



## Project Administration Memorandum

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Project Number: 40282  
September 2007

### VIE: Emergency Rehabilitation of Calamity Damage Project

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

Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 19 October 2006)

Currency Unit – dong (D)

D1.00 = \$0.000062278

\$1.00 = D16,015

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
CCFSC	–	Central Committee for Flood and Storm Control
CPMU	–	Central Project Management Unit
DARD	–	department of agriculture and rural development
DMS	–	detailed measurement survey
EMP	–	environmental management and monitoring plan
Ha	–	Hectare
ICB	–	international competitive bidding
IEE	–	initial environmental examination
IPDF	–	indigenous peoples development framework
Km	–	Kilometer
MARD	–	Ministry of Agriculture and Rural Development
NCB	–	national competitive bidding
PPC	–	provincial people's committee
PPMU	–	provincial project management unit
SEDP	–	Socioeconomic Development Plan

## **NOTES**

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

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#### SUPPLEMENTARY APPENDIXES

- A. Environmental Assessment and Review Framework
- B. Initial Environmental Examination
- C. Indigenous Peoples Development Framework

### LOAN PROCESSING HISTORY

a.	Approval of Project Preparatory Assistance	N/A
b.	Feasibility Study	Submitted after loan approval
c.	Fact-finding	27 Mar – 28 Apr 2006
d.	Management Review Meeting (MRM)	25 Sep 2006
e.	Appraisal Mission	Not Required
f.	Staff Review Committee (SRC) Meeting	Waived
g.	Loan Negotiations	16-17 Oct 2006
h.	Board Circulation	31 Oct 2006
i.	Board Consideration and Approval	21 Nov 2006
j.	Loan Agreement and Signing	7 Dec 2006
k.	Loan Effectiveness, including conditions	23 Apr 2007

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b>  Sustained economic growth in areas affected by the 2005 typhoons	Economic growth rates for affected districts	Reports of the Government Statistics Office  Provincial and district statistics covering economic activities and poverty	
<b>Outcome</b>  Rapid resumption of livelihoods and reduced vulnerability to natural disasters in the affected areas	Rural infrastructure constructed and repaired to agreed flood-resistance design standards  Improved access to schools, markets, and other services  Reduced loss of life and damage in future storm seasons	Annual reports of the provincial departments of agriculture and rural development (DARDs) in each project province  Project completion report prepared by the Central Project Management Unit (CPMU) in the Ministry of Agriculture and Rural Development (MARD)  School enrollments and health clinic records  Damage assessments of the Central Committee for Flood and Storm Control (CCFSC)  Annual reports of the provincial departments of transportation and construction	<b>Assumptions</b> Causes of failure identified and dealt with during detailed design  Appropriate preparedness and mitigation measures can be incorporated into subprojects at reasonable cost  Adequate and timely counterpart funds provided by the central and provincial governments  <b>Risks</b> Many subprojects found to be environmental category A or to have significant resettlement or other social impacts that would preclude their inclusion in the Project  Feasibility and detailed design studies require extended time, precluding completion within the implementation period  Costs increase dramatically above indicative estimates used for project design
<b>Outputs</b>  1. Essential infrastructure (roads, flood protection, irrigation systems, and social infrastructure) reinstated  2. Equivalent or enhanced storm and flood protection provided to vulnerable areas	In the 39 priority subprojects, rehabilitation completed by 30 June 2009 for (i) 64 kilometers (km) of irrigation canals (including 21 diversion structures) serving more than 11,000 hectares (ha) of irrigated land; (ii) 112 km of rural roads (including 67 culverts and 5 bridges); (iii) about 13 km of sea	Annual reports of the DARDs in each project province  Project completion report prepared by the CPMU  CCFSC reports on future natural disasters  Annual reports of the provincial departments of transportation and construction  Contract handover reports	<b>Assumptions</b> Timely recruitment and mobilization of international and national consultants  Timely award of civil works contracts  Adequate performance by contractors  <b>Risks</b> Delays in Government approvals cause late start and

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	<p>dikes and 17 km of flood protection embankments; and</p> <p>(iv) schools, markets, and rural water supply schemes</p> <p>Rehabilitation of the additional subprojects (to be selected during project implementation) completed by 30 June</p>	<p>Audit reports</p> <p>Project progress reports</p> <p>Project review missions</p>	<p>completion of works</p> <p>Delays in completion of feasibility and detailed design processes, including risk and vulnerability assessments</p>

Activities with Milestones	Inputs
<p><b>Initial Activities</b></p> <p>1.1 Project administration memorandum completed by end of November 2006</p> <p>1.2 Subproject screening completed by end of March 2007</p> <p>1.3 National design consultants contracted by end of January 2007 (for second batch of subprojects)</p> <p>1.4 International consultants contracted by end of January 2007</p> <p>1.5 Pro forma contract documentation prepared by end of November 2006</p> <p><b>Design and Feasibility</b></p> <p>2.1 Design contracts awarded by end of February 2007</p> <p>2.2 Detailed designs for first batch of subprojects completed by end of February 2007</p> <p>2.3 Risk and vulnerability assessments for subsequent subprojects completed by end of September 2007</p> <p>2.4 Designs for first batch of subprojects approved by end of February 2007</p> <p>2.5 Initial environmental examinations prepared for environmental category B subprojects by end of September 2007 (second batch) and end of May 2008 (third batch)</p> <p>2.6 Resettlement plans prepared for any category B subprojects by end of March 2008</p> <p><b>Implementation of Subprojects</b></p> <p>3.1 Contract documents completed by end of December 2006 (first batch)</p> <p>3.2 Bid evaluations completed by end of January 2007</p> <p>3.2 Contracts awarded by end of February 2007</p> <p>3.3 Construction completed by end of May 2009</p> <p>3.4 Environmental management plans implemented by end of June 2008 (second batch) and end of May 2009 (third batch)</p> <p>3.5 Any resettlement and related compensation for category B subprojects completed by end of June 2008</p> <p>3.6 Subprojects handed over by end of June 2009</p>	<ul style="list-style-type: none"> <li>• Asian Development Bank (\$50.97 million) <ul style="list-style-type: none"> <li>- Priority subprojects (\$36.19 million)</li> <li>- Additional subprojects (\$7.04 million)</li> <li>- International consultants (\$0.77 million)</li> <li>- Project management, including design and supervision by national consultants (\$6.33 million)</li> </ul> </li> <li>• Government (\$8.92 million) <ul style="list-style-type: none"> <li>- Priority subprojects (\$6.39 million)</li> <li>- Additional subprojects (\$1.24 million)</li> <li>- Project management, including design and supervision by national consultants (\$1.30 million)</li> </ul> </li> </ul>





## **I. PROJECT DESCRIPTION**

### **A. Project Area**

1. The Project will (i) reinstate essential infrastructure, including roads, flood protection, irrigation systems, and social infrastructure in 10 provinces that were severely affected by typhoons and storms in 2005; and (ii) concurrently provide equivalent or enhanced storm and flood protection to vulnerable areas where feasible. It will enable people to resume their normal lives by restoring access to basic services. The project area encompasses parts of Ha Giang, Ha Tinh, Nam Dinh, Nghe An, Phu Tho, Phu Yen, Quang Binh, Quang Tri, Thanh Hoa, and Yen Bai provinces.<sup>1</sup>

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

2. The Project's impact will be sustained economic growth in the 10 provinces severely affected by typhoons in 2005. Its outcome will be rapid resumption of livelihoods and reduced vulnerability to natural disasters in the affected areas.

### **C. Outputs**

3. The Project's outputs will be rehabilitated and strengthened infrastructure in four sectors (i) flood protection, (ii) irrigation, (iii) roads and bridges, and (iv) social services. The Project will finance (i) contracts for civil works; (ii) contracts with national consulting firms that have recently worked or are currently working in the affected districts for feasibility study and detailed design; and (iii) a contract with a team of international and national consultants for technical, social, and environmental review. The general scope of rehabilitation under the Project is shown in Table 1.

#### **1. Complete Feasibility Studies and Detailed Design of Subprojects**

4. Of the 176 subprojects proposed for rehabilitation by the project provinces at project appraisal, 105 were considered suitable for inclusion on the basis of rapid visual inspection.<sup>2</sup> Further prioritization was made and 39 core subprojects (costing about \$49.7 million) for which loan funds will be reserved. Given that the rehabilitation needs in the project provinces exceed the available funds, not all potentially suitable subprojects can be financed under the Project. Hence, subprojects that are not on the priority list will be included on a first-come, first-served basis. Eventually, the list of potential subprojects was reduced to 81 (46 core and 35 as second priority) as a result of the Government's decision to carry out a number of subprojects using local funds. The revised list of potential subprojects as of June 2007 is given in Appendix 1. The criteria for selection of subprojects are in Appendix 2. Arrangements for the review of the feasibility studies are provided in para. 17.

5. In each of the 10 project provinces, the DARD will (i) screen and classify subprojects (and exclude any classified category A in relation to ADB's policies on environment, resettlement, or indigenous peoples),<sup>3</sup> (ii) implement public consultations and carry out social analyses and environmental assessments, (iii) prepare subproject feasibility studies and detailed design, and (iv) procure goods, works, and services needed for the Project. Final

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<sup>1</sup> Binh Dinh province's request to be included in the Project will be considered by ADB and the Government following more detailed review of conditions to be made during implementation.

<sup>2</sup> Based on the information provided, these satisfy two critical selection criteria for subprojects: (i) located within the defined impact area and for which the proposed rehabilitation is directly related to typhoon damage in 2005, and (ii) not requiring significant land acquisition or resettlement.

