies;
  - e. Brief local consultants recruited to undertake LARP in the preparation and reporting procedures to be followed;
  - f. Review and provide recommendations regarding random selected LARP as they are being prepared and make suggestions for improvements;
  - g. Review and provide recommendations regarding LARP submitted with the subproject feasibility studies;
  - h. Liaise with the safeguards officers in PPMUs and randomly review LARP being undertaken by the provincial and district governments and report anomalies to the CPMU and relevant PPMU; and
  - i. Assist in developing and implementing the training program on the land acquisition and resettlement aspects of the Project.

#### **b. Research Design Individual Consultants**

#### **122. Research Design Individual Consultants (international 3 p-m and national 6 p-m)**

- (i) Qualifications and experience: Post-graduate degree in engineering, or equivalent with more than 20 years experience in developing and implementing applied research activities. A proven track record in designing and carrying out research in water resources and PRI is essential. Experience in the region, especially in GMS and Viet Nam, is desirable.
- (ii) Responsibilities: Identify significant knowledge and practice gaps in the context of MARD priorities for developing PRI. Prepare research programs from scoping into research for agreed upon subjects.

#### **c. LIC Firm**

**123. Project Management and Rural Infrastructure Specialist: Team Leader (26 p-m, international)**

- (i) Qualifications: A master's degree or equivalent in engineering, agronomy, or a related discipline.
- (ii) Experience: At least 15-years' experience in rural in providing consulting services in rural infrastructure development in developing countries in the humid tropics, preferably in environments with similar characteristics to the mountainous areas of northern Viet Nam.
- (iii) Duties: This expert will provide implementation support to the CPMU after loan effectiveness and will coordinate the other specialist inputs under the project. In addition, the expert will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialists in their respective areas. The specialist will be based in the CPMU and directly support the Project Director and the two Deputy Directors. The specialist will have a minimum of 15 years' experience in rural infrastructure development. Experience in Viet Nam working in similar projects will be considered an asset. Duties of the specialist will include the following:
  - a. Establish the overall Project Quality Assurance regime;
  - b. Supervise the consulting team and ensure that inputs and activities of both the international and national consultants are of a high quality and effective;
  - c. Ensure that a technical review is undertaken for all subproject feasibility studies and recommendations are provided;
  - d. Assist the CPMU in the scheduling and planning of project implementation;
  - e. Provide advice and guidance on procurement, disbursement and liquidation of expenditures following ADB procedures;
  - f. Assist in the design, planning and supervision of the monitoring of: implementation safeguards and benefits;
  - g. Ensure that baseline surveys and annual surveys are carried out to obtain the necessary information to measure implementation and impact performance.
  - h. Ensure that appropriate levels of community participation are undertaken in the detailed design activities by domestic consulting firms engaged to prepare subproject feasibility studies;
  - i. Ensure the pro-poor measures identified in the community consultations are designed and carried out;
  - j. Supervise the training consultants and ensure that the training program is properly prepared and implemented;
  - k. Ensure that safeguard officers (SO) are appointed to and operational in each PPMU and that the safeguard studies are undertaken for each of the subprojects;
  - l. Lead the consulting team in assisting the CPMU to review technical and safeguard aspects of SIRs and investment studies;
  - m. Together with the operations and maintenance (O&M) consultants, assist the CPMU in addressing O&M issues in subprojects and at the broader provincial level;
  - n. Identify areas of weakness in subproject feasibility studies presentation and provide consulting services as appropriate to strengthen provincial and district capacities;

- o. Assist the CPMU and PPMUs in the supervision of works implementation by providing specialized expertise as and when required;
- p. Bring safeguard issues identified by other consultants, SOs or the monitoring teams to the attention of the CPMU and PPMUs, accompanied by recommendations for action;
- q. Bring project implementation or O&M issues identified by other consultants or the monitoring teams to the attention of the CPMU and relevant PPMUs, accompanied by recommendations for action;
- r. Assist the CPMU and PPMUs to resolve safeguard and implementation problems and issues that may arise from time to time;
- s. Participate in the mid-term review; and
- t. Lead a team to prepare the project completion report.

**124. Project Management and Rural Infrastructure Specialist/Deputy Team Leader (40 p-m, national)**

- (i) Qualifications: An undergraduate degree in civil or agricultural engineering or a related discipline.
- (ii) Experience: At least 10-years' experience in designing, constructing and operating productive rural infrastructure in Viet Nam. Experience in working with slope stabilization, erosion prevention, and stream flow hydrology will be a valuable asset.
- (iii) Duties: This position will support the Team Leader to provide implementation support after loan effectiveness and to coordinate the other specialists' inputs under the project. The position will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialists in their respective areas. The specialist will be based in the CPMU and directly support the Project Director and the Deputy Directors. Assist the Team Leader (TL) to manage LIC national consultants and, liaise with Government, ADB and other stakeholders. Specific tasks will include but will not be limited to:
  - a. Provide support to the Team Leader in its management and technical duties as listed above.
  - b. With the Team Leader, supervise the consulting team and ensure that inputs and activities of both the international and national consultants are of a high quality and effective;
  - c. Provide assistance and technical review for all SIRs and Investment Studies and fill the position and duties of the Team Leader when the Team Leader is out of the country; and
  - d. Responsible for the output of the team of specialists.

**125. Irrigation Engineers (9 p-m international and 36 p-m national)**

- (i) Qualifications: The specialists will have tertiary qualifications from an established and recognized institution and will be fluent in the English language. Individual specialists will be familiar with working on internationally funded development projects.
- (ii) Experience: The candidates will have a minimum of 10 years' experience in their respective fields and will have more than 10 years' experience as consulting engineers.
- (iii) Duties: The proposed positions are required to assure that design quality will be maintained and that there is adequate technical support available during the preparation of subproject designs and their subsequent review based on technical criteria. Specific tasks of the specialists will include the following:

- a. Establish the Quality Assurance Regime for the irrigation subprojects;
- b. Prepare construction supervision quality control guidelines to be followed by the national consultants appointed to carry out this task. This shall specifically address the quality control of materials and the construction processes;
- c. Undertake a technical review of all subproject feasibility study irrigation designs prepared by the feasibility study consultants. In general the review shall;
- d. Include field inspections of the proposed irrigation sites;
- e. Pay special attention to minimizing any disturbance to the natural environment and mitigating and corrective measures as appropriate;
- f. Audit the design for safety and provide guidance accordingly to mitigate any potential hazards;
- g. Provide written comments and recommendations to the CPMU on each subproject reviewed detailing any changes or modifications to the technical design;
- h. Review and provide recommendations regarding the subproject feasibility studies for the following specific technical issues;
- i. Ensure that canal design is appropriate given the characteristics of the command area and cropping alternatives;
- j. The hydrological analysis prepared by the provincial consultants is current and future demands anticipated from the water source will be accommodated given the runoff and other catchment characteristics;
- k. Recommend improvements in the design of irrigation structures in irrigation related subprojects to improve efficiency of water utilization and facilitate efficient water management during the operational phase;
- l. Assist the CPMU and relevant Department of Agriculture and Rural Development in rationalizing the use of water for irrigation purposes where there are competing demands for the resource - such as industry, domestic water supply etc;
- m. Assisted by the Vietnamese irrigation specialist, brief consulting engineers engaged to prepare detailed designs on the proposed changes and explain the reasons for these changes;
- n. In coordination with the training coordinator, prepare and carry out training courses for using the quality control guidelines.

**126. Road Engineers (6 p-m international and 30 p-m national)**

- (i) Qualifications: The international specialists will have qualifications from an internationally recognized institution, preferably with post graduate qualifications in road engineering. The national specialist will have tertiary qualifications from a recognized national or international institution, preferably with a post graduate degree in road engineering. The specialists will be familiar with working in large multinational teams.
- (ii) Experience: The engineers will have a minimum of 10 years' experience in road design and construction supervision and will have more than 10 years' experience as consulting engineers.
- (iii) Duties: With the emphasis being on quality of design and construction, the specialists will review road designs prepared by provincially based consultants with particular attention being paid to designing road sections adapted to the local conditions. The review process is necessary to ensure that standard designs are not blindly applied in this challenging environment and that designs



are not dominated by the budget limitations of the subproject and provincial cost norms but provide for anticipated volumes of traffic under conditions of minimal maintenance. Specific tasks of the specialists will include the following:

- a. Undertake a technical review of proposed road designs in subproject feasibility studies prepared by consultants in participating provinces;
- b. Following site investigations, provide written comments and recommendations on each subproject reviewed detailing recommended changes to the technical design parameters;
- c. With the support of the Vietnamese counterpart roads specialist, brief consulting engineers engaged to prepare feasibility studies on the proposed changes and explain the reasons for these changes;
- d. Review and provide recommendations regarding the traffic volume estimates used in the preparation of the feasibility studies and confirm if estimates are realistic and that the design adequately accommodates this level of surface and road base specifications;
- e. Review, assess, and provide recommendations regarding the O&M requirements of the alignment to be rehabilitated and recommend the optimum level of O&M needed for maintenance of the function of the road;
- f. Assist in the preparation of quality assurance guidelines to be followed for rural road rehabilitation funded under the Project;
- g. Assist in the preparation of construction supervision guidelines to be followed by the national consultants appointed to carry out this task. This should nominate the types and frequency of materials testing such as routine quality monitoring of compaction etc; and
- h. Review and provide recommendations regarding the quality of completed subprojects and O&M arrangements during the commissioning period.

**127. Operation and Maintenance Specialist (4 p-m international and 12 p-m national)**

- (i) Qualifications: The specialists shall have a tertiary degree related to irrigation infrastructure.
- (ii) Experience: They shall have at least 10 years' experience with management responsibilities of irrigation schemes.
- (iii) Duties: The specialists shall assist the owners and managers of the irrigation schemes improved by the Project to sustainably manage their operation. Specific tasks shall include:
  - a. Building upon successful irrigation experiences<sup>44</sup> in Viet Nam, review and assess O&M requirements and arrangements and make recommendations for optimum O&M practice;
  - b. In close liaison with the irrigation system owner, manager and users develop asset management plans for each subproject; and
  - c. Provide training as needed to enable the implementation of the asset management plans.

**128. Appraisal Economist (12 p-m national)**

- (i) Qualifications: The specialist will have tertiary qualifications from an established and recognized institution and will be fluent in the English language. He/she will be familiar with working on internationally funded development projects.

<sup>44</sup> A Framework for Improving the Management of Irrigation Schemes in Vietnam. *Hector M. Malano, Biju A. George and Brian Davidson*. Modeling and Monitoring of System Operation: Three Different Irrigation Systems in Vietnam, Biju A., George, Hector M. Malano, Vo Khac Tri, Nguyen Chien, and Hugh Turral.

- (ii) Experience: The economist should have a minimum of 10 years' experience in the economic analysis of rural infrastructure development projects preferably financed by ODA donors.
- (iii) Duties: In order to have subproject economic analyses properly prepared, it is proposed that the team will include a suitably qualified project economist to review completed subproject investment reports to ensure that they meet the adequate standard in assessing the real economic benefits of the subprojects. The economist will have two intermittent inputs and will be responsible to the Team Leader. Specific tasks for the position include the following:
  - a. Review and provide recommendations regarding the quality of the economic and financial analysis presented in each subproject feasibility study prepared by the feasibility study consultants.
  - b. Where necessary recommend measures to ensure that the relevant subproject benefits are accurately captured in the analysis;
  - c. As necessary provide technical support for consultants engaged in the preparation of the feasibility study financial and economic analyses.
  - d. Ensure appropriate baseline and annual indicators are identified and measured. Undertake regular field visit to provide this support; and
  - e. Advise the CPMU as to whether the feasibility study financial and economic analysis meets an acceptable quality standard.

**129. Monitoring and Evaluation Specialists (5 p-m international and 10 p-m national)**

- (i) Qualifications: The specialists will have tertiary qualifications in rural development or a related field.
- (ii) Experience: The specialists shall have at least 5 years' experience as monitoring and evaluation specialists or in a related area.
- (iii) Duties: The specialists will assist in overall benefit monitoring survey design and provide the principles for analyzing the results. In addition, the specialists will be responsible for establishing performance monitoring of the implementation of subprojects to facilitate reporting to the Government and ADB. Specific tasks of the specialists will include the following:
  - a. Review and provide recommendations regarding the monitoring and evaluation practices on other similar past and on-going APMB projects;
  - b. Together with the CPMU staff and the consulting team leader determine the optimum type of monitoring program for project implementation, safeguards and benefits;
  - c. Together with CPMU staff, and with reference to the Project DMF, design a monitoring system based on measurable inputs, outputs and outcomes. The system shall be disaggregated by gender and age;
  - d. Together with CPMU staff, brief PPMUs on their duties and responsibilities under the project monitoring system;
  - e. Review the work program of the agency or institution recruited to undertake benefit monitoring;
  - f. Guide the benefit monitoring agency in undertaking baseline surveys, developing monitoring parameters and scheduling monitoring activities; and,
  - g. Periodically review monitoring activities during project implementation and report any deficiencies, problems, issues or shortcomings to the CPMU.

130. **Procurement Specialists (2 p-m international and 10 p-m national)**

- (i) Qualifications: The specialists will have tertiary qualifications from an established and recognized institution and will be fluent in the English language. They will be familiar with working on internationally funded development projects.
- (ii) Experience: They will have five years' experience undertaking or supervising procurement under internationally funded development projects.
- (iii) Duties: The specialists will be responsible for developing proforma contracts for use by the PPMUs in preparing works contracts and will ensure that ADB procedures are incorporated into the processing procedures developed by the CPMU for approving and implementing subprojects. Specific tasks of the specialists will include the following:
  - a. In association with the CPMU, development procedures to ensure that ADB's procurement guidelines (2010, as amended from time to time) are incorporated into subproject processing and implementation;
  - b. With the cooperation of the infrastructure engineers, develop pro-forma contracts that can be used by PPMUs for civil works construction;
  - c. Support the CPMU in the preparation of standard bidding documents for civil works contracts in accordance with national competitive bidding procedures specified in the Project Administration Manual; and
  - d. Assist in the capacity building training activities to ensure that PPMU staff are familiar with procurement procedures and documents needed for the smooth implementation of the proposed Project.

131. **Environmental Specialists (32 p-m national)**

- (i) Qualifications: The specialist(s) will have appropriate tertiary qualifications in environmental science or natural resource management from a recognized institution.
- (ii) Experience: The specialist(s) will have more than 5 years' experience working in the field of environmental management, environmental monitoring, and will be familiar with the laws of Viet Nam associated with the environment. The specialist(s) shall have experience in internationally funded development projects as an environmentalist. Training skills would also be an advantage to the specialist(s).
- (iii) Duties: Specific tasks of the specialists will include the following:
  - a. Review the project documents including EARF and IEEs prepared for the sample subprojects. Provide recommendations regarding the formats for environmental examinations contained therein;
  - b. Review and provide comments on the initial list of environmental categorization of subprojects to ensure that the screening was conducted based on the requirements set forth in the EARF and appropriate an IEE format (IEE/CEP or IEE/EAIR) was identified according to the environmental assessment regulations in Viet Nam;
  - c. Brief the participating PPCs, PPMUs and participating district staff in participating provinces on environmental procedures and requirements for subproject preparation;
  - d. Brief local consulting firm/s recruited by the CPMU to assist in the preparation of feasibility studies on the environmental assessment requirements;
  - e. Visit random subprojects during the subproject preparation to ensure environmental safeguards studies are being properly conducted;

- f. Assist in the review of the initial environmental assessments contained in feasibility studies including the associated environmental management plan;
- g. Liaise with the safeguards officers in each PPMU and make spot checks during implementation to ensure that environmental plans are being properly implemented;
- h. Work with environmental safeguard officer to develop and carry out training activities with regard to the environmental aspects of the Project;
- i. Assist in the preparation and implementation of training activities with regard to the environmental aspects of the Project.
- j. Work with environmental officer to support for the design and operation of project environmental monitoring; and
- k. Prepare the safeguard section of the quarterly progress reports to document the progress and semi-annual environment monitoring reports to be submitted to ADB for reviewing.

132. **Resettlement Specialists (3 p-m international and 14 p-m national)**

- (i) Qualifications: The specialists will have tertiary qualifications in an appropriate discipline.
- (ii) Experience: The international specialist 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. 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.
- (iii) Duties: The specialists will assume responsibility for reviewing land acquisition and resettlement procedures and the briefing of CPMU and PPMU staff on any changes which need to be made to make those procedures conform to ADB and Government of Viet Nam requirements. They will also ensure that these procedures are being applied as intended. The specialists will be based at the CPMU and will travel throughout the project area as required, answering to the consultant team leader. Specific tasks of the specialists will include the following:
  - a. Review and provide recommendations regarding the PPTA consultant's Final Report and the recommendations on land acquisition and resettlement therein;
  - b. Review and provide recommendations regarding the LARP prepared by the CPMU appointed safeguards consultants to prepare the safeguard studies for all subprojects;
  - c. Make recommendations to develop the LARPs to a standard acceptable to ADB and have those changes incorporated in the SIRs and Investment Studies;
  - d. Visit all 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 policies;
  - e. Brief local consultants recruited to undertake LARP in the preparation and reporting procedures to be followed;
  - f. Review and provide recommendations regarding random selected LARP as they are being prepared and make suggestions for improvements;

- g. Review and provide recommendations regarding LARP submitted with the subproject feasibility studies;
- h. Liaise with the safeguards officer in each PPMU and randomly review LARP being undertaken by the provincial and district governments and report anomalies to the CPMU and relevant PPMU;
- i. Assist in developing and implementing the training program on the land acquisition and resettlement aspects of the Project; and
- j. screen and assess subprojects impacts on Indigenous Peoples, make recommendations to develop EMDPs to standards acceptable to ADB, and for the conduct of culturally appropriate consultations with affected or beneficiary Indigenous Peoples commune.

**133. Poverty and Gender Specialists (5 p-m international and 22 p-m national)**

- (i) Qualifications: The international specialist will have tertiary qualifications from an internationally recognized institution. The national specialist will have similar qualifications from a national educational institution.
- (ii) Experience: The international specialist will have at least 10 years' experience in the South East Asia environment, including experience on gender mainstreaming in PPP approach and capacity building strategy development. At least 5 years' experience will have been obtained in Viet Nam. The national specialist will also have a minimum of 10 years' experience in related fields on internationally funded projects.
- (iii) Duties: The safeguard requirements of the ADB seek to improve the benefits of the project 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 poverty 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 specialists. Specific tasks of the specialists will include the following:
  - a. Prepare and undertake orientation sessions on poverty and gender issues, GAP and implementation responsibility with key EA/IA staff, provincial authorities
  - b. Assist the CPMU and PPMUs in preparing GAP annual plan and implementing provincial GAP, ensuring achieving gender related targets set in DMF and project GAP.
  - c. Provide technical gender inputs to different project interventions, including delivering gender sensitization workshop, developing and guiding CPMU/PPMUs in applying sex-and ethnicity disaggregated M&E system to monitoring GAP and DMF target achievement, providing gender inputs to stakeholders' capacity building strategy and piloted PPP approach/strategy etc.
  - d. Working with Training coordinators and key training to integrate gender and poverty relevant contents in all PRI related training program and ensure participatory training methodology build in to encourage women and ethnic minority people's active participation.
  - e. In coordination with the Indigenous People's specialist, provide guidance to the local specialist in identifying interventions to achieve ethnic minority participation in subprojects, particularly amongst the women

- f. Monitor community involvement in subproject implementation, including O&M operation and bring issues or problems to the attention of the CPMU and relevant PPMUs;
- g. Document the results of the GAP implementation and make recommendations for changes in order to achieve GAP target, ensuring vulnerable groups, including women, ethnic minority can benefit equally as other groups.;
- h. Working with M&E specialist to support and mentor CPMU/PPMU in planning and M&E of GAP implementation as well as report to ADB on regular basis.

**134. Ethnic Minority Specialists (international 6 p-m and 14 p-m national)**

- (i) Qualifications: The international specialist will have tertiary qualifications from an internationally recognized institution. The national specialist will have similar qualifications from a national educational institution.
- (ii) Experience: The international specialist will have at least 10 years' experience in the South East Asia environment. At least 5 years' experience will have been obtained in Viet Nam. The national specialist will also have a minimum of 10 years' experience in the related fields on internationally funded projects.
- (iii) Duties: Given the 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. The specialist will assist CPMU and PPMUs in developing initiatives 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 subproject feasibility studies for funding under the proposed Project. Specific tasks of the specialists will include the following:
  - a. Review and provide recommendations regarding the Indigenous Peoples Framework in the PPTA consultant's Final Report to ascertain the extent of interventions considered appropriate under the project;
  - b. Determine which subprojects will require an Indigenous Peoples Plan based on the criteria that if significant portion of the of the population are indigenous people and there will be no assessed negative effects on indigenous people then activities to benefit indigenous people will be built into the overall subproject design;
  - c. Where an Indigenous People's plan is required, provide guidance to the local specialist in identifying interventions to achieve ethnic minority participation in subprojects;
  - d. Review and provide recommendations regarding the indigenous peoples aspects of the subproject feasibility studies prepared by the safeguards consultants to determine the extent of conformity with ADB's social development policies;
  - e. Provide awareness and sensitivity briefings on indigenous people to PPCs and PPMUs in those provinces where indigenous people do not constitute an overwhelming majority of the subproject beneficiaries;
  - f. Examine and provide recommendations regarding individual subproject proposals to determine if serious negative impacts on ethnic minorities are likely and make recommendations to the PPMU and CPMU to prevent or mitigate these;

- g. Examine and provide recommendations regarding individual subprojects to determine any opportunities to enhance positive impacts on ethnic minorities; and
- h. Together with the PPMU safeguards specialists, monitor subproject implementation and alert the CPMU to any problem facing ethnic minorities identified during project implementation.