<sup>3</sup> Screening of subprojects will be a continuous process and subproject classification will be reviewed on completion of detailed design. DARD and the provincial project management unit in each province will ensure that only subprojects that are categorized as C for resettlement impact are implemented during the first year of the Project.

acceptance of subprojects will depend on, among other aspects, absence of significant negative environmental and social impacts.<sup>4</sup>

**Table 1: Scope of Work**

<b>Component</b>	<b>General Scope of Work</b>
Flood Protection	Rehabilitate damaged sea dikes and flood protection embankments, including rebuilding dikes and embankments and related structures, protecting them against future recurrence of typhoons and floods, and adding protective works.
Irrigation	Rehabilitate and protect damaged irrigation facilities, including reinstating damaged weirs, irrigation and drainage pumping stations, culverts, canals, drains, river banks, reservoirs, bridges, and access roads.
Roads and Bridges	Rehabilitate and protect damaged district and commune roads and bridges, including restoring and protecting road embankments, replacing damaged pavements, resurfacing roads, and reinstating drainage works.
Social Services	Rehabilitate and protect damaged schools, water supply systems, and markets.

Sources: Provincial reports to the Ministry of Agriculture and Rural Development.

6. The DARD will select and recruit national consulting firms to undertake the detailed studies associated with these tasks. For each subproject screened as environmental category B, the consultants will prepare an initial environmental examination (IEE) and an environmental management and monitoring plan specific to the particular subproject, following the environmental assessment and review framework available in Supplementary Appendix A (a generic IEE for the Project is available in Supplementary Appendix B and the summary IEE is given in Appendix 3). For any resettlement category B subproject, a resettlement plan will be prepared in accordance with the resettlement framework (Appendix 4). If ethnic minority groups will be at a disadvantage in the development process or encounter constraints on their ability to enjoy project benefits, an indigenous peoples development plan will be prepared in accordance with the indigenous peoples development framework (IPDF) in Supplementary Appendix C. A summary poverty reduction and social strategy is in Appendix 5.

7. Although every effort will be made to fast-track preparation of subprojects, causes of failure will be assessed and appropriate means of overcoming previous design weaknesses shall be identified. A risk and vulnerability assessment will be made for each subproject, and increased standards of flood protection or flood conveyance capacity will be incorporated as appropriate. For sea dikes, the DARDs will adhere to the design standards developed by MARD's Dike Management, Flood and Storm Control Program.<sup>5</sup> Subproject proposals will be prepared in a format agreed to by MARD and ADB.

<sup>4</sup> Significant environmental impacts are those that would raise the environmental classification of the subproject to category A, requiring the preparation of a full environmental impact assessment. Similarly, significant social impacts are those that would raise the resettlement or indigenous peoples classification of the subproject to category A, requiring the preparation of a full resettlement plan and/or indigenous peoples development plan. Any such reclassified subproject would be incompatible with expeditious reinstatement of the infrastructure to be rehabilitated under this Project.

<sup>5</sup> Subprojects that are relatively large and complex will require a program of investigations (e.g., foundation investigations and materials testing) to support their feasibility study and redesign. Their implementation may extend into the second project year, with a risk of financing shortfall if funds are not reserved.

## 2. Implement Subprojects

8. The DARDs will (i) supervise construction implementation (including the incorporation of any specified environmental mitigation measures and/or specific actions aimed at mitigating adverse social impacts and compensating individuals affected for losses), and (ii) ensure adherence to the environmental management and monitoring plan. MARD through its CPMU will provide overall coordination and supervision of implementation.

### D. Special Features

9. The Project will ensure rapid resumption of livelihoods in the affected areas by reinstating essential infrastructure and services. The Project will have many positive social and environmental impacts. As much as possible, damaged structures will be rehabilitated or reconstructed at their original sites. Hence, little land acquisition or involuntary resettlement will be required. The Project is categorized as environmental category B, resettlement category B, and indigenous peoples category B. It will use a sector-like approach in preparing subprojects for implementation. Hence, the environmental assessment procedures for sector loans will apply.

## II. COST ESTIMATES AND FINANCING PLAN

### A. Project Investment Plan

10. At project appraisal, the project investment cost was estimated at \$59.9 million, including taxes and duties of \$5.8 million (Table 2 and Appendix 6). The cost estimate is based on the damage and needs assessment prepared by Government and ADB staff, and incorporates, as appropriate, current Government design standards and unit cost norms. The civil works costs cover the agreed priority subprojects and other subprojects that will be selected during implementation (Appendix 1). Costs include an allowance for project management, design and supervision, construction insurance, and consulting services.

**Table 2: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Priority subprojects rehabilitated	42.57
2. Additional subprojects rehabilitated	8.28
3. Project implementation managed	8.40
<b>Subtotal (A)</b>	<b>59.25</b>
<b>B. Contingencies<sup>c</sup></b>	<b>0.00</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>0.64</b>
<b>Total (A+B+C)</b>	<b>59.89</b>

<sup>a</sup> Includes taxes and duties of \$5.8 million.

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

<sup>c</sup> No contingencies are included in the cost estimates because the Project will follow a sector approach in preparing and implementing subprojects. Subproject costs estimates allow for any land acquisition, resettlement, and specific environmental or social mitigation measures.

<sup>d</sup> Includes interest charges. Interest during construction is computed at 1%.

Source: Asian Development Bank estimates.

### B. Financing Plan

11. The loan of \$50.97 million equivalent from ADB's Special Funds resources will finance 85% the Project. The loan has a 40-year term, including a grace period of 10 years, an interest

rate of 1% per year, and repayment of principal at 2% a year for the first 10 years after the grace period and 4% a year thereafter. The Government's contribution from local sources will be \$8.92 million or 15% of the total project cost.

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

12. The allocation of loan proceeds and the basis for withdrawal from the ADB loan are summarized in Appendix 7. This is after the change in percentage of local currency financing for Works (from 95% to 85%) and Project Management (from 92% to 83%) which was approved by Director, SEAE on 10 July 2007.

## **III. IMPLEMENTATION ARRANGEMENTS**

### **A. Executing Agency/Implementing Agencies**

13. The Ministry of Agriculture and Rural Development (MARD) will be the Executing Agency. The provincial people's committee (PPC) of each participating province shall be the implementing agencies.

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

#### **1. National Level**

14. The Central Project Management Unit (CPMU)<sup>6</sup> will:

- (i) provide overall project management and coordination;<sup>7</sup>
- (ii) liaise with the provincial people's committee (PPC) of each participating province and department of agriculture and rural development (DARD) in each province to prepare, select, and implement subprojects;
- (iii) provide advice and project orientation training to the DARDs; (iv) coordinate with relevant agencies of MARD and other ministries to guide the DARDs in relation to design standards; (v) help the DARDs to procure goods and services through international competitive bidding (ICB),
- (vi) monitor progress and budgets, and prepare progress reports covering the whole Project by consolidating the reports from each province, and
- (vii) prepare the project completion report.

#### **2. Provincial Level**

15. The PPCs in the project provinces shall, through the DARDs, select, prepare, and implement subprojects. Each provincial project management unit (PPMU) under the direct supervision of DARD shall carry out the works. Each PPMU will comprise a sufficient number of appropriately qualified staff and will be headed by a project manager at the provincial level. Where the DARD is not directly responsible for any particular type of infrastructure, the PPMU will work with the relevant authority (e.g., MARD for sea dikes and large flood protection works; provincial department of transportation for roads and bridges; and provincial department of construction for urban water supply, schools, and market facilities).

<sup>6</sup> The CPMU is based in MARD's Agricultural Projects Management Board and includes the resources and staff used for the recently completed project (loan 1564-VIE (SF)).

<sup>7</sup> MARD, as leader of Central Committee for Flood and Storm Control (CCFSC), will ensure that appropriate natural disaster preparedness measures are incorporated in the rehabilitated infrastructure.

16. The project organization chart is given in **Appendix 8**.

### 3. Subproject Selection Criteria and Approval

17. Feasibility studies (FSs) shall be prepared by the respective PPCs of each participating province for all subprojects. Copies of all subproject FSs in Vietnamese language and summaries in English, in the format of a Summary Investment Report as given in Appendix 9, shall be submitted to ADB. Subprojects prepared during the first year of the Project (up to May 2008) will be reviewed and appraised by the loan-financed international consultants with subproject approval given on a post-facto basis. All subprojects are required to meet the criteria for selection (Appendix 2). Review of FSs is subject to the arrangements outlined in Table 3.

**Table 3: Arrangements for Review of Feasibility Studies**

Type	Arrangement
A. Priority Subprojects: (i) Contracts to be procured through NCB (ii) Land acquisition and compensation or resettlement impacts not required	Post-review by international consultants on compliance with selection criteria including social and environmental safeguards; in case of non-compliance with the subproject selection criteria, ADB will declare such subprojects ineligible for financing and recover any disbursements made for it.
B. Priority Subprojects: (i) Contracts to be procured thru ICB (ii) Land acquisition and compensation or resettlement required	ADB approval prior to implementation
C. Second Priority Subprojects:	Prior review by international consultants for compliance with the selection criteria including social and environmental safeguards; financing is subject to availability of funds after earmarking priority subprojects
D. Binh Dinh Subprojects:	The following assessments are required prior to approval: 1. Capacity and institutional assessments of the IA. 2. Subprojects to be screened for social and environmental safeguard significance, and appropriate safeguard assessments to be undertaken in conformity with applicable environmental and social safeguard policies. 3. Technical, economic and financial analyses.

#### IV. IMPLEMENTATION SCHEDULE

18. The Project will be implemented over 30 months from the date of loan effectiveness, with an anticipated completion date of 30 June 2009 Appendix 10.<sup>8</sup> Construction activities will commence immediately following loan effectiveness.