**135. Training Coordinator/Specialist (2 p-m international and 10 p-m national)**

- (i) Qualifications: The international specialist will have general tertiary qualifications in an education related field. The national specialist will have similar tertiary qualifications from a recognized Viet Nam institution.
- (ii) Experience: The international specialist will have at least 10 years' experience in field level training activities or training related activities. The national specialist will also have a minimum of 10 years' experience in capacity building programs both from the conceptualization and implementation of same. They will be familiar with training needs assessment techniques and also with knowledge, attitude and practice surveys to gauge the effectiveness of training delivered.
- (iii) Duties: A significant input has been designed for capacity building of national level staff, provincial, district and other stakeholders including the project beneficiaries, particularly in the areas of post-project operation and maintenance (for both beneficiaries and the staff of irrigation management companies), social and environmental safeguards, quality assurance and effective subproject management. An international and a national training coordinator will be tasked to stream-line capacity building initiatives and to ensure that training delivered is both relevant and effective. Specific tasks for the position include the following:
  - a. Discuss training needs with the CPMU, PPMUs and other consulting team members with a focus on training and capacity building for sustainable post-project infrastructure management;
  - b. Review and provide recommendations regarding the training courses and modules prepared under previous rural infrastructure development projects;
  - c. Review and provide recommendations regarding the sources of training expertise (including consulting team members);
  - d. Review and provide recommendations regarding the training needs of government personnel likely to be involved in the project and in post-project management of the rehabilitated infrastructure and determine appropriate training modalities;
  - e. Review and provide recommendations regarding the training needs of beneficiaries and beneficiary groups likely to be involved in the project and determine appropriate timing and modalities for training especially in such aspects as the technical aspects of O&M, beneficiary group management (including financial management), and safeguards (including environmental safeguards) ;
  - f. Prepare a training program in cooperation with the CPMU;
  - g. Supervise and monitor initial training program activities;
  - h. Update the training program periodically based on identified needs and the feedback program; and
  - i. Review and provide recommendations regarding the implementation of the program and make recommendations for future training activities.

**136. Geotechnical/Dam Safety Specialists (3 p-m international and 12 p-m national)**

- (i) Qualifications: The specialists will have a minimum of a master's degree in Civil, Structural or Geotechnical Engineering specializing in small and medium size irrigation dam design, construction and management.
- (ii) Experience: They will have at least 15 years' experience in the analysis and the design of measures to ensure dam stability and safety. Prior experience in countries of the Greater Mekong Sub region (GMS), particularly Viet Nam, is preferred.
- (iii) Duties: The specialists will undertake field investigations of the integrity of the dams that support the subproject irrigation schemes. Where relevant, they will assess the feasibility of the measures proposed by the officials responsible for the management of the dams for repairs or improvements. Should such measures be found inadequate, they will make recommendations for appropriate measures or for not proceeding with the subproject. Specific tasks of the specialists will include but are not limited to:
  - a. Meet with MARD officials responsible for the development and management of MARD's irrigation dams;
  - b. Meet with investors in irrigation dams including the World Bank and JICA;
  - c. Visit all dams that are included in candidate subprojects. Make a rapid assessment of the condition of the dams and the adequacy of the management regime(s) in place;
  - d. In close consultation with the officials responsible for the management of the dams undertake the onsite investigation of the condition of the dams and the adequacy of measures proposed for repair and subsequent maintenance;
  - e. Produce a concise report on the findings and recommendations from the investigation in terms of a) adequacy of proposed repairs and subsequent management; b) any lessons learned that should be taken into consideration in the overall consideration of dam safety throughout the proposed PRIDP; and
  - f. Provide guidance to the national dam specialist to assist in carrying out the above listed tasks

137. **Bioengineer (international 2 p-m, national 11 p-m)**

- (i) Qualifications and experience: Degree in agricultural engineering, crop science, soil science, forestry or equivalent with more than 10 years experience of bio-engineering in tropical and sub-tropical developing countries. Experience in the region, especially in GMS and Viet Nam, is desirable.
- (ii) Responsibilities: Identify approaches for PRI sustainability and climate resilience for the investment project in general and the subprojects. The tasks of the Bio-Engineer include but are not limited to:
  - a. Coordinate with the other engineers and the environment specialist in the application of bio-engineering techniques for soil and water stabilization.
  - b. Review the subproject designs and apply the guidelines and approaches developed during the Project PPTA to protect the PRI against soil erosion, shallow planar sliding on sloping terrain, improve surface drainage and reduce slumping; and
  - c. Establish and implement a regular monitoring and analysis system for the Project to record the effectiveness of the measures against control sites.



## VIII. SAFEGUARDS

### A. The EARF and the Subproject EMPs

138. Arrangements for implementing the Environmental Assessment and Review Framework (EARF) and the Subproject Environmental Management Plans (EMPs). An EARF has been prepared during project preparation. Essentially no major environmental impacts are expected since (i) most of the works entail the rehabilitation and upgrading of existing infrastructure; (ii) all works are small to medium scale and (iii) any subprojects assessed as likely to entail Category A impacts are automatically dropped from the project scope during initial screening.

139. Nonetheless, an initial environmental assessment of each proposed subproject will be undertaken and where considered necessary an IEE and EMP will be prepared. IEEs will be prepared for each subproject classed as Category B<sup>45</sup> in accordance with the EARF. The CPMUs will be responsible for procuring consulting services to prepare IEEs and for gaining approval for them from appropriate agency. Each IEE will contain a subproject EMP detailing mitigation and monitoring measures to be taken, by design teams, contractors, provincial departments and companies who manage operation and maintenance, as appropriate.

140. The PPC, through the PPMU will have responsibility for ensuring that all design and construction phase mitigation measures are implemented. The first IEE produced for each province will be submitted to ADB for review and approval prior to finalization of the subproject feasibility study. Subsequent IEEs will be subject to post-approval unless subproject costs exceed \$3.0 million.

141. An EMP will consist of environmental effects and compliance monitoring. The main monitoring parameters are surface water and soil quality. CSBs to be set up in each project commune will facilitate environmental monitoring and will be trained to carry out visual monitoring to report any environmental damage to respective PPMUs through district PCs so that PPMUs can assess and take necessary actions in a timely manner. Environmental monitoring results will be recorded and reported as part of the quarterly progress report as well as semi-annual safeguard monitoring report. Detailed responsibilities are described in Table 5.

**Table 6: EMP Implementation Arrangements**

Organization	Roles and Responsibilities		
	Subproject Preparation	Subproject Implementation	Subproject Operation
CPMU	Provide advice to PPMU Safeguards Officer on IEE/PEC and IEE/EIAR preparation Review and provide “no-objection” on IEEs or IEE/EIARs submitted by PPMUs	Provide advice to PPMU Safeguards Officer on EMP implementation during construction Monitor progress during construction Consolidate PPMU environmental reporting	Provide advice to PPMU Safeguards Officer on EMP implementation during first year of operation Monitor progress during first year of operation Consolidate PPMU environmental reporting

<sup>45</sup> Subprojects classified as Category C will require due diligence to confirm the lack of any likely environmental impact.

Organization	Roles and Responsibilities		
	Subproject Preparation	Subproject Implementation	Subproject Operation
PPC	Sign-off on environmental assessment documents prior to submission for approval Approval of any subprojects requiring EIAR that are not subject to MONRE approval	Project owner with ultimate responsibility for environmental performance of subproject during construction	Project owner with responsibility for operation stage environmental performance including implementation of EMP during operation
DONRE	Provide advice and guidance on environmental issues as required during subproject preparation	Monitoring implementation of EMP through their own internal monitoring system	Monitoring implementation of EMP through their own internal monitoring system
PPMU	Engage consultant and have overall responsibility for IEE or IEE/EIAR preparation and submission for approval Ensure staff are adequately trained in environmental issues	Responsibility for EMP implementation during pre-construction and construction Ensure that contract specifications and bud documents include environmental requirements Undertake inspections and monitoring of environmental issues during construction Coordinate environmental monitoring reporting to CPMU	Responsibility for EMP implementation during first year of operation Undertake inspections and monitoring of environmental issues during first year of operation Assist project owners to incorporate environmental requirements into infrastructure O&M procedures
District PCs	Assist in liaising with communities and providing relevant data to PPMU	Monitoring implementation of EMP through their own internal monitoring system	Monitoring implementation of EMP through their own internal monitoring system
Commune Supervision Boards (CSBs) and local community members <sup>46</sup>	Involvement in consultation and participation activities to identify and develop subprojects.	Involvement in participatory environmental monitoring.	Involvement in participatory environmental monitoring.
Construction contractor	n/a	Prepare detailed Site EMP to meet the Subproject EMP general requirements. Allocate adequate resources to meet the requirements and obligations of Site EMP.	n/a

<sup>46</sup> CSBs have been established under Decree 80 Regulation for Participatory Investment Supervision. Article 8 of Decree 80 provides the community with opportunities to inspect compliance, monitor implementation and evaluate the results of investments in the commune, including environmental impacts.

142. In terms of resources, the project budget includes a safeguards review and quality assurance amount of \$350,000 (base cost). The costs of implementing the EMP including public consultation, monitoring and mitigation will be derived from this budget. In addition, a national environmental specialist (32 person months) is included in the loan implementation consultancy to assist with the implementation of the EMP and to ensure that its requirements are met.

## **B. Resettlement Plans**

143. The development and improvement of the subprojects to be undertaken under the project are unlikely to trigger major resettlement impacts. Practically, very minor resettlement impacts are expected because the majority of infrastructure, irrigation channels, and roads will be improved along existing rights of way. As a result, the main concern will be the provision for minor land acquisition, compensation for roadside trees, crops or small structures which maybe affected within the right of way. The absence of major resettlement issues was one of the eligibility criteria used in selecting subprojects. The Government and ADB have agreed on a resettlement framework along with procedures and an outline format for a resettlement plan<sup>47</sup>. As outlined in the framework responsibilities for its implementation are as follows:

### **1. Institutional Features at Provincial Level**

144. The Implementing Agency (IA) will be the Provincial People's Committee (PPC). The PPC will be responsible for issuing all decisions and approvals relating to the implementation of RPs including those relating to its formal adoption, unit compensation costs, notices and approvals for updated RPs, information disclosure, land acquisition and compensation payments, allocations of replacement land (if applicable) and grievance redress. The PPC will also be responsible for establishing the Land Valuation Council and allocation of responsibilities to district-based organisations.

145. PPC will authorise DARD to be the Owner of the land acquisition, resettlement and compensation component in this Project. Within its authorisation, DARD established the Provincial Project Management Unit (PPMU) for implementation of the Project components and to undertake the internal monitoring on implementation of updated RPs for the Project.

146. The PPMU will oversee all activities of District Resettlement Committees (DRCs) in regard to the implementation of the RPs. The PPMU will also be responsible for:

- (i) Preparing, updating, and supervising RP implementation of project components;
- (ii) Guiding DRC to implement all resettlement activities in compliance with the approved RPs; and resolving any mistakes or shortcomings identified by internal monitoring to ensure that the objectives of the RPs are met; and otherwise, to provide appropriate technical, financial and equipment supports to DRC and Commune-level Inventory Working Groups.
- (iii) Conducting, in combination with DRCs and CPCs, information campaigns and stakeholder consultation in accordance with established project guidelines;
- (iv) Coordinating with other line agencies to ensure delivery of restoration and rehabilitation measures to APs;

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<sup>47</sup> Resettlement Framework (accessible from the list of linked documents in Appendix 2).

- (v) Implementing internal resettlement monitoring, establishing and maintaining AP databases for each component in accordance with established project procedures and providing regular reports to CPMO;
- (vi) Implementing prompt corrective actions in response to internal monitoring.

147. The membership of the PPMU should include the Vice-Director of DARD who will be the Head of the PPMU.

## **2. District and Commune Levels**

148. The Peoples' Committees of the District concerned will establish District Resettlement Committees (DRCs) to implement the RPs; Direct CPCs in combination with DRCs to implement RPs; resolving complaints and grievances of APs.

149. DRC in combination with PPMUCPCs and under the direction of the PPMU, will carry out resettlement activities of the project, in particular:

- (i) Conducting dissemination of the Public Information Brochure and other publicity material to ensure that APs are aware of the LAR process.
- (ii) Planning and carrying out the DMS and the disbursement of compensation payments.
- (iii) Identifying severely affected and vulnerable APs and the planning and implementing rehabilitation measures for these APs.
- (iv) Supporting for identifying any resettlement sites and new farming land for APs who cannot remain their present location.
- (v) Assisting DPC in the resolution of AP grievances.

150. The CPC will assist the DRC in their resettlement tasks. Specifically, the CPC will be responsible for the following:

- (i) In cooperation with District level and with commune level local mass organizations, mobilize people who will be acquired to implement the compensation, assistance and settlement policy according to approved RP;
- (ii) Co-operate with DRC and Working groups to disclose project information and resettlement policy; notify and publicize all resettlement options on compensation, assistance and resettlement which are approved by DPC;
- (iii) Assign Commune officials to assist the DRC in implementation of resettlement activities;
- (iv) Identify replacement land for affected households;
- (v) Sign the Agreement Compensation Forms along with the affected households;
- (vi) Assist in the resolution of grievances.

## **3. Implementation**

151. The implementation process is as follows:

- (i) Establishment of the DRCs. The PPC will establish DRCs for the projects, and entrust tasks to relevant agencies and entities.
- (ii) Land clearance/boundary setting for the Project. After receiving the PPC and DPCs in revoking land and handing over land to the RP-PMU for implementing the projects, RP-PMU will cooperate with the provincial Department of Natural

Resources, Environment and the specialized cadastral agency having a contract with RP-PMU to determine the project land clearance red line and setting out boundary at the field, handing over land to implement resettlement tasks for the displaced persons, in order to clear land for the project. Relevant Offices of Natural Resources, Environment of districts and Commune People's Committees of the project will assign their staff working as members of DRCs to implement this task.

- (iii) Information campaign before DMS. According to Decree No.181/2004/ND-CP, before land acquisition, within 90 days in case of agricultural land and 180 days in case of non-agricultural land, the DRCS must send written notices to affected land owners in respect of reasons for land acquisition, time and plan of displacement, resettlement options, land clearance and resettlement.
- (iv) Before census and detailed measurement survey, RP-PMU in cooperation with local authorities of districts and communes will provide project information to residents in the project area. Information will be broadcasted via the public address system of the locality in combination with other multi-media such as radios, press, television, brochures or letters delivered to households to be open posted in public areas.
- (v) Orientation meetings will be held in the project affected commune to notify the affected community about the scope and scale of the project, impacts, policies and rights for all kinds of damages, implementation schedule, responsibilities for organization, and complaint mechanism. Brochures including (images, photos or books) related to project implementation will be prepared and delivered to all affected communes in the meetings.
- (vi) Conduct of Replacement Cost Survey by a Qualified Agency. A qualified agency will be engaged by CPMU to assist PPC in determining the current market price under normal condition of land and non-land assets. This activity will be carried out within the resettlement consultancy contract.
- (vii) If there is a significant difference between compensation price and market price as per replacement cost survey carried out by a qualified agency, PPC will update the compensation unit price according to regulations and implementation guidance of Decree No.197/2004/CP and 17/2006/ND-CP.
- (viii) Detailed Measurement Survey. DMS will be undertaken once detailed design is finalized. These surveys will be the basis for the preparation of compensation plan and for preparation of the RPs.
- (ix) Preparation of Compensation Plan. DRCs are responsible for applying prices and preparing compensation tables for each affected commune. RP-PMU and People's Committees of districts will appraise these tables in respect of prices, quantities of affected assets, rights that the displaced persons are entitled to, etc. before notifying each commune for review and comments. All tables of compensation price application must be checked and signed by the displaced persons to prove their consensus. RP-PMU and DRCs will submit the proposed unit rates as per result of the replacement cost survey to PPC for review and approval. The unit rates to be applied will be based on the approved unit rates of PPC.

- (x) Submission of RP and ADB concurrence. RP-PMU will prepare Updated Resettlement Plan, disclose key information of the Updated RP to the displaced persons and submit the same to ADB for review and concurrence.
- (xi) RP Uploading on ADB website. Once the RP is acceptable to ADB, the RP will be uploaded on the ADB website.
- (xii) Implementation of RP. Compensation and assistance will be paid directly to the APs under the supervision of representatives of DCARBs, commune authorities and representatives of the displaced persons. Income restoration and relocation plan will be implemented in close consultation with the APs and concerned agencies.

152. In terms of resourced dedicated to land acquisition and resettlement, is to be financed using provincial counterpart funds.

### **C. Ethnic Minority Development Framework (EMDF)**

153. An ethnic minorities' development framework has been prepared in the project preparation. In the assessment of the priority subprojects proposed by the CHP provinces, ethnic minorities generally varied from 27% to 98% with the majority of subprojects having over 47%. Impacts on ethnic minorities in these areas are expected to be overwhelmingly positive since the subprojects will be aimed at overall economic and social improvement of the total population. EMDPs will be prepared, as and when required, following the guidelines outlined in the ethnic minority development framework.

154. In the assessment of the priority subprojects proposed by the CHP provinces, ethnic minorities generally varied from 27% to 98% with the majority of subprojects having over 47%. There will be no changing in the EM farming and livelihood's system as well as their cultural practice and ancestral domains. Any possible negative impact such as loss of temporary crops and livelihoods will be avoided if possible or will be compensated accordingly. Impacts on ethnic minorities in these areas are expected to be overwhelmingly positive since the subprojects will be aimed at overall economic and social improvement of the total population.

155. Specific measures to deal with potential negative impacts and to encourage participation and contribution of EM based on their unique social and cultural characteristics that may require customized approaches and interventions than when working with the Kinh group, and that the general design of the sub-projects may limit or prevent EM from participating in and/or benefiting in the sub-project activities. This has been agreed by Government and ADB to guide the preparation of Ethnic Minority Development Plan (EMDP) for potential cat B sub-projects based on SPS 2009. For these types of sub-projects, EMDP has to be approved by ADB before the subproject is being implemented.

## **IX. GENDER AND SOCIAL DIMENSIONS**

156. The Project's gender classification is "Effective Gender Mainstreaming" (EGM). A Gender Action Plan (GAP) has been prepared, based on the gender analysis in sub-project sample sites, to promote gender inclusive design of the Project and to ensure involvement of women in PRI activities. The GAP will ensure that women have full and equitable access to Project resources, information and benefit. The GAP is in line with Government of Viet Nam gender equality law and ADB Policy on Gender and Development (1998).

157. The Project Gender Action Plan Overview is shown in Box 1 below:

### Box 1: GENDER ACTION PLAN

Outputs	Gender Actions
<b>Output 1:</b> Productive rural infrastructure improved	<ul style="list-style-type: none"> <li>• Women account for 50% of design consultation meeting participants. Consultation with women to include women only groups, if requested in collaboration with local women's Unions.</li> <li>• Meetings to be held at times and in locations convenient for women.</li> <li>• Meetings to be held in languages understood by ethnic minority communities.</li> <li>• Minimum 35% of participants of community construction boards are women.</li> <li>• Local contractors will employ at least 30% women in construction/ rehabilitation for un-skilled labour category. Mobilization of female workers will be done through local women unions at various levels.</li> <li>• In areas where ethnic minorities constitute the majority of the population, 40% are prioritized to ethnic minority.</li> <li>• Equal pay for men and women for work of equal type.</li> <li>• All construction/civil works will adhere to gender specific labour codes, and separate/segregated makeshift toilets will be provided for men and women workers.</li> <li>• Child labour will not be employed in any civil works.</li> <li>• Rural road and irrigation upgrading designs to consider features such as signage, road shoulders for non-motorised transport, (bicycles, animal carts, pedestrian sidewalks, etc.,) as well as linking paths to transport hubs, markets, and services.</li> </ul>
<b>Output 2:</b> Gender sensitive capacity to develop, manage, and use productive rural infrastructure.	<ul style="list-style-type: none"> <li>• Ensure irrigation scheme condition inventories are established, with 35% target for women's participation in PRI management committee/ employment in O&amp;M.</li> <li>• At least 35% female participation in training courses.</li> <li>• At least 30% female participation from MARD, CHP counterparts, and IDMCs for in-service training to upgrade formal qualifications.</li> <li>• At least 40% female participation in training courses for PRI users, with special focus on water user groups, and beneficiaries to optimally use the upgraded PRI.</li> <li>• All community/ beneficiary level trainings will response to female as well as male farmers needs (designed based on needs identification with women and men, to be held at times and in locations convenient for women, to be conducted in languages understood by ethnic minority communities and with participation targets informed to both groups clearly).</li> <li>• Ensure all poor FHHs in a community are included as beneficiaries of the project.</li> <li>• At least 50% participation of women on resource user groups.</li> <li>• At least 40% women participation in all agriculture extension and pro-poor services as part of EMDP.</li> <li>• Agricultural extension training will address specific training needs identified by women farmers on enhancing productivity, diversification of produce (including crops which require less water supply to increase crop returns for women farmers on marginal land), and new income generating activities.</li> <li>• HIV/AIDS awareness raising campaigns will be delivered to construction workers and community people, especially women and women of EM groups in EM areas prior to the start of civil works.</li> </ul>