#### V. PROCUREMENT

19. Civil works and related services will be procured in accordance with ADB's *Procurement Guidelines* (2006)<sup>9</sup> and Law on Bidding No. 61/2005/QH11 of the Social Republic of Vietnam (SRV) dated 29 November 2005. In case where the Laws on Bidding issued by the SRV are not in accordance with ADB's policies and procurement guidelines, ADB's guidelines shall prevail. A copy of the guidelines and the standard format for bidding documents are available on <http://www.adb.org/Procurement/prequalification-bid-documents.asp>

20. Except as ADB may otherwise agree, Goods and Civil Works shall be only procured on the basis of the methods of procurement set forth below:

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

21. State-owned enterprises will be eligible to bid for contracts if they are legally and financially autonomous, independent from MARD and the DARDs, and operate on the basis of commercial law and practice.<sup>10</sup>

22. Civil works contracts estimated to cost more than \$2 million equivalent will be procured through ICB. ADB's standard bidding documents for the procurement of works (large contracts) will be used. Prequalification will only be required for large or complex subprojects as determined by ADB at the feasibility study phase. Procurement using ICB procedures requires prior ADB review of invitations to bid, bidding documents, and bid evaluation reports. The bidding period will be 42 days for ICB contracts.

23. Civil works contracts estimated to cost \$2 million or less will be procured through NCB procedures. The Government's standard bidding documents and procedures will be used if these comply closely with ADB's *Procurement Guidelines* (2006). Postqualification or the national contractor's registration/classification system will be used for NCB contracts. The bidding period will be 21 days. Prior review by ADB of invitations to bid, bidding documents, and bid evaluation reports will be required for the first NCB contract in each province. Subsequently, post approval procedures will be followed. If for any reason ADB does not approve the award or terms of contract, the Government will use its own funds to finance the contract or to refund to ADB any payments already made from loan funds for that contract. A procurement plan is shown in Appendix 11.

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

<sup>8</sup> No new contract awards or commitments (including contract variations) will be allowed after the completion date.

<sup>9</sup> Procurement of goods is not envisaged under this Project.

<sup>10</sup> ADB has advised the Government that all companies operating directly under the supervisory authority of the executing agency or any implementing agency of an ADB-financed project will be excluded from participating. Other state-owned enterprises will be allowed only if they are equitized and operate under the Enterprise Law.

25. No procurement activity may be undertaken under NCB until ADB and the Borrower have agreed in writing on any necessary modifications or clarifications to the Borrower's public procurement procedures to ensure consistency with ADB's *Procurement Guidelines*. Such modifications or clarifications shall be subsequently reflected in the Procurement Plan.

26. **Domestic Preference.** The Borrower may grant a margin of preference in the evaluation of bids under ICB in accordance with paragraphs 2.55(a) and 2.56 of ADB's *Procurement Guidelines* for domestically manufactured Goods.

27. **Bidding.** The procedures to be followed for NCB shall be subject to and governed by the Law on Bidding issued by SRV (para 19 above) with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines:

i. Eligibility

(a) Bids that do not contain the following documents will not pass the documentary compliance check if they are a specific requirement of the bidding documents: (i) evidence of the required financial, technical or production capacity; (ii) audited financial statements; (iii) credit line or cash deposit certificate; (iv) bid security; and (v) authority of the bid signatory.

(b) National Sanction list may be applied only with prior approval of ADB.

ii. Advertising

Bidding of National Competitive Bidding contracts estimated at \$500,000 or more for Goods or \$1,000,000 or more for Works shall be advertised concurrently with the general procurement notices on ADB's Website.

iii. Price Ceiling

The approved budget for the contract (ABC) may be published, but it shall not be stated or implied that bid prices shall not exceed the ABC, or that bid evaluation will in any way take into account the ABC. The ABC, budgetary allocation, ceiling price, or similar estimates of contract value shall not be used to reject bids without prior concurrence of ADB.

iv. Domestic Preference

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

(b) Suppliers and contractors shall not be required to purchase domestically manufactured goods, supplier or materials.

(c) Foreign suppliers and contractors from ADB member countries shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms.

(d) Foreign suppliers and contractors from ADB member countries shall be allowed to bid, without registration, licensing, or other government authorizations, leaving compliance with these requirements until after award and before signing of a contract.

v. Experience Qualification

For a Works contract, the experience qualification requirement shall be: (i) at least one previous contract at 80% of the estimated cost of the contract being procured; and (ii) an annual turnover from all Works average over the last three years equal to 100% of the estimated cost of the contract being procured.

vi. Bid Security

Bid Security shall be in the form of a bank guarantee from a reputable bank.

vii. Contract Amendment

ADB's concurrence shall be obtained before approving modifications to contracts under implementation where (i) the value of the modification exceeds 15% of contract amount, or (ii) it results in material changes to the conditions in the contract.

viii. ADB Member Country Restrictions

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

ix. Condition for Award of Contract

The Borrower shall not award any Works contracts financed under the Loan until (i) the Resettlement Plan for the Subproject is approved by ADB; and (ii) all resettlement activities have been completed and related compensation payments, replacement of assets or other assistance for Affected People are delivered prior to the dispossession or displacement of the Affected People in accordance with the Resettlement Plan or other requirements relating to resettlement and vulnerable groups, as applicable.



## VI. CONSULTING SERVICES

28. The Project will finance 60 person-months of national and 27 person-months of international consultant inputs. Expertise will be required in natural disaster risk assessment; engineering investigations and design of hydraulic structures, irrigation systems, roads, bridges, sea dikes, and flood embankments; geotechnical engineering; economic and financial analyses; and social and environmental aspects. The team of international consultants will help the CPMU and the PPMUs to:

- i) undertake risk and vulnerability assessments;
- ii) review the technical, social and environmental soundness of feasibility studies and detailed designs prepared by national consulting firms (Table 2);
- iii) incorporate the provisions of ADB's social and environmental safeguard policies;
- iv) ensure adherence to ADB's policies and guidelines during implementation; and
- v) check the feasibility study and design products for each subproject prepared in the first year.

29. MARD will select and engage a firm of international consultants using the quality- and cost-based selection method and biodata technical proposals, in accordance with ADB's *Guidelines on the Use of Consultants* (2006).

30. The CPMU may engage consultants, either as individuals or as a firm, to assist with preparatory activities, and the DARDs will engage national consulting firms to help prepare feasibility studies and detailed designs of subprojects, complete contract documentation of works, help supervise construction, and monitor performance.

31. For contracts not exceeding \$100,000, single-source selection may be used to select national consulting firms in accordance with ADB's *Guidelines on the Use of Consultants* (2006).

32. The recruitment procedures are outlined in Appendix 12. ADB's reference documents on consulting services can be downloaded from <http://www.adb.org/Consulting/documents.asp>.

## VII. DISBURSEMENT ARRANGEMENTS

33. The Government will open a first-generation imprest account in a commercial bank acceptable to ADB, into which the ADB loan funds will be deposited, in accordance with ADB's *Loan Disbursement Handbook* (January 2007), a soft copy of which is available on <https://lfis.adb.org/home.asp>, updated from time to time. Similarly, each of the project provinces will establish a second-generation imprest account, in a bank acceptable to ADB, for local project expenditures. The total combined advances in the first- and second-generation imprest accounts at any time during project implementation will not be greater than the estimated expenditure for the coming 6 months or 10% of the loan amount, whichever is lower. The ceiling of the second-generation imprest account in each province will be the estimated local expenditure for the coming 6 months or \$1,000,000, whichever is lower. Payments to civil works contractors will be made directly by ADB, or from the imprest accounts as appropriate. The CPMU will make all ICB disbursements from the first-generation imprest account. The statement of expenditure procedure will apply to contracts not exceeding \$100,000. A fund flow arrangement including the disbursement modalities is provided in Appendix 13.

## VIII. PROJECT PERFORMANCE MONITORING AND EVALUATION

34. The CPMU will be responsible for setting up an appropriate system to monitor and evaluate project performance and impact as part of MARD's management information system with assistance from the project implementation consultants. Project performance monitoring and evaluation will refer to the design and monitoring framework (page ii). Baseline indicators and targets for each subproject will be developed by ADB staff, the CPMU, and DARDs prior to implementation.

## IX. ACCOUNTING, AUDITING, AND REPORTING

### 1. Audited Project Accounts

35. The CPMU will monitor and consolidate accounts for each province and prepare a separate account for the Project as a whole. Within 12 months of loan effectiveness, the CPMU will establish a computerized management information system suited to the financial management and reporting needs of the Project. A qualified firm will be recruited to audit project accounts annually. The audited accounts and auditor's report (including the auditor's opinion on the imprest account and statement of expenditure operations) will be submitted to ADB not more than 6 months after the end of each fiscal year. The Sample Audit Letter showing the details of financial and auditing requirements is provided in Appendix 14.

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

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

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

### 2. Semi-annual Project Progress Reports

37. Each agency directly involved in the Project (MARD and the DARDs) will prepare progress reports every 6 months and submit them within 1 month to the CPMU for consolidation and submission to ADB. The reports will describe progress in achieving design and monitoring framework targets (Page ii), any problems encountered and steps taken to resolve them, and activities for the next reporting period. The format and content of the semi-annual progress reports are provided in Appendix 15. The information in the progress report shall be useful in updating the Project Performance Report maintained by ADB Appendix 16.

### 2. Project Completion Report

38. MARD will prepare and submit a project completion report not more than 6 months after physical completion of the Project. The report will detail the results and achievements of the Project including an impact assessment and provide an analysis of the funds spent. The standard ADB format of the PCR is provided in Appendix 17.

## X. PROJECT REVIEW

39. ADB will conduct semiannual reviews, facilitated by MARD, to (i) examine the appropriateness of implementation arrangements and schedules of activities, including funds

flow; (ii) review compliance with agreed procurement procedures; and (iii) monitor the effectiveness of safeguard procedures.

## **XI. ANTICORRUPTION POLICY**

40. ADB's anticorruption policy<sup>11</sup> was explained to and discussed with MARD. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's anticorruption policy are included in the loan regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project will include provisions specifying the right of ADB to audit and examine the records and accounts of MARD and all contractors, suppliers, consultants, and other service providers as they relate to the Project. To deter corruption and increase transparency, procurement related information will be disclosed at a dedicated Government website.

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

### **A. Social Benefits and Impacts**

41. About 450,000 residents of remote areas of the project provinces will benefit directly from improved access to markets, schools, and other services; rapid resumption of income-earning activities; and greater security from natural disasters; rapid resumption of income-earning activities' and greater security from natural disasters. Rehabilitated structures will have higher resistance to floods, storm surge, waves, and other typhoon-related impacts, based on risk and vulnerability assessments. The causes of structure failure will be examined to ensure better design standards where necessary, and the completed works will be integrated into a database linked to provincial disaster preparedness plans.

42. Significant resettlement impacts are not expected because most of the rehabilitation work will be done within the existing right-of-way of the damaged infrastructure. Acquisition of some small areas of land may be needed where infrastructure cannot be reinstated within the original site. This may occur if the site has been eroded or otherwise rendered unsuitable, an alternative nearby site offers greater security in terms of future flood events, or sound technical and financial reasons are given for selecting another site. The Government and ADB have agreed on a resettlement framework that sets out the compensation and other entitlements for any unanticipated land acquisition and/or resettlement impacts in accordance the Government's applicable laws and regulations, and ADB's policy on involuntary resettlement.<sup>12</sup> The Project is classified category B. Short resettlement plans will be prepared for any subproject found to have resettlement impacts up to the limits of category B.

43. A high proportion of the ethnic minority groups will be affected in the subproject areas in Ha Giang, Yen Bai, and Phu Tho provinces. The Project is designed to ensure that all communities will benefit from the Project on an equitable basis. The Government and ADB have agreed to an IPDF prepared in accordance with the applicable Government laws and regulations, and ADB's policy on indigenous peoples.<sup>13</sup> The IPDF provides a policy framework to screen impacts of the subprojects, and accordingly, to prepare an appropriate indigenous peoples development plan or specific actions for the subprojects affecting ethnic minority groups. The Project is classified category B for indigenous peoples.

<sup>11</sup> ADB. 1998. *Anticorruption*. Manila.

<sup>12</sup> ADB. 1995. *Involuntary Resettlement*. Manila.

<sup>13</sup> ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila

## **B. Environmental Impacts**

44. While the Project may lead to temporary and reversible localized negative impacts, no significant adverse environmental impacts are foreseen, and the Project is classified as environmental category B. A generic IEE was prepared to identify potential impacts, appropriate mitigation measures, and suitable monitoring mechanisms (Supplementary Appendix B). Subprojects will follow environmental assessment procedures stipulated in an environmental assessment and review framework developed to ensure compliance with the Government's environmental regulations and ADB's *Environment Policy*<sup>14</sup> (Supplementary Appendix A). IEEs will be prepared for all category B subprojects. Although no environmental impact assessment is currently required, this will be reexamined during detailed design.

## **C. Risks and Assumptions**

45. Some large or complex subprojects will require investigations (e.g., foundation investigations) to support their feasibility and design studies. Their implementation could extend beyond the project completion date. To avoid the risk of non-completion of any such subprojects, they will be assessed within the first 6 months of project implementation. Only those that can be completed within the implementation period will be retained. The risk of cost overrun for large subprojects will be minimized by ensuring careful cost estimation at the design stage.

46. For greater safety and typhoon resistance, sea dikes may have to be set back from the seashore when they are rehabilitated. This would involve significant land use change and could lead to those subprojects being classified as category A for resettlement impacts, effectively removing them from the Project.<sup>15</sup> Under such a scenario, alternative subprojects would be selected from among those identified at appraisal including the latest adjustments (Appendix 1) and possibly also from among those that have not yet been inspected. To avoid the risk of having unsuitable subprojects financed by the Project, the selection criteria will be strictly adhered to (Appendix 2), requiring vigilance and close scrutiny on the part of MARD and ADB administration staff.

## **XIII. MAJOR LOAN COVENANTS**

47. The major and specific covenants are summarized in Appendix 18. These will be closely monitored and their compliance status will be submitted to ADB with the quarterly progress reports. In addition, the indicators in the Project's Framework are to be monitored regularly as well.

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

48. To facilitate communication and coordination of project activities, the names and contact addresses of key persons involved in the implementation of the Project are given in Appendix 19.

<sup>14</sup> ADB. 2002. *Environment Policy*. Manila.

<sup>15</sup> Sea dike subprojects represent a total cost of about \$22 million within the project cost of \$60 million.

## POTENTIAL SUBPROJECTS

Table 1: Priority Subprojects

Province/District		Subproject	Category	Replacement Cost <sup>a</sup> (\$ million)
<b>A. Yen Bai</b>				
1.	Tram Tau	Nam Da Irrigation	Irrigation	0.31
2.	Tram Tau	Tram Tau–Hat Liu (3 road segments)	Road	0.44
3.	Van Chan	Ngoi Nhi irrigation and Khe The and Thac Hoa	Irrigation	1.01
4.	Van Chan	Son-A suspension bridge	Road	0.31
5.	Van Chan	Son Thinh–Ban Moi village, Than Phu and Chanh Thinh suspension bridges, Chanh Thinh–Mui Kim road	Road	0.75
6.	Mu Cang Chai	Nam Khat and Ze Su Phinh	Irrigation	0.44
7.	Mu Cang Chai	Nam Khat–Le Khat and Nam Khat–Mi Hang Tau	Road	0.94
8.	Nghia Lo Town	Ban Ngoa flood protection, Nghia Phuc flood protection, Nghia Lo town reservoir	Irrigation	0.38
<b>Subtotal (A)</b>				<b>4.58</b>
<b>B. Phu Tho</b>				
1.	Thanh Son	My Thuan spillway	Road	0.63
2.	Cam Khe	Rehabilitation of reservoirs	Irrigation	0.75
3.	Yen Lap	Rehabilitation of spillways Xuan An–Trung Son	Road	1.26
4.	Tam Nong	Rehabilitation of reservoirs	Irrigation	1.01
<b>Subtotal (B)</b>				<b>3.65</b>
<b>C. Ha Giang</b>				
1.	Quan Ba	Lung Tam–Thai An road	Road	0.20
2.	Quan Ba	Nghia Thuan commune embankment	Flood protection	0.20
3.	Xin Man	Quang Nguyen commune embankment	Flood protection	0.30
4.	Hoang Su Phi	Thong Nguyen–San Sa Ho road	Road	1.32
5.	Yen Minh	Na Dong embankment and Mau Due embankment	Flood protection	1.19
6.	Bac Quang	Lien Hiep–Duc Xuan and Thuong Binh road	Road	0.82
7.	Hoang Su Phi	Vinh Quang primary school	Other	0.19
<b>Subtotal (C)</b>				<b>4.22</b>
<b>D. Nam Dinh</b>				
1.	Hai Hau	Hai Hau primary dike	Sea dike	8.47
2.	Giao Thuy	Giao Thuy primary dike	Sea dike	7.08
<b>Subtotal (D)</b>				<b>15.55</b>
<b>E. Thanh Hoa</b>				
1.	Hau Loc	Hau Loc	Sea dike	2.01
2.	Tinh Gia	Hai Thanh embankment	Flood protection	3.40
3.	Tinh Gia	Xuan Lam–Phu Son road	Road	1.89
4.	Nhu Xuan	Xuan Quy–Thanh Quan road	Road	2.51
<b>Subtotal (E)</b>				<b>9.81</b>

Province/District	Subproject	Category	Replacement Cost <sup>a</sup> (\$ million)	
<b>F. Nghe An</b>				
1.	Hung Nguyen	Hung Tay primary school	Other	0.38
2.	Ky Son	Xop-Nhi Bao Nam	Road	0.94
3.	Quynh Luu	Quynh Di	Sea dike	0.75
4.	Yen Thanh	Bien Ganh spillway/bridge	Road	0.25
5.	Do Luong	Trang Son embankment	Flood protection	0.75
6.	Dien Chau	Dien Ngoc embankment	Flood protection	0.44
<b>Subtotal (F)</b>			<b>3.51</b>	
<b>G. Ha Tinh</b>				
1.	Ky Anh	Rac River irrigation	Irrigation	0.75
2.	Duc Tho	La river embankment	Flood protection	0.25
3.	Huong Son	Pho Chau town embankment	Flood protection	0.31
4.	Duc Tho	Ngan Sau river embankment	Flood protection	0.37
5.	Thach Ha	Thac Dai–Thach Xuan road, Cho Bia bridge, and Cau Dong market	Road	0.94
6.	Can Loc	Ta Nghen Dike Hau Loc and Con Phuong sections	Sea dike	1.13
7.	Huong Khe	Huong Vinh bridge/spillway	Road	0.44
<b>Subtotal (G)</b>			<b>4.19</b>	
<b>H. Quang Tri</b>				
1.	Hai Lang	O Giang river embankment	Flood protection	1.96
2.	Vinh Linh	Vinh O–Vinh Khe road	Road	2.01
<b>Subtotal (H)</b>			<b>3.97</b>	
<b>I. Quang Binh</b>				
1.	Quang Trach	Van Hoa embankment rehabilitation	Flood protection	0.63
2.	Le Thuy	Kien Giang Zone II dike rehabilitation	Flood protection	1.62
3.	Tuyen Hoa	Rehabilitation of Vuc Tron reservoir	Irrigation	0.78
<b>Subtotal (I)</b>			<b>3.03</b>	
<b>J. Phu Yen</b>				
1.	Phu Hoa	Nam Binh and Long Uyen embankments	Flood protection	0.57
2.	Phu Hoa	Cam Thac village embankment	Flood protection	0.44
3.	Tay Hoa	Than Tay Ly pump station and Ben Sach bridge	Irrigation	0.63
<b>Subtotal (J)</b>			<b>1.64</b>	
<b>Total</b>			<b>54.15</b>	

<sup>a</sup> Includes design, supervision, and project management costs amounting to 15% of estimated construction cost.  
Sources: Provincial reports to the Ministry of Agriculture and Rural Development; PMO request of 20 June 2007.