	<ul style="list-style-type: none"> <li>• Post-construction road and dam safety education will be delivered to sub-project sites. Road and dam safety campaign materials will be gender sensitive and in languages understandable to ethnic minority communities. Ensure 40% of facilitators of road and dam safety education campaigns are female.</li> <li>• All PRI research projects will include analysis of gender dimensions, and women participation will be prioritized in PRI research projects (to be measured as share of female participation)</li> <li>• Any public private partnership approaches piloted in providing and managing rural infrastructure will explore and address gender dimensions.</li> </ul>
Output 3: Gender sensitive project management	<ul style="list-style-type: none"> <li>• CPMU and PPMUs will facilitate communities' access to at least four organizations active in the areas for social rural services.</li> <li>• PPMU GAP will be prepared and introduced to each sub-project's stakeholders for implementation of targets based on project overall GAP framework.</li> <li>• Ensure that all CPMU and PPMU staff are provided gender training and roles and responsibility trainings on implementing the GAP.</li> <li>• Annual GAP review, planning and budgeting workshops will be conducted for CPMU and PPMUs' key concerned staff.</li> <li>• Ensure that gender indicators are integrated in the project M&amp;E framework: CPMU and PPMUs will develop and maintain sex-disaggregated and ethnicity-disaggregated M&amp;E system for data collection and reporting on project targets (GAP and DMF) to ADB regularly.</li> </ul>

ADB = Asian Development Bank, CPMU = central project management unit, DMF = Design and Monitoring Framework, EM = ethnic minorities, FHH = female-headed households, GAP = gender action plan, HIV/AIDs = Human immunodeficiency virus infection / acquired immunodeficiency syndrome, M&E = monitoring and evaluation, MARD = Ministry of Agriculture and Rural Development; t/ha = tons per hectare, NGOs = nongovernmental organizations, O&M = operation and maintenance, PPMU = provincial project management unit, PRI = productive rural infrastructure.

### Implementation Arrangements for the Gender Action Plan

158. CPMU and PPMUs will be responsible for implementation of GAP and will appoint Safeguard Officers with responsibility as gender focal point(s) ensuring annual planning, implementation and M&E of GAP as part of project activities. The CPMU will recruit gender consultants to provide technical assistance to CPMU and PPMUs in implementation and M&E and reporting of GAP and related DMF targets. They will support PPMUs in preparing PPMUs GAPs. The PPMUs will work with the relevant provincial, district and commune agencies (Vietnam Women's Union, Agriculture extension agencies, Committee for Ethnic Minority Affairs and NGOs, etc.) to implement and coordinate training, capacity building, and HIV/AIDs awareness raising and road safety activities.

159. Implementation of the Gender Action Plan will be overseen by a MARD's project steering committee which will include MARD's Committee for the Advancement of Women's representative. Budget for GAP implementation will be included as part of (i) training budgets for capacity building on PRI and gender sensitization activities at central and provincial level; (ii) gender consultants in consultancy package; (iii) NGOs work (on road and dam safety education and HIV/AIDS education); and (iv) each sub-project with the amount of \$6,500 for design consultation with community people, including women only groups, and PRI-related extension and pro-poor training.



## X. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Increased rural incomes and sustained livelihoods in the CHPs.	By 2024 (from subproject baselines measured in 2012): <sup>a</sup>  Rural individual average annual income of D17.65 million will increase by 4% in constant dong prices.  Annual incremental demand for agricultural labor will increase by an average of 85 days per household.	Commune statistics; Committee for Ethnic Minority Affairs; General Statistics Office	<b>Assumptions</b> Government will continue to invest in the socioeconomic development of the CHPs.  Benefit stream continues over economic life of the improved PRI.  <b>Risk</b> Improper use and management of PRI or catastrophic climatic events lead to premature deterioration after project completion.
<b>Outcome</b> Improved rural and agricultural productivity in the CHPs	By 2018 (from baselines in 2013):  Annual average increase in agricultural productivity (ton/ha): rice 4 to 8; coffee 2.7 to 3.5, pepper 2.7 to 3.8  Around 225,000 more people will have access to improved PRI	PBMS DARD statistics	<b>Risk</b> Operation and maintenance requirements are not fully met.
<b>Outputs</b> 1. Productive rural infrastructure improved	By 2018 (from baselines in 2012):  Irrigation improved in at least 15 schemes across 18,500 ha, including 10,000 ha of paddy, 2,200 ha of coffee and pepper, and 6,300 ha of cash crops.  Better access by upgrading 130 km of low-volume rural roads.  Work days of employment in civil works: (a) 30% are dedicated for women under equal pay and conditions as men; and (b) in areas where ethnic minorities constitute the majority of the population, 40% are prioritized to ethnic minority women and men.	PBMS Provincial statistics	<b>Assumption</b> Capacity of engineers and contractors to implement water reservoir repairs exists within Viet Nam.  <b>Risk</b> Climatic events delay or damage PRI construction.
2. Enhanced capacity to develop, manage, and use productive rural infrastructure.	At least 50 training courses completed on project management (at least 35% female participation).  For all subprojects implemented, condition inventories and operation and management plans established with training for	PBMS	<b>Assumption</b> Sufficient capacities to absorb training and meet implementation demands are available in the CHPs.

	<p>implementation of the plans (35% female participation in management).</p> <p>75 staff of MARD, CHP counterparts, and IDMCs trained in the development and management of PRI (minimum 30% women).</p> <p>80 staff of MARD, CHP counterparts, and IDMCs provided opportunities for in-service training to upgrade formal qualifications (minimum 30% women).</p> <p>210 training courses for 6,500 PRI users, with special focus on water user groups, and beneficiaries to optimally use the upgraded PRI (minimum 40% female participation).</p> <p>HIV/AIDS, road and dam safety awareness campaigns carried out in all subproject areas.</p> <p>At least four special studies, pilots, and demonstrations of improved PRI and irrigation scheme management.</p>		
3. Efficient project management	<p>CPMU and five PPMUs set up and fully functional by June 2014.</p> <p>Feasibility studies completed and approved in three phases: June 2014, October 2014, May 2016.</p> <p>Construction works completed in three phases: January 2016, July 2016, and April 2018.</p>	PBMS, CPMU quarterly reports.	<b>Risk</b> Provinces are unable to appoint qualified staff.

Activities with Milestones	Inputs
<b>1. Productive rural infrastructure improved</b> 1.1 Phase 1 construction works—3 representative subprojects 1.1.1 Prepare and approve feasibility studies by PPCs (Jun 2014) 1.1.2 Prepare and approve detailed design by DARDs (Sep 2014) 1.1.3. Construction supervision consultants recruited and mobilized (Dec 2014) 1.1.4. Procurement of civil works (Dec 2014) 1.1.5. Construction activities undertaken (Jan 2015) 1.2 Phase 2 construction works—12 top priority subprojects (over and above the 3 representative subprojects) 1.2.1 Prepare and approve feasibility study by PPCs (Oct 2014) 1.2.2 Prepare and approve detailed design by DARDs (Mar 2015) 1.2.3. Construction supervision consultants recruited and mobilized (Jun 2015) 1.2.4 Procurement of civil works (Jun 2015) 1.2.5 Construction activities undertaken (Jul 2015) 1.3 Phase 3 construction works—remaining subprojects depending on funding availability 1.3.1 Prepare and approve feasibility studies by PPCs (May 2016) 1.3.2 Prepare and approve detailed design by DARDs (Oct 2016) 1.3.3. Construction supervision consultants recruited and mobilized (Mar 2017)	<b>ADB ADF:</b> <b>\$80 million</b>  <b>Government:</b> <b>\$7.58 million</b>

Activities with Milestones	Inputs
<p>1.3.4 Procurement of civil works (Mar 2017)</p> <p>1.3.5 Construction activities undertaken (Apr 2017)</p> <p>1.4 Commissioning and operation and maintenance training undertaken (Jan 2015–Aug 2018)</p> <p><b>2. Enhanced capacity to develop, manage, and use productive rural infrastructure.</b></p> <p>2.1 On-the-job training at CPMU and PPMU in ADB procedures, consultant recruitment, feasibility study evaluation, tender document preparation, construction supervision, and financial accounting and reporting as per ADB requirements by international startup advisor and national startup consultant (Mar 2014–Jun 2015)</p> <p>2.2 Specific in-service staff training for CPMU and PPMU staff by qualified training institutions (Mar 2014–Dec 2016)</p> <p>2.3 Safeguard training for CPMU and PPMU staff (Jan 2015– Jun 2016)</p> <p>2.4 Intermittent study tours. Visits to ongoing rural development projects in Viet Nam. Later study tours to be decided in conjunction with project implementation consultants (Mar 2014– Dec 2015)</p> <p>2.5 Establishment of monitoring and evaluation system and training in its use (Jan 2015–Dec 2015)</p> <p>2.6 Strengthening of technical and community interaction skills within IDMCs in subproject areas (Dec 2016–Jun 2018)</p> <p>2.7 Strengthening of water user associations in subproject areas through community organization and training in technical, financial, and management aspects of field-level irrigation scheme management (Jan 2015–Jun 2018)</p> <p>2.8 Pilot good irrigation management arrangements (Jan 2015-Jun 2018)</p> <p><b>3. Efficient project management</b></p> <p>3.1 Equipment and office space for CPMU and PPMUs procured (Mar 2014–Oct 2014)</p> <p>3.2 Incremental staff recruited for CPMU and PPMUs (Mar 2014)</p> <p>3.3 Incremental operational funds provided by ADB (Oct 2018)</p> <p>3.4 CPMU and PPMU set up and fully functional (Mar 2014)</p> <p>3.5 International startup advisor (intermittent) and national startup consultant (full-time) recruited and mobilized (Dec 2014)</p> <p>3.6 Project implementation consultants recruited and fielded (Oct 2014)</p> <p>3.7 Implementation monitoring consultants recruited and fielded (Oct 2014)</p> <p>3.8 Safeguard monitoring consultants recruited and fielded (Oct 2014)</p> <p>3.9 GAP implementation arrangement is in place and functional (Jan 2015)</p>	

ADB = Asian Development Bank, CHP = Central Highland province, CPMU = central project management unit, DARD = (provincial) department of agriculture and rural development, GAP = gender action plan, ha = hectare, IDMC = irrigation and drainage management company, MARD = Ministry of Agriculture and Rural Development, O&M = operation and maintenance, PBMS = project benefit management system, PPC = provincial people's committee, PPMU = provincial project management unit, PRI = productive rural infrastructure.