Table 2: Other Subprojects

Province	Subproject	Category	Replacement Cost <sup>a</sup> (\$ million)
<b>A. Phu Tho</b>			
1.	Ngoi Van reservoir	Irrigation	0.38
2.	Minh Thuan bridge and Choc spillway	Road	0.88
	<b>Subtotal (A)</b>		<b>1.26</b>
<b>B. Ha Giang</b>			
1.	Irrigation in six communes	Irrigation	0.50
2.	Che La commune	Irrigation	0.57
3.	Duong Thuong–Thai An	Road	0.44
	<b>Subtotal (B)</b>		<b>1.51</b>
<b>C. Thanh Hoa</b>			
1.	Dinh Tien and A Lang pumping stations	Irrigation	0.50
2.	Reservoirs Phu Thon, Ngoc Vanh, Song Moc	Irrigation	0.31
3.	Cau Chay	Sea dike	0.35
4.	Culverts Xuan Lam Xuan Vinh	Road	0.38
5.	Reservoirs K23, Bai Dang, Chau Son	Irrigation	0.38
6.	Bai Buong Bai Moi dam	Irrigation	0.16
7.	Khe Doi, Khe De, and Khe Nhoi reservoirs	Irrigation	0.38
8.	Xuong bridge rehabilitation	Road	0.13
	<b>Subtotal (C)</b>		<b>1.65</b>
<b>D. Nghe An</b>			
1.	Spillways Mo Duc–Thach Ngan	Road	0.38
2.	Dien Luc dam	Other	0.09
	<b>Subtotal (D)</b>		<b>0.47</b>
<b>E. Ha Tinh</b>			
1.	Nha Thanh bridge	Road	0.38
2.	Ba Dan bridge	Road	0.06
3.	Song Tiem bridge	Road	0.09
4.	Khe Sanh dam spillway	Road	0.25
5.	Ong Nghe bridge	Road	0.06
6.	Da Bac dike and sluice	Sea dike	0.44
7.	Nha Tho reservoir	Other	0.06
8.	Nha trai bridge/reservoir	Irrigation	0.06
9.	Tri river embankment	Flood protection	0.25
	<b>Subtotal (E)</b>		<b>2.59</b>

Province	Subproject	Category	Replacement Cost <sup>a</sup> (\$ million)
<b>F. Quang Tri</b>			
1.	Tuong Van dike	Sea dike	0.37
2.	Hieu Nam reservoir	Other	0.36
3.	Hai An Hai Khe	Road	0.31
4.	Da La reservoir	Irrigation	0.07
5.	Dung reservoir	Irrigation	0.08
6.	Cau Duc reservoir	Irrigation	0.04
7.	Qui Ha reservoir	Irrigation	0.08
8.	Huong Tan weir	Irrigation	0.04
	<b>Subtotal (F)</b>		<b>1.35</b>
<b>G. Quang Binh</b>			
1.	Quang Phuc embankment rehabilitation	Flood protection	1.26
2.	Long Dai bridge rehabilitation	Road	0.88
	<b>Subtotal (G)</b>		<b>2.14</b>
<b>H. Phu Yen</b>			
1.	Rehabilitation of 2 kilometers of embankment in Binh Thanh village, Xuan Tho 2 communes	Flood protection	0.44
	<b>Subtotal (H)</b>		<b>0.44</b>
<b>Total</b>			<b>11.41</b>

<sup>a</sup> Includes design, supervision, and project management costs amounting to 15% of estimated construction cost.  
Sources: Provincial reports to the Ministry of Agriculture and Rural Development; PMO request of 20 June 2007.

Note: Totals per province may vary compared to the RRP due to rounding off difference.



## CRITERIA FOR SELECTION OF SUBPROJECTS

1. The Borrower shall ensure that all Subprojects meet the following criteria to receive financing under the Project:

- i) the damage to be repaired under the Subproject shall have been caused by the 2005 series of typhoons and tropical storms;
- ii) The Subproject shall not cause any significant negative environmental or social impact, or significant resettlement;
- iii) no Subproject shall be located within or adjacent to designated protector or conservation areas and other buffer zones, change the course of a river or alter river characteristics in a significant way, or have the potential to make significant changes in the surrounding environment;
- iv) Rehabilitation shall be technically feasible, cost-effective, financially viable and sustainable, and represent a least-cost alternative, while at the same time incorporate natural disaster risk reduction measures where necessary and feasible;
- v) The respective provincial people's committee (PPC) shall have an operation and maintenance (O&M) plan for the Subproject and assured provision of annual O&M budget, exclusive of any beneficiary contribution that may be negotiated during Subproject selection and preparation;
- vi) The contracted Works under the Subproject can be completed within the Project implementation period;
- vii) The estimated construction cost shall not exceed the original estimate by the Borrower by more than 15%;
- viii) Partial financing of a Subproject from sources other than the Loan and the Borrower's counterpart funding shall be permissible provided that the amounts and sources of all such external funding are clearly and transparently presented as part of the financing plan and submitted to ADB for approval; and
- ix) Costing of the Subproject shall not be less than \$200,000.

2. The Borrower shall also ensure that the Subprojects incorporate measures to enhance their resistance to typhoon damage based on risk and vulnerability analyses.

## SUMMARY INITIAL ENVIRONMENTAL EXAMINATION

### A. Introduction

1. The Project responds to the Government's request for Asian Development Bank (ADB) emergency assistance to reinstate infrastructure damaged by the series of typhoons and storms that battered the country between July and December 2005. The Project will (i) reinstate essential infrastructure, including roads, flood protection, irrigation systems, and social infrastructure; and (ii) concurrently provide equivalent or enhanced storm and flood protection to vulnerable areas where feasible. An initial environmental examination (IEE) was undertaken and generic environmental impacts for each component were assessed based on field visits to sites representative of the proposed priority subprojects. The IEE findings show that the overall impact of the Project will be positive. The Project is categorized as environmental category B.

### B. Project Description

2. The Project will use a sector approach in preparing subprojects for implementation and the environmental assessment procedures for sector loans will apply. Subprojects for rehabilitation will be selected from among those inspected during the Damage and Needs Assessment Mission (March–April 2006), at which time 105 subprojects were considered suitable on the basis of rapid visual inspection.<sup>1</sup> Thirty-nine priority subprojects have been identified. The scale of rehabilitation work in each subproject is mostly small (less than \$1 million equivalent)<sup>2</sup> and environmental impacts are expected to be mostly minor and easily mitigated. The project area encompass parts of Ha Giang, Ha Tinh, Nam Dinh, Nghe An, Phu Tho, Phu Yen, Quang Binh, Quang Tri, Thanh Hoa, and Yen Bai provinces.

3. The Project is prepared as an emergency assistance loan to ensure prompt restoration of services to the population. Thus, the IEE represents the initial scoping of environmental impacts and anticipated mitigation measures. A final screening of subprojects will be based on feasibility studies and detailed designs that take into account any adverse social and environmental impacts discerned from social analyses and consultations with individuals affected. Final acceptance of subprojects will depend on, among other things, absence of significant negative environmental and social impacts.<sup>3</sup>

### C. Description of the Environment

4. Viet Nam has a tropical monsoonal climate with frequent typhoons affecting the northern and central regions. The temperatures are subtropical in the north and tropical monsoon in the central region. Rainfall intensity can be high, producing both extensive flooding in the deltas of the Red and Mekong river basins, and flash floods in mountainous regions and along the central coast. Both the north and central regions experience an annual rainfall of 1,800–2,500

<sup>1</sup> Based on the information provided, these satisfy two critical selection criteria for subprojects: (i) located within the defined impact area and for which the proposed rehabilitation is directly related to typhoon damage in 2005, and (ii) not requiring significant land acquisition or resettlement.

<sup>2</sup> Four sections of sea dike/flood protection are estimated to cost in the range of \$3.4 million–\$8.5 million each.

<sup>3</sup> Significant environmental impacts are those that would raise the environmental classification of the subproject to category A, requiring the preparation of a full environmental impact assessment. Similarly, significant social impacts are those that would raise the resettlement or indigenous peoples classification of the subproject to category A, requiring the preparation of a full resettlement plan and/or indigenous peoples development plan. Any such reclassified subproject would be incompatible with expeditious reinstatement of the infrastructure to be rehabilitated under this Project.

millimeters, distributed unevenly through the year. Approximately 70% of the rainfall occurs during the main wet season from May to September/October.

5. The northern region is characterized by mountainous or hilly terrain except for the Red River valley and coastal plain, making this region extremely vulnerable to floods and other natural hazards. Along the central Viet Nam coastal plains the rivers are short and steep. Storms frequently produce flash floods, which are a serious hazard for the population concentrated within the alluvial floodplains. This area also suffers from severe droughts. On average, 4–6 typhoons reach Viet Nam each year. They raise sea levels, often by several meters, and cause extensive loss of land through wave-induced erosion. The resultant storm surges extend for considerable distances inland, flooding valuable land with saltwater and causing loss of life, damage to infrastructure, and disruption of livelihoods.

6. The dominant river system in the north is the basin of the 1,149 kilometer Red River. Rivers in the central region are relatively short with sharp transitions from steep mountains to flat coastal plains, the average distance from the mountains to the coast being only 70 kilometers. During the 2005 series of typhoons and floods,<sup>4</sup> these rivers experienced serious floods, which caused deaths and injuries (397 persons killed or missing). The typhoons, floods, and related phenomena damaged houses, agricultural land, aquaculture ponds, and key infrastructure. The estimated damage for 2005 was D5,800 billion (\$365 million).<sup>5</sup>

7. In general, the project provinces (except Nam Dinh and Phu Yen) have high percentages of poor residents. High incidence of poverty in the central region and northwest provinces are associated with low economic development and insufficient local revenue to finance rehabilitation or reconstruction of damaged infrastructure. The diminishing return from subsistence agriculture, given high birth rates and limited land per capita, presents these communities with bleak prospects for future generations.

8. The northwest provinces, where subsistence agriculture provides the major source of employment and income, are the poorest provinces and have the highest proportion of ethnic minority groups. Typically these groups have extremely limited access to development assets and farm marginal lands using inappropriate technologies. Progress is being made in reducing poverty and improving social development for ethnic groups, but the rate of success remains consistently lower than the national average. In coastal regions, sources of income are more varied and include fisheries, agriculture, paid employment, salt production, processing of dry seafood, and a number of trades such as carpentry.

#### **D. Screening of Potential Environmental Impacts and Mitigation Measures**

9. The main purpose of the Project is to ensure rapid resumption of livelihoods in the affected areas by reinstating essential infrastructure and services. The Project will have many positive social and environmental impacts. As much as possible, damaged structure will be rehabilitated or reconstructed at the original site. Hence, little land acquisition will be required and no involuntary resettlement.<sup>6</sup> Only subprojects classified as environmental category B or C will be accepted into the Project.

<sup>4</sup> The 2005 series was the most damaging since 1996 due to the cumulative effects of several high-intensity events hitting a broad area repeatedly over a short period.

<sup>5</sup> This excludes damage to sea dikes estimated at about \$670 million and damage to flood protection embankments.

<sup>6</sup> Subprojects requiring significant land acquisition and/or relocation of people are not eligible for funding under the Project.

10. Negative environmental impacts relate mainly to the construction phase and include increased dust, noise, traffic, and soil erosion. Risks are also associated with accidental spillage of fuel, other potentially hazardous products, and untreated effluent onto land or into rivers and wetlands. Some small areas of land could be damaged by construction plant; and river bed and bank changes could result from nearby excavation for, or reconstruction of, hydraulic structures such as weirs, bridges, and flood protection embankments. All such impacts or risks will be short-term and can be mitigated by adopting suitable construction practices. The potential for longer term impacts due to the reinstatement of embankments and dikes, such as changes in the course of rivers or locally severe erosion along the seashore, is low but will nevertheless be examined during the feasibility study and detailed design stages.

11. Potential subprojects will be excluded from project financing if they (i) are located within or adjacent to designated protected or conservation areas and their buffer zones, (ii) are likely to significantly change the course of a river or alter river characteristics, or (iii) have the potential to make significant changes in the surrounding environment, including existing wetlands.

12. The Quynh Di dike subproject in Quynh Luu district, Nghe An province, is adjacent to about 45 hectares of secondary mangrove forest planted in 2000 under a Belgian-funded project.<sup>7</sup> Rehabilitation work will cause some damage to mangroves adjacent to the dike, but the expected impact will be minimal. Mitigation measures include the planting of an area of mangroves equal at least to the area lost due to rehabilitation work.

13. Rehabilitation will generally be done within the existing right-of-way of the damaged structures. Some small areas of land may need to be acquired if the original site has been eroded or otherwise rendered unsuitable, an alternative nearby site offers greater security in terms of future flood events, or sound technical and financial reasons can be cited for selecting another site. The main impacts will be temporary loss of access to or use of small areas of land adjacent to the works, minor damage to agricultural land or other assets during construction, and in isolated cases, permanent occupancy of some areas of land. The involuntary resettlement impacts are deemed not significant and the Project is classified category B for resettlement.<sup>8</sup> A resettlement framework was prepared to guide the preparation of resettlement plans in such cases.

14. Ethnic minority groups account for 90% of the population in Ha Giang and 80% in Yen Bai provinces. Any subprojects in these provinces involving land acquisition and/or resettlement are highly likely to have impacts on indigenous peoples. However, the Project is unlikely to affect their (i) customary rights of access to or use of land and natural resources; (ii) socioeconomic status; (iii) cultural and communal integrity; (iv) health, education, livelihood, and social security status; or (v) recognition of indigenous knowledge. The Project is classified category B/C in relation to ADB's policy on indigenous peoples.<sup>9</sup> Specific indicators will be included as part of the project performance monitoring system to ensure that indigenous people participate in all phases of subproject selection, preparation, and implementation, and that they will share equitably in project benefits.

<sup>7</sup> The Quynh Di estuary is not listed as a designated area in the list of protected/conservation areas maintained by the Ministry of Natural Resources and Environment.

<sup>8</sup> ADB. 1995. *Involuntary Resettlement*. Manila. This policy paper defines resettlement as "significant" when 200 or more people experience major impacts. Major impacts are defined as involving people being physically displaced from housing and/or losing 10% or more of their productive, income-generating assets. ADB. 2003. *Operations Manual*, Section F2: Involuntary Resettlement. Manila defines the requirements for resettlement frameworks and full and short resettlement plans.

<sup>9</sup> ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila.

## D. Screening of Potential Environmental Impacts and Mitigation Measures

15. **Institutional Arrangements.** The Ministry of Agriculture and Rural Development (MARD) will be the Executing Agency for the Project. MARD, through the Central Project Management Unit (CPMU) of its Central Project Office, will assure overall planning, coordination, and reporting for the Project. The CPMU director<sup>10</sup> in Hanoi will be the project director. In each of the 10 project provinces, the provincial department of agriculture and rural development (DARD) through its provincial project management unit (PPMU) will select, prepare, and implement subprojects. The CPMU will liaise with the provincial people's committee and DARD in each province to coordinate subproject implementation. International consultants will assist the CPMU. Where MARD or the DARDs are not directly responsible for any particular type of infrastructure, the DARD will work closely with the relevant authority.

16. **Environmental Assessment and Review Framework.** An environmental assessment and review framework was prepared to guide the screening of subprojects, set out institutional arrangements in relation to environmental management and monitoring, and define environmental assessment requirements complying with the applicable laws and regulations of the Government and with ADB's *Environment Policy*.<sup>11</sup> The framework is available in Supplementary Appendix A.

17. The DARDs, through their PPMUs, are responsible for (i) screening and classifying subprojects (and excluding any classified category A in relation to ADB's policies on environment, resettlement, or indigenous peoples);<sup>12</sup> (ii) implementing public consultations and carrying out social analyses and environmental assessments; (iii) preparing subproject feasibility studies and detailed design; (iv) supervising construction implementation (including the incorporation of any specified environmental mitigation measures and/or specific actions aimed at mitigating adverse social impacts and compensating people affected for losses); and (v) ensuring adherence to the environmental management and monitoring plan (EMP).<sup>13</sup>

18. The PPMUs will supervise national consulting firms to prepare necessary environmental assessment, management, and performance monitoring reports, including IEEs, EMPs, and construction specifications with clearly defined obligations vis-à-vis environmental mitigation measures to be put in place by contractors. During construction, the PPMUs will report on implementation of the environmental assessment and mitigation measures. The CPMU will consolidate the provincial reports for submission to ADB every 6 months during project implementation. One international (3 person-months) and one national environment specialist (9 person-months) will be recruited as part of the international review consultant team to help the PPMUs classify subprojects and prepare IEEs and EMPs for representative subprojects in compliance with Government and ADB requirements.

19. **Public Consultation and Information Disclosure.** The Damage and Needs Assessment Mission did not provide for public consultation in relation to the Project. Extensive meetings and discussions were held with national and local government officials in each of the target provinces, and discussions were held with district and commune people's committees.

<sup>10</sup> The CPMU is based on the resources and staff used for the recently completed ADB. 1997. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for the Rural Infrastructure Sector Project*. Manila (Loan 1564-VIE[SF]).

<sup>11</sup> ADB. 2002. *Environment Policy*. Manila.

<sup>12</sup> Screening of subprojects will be a continuous process and subproject classification will be adjusted if necessary on completion of detailed design. The PPMU will be responsible for preparing IEEs for any category B subprojects.

<sup>13</sup> A generic EMP for the Project is available in the IEE included as Supplementary Appendix B.

Interviews were also carried out with selected communities on-site during the field visits. The 2005 series of typhoons and storms caused devastating effects on rural infrastructure and the lives of those affected. Across the spectrum of government officials and local communities, support was strong for rapid rehabilitation of damaged infrastructure as a means of restoring livelihoods and promoting general well-being in the communities.