<sup>a</sup> Baseline information is averaged from the top 15 prioritized subproject areas.

Source: Asian Development Bank estimates.

## B. Monitoring

### 1. Project performance monitoring

160. Project progress and performance will be based on the indicators and targets shown in the DMF and GAP as updated from time to time as the scope of the sector project is firmed up. Three different kinds of monitoring will be carried out including: (i) implementation progress monitoring, (ii) safeguard monitoring, and (iii) benefit monitoring and evaluation.

161. Implementation progress monitoring will be one of the main tasks of the CPMU. This will be undertaken by a monitoring unit established in the CPMU and will be based on the overall

project implementation schedule. The unit will monitor the progress of activities in each province based on monthly progress reports from the PPMUs.

162. Withdrawals, disbursement and reimbursement of project accounts will also be monitored by the same unit. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the CPMUs quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.

163. The project consists of a number of individual subprojects. Each of these will be subject to feasibility studies before it is undertaken and prior to or during each feasibility studies baseline monitoring will be undertaken both from a benefit monitoring point of view and from a safeguard (social and environmental) point of view. These activities will be undertaken by national consultants expressly recruited for this purpose. The implementation schedule shows that these consultants will be recruited and fielded in 2014. Specific TOR are not provided in the current PAM since recruitment will be as a package from an institution or NGO. TOR will be prepared by the start up consultants in conjunction with the CPMU. However, as noted, not all subprojects will be prepared in 2014 so the subproject baseline year surveys will take place from 2014 to 2016.

164. 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.

## **2. Compliance monitoring:**

165. A number of assurances have been given by the Government to ensure the smooth implementation of the Project. Those are subject to Loan covenants (Loan Agreement - Schedule 5) and are summarized below. The ADB will monitor compliance with those covenants throughout project effectiveness and implementation via regular review missions, quarterly progress reports submitted by the CPMU, and review of project accounts and procurement procedures.

## **3. Safeguards monitoring:**

166. A national firm will be recruited by the CPMU to undertake the monitoring of safeguard compliance. The firm will identify subprojects classified as Category B for resettlement, environment or indigenous people, review the subproject safeguard plans and inspect the subprojects on a periodic basis to ensure compliance. Results will be reported to the PPMU and CPMU with a copy to the LIC and ADB.

167. Progress reports will regularly indicate which subprojects have prepared resettlement plans and/or ethnic minority development plans. For subprojects with resettlement plans and ethnic minority development plans, the SPS requires periodic monitoring and the submission of bi-annual monitoring reports. These bi-annual reports are expected to be submitted to ADB for public disclosure (on ADB website).

## **4. Gender and social dimensions monitoring:**

168. CPMU and PPMUs will be responsible for monitoring DMF gender related targets and GAP implementation. In addition, the same firm which undertakes safeguards monitoring will

also be tasked with gender and social dimensions monitoring. (This is appropriate since the two concerns are often inter-related). Reporting will be in the same manner as described above.

### **C. Evaluation**

169. Regular Project administration reviews will be undertaken by ADB on a semi-annual basis. These reviews will: review overall implementation of the project and update, in consultation with the EA, the project implementation schedule; examine implementation problems that the Project is encountering or is likely to encounter, and work out measures with the EA to resolve them; review actions required in terms of poverty reduction, environmental impact assessments, and resettlement plans, and where required, consult with nongovernment organizations; check on availability and timeliness of budgetary allocations and counterpart funding; review project expenditures, and estimate whether the project can be completed within the original cost estimates (foreign and local currency); identify cost overruns or savings that may materialize under the Project and the loan, and ascertain the need to reallocate loan proceeds between categories or cancel surplus loan proceeds.

170. Where a cost overrun (foreign and local currency) is anticipated, examine the arrangements made by the borrower to finance it; review progress with procurement and disbursement; and verify, based on a comparison of ADB's and the EA's records, the contracts awarded, and commitments and disbursements made; verify the statements of expenditure when applicable; review the borrower's compliance with particular loan covenants and, where there is any noncompliance or delay, discuss proposed remedial measures with the borrower (including discussions with the external auditor of the borrower or EA where relevant); assess the likelihood of attaining the Project's immediate development objectives as indicated in the assumptions and risks sections of ADB's project performance reporting (PPR) system; examine the need to extend the loan closing date, and where required, work out the most suitable loan closing date based on a revised implementation schedule, and advise MARD and borrower to submit a formal request for extension to ADB; and examine any other matter related to the Project that requires ADB's attention.

171. In addition a comprehensive mid-term review will be undertaken at the beginning of the fourth year of project implementation. This review will assess whether attainment of the Project's immediate objective is still likely. In doing so, it will review institutional, administrative, organizational, technical, environmental, social, economic, and financial aspects of the Project based on the assumptions and risks included in the design and monitoring framework and updated PPR; review of covenants to assess whether they are still relevant or need to be changed, or waived due to changing circumstances; assess the need to restructure or reformulate the Project and the effects of this on the immediate objectives (purpose) and long-term goals of the Project; and update the Project's design and monitoring framework.

172. Within 6 months of physical completion of the Project, MARD will submit a project completion report to ADB.<sup>48</sup>

### **D. Reporting**

173. The Ministry of Agriculture and Rural Development will provide ADB with (i) quarterly progress reports in a format consistent with ADB's PPR; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance

<sup>48</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure that subprojects continue to be both viable and sustainable, the Project's accounts, together with the associated auditor's report, should be adequately reviewed.

## **E. Stakeholder Communication Strategy**

### **1. Community Awareness**

174. Experience has demonstrated the importance of community participation in achieving sustainable development including appropriate and well-designed infrastructure. To ensure adequate participation of the community, it must first be well-informed and there must be adequate opportunities for everyone to participate if they wish.

175. Information about the Project and the subprojects in particular, including the objectives, potential environmental impact, implementation arrangements, resettlement and compensation matters, gender issues, and issues of concern for ethnic minorities will be provided to beneficiaries. The PPMUs will design a community awareness program for each subproject and each community and will make this information available to the commune in both Vietnamese language and the language(s) of the communities whenever appropriate.

176. Awareness programs will take advantage of existing social development systems such as commune/village meetings and announcements on commune speaker systems, but may also include different and more innovative approaches. The community will be fully informed of issues such as their right to participate in subprojects and to be compensated for any loss of property including productive land and/or assets; as well as gender equity and other relevant policies. Separate meetings and discussions will be arranged with the people who are directly affected by land acquisition and/or resettlement issues. The community and particularly the affected households will be provided with detailed guidance and procedures regarding resettlement and compensation by Commune People's Committee (CPC).

### **2. Community Consultation**

177. The Project has been designed to improve the well-being of poor people, especially the vulnerable and excluded groups, through a series of investments in priority rural infrastructure. Subprojects have already been pre-screened in each province during project preparation. Each subproject was selected from the provincial Socio-economic Development Plan (SEDP). The preparation of the SEDP involves a process of extensive consultation at district and commune levels to establish priority areas for development.

178. During the Project, the process of consultation will continue throughout the feasibility study and detailed design phase of each subproject to afford community groups the opportunity to voice their views on how the subproject is to be designed, implemented and operated. This will be accomplished through a series of community consultation meetings at commune and district levels. The community consultation meetings will be carried out by the PPMUs and their feasibility study and design consultants as well as the national safeguard consultants. It will include the participation of representatives from the District People's Committee, the CPC, and mass organizations such as the Women's Unions, the Farmers' Union, and the Youth Union.

179. The communities will be briefed on all aspects of the proposed subprojects including safeguard issues of environment, resettlement, and vulnerable groups including ethnic minorities, women will be particularly encouraged to actively participate in the consultation meetings and voice their opinions and views about the subproject design and implementation arrangements.

180. The community will also be informed of the O&M arrangements for the subprojects and their expected participation in kind or otherwise in this aspect of the work. They will be encouraged to provide ideas and feedback to the design team and raise their concerns regarding potential negative impacts of the subproject design on the environment and the welfare of the community.

181. The feedback obtained from these community consultation meetings will be incorporated as necessary in the design of the subprojects. The process of consultation is expected to build ownership of the subprojects by the community and hence foster better sustainability of the investment.

### **3. Community Participation**

182. It is anticipated that the community will be mobilized in a number of different ways during subproject design, implementation and operation. Since most of the subprojects involved rehabilitation of existing infrastructure, there is limited scope for the community to participate in the selection of the site and alignment for instance. At this stage the community participation will consist mostly to their contribution during consultation meetings.

183. During the construction phase, a significant opportunity for active participation, and for many poor households to benefit from the subproject, is in providing wage labor. This will be encouraged through the bidding documents which will request the contractors to investigate this option whenever possible. It will also be possible for communities to participate effectively in the supervision of the construction work through the CSB.

184. The community will also participate in the O&M of the completed infrastructure and specific capacity building and training will be incorporated into the project design to ensure that beneficiary groups have the technical and management capacity to do so.

## **XI. ANTICORRUPTION POLICY**

185. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>49</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>50</sup>

186. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the Project. To ensure sound governance, MARD shall ensure that (i) periodic inspections of the Project contractor's activities related to fund withdrawals and settlements are carried out; (ii) relevant provisions of ADB's *Anticorruption Policy* (1998, as amended to date) are included in all bidding documents for the Project; and (iii) contracts, financed under the Project, include provisions specifying the right of ADB to audit and examine the records and accounts of MARD and Project provinces, contractors, suppliers, consultants, and other service providers as they relate to the Project.

187. Moreover, within 2 months of the Effective Date, MARD shall disclose information about various matters concerning the Project, including general project information, procurement, project progress, and contact details in the English and Vietnamese languages through a Project website, accessible by the general public. The website shall also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website shall include information on 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, Works and Consulting Services procured.

## **XII. ACCOUNTABILITY MECHANISM**

188. People who are, or may in the future be, adversely affected by the Project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>51</sup>

## **XIII. RECORD OF PAM CHANGES**

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<sup>49</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>50</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

<sup>51</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.



## **Appendix 1: Note on the Sustainability of Irrigation Systems in Viet Nam**

### **I. Introduction**

1. The objective of this note is to clarify the current situation prevailing in Vietnam vis-à-vis the operation and maintenance of irrigation schemes..

### **II. Background**

2. A large number of irrigation structures have been built throughout Vietnam over, not just the past decades but past centuries. Within relatively recent history (since the turn of the last century) the largest concentration of engineered irrigation schemes has been in the Red River Delta (often based on pumping) but numerous systems can still be found throughout the Central Region and the Central Highlands which were built as far back as the 1930s or earlier. Somehow, over decades of war, centralized planning and economic tribulations these schemes continued to function. A large number of additional schemes, often based on small to medium-sized reservoirs were built in the late 1970s and 1980s in both the Central Coastal Region and also in the Central Highlands. These also continue to function to a greater or lesser degree despite often poor initial design and variable quality construction. While it is true that many of these schemes do not function to their full design capacity both the Government and the farmers themselves have striven to continue to make them operational.

3. In the 1990's with pressure to remove subsidies as part of a turn from a centrally planned to a market based and, also, limited availability of funds, there was a move to make irrigation schemes fully self-financing. This coincided with water management philosophies being promoted by development partners that focused on the need for end users to fully fund access to water both as a means to promote efficiency in water use and a means towards water conservation. Irrigation and Drainage Management Companies (IDMCs) were established and these were supposed to be fully self-financing based on the collection of irrigation service fees from the farmers they served. In actual fact this was never the case, but funding for O&M through the IDMC was often haphazard and based on the provincial government's intervention in times of dire need or due to political pressure.

4. A vicious cycle developed. Because the IDMCs could not collect enough through the irrigation service fees to fully fund operation and maintenance, schemes began to deteriorate. Because schemes were deteriorating and they were not getting sufficient water farmers were even more reluctant to pay their irrigation service fees. The sustainability of the infrastructure came into question.

5. However, in November, 2008 the Government brought about a dramatic change to the situation. Recognizing the dependence of the country on continued agricultural production, and especially that of rice, and also the tax burdens being placed on the rural population at the time of unparalleled urban prosperity, the Ministry of Finance promulgated Decree 115/2008/ND-CP (better known as Decree 115). This Decree waived the collection of irrigation service fees from the farmers and provided 100% subsidy from the national government to provincial governments, based on the total irrigated area in a province, so that the provinces could fund O&M of irrigation infrastructure by the IDMCs above the tertiary canal off-takes. With one single decree the MoF has practically eliminated the issue of operation and maintenance funding down to the secondary canal level.

6. The promulgation of Decree 115 was, not unexpectedly, controversial, especially on the part of development partners, some of whom, including ADB, had covenants in loan agreements aimed at full cost recovery as part of their funded projects. This was the case for the ADB's Central Water Resources Project for which a PCR is currently under preparation.

7. There are two useful insights into the impact of Decree 115, one, a specific ADB funded study prepared prior to the PPTA for the Mid and Northern Red River Delta Water Resources Project --- Review of the Impact of the Viet Nam Government's Waiver of Irrigation Service Fees, ADB, Hanoi, 2012 and another, the PCR for the Central Region Water Resources Project currently under preparation. Insights from these two documents are presented below.

### **III. The Impact of the Promulgation of Decree 115 on the Sustainability of Irrigation Systems in Vietnam.**

#### **A. ADB-funded Review of the Impact of Decree 115**

8. The review of Decree 115 covered the Red River Delta provinces of Bac Ninh, Bac Giang, Vinh Phuc and Phu Tho. However, the Decree's coverage is nationwide and impacts throughout the country are expected to be similar. Here is a direct quote from the Executive Summary:

"In the mid-2000s there was concern that the "user-pays" model of irrigation operation and maintenance (O&M) was not effective. IDMCs faced difficulty collecting irrigation service fees (ISFs) and maintenance was underfunded. The government consequently developed legislation to fully subsidize O&M of irrigation infrastructure above the tertiary canal level (Decree 115 of 2008). The decree was intended to stimulate agricultural production by reducing the cost of irrigation and drainage for farmers and reduce poverty among poor farmer families. Circular 65 was issued one year later, outlining guidelines for the decentralization of irrigation management and responding to initial problems during the implementation of Decree 115. The intention of Decree 115 and Circular 65 was clear, encouraging water user organisations (WUOs) to assume responsibility for O&M of infrastructure above tertiary canals and access state funds.

9. The study team identified positive and negative outcomes from the implementation of Decree 115. In general, the decree is considered to have met its objectives, and contributed to the sound operation and to some degree development of the irrigation sector in the study area provinces.

#### **10. Positive outcomes**

- Increased farm income by reducing payments for irrigation O&M by an estimated average of around Đ400,000 (\$20) per household per year.
- Rice production has significantly increased, though most of the increase in the project area was due to improved production technology.
- The main beneficiaries of Decree 115 were the IDMCs. Decree 115 provided adequate funding to IDMCs; and overcame under-collection of ISFs and consequent deferral of maintenance, payment for electricity or other costs.
- Irrigated area has increased by 3%-5% in some areas. In the areas surveyed, increase was reported in three communes, no change in seven, and decrease in four. Reduced

areas were reported to be mainly due to industrial and urban development, particularly in areas near-Hanoi.

#### 11. **Negative Outcomes**

- The cost norm system defined in Decree 115 has problems – particularly the low levels of cost norms assigned to mountainous areas.
- Cost norms have been unchanged since 2008. Cost inflation, particularly increase in salaries following changes in the national wage, has eroded the O&M capacity of the IDMCs, especially in 2011 and 2012. Revision of the cost norms is currently being considered by the government.
- Local government in the four provinces lacks commitment to undertake many of the reforms embodied in Decree 115 and the related policy and regulatory framework for renovating irrigation management. Current WUO models do not always provide a sound institutional framework which meets the needs of irrigators and reflects the diverse situations in communes such as differences in capacity of farmers, ethnicity and changes in land and labor relations as a result of industrialization.
- The link between farmers, WUOs and IDMCs has been cut, with the end of reliance of the IDMCs on ISF collection.”

12. As can be seen, the results of the Decree are not absolutely positive but there is now a much more certain funding environment for operation and maintenance costs. From that point of view the likelihood of the sustainability of irrigation schemes built or upgraded in Vietnam has significantly improved.

#### **B. Findings of the Central Region Water Resources Project Completion Report**

13. One of the primary objectives of the project (over and above physical infrastructure rehabilitation) is to bring about the sustainable management of irrigation systems. Project components include the capacity development of the IDMCs and water user organizations (WUOs).

14. With regard to the question of funding for operation and maintenance, the PCR the ADB Central Region Water Resources found that all IDMCs were receiving the amounts that had been requested in their budgets (although as noted above there were some problems with cost norms). Funding for operation and maintenance above the tertiary level was thus not a problem or an issue and will not be as long as Decree 115 remains in effect (and the cost norms are adjusted regularly).

15. In addition, the PCR mission noted that the activities aimed at restructuring WUOs had also been successful with many restructured organizations were fully self sufficient and able to pay for operation and maintenance activities from the tertiary canal level on down. By undertaking work on the primary and secondary levels under contract from the IDMCs the WUOs were earning funds which could go into tertiary level maintenance as well as other activities. The measures undertaken for the restructuring of the IDMCs and WUOs would thus provide a good model for the Central Highlands project.

#### IV. Conclusions

16. Prior to the promulgation of Decree 115 the sustained operation of irrigation systems in Vietnam was a major issue and many schemes were deteriorating as a result of insufficient maintenance funding. This dramatically changed with the promulgation of Decree 115 and schemes throughout the country are now guaranteed funding for operation and maintenance down to the secondary canal level. As long as the Decree remains in place a major concern about sustainability has been significantly reduced. Moreover, if the model followed for WUO restructuring under the Central Region Water Resources project is followed during the implementation of the Central Highlands project, concerns will be reduced even further since effective operation and maintenance will be expected right down to the farmer field level. There are, however, still some issues:

- Decree 115 should be seen as a medium-term measure at best. Long term subsidies of irrigation operation costs could lead to excessive and inefficient use of water with farmers neglecting conservation measures for a scarce resource.
- Decree 115 will only continue to be effective if the cost norms continue to keep up with real and actual costs on the ground. It is too easy for governments to divert or reduce funding for recurrent costs (or simply not keep up with inflation), leading to reduced funding and thus reduced maintenance.
- The provision of subsidies is a financial burden on a government's budget. So far this does not seem to be an issue but it may become one if the current economic downturn in Vietnam becomes worse.
- The provision of subsidies to a relatively well-off portion of the population (farmers with irrigated land) seems inequitable when farmers without irrigation get no subsidies at all. On the other hand the intent was never equity, it was to prevent the deterioration of irrigation schemes and a decline in rice production.
- Other types of infrastructure, notably rural roads, still receive far less funding than is needed to ensure their sustainability. Providing subsidized funds for irrigation infrastructure reduces the funding available for such needs.

17. Concerns on sustainability can be significantly alleviated if they are informed about (i) the long and sustained history of irrigation in Vietnam despite a wide range of adversities and (ii) Decree 115 and its documented impact so far.