20. During implementation, the PPMUs will initiate and lead public consultation as part of environmental screening and social assessments for each selected subproject. This will help identify any subproject-specific impacts for which environmental or social mitigation measures will be required. On the basis of the consultations, the PPMU will ensure that the concerns of those affected are taken into account in the subproject design arrangement, implementation, monitoring, and operation to the extent possible. All relevant project information and any resettlement plan, IEE, summary IEE, EMP, indigenous peoples development plan, or specific actions prepared under the Project will be made freely available to all individuals affected and other interested parties, in both English and Vietnamese, and will be posted on ADB's website following ADB and MARD approval of the related subproject detailed design.<sup>14</sup>

## **E. Conclusion**

21. The Project involves rehabilitation and occasionally complete reconstruction of infrastructure damaged in the 2005 series of typhoons and storms. Significant environmental and social benefits are associated with the Project such as reduced riverbank and seashore erosion, reduced health risks, improved evacuation of floods, and reduced waterlogging of agricultural land.

22. The IEE did not identify any significant adverse environmental impacts associated with the proposed works, and the Project will not finance any subprojects located in environmentally sensitive areas.<sup>15</sup> Hence, the Project is classified overall as environmental category B. Individual subprojects will be assessed at feasibility study/detailed design stage to determine specific environmental categories. The generic mitigation measures described in the IEE will be reinforced by detailed mitigation measures formulated during implementation to minimize site-specific negative environmental impacts. The environmental assessment and review framework will provide adequate guidance for the PPMUs to screen subprojects, determine the appropriate mitigation measures for any identified negative impacts, and implement environmental management and monitoring during project implementation and beyond. Therefore, conduct of an environmental impact assessment is not required.

<sup>14</sup> The relevant requirements for this are set out in ADB. 2005. *Public Communications Policy: Disclosure and Exchange of Information*. Manila; ADB. 2005. *Operations Manual*. Section L/3: Public Communications. Manila; ADB. 1998. *Handbook on Resettlement: A Guide to Good Practice*. Manila; and ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila.

<sup>15</sup> According to the Environmental Protection Law (2004) of Viet Nam, environmentally sensitive areas are areas officially designated as such by the relevant laws and regulations.

## RESETTLEMENT FRAMEWORK

### A. Project Background

1. The Emergency Rehabilitation of Calamity Damage Project involves rehabilitation of flood-damaged infrastructure in four subsectors: (i) flood protection, (ii) irrigation, (iii) roads and bridges, and (iv) social infrastructure (schools, water supply, and markets). Subprojects will be selected from among those inspected during the Damage and Needs Assessment Mission (March–April 2006), at which time 105 subprojects were considered suitable on the basis of rapid visual inspection. Based on information obtained by the Mission, these subprojects satisfy two critical selection criteria: (i) the proposed rehabilitation is directly related to typhoon damage in 2005; and (ii) the subprojects do not require significant land acquisition or resettlement.<sup>1</sup> Thirty-nine priority subprojects were identified for implementation as soon as the loan becomes effective. The scale of rehabilitation work in each subproject is mostly small (less than \$1 million equivalent).<sup>2</sup>

2. The main impacts of rehabilitation will be temporary loss of access to or use of small areas of land adjacent to the works; minor damage to agricultural land or other assets caused by construction works, and the movement of construction plant and materials to and from work sites; and permanent occupancy of some areas of land in isolated cases.<sup>3</sup> The involuntary resettlement impacts are deemed not significant and, in accordance with the Asian Development Bank (ADB) involuntary resettlement policy (footnote 1) and *Operations Manual*,<sup>4</sup> the Project is classified as category B. None of the potential subprojects has been definitively screened from the perspective of involuntary resettlement impacts. Hence, subprojects involving permanent or temporary loss of assets, changes in land use, or restrictions in relation to access have not been identified.

3. Full resettlement plans (as required for category A projects) will not be required because any subproject with significant resettlement impacts will not be eligible for funding under the Project. Short resettlement plans will be prepared for any subprojects found to have resettlement impacts up to the limits of category B.

4. The resettlement framework, endorsed by the Government, guides the preparation of resettlement plans should any be needed during project implementation. The framework sets out the policy, procedures, and institutional requirements for preparing the plans during project implementation to comply with the Government's applicable laws and regulations, and ADB's requirements. It also describes the procedures to be adopted by the implementing agencies, the provincial departments of agriculture and rural development (DARDs), in the screening of subprojects. The responsibility for preparing a social analysis (and resettlement plan if needed) for each subproject, based on the principles outlined in this framework, rests with the respective DARD (paras. 10–11).

<sup>1</sup> ADB. 1995. *Involuntary Resettlement*. Manila. This policy paper defines resettlement as "significant" where 200 or more people experience major impacts. Major impacts are defined as involving people being physically displaced from housing and/or losing 10% or more of their productive, income-generating assets.

<sup>2</sup> Four sections of sea dike/flood protection are estimated to cost \$3.4 million–\$8.5 million each.

<sup>3</sup> Significant resettlement impacts are not expected because subprojects requiring significant land acquisition and/or relocation of people are not eligible for funding under the Project. Most of the rehabilitation work will be done within the existing right-of-way of the damaged infrastructure. Acquisition of some small areas of land may be needed where infrastructure cannot be reinstated within the original site. This may occur if the site has been eroded or otherwise rendered unsuitable, an alternative nearby site offers greater security in terms of future flood events, or sound technical and financial reasons are given for selecting another site.

<sup>4</sup> ADB. 2003. *Operations Manual*. Section F2: Involuntary Resettlement. Manila.

## B. Policy Framework and Entitlements

5. **Policy Framework.** The policy framework and resettlement entitlements were developed from Viet Nam's laws (principally the 1993 Land Law amended in 1998, 2001, and 2003); Decree 197/CP (2004) on Compensation, Support, and Resettlement when land is recovered by the State, as amended by Decree 17/CP (2006); Circular 116 (2004) on guiding the implementation of Decree 197; and ADB's policies on involuntary resettlement (footnote 1), indigenous peoples,<sup>5</sup> gender and development (2003), accountability (2003), and public communications (2005). With the promulgation of Decree 197/CP (2004) and Decree 17/2006, the Government's policy and legal framework governing resettlement was adjusted to come close to the principles of ADB's involuntary resettlement policy. However, the provisions and principles adopted in this framework and subsequent plans will supersede the provisions of the relevant decrees currently in force in Viet Nam wherever a gap exists, as provided for under Decree 17/ND-CP (May 2001), which regulates the management and use of official development assistance.

6. The basic principles are the following:

- (i) Acquisition of land and other assets, and resettlement of people will be minimized as much as possible by identifying possible alternative project designs, and appropriate social, economic, operational, and engineering solutions that have the least impact on populations in the project area.
- (ii) People affected by the Project<sup>6</sup> are defined as those who stand to lose, as a consequence of the Project, all or part of their physical and nonphysical assets, including homes, homesteads, productive lands, commercial properties, tenancy, income-earning opportunities, social and cultural activities and relationships, and other losses that may be identified during resettlement planning.
- (iii) All people affected who are identified in the project-impacted areas on the date of the detailed measurement survey will be entitled to compensation for their lost assets, incomes, and businesses at replacement cost, and to be provided with rehabilitation measures sufficient to help them to improve or at least maintain their preproject living standards, income-earning capacity, and production levels.
- (iv) All people affected will be eligible for compensation and rehabilitation assistance, irrespective of tenure status, social or economic standing, and any such factors that may discriminate against achieving the objectives of items (i)–(iii). Neither lack of legal rights to the assets lost or adversely affected tenure status or social or economic status will bar the individual affected from entitlements to such compensation and rehabilitation measures or resettlement objectives. Nontitled individuals or those who have no recognizable rights or claims to the land that they are occupying, (e.g., squatters), are entitled to compensation for nonland assets and various options of resettlement assistance, provided they cultivated/occupied the land before the eligibility cut-off date. Resettlement assistance to nontitled individuals will include compensation for lost assets and

<sup>5</sup> ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila.

<sup>6</sup> The term affected person includes any people, households, firms, or private institutions who, on account of changes that result from the Project will have their (i) standard of living adversely affected; (ii) right, title, or interest in any house, land (including residential, commercial, agricultural, forest, and /or grazing land, water resources, or any other moveable or fixed assets acquired, possessed, restricted, or otherwise adversely affected, in full or in part, permanently or temporarily, and/or (iii) business, occupation, place of work or residence, or habitat adversely affected, with or without displacement (OMF2/BP).



restoration of income and living standards. Assistance may also include replacement land, although nontitled individuals are not entitled to this. The resettlement package will include measures to ensure that they are able to find alternative sites or income sources, depending on their losses.