## Appendix 2: Subproject Eligibility Criteria

### Agreed Eligibility Criteria for Sub-Projects following Mid Term Review October 2012

Criteria number	Theme	Requirement
1	National Strategy	Sub-projects should be complimentary and supportive of the GoV National Target Program for New Rural Development (NRD)
2	Socio-Economic Relevance	Sub-Projects should be consistent with medium and long-term sectoral and local Socio-Economic Development Plans (SEDP) and strategies
3	Improved Productivity, Pro-poor	Sub-Projects target improved productivity – with improvement in livelihoods and conditions of the poor – and priority to ethnic and high poverty areas with productive potential
4	Safeguards Compliance	Safeguards compliance with Gov and ADB guidelines – Sub-projects should create least negative environmental impact, be located away from protected areas, and with minimal site clearance and resettlement requirement
5	Integrated Model Approach	Sub-projects should follow an integrated development model – centered on appropriate rehabilitation, upgrading and/or completion of existing but deteriorated PRI (with priority to subprojects with irrigation schemes) to optimize productivity and increase efficiency of a productive area for optimum benefit, and to create a critical mass of PRI”
6	Feasible	Sub-Projects must be feasible – economically, financially and technically. They can include access to productive areas, extending sub-irrigation works, aquaculture, water supply, markets etc to maximize investment efficiency
7	Investment Range	Subproject investment levels should be between US\$2m to US\$7m for each subproject, leading to approximately 5 Subprojects per Province. However, exceptions outside this range would be considered on their merit
8	Socio-economic benefit	Sub-projects should maximize socio-economic benefits, particularly on poverty, gender and fair employment practices
9	Sustainability	Sub-projects should have a sustainability Focus – taking consideration of capacity building needs to develop, manage and use the PRI
10	Commitment of Province	The Provincial governments must formally commit to: <ul style="list-style-type: none"> <li>a. ensure funding for O&amp;M compliance; and</li> <li>b. provide for full counterpart funding requirements</li> </ul>

### Appendix 3: Screened Subprojects and the Order of Priority Agreed with the Provincial Governments

**Table 1: Summary Assessment of Kon Tum Subprojects**

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
KT01	Repair & upgrade an irrigation system in Kon Trang KLa/ Đac Trít (reservoir supplied); rural roads to and within the irrigation service area (ISA), Đak La area	Representative subproject – not included in this assessment. <b>Include in 1<sup>st</sup> priority list</b>	5.5	114	1
KT02	Upgrade Đac S'Nghe irrigation system (run of river diversion); rural roads to and within the ISA, Tân Lap area.	Only moderate production increases expected; justified to secure existing works and avoid risk of major failure; roads justified; <b>Include in 1<sup>st</sup> priority list.</b>	2.2	45	2
KT03	Repair & upgrade Lung Lau irrigation system (run of river diversion); rural roads in Sa Son area	High cost (small areas); technically feasible; expect marginal economics; but very high social benefits; roads justified. <b>Include in 1<sup>st</sup> priority list.</b>	2.2	45	5
KT04	Repair & upgrade Dak Dam irrigation system (run of river diversion); rural road to and within the ISA, Kon Vang area	High cost (small areas); technical feasible; expect marginal economics; but very high social benefits. <b>Include in 1<sup>st</sup> priority list.</b>	3.1	65	3
KT05	Part 1: Repair and upgrade Dak Kit Irrigation system (run of river diversion); rural roads in Đak Môn area	High cost (small areas); technically feasible; may be economically marginal but high social benefits. <b>Include in 1<sup>st</sup> priority list.</b>	2.5	53	4
	Part 2; Rebuild Duc Lang Irrigation system (run of river diversion); rural road in Dak Mon- Đak Long area	High cost (small areas); destructive nature of river raises technical concerns; road upgrade urgently needed; very high social benefits <b>Include in standby list</b>	2.9	62	7
KT06	3 sites; mostly rural roads in Kon Cheo-Kon Dao area; repair of small irrigation system (run of river diversion).	2 sites only inspected; roads seen appear justified (through residential /production area); one proposed bridge not justified; <b>Include in standby list (selected parts only)</b>	4.5	95	6

**Table 2. Summary Assessment of Gai Lai Subprojects**

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
GL01	Complete M'La Irrigation System smaller canals (reservoir supplied); rural roads in irrigation area	Good potential for increased production; urgently needed to utilize large sunk investment; strong candidate subproject. <b>Include in 1<sup>st</sup> priority list</b>	6.0	126	1
GL02	Upgrade /complete Nghia Hung irrigation system (reservoir); rural roads in Tan Son & Chu Jo Communes	Representative subproject – not included in this assessment. <b>Include in 1<sup>st</sup> priority list</b>	3.0	63	2
GL03	2 sites; Upgrade /complete Pleit To Kon (P1) & Dak Let (P2) irrigation systems (both reservoirs); associated rural roads.	Technical uncertainties (particularly Part 2); expect marginal economics; social benefits; roads for Part 1 justified. <b>Include Part 1 in standby; delete Part 2.</b>	2.9	61	6 (P1 only)
GL04	Upgrade A Dok /Dak Doa irrigation system (spring fed); associated rural roads.	Technically simple; good benefits; very high social benefits. Strong candidate <b>Include in 1<sup>st</sup> priority list.</b>	2.4	50	3

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
GL05	3 parts: Repair & upgrade Tan Hoi (P1), An Quy (P2), & Ha Tam (P3) irrigation systems (P1 pumps, others reservoirs); associated rural roads.	P1 very productive areas; P2 not seen but appears reasonable from briefing; P3 reservoir leaking and needs fixing to limit risk of failure /protect investment; roads justified. <b>Include in 1<sup>st</sup> priority list.</b>	2.5	53	4
GL06	Repair & upgrade Ea Dreh irrigation system (reservoir); rural roads to and within the irrigation area	Good potential for production increase; technically simple; very high social benefits; may be scope to reduce costs; <b>Suited for 1<sup>st</sup> priority list; but include in standby list due to funding limits</b>	3.5	73	5

Table 3: Summary Assessment of Dak Lak Subprojects

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
DL01	Complete distribution system of Ea Soup irrigation system (reservoir); rural roads in ISA (added during ISPR)	Allows design production targets to be achieved; good benefits; utilizes sunk investment; high social benefits; roads justified; strong candidate subproject <b>Include in 1<sup>st</sup> priority list</b>	7.1	148	1
DL02	Upgrade /extend Buon Tria irrigation system (reservoir); new canal required; rural roads in ISA + in another irrigation area in the vicinity	Good benefits; canal redesign required to reduce land acquisition; water balance for additional irrigation area to be confirmed; roads justified; <b>Include in 1<sup>st</sup> priority list.</b>	2.8	57	4
DL03	Repair /upgrade Ea Kao irrigation system (reservoir) for the production area in 4 communes and two wards of Buon Me Thuat City	Representative subproject – not included in this assessment. <b>Include in 1<sup>st</sup> priority list</b>	4.0	83	2
DL04	Repair /upgrade of 4 irrigation systems and rural roads in Krong Nang.	Good mix of small reservoirs and roads. Minor land acquisition. <b>Include in 1<sup>st</sup> priority list</b>	2.2	45	3
DL05	Repair /upgrade 5 irrigation systems (4 reservoirs, 1 pumped); covers 2 districts (Ea Kar, Krong Pak); proposed seed multiplication project for Government	Land ownership, farming set up, and benefit stream needs clarification and verification; only sketchy technical detail available on headworks; schemes are scattered; considered more suited to direct funding by the Government. <b>Not included but will be reviewed at midterm review.</b>	3.8	69	-
DL06	Repair /upgrade cluster of 5 irrigation systems (reservoirs); rural roads connect to the production area	Late inclusion; selected inspections only; parts appear to be suitable; roads justified. <b>Include in standby list</b>	5.0	104	4

Table 4: Summary Assessment of Dak Nong Subprojects

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
DN01	4 sites: Repair /upgrade 4 irrigation systems (reservoirs) – P1 Dak Mam, P2 Dak Nang, P3 Dak Pok, P4 Dak M'Hang; mainly reservoir works & canal upgrade;	Moderate production increases; reservoir upgrade needed for long term safety and protection of existing works; roads justified.	6.5	137	1

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
	rural roads in ISAs.	<b>Include in 1<sup>st</sup> priority list</b>			
DN02	3 sites; Repair /upgrade of 3 irrigation systems (reservoirs) in Cu Jut District; P1 Dak Dier; P2 Dak Drong, P3 Cu Pu;	Moderate production increases; P1 to complete canals to utilize sunk investment; P2 & P3 have safety issues (leaks) & needs urgent repair; roads justified. <b>Include in 1<sup>st</sup> priority list.</b>	3.3	70	2
DN03	Repair /upgrade 2 small diversion weir irrigation systems within a larger reservoir served system at downstream end; #5 weir Quang Loc repair, & #6 weir (rebuild); associated rural roads	Moderate benefits; technically feasible; water balance of supply reservoir said to be ok but needs confirmation. <b>Include in 1<sup>st</sup> priority list.</b>	2.4	51	4
DN04	Develop 17 ha fish-breeding centre for Dak Nong Province in Dak Mil District	Government owned land; intended for sale of fingerlings to other provinces and local farmers; benefit steam needs clarification. <b>Standby subject to clarification of investment targets and benefits.</b>	2.1	45	5
DN05	2 sites: Repair /upgrade 2 irrigation systems (both reservoirs); proposed to raise P1 reservoir +3 m; associated rural roads; P2 Che Bien spillway repair;	Raising reservoir level for P1 not supported; P2 reservoir repair justified to preserve existing works; marginal production increases; <b>Include P2 reservoir on standby list, delete P1</b>	1.1	24	6
DN06	Develop drainage system in Krong No District to reclaim 650 ha; land was previously high production, but clogging of natural drainage has rendered it unusable for last 10 years.	Not inspected - assessment based on detailed briefing; appears strongly justified given potential large production increases; designs are done (waiting funding) <b>Include in 1<sup>st</sup> priority list</b>	3.3	70	3

Table 5: Summary Assessment of Lam Dong Subprojects

No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
LD01	Repair /upgrade Da Teh irrigation system (reservoir); drain desilting; rural roads in ISA	Reservoir & top end of this large system is in good condition; upgrade of tail-end canals & drainage strongly justified to regain full potential; roads justified; may be scope to reduce costs (appear high). <b>Include in 1<sup>st</sup> priority list</b>	5.6	118	1
LD02	3 parts: Upgrade East (P1) & West (P2) Li Linh irrigation systems (both reservoirs) and canals & associated roads; P3 is Bao Thuan rural road	P1/2 provide moderate production increases but justified to secure existing works and avoid risk of major failure; P3 road has very high social benefits; review costs (appear high); <b>Include in 1<sup>st</sup> priority list.</b>	5.1	106	2
LD03	2 sites; Repair /upgrade Loc Xuan (P1) and Tu Ra (P2) irrigation systems (both reservoirs); associated rural roads;	Both sites good potential for high value vegetable production; policy to replace rice strongly supported; proposed raising of P1 reservoir not supported and technical alternatives for increased water need investigation; roads justified. <b>Include in 1<sup>st</sup> priority list.</b>	3.6	75	3
LD04	Repair & upgrade Da Bao irrigation	Large proposed increase in reservoir level			



No.	Description	Summary Assessment /Recommendation	Cost		ISPR Rank
			\$ mil	VND bil	
	system (reservoir); rural roads	of 10 m not supported. Not inspected. <b>Not eligible - deleted</b>			
LD05	Repair /upgrade Lam Ha Irrigation System (run of river diversion); rural roads;	Late inclusion, preliminary inspection; performing well below potential so repairs /upgrade justified; roads justified; <b>Include in standby list</b>	4.3	90	4