- (v) People affected will be fully consulted and fully participate in the preparation and implementation of resettlement plans. Their comments and suggestions as well as of the communities will be taken into account during the design and implementation phases of resettlement activities.
- (vi) Individuals who lose 10% or more of productive land, assets, or income are considered to be severely affected. In addition to compensation for lost assets, the Project will provide appropriate rehabilitation measures to assist them to restore their preproject living standards, incomes, and productive capacity.
- (vii) Individuals who lose only part of their physical assets will not be left with a portion that will be inadequate to sustain their current standard of living. The minimum size of remaining land and structures will be agreed during the resettlement planning process.
- (viii) The compensation and resettlement activities will be satisfactorily completed and rehabilitation measures will be in place before the Government and ADB approve award of any contract for civil works in the affected area. No subproject will proceed without replacement of assets prior to the dispossession or displacement of affected people.
- (ix) The Ministry of Agriculture and Rural Development (MARD), the Executing Agency, will verify that institutional arrangements are in place to ensure effective and timely design, planning, consultation, and implementation of the land acquisition, compensation, resettlement, and rehabilitation program.
- (x) Existing cultural and religious practices will be respected, and to the maximum extent practical, preserved.
- (xi) Adequate budgetary support will be fully committed and made available to cover the costs of land acquisition, resettlement, and rehabilitation within the agreed implementation period.
- (xii) Special measures will be incorporated in resettlement plans prepared under the Project and complementary mitigation and enhancement activities to protect socially and economically vulnerable groups that may be at high risk of impoverishment, such as those without legal title to land or other assets, ethnic minorities, households headed by women, children, the disabled or elderly, and the poorest people.<sup>7</sup> Appropriate assistance through asset-building strategies will be provided to help them improve their socioeconomic status such as land-for-land, replacement housing of minimum standards, and increased security of tenure (footnote 4).
- (xiii) Resettlement identification, planning, implementation, and management will ensure that gender concerns are incorporated, including gender-specific consultation and information disclosure. This includes special attention to guarantee women's assets, property, and land-use rights; and to ensure the restoration of their income and living standards.
- (xiv) Effective mechanisms will be established for hearing and resolving grievances during the preparation and implementation of resettlement plans.
- (xv) Details of the resettlement plans will be disclosed to those affected and any interested groups through public meetings and in the form of summary

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<sup>7</sup> Very poor households are those whose incomes are below the national poverty line (i.e., those with monthly household income of less than D200,000 per capita in rural areas and D260,000 per capita in urban areas).

resettlement plans or information booklets and leaflets in a language that can be understood by those affected, and in an accessible place (such as project and commune offices). The detailed resettlement information including measurement of losses, detailed asset valuations, entitlements and special provisions, grievance procedures, timing of payments, and displacement schedule must be disclosed to the affected people in a form and language they can understand.

- (xvi) Temporarily affected land and communal infrastructure will be restored to preproject conditions.
- (xvii) Appropriate reporting and monitoring and evaluation mechanisms will be identified and set in place as part of the resettlement management system.

7. **Entitlement Matrix.** The entitlement matrix (Table A5) summarizes the main types of losses and the corresponding nature and scope of entitlement. The provisions in the matrix will be reviewed and revised during loan implementation, if necessary, to ensure relevance and suitability to meet resettlement principles. During preparation of resettlement plans, replacement cost surveys will be carried out to determine actual replacement costs and rates.

8. **Ethnic Minorities, Vulnerable Groups, and Gender Aspects.** Within the project provinces, ethnic minority groups account for 90% of the population in Ha Giang and 80% in Yen Bai provinces. Any subprojects in these provinces that involve land acquisition and/or resettlement are likely to have impacts on indigenous people. However, the Project is unlikely to affect their (i) customary rights of access to or use of land and natural resources; (ii) socioeconomic status; (iii) cultural and communal integrity; (iv) health, education, livelihood, and social security status; or (v) recognition of indigenous knowledge. The types of temporary disturbance that may be caused by rehabilitation activities will affect both indigenous people and the Kinh people in the same ways.

9. A social analysis will be carried out during the feasibility study and detailed design stages to identify any special attention or needs for indigenous people and other disadvantaged groups such as landless, poor, households headed by women, elderly, and disabled that should be included during implementation (paras. 12–14). A gender strategy will be included in any resettlement plans that may be required.<sup>8</sup> To ensure income and assets are replaced at replacement cost and that equal opportunities are provided for employment, the DARDs will engage them in the process of planning, design, and implementation. Specific indicators<sup>9</sup> will be included in the project performance monitoring system to monitor achievement of resettlement implementation targets.

## C. Procedure for Formulating and Implementing a Resettlement Plan

### 1. Institutional Responsibilities

10. MARD, through the Central Project Management Unit (CPMU) of its Central Project Office, will assure overall planning, coordination, and reporting for the Project. The CPMU

<sup>8</sup> The social dimensions specialist and the organization that will plan and implement income-restoration programs will ensure that they or members of their teams have (i) experience in preparing and implementing gender and development programs in Viet Nam, (ii) the necessary gender perspective and experience to deal with vulnerable groups, and (iii) female staff.

<sup>9</sup> These may include (i) resettlement implemented in compliance with plans; (ii) legal wages paid to all workers; (iii) livelihoods and living standards restored, if not improved, for all people affected; and (iv) equal employment opportunities as reflected in the proportionate representation in work forces of women and indigenous people.

director<sup>10</sup> in Hanoi will be the project director. In each of the 10 project provinces, the DARD through its provincial project management unit (PPMU) will select, prepare, and implement subprojects. The CPMU will liaise with the provincial people's committee (PPC) and DARD in each province to coordinate subproject implementation. A resettlement committee, headed by the vice chairperson of the province or district, will lead the resettlement process in each affected subproject.<sup>11</sup> A social dimensions specialist (6 person-months), engaged as part of the team of review consultants, will provide guidance to the CPMU and PPMUs in relation to resettlement, indigenous people, and gender issues.<sup>12</sup>

## 2. Procedure for Formulation of Short Resettlement Plans

11. The DARDs will select subprojects in accordance with criteria agreed upon by the Government and ADB, and work closely with the resettlement committees to complete the resettlement process.<sup>13</sup> If resettlement impacts are unavoidable, the DARD will formulate a resettlement plan for the subproject using the following procedure:

- (i) Screen all subprojects for involuntary resettlement impacts, categorize the impacts based on the feasibility study or detailed design, and obtain the approval of ADB's resettlement specialist in the Southeast Asia Regional Department of the proposed resettlement categorization. Any subproject classified as category A (i.e., requiring preparation of a full resettlement plan) because of resettlement impacts is to be eliminated from further consideration (footnote 3). A short resettlement plan will be prepared if fewer than 200 people will be physically displaced from housing or lose less than 10% of their productive (income-generating) assets, the impacts are not significant, and the subproject is classified category B.<sup>14</sup>
- (ii) Conduct stakeholder consultations to determine ways of avoiding or minimizing adverse impacts and to identify the needs and preferences of those affected.
- (iii) For any category B subproject, undertake a census or population record of people affected, an inventory, and detailed measurement survey (DMS) of their affected assets (para. 12).<sup>15</sup> Identify and record people requiring particular assistance (such as the poor and the vulnerable) to plan specific actions to mitigate hardships and assist in improving their livelihoods.
- (iv) Undertake a socioeconomic survey to obtain data on the economic and social condition of those affected (para. 14).

<sup>10</sup> The CPMU is based on the resources and staff used for the recently completed ADB. 1997. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for the Rural Infrastructure Sector Project*. Manila (Loan 1564-VIE[SF]).

<sup>11</sup> Representatives of the Women's Union and Farmers' Association will be included in the resettlement committees.

<sup>12</sup> The social dimensions specialist will be required to have appropriate language skills.

<sup>13</sup> Where MARD and/or the DARD are not directly responsible for any particular type of infrastructure, the DARD will work closely with the relevant authority.

<sup>14</sup> During detailed design, every effort will be made to avoid relocating households or interfering in the income-earning activities of those at or near the site. If any land is to be acquired for implementation of the subproject or if people occupying or using land at the subproject site are impacted in any way that would necessitate compensation, a resettlement plan will be prepared and disclosed to those affected. Approval of the resettlement plan by ADB will be a precondition to award of contracts for civil works in such cases.

<sup>15</sup> The DARD will maintain a computerized database of people affected and their assets. The databases for project provinces will be consolidated project-wide by the CPMU.

- (v) Undertake a replacement cost survey for various types of affected assets as a basis for determining compensation rates at replacement cost (para. 15). Determine the losses in accordance with the entitlement matrix.<sup>16</sup>
- (vi) Provide project and resettlement information to all people affected in a form and language that are understandable to them, and closely consult them on compensation and resettlement options, including relocation sites and economic rehabilitation.
- (vii) Prepare the draft resettlement plans and time-bound action plan or implementation schedule, including procedures for grievance redress, monitoring and evaluation, and budgeting.
- (viii) Translate the draft resettlement plan into local languages as appropriate and make it fully available during consultation and public meetings.<sup>17</sup>
- (ix) Finalize the resettlement plan in both Vietnamese and English versions, submit it to ADB for approval, and disclose the final resettlement plan in accordance with ADB's policy on public communications<sup>18</sup> to the affected communities and on ADB's website (para. 19).
- (x) Implement the resettlement plan and submit progress reports to ADB as part of project performance monitoring.
- (xi) Submit a subproject resettlement completion report to ADB and request approval to award related civil works contracts.

12. **Surveys for Resettlement Plan Preparation.** The DMS of lost assets will collect data on the affected assets from all of the people affected following detailed design of the subproject. For each individual affected, the scope of the data will include

- (i) total affected area of land by type of land asset;
- (ii) total affected structures by type of structure (main or secondary);
- (iii) legal status of affected land and structure assets, duration of tenure, and ownership;
- (iv) quantity and type of affected crops and trees;
- (v) quantity of other losses (e.g., business, job, or other productive asset);
- (vi) quantity/area of affected common property and community or public assets by type;
- (vii) summary data on affected households by ethnicity, gender of head of household, household size, primary and secondary sources of household income vis-à-vis the poverty line, whether the affected land is the primary source of income, amount of income, and whether the household is headed by elderly or disabled people; and
- (viii) knowledge of those affected of the subproject and preferences for compensation, including relocation sites and rehabilitation measures as applicable.

13. The data collected during the DMS will constitute the formal basis for determining entitlements and level of compensation for people affected.

14. The socioeconomic survey will include a poverty assessment and survey of at least 10% of those affected and 20% of those severely affected, together with local subproject impact data,

<sup>16</sup> If new categories of people affected and losses are developed, other than those described in the entitlement matrix, the entitlements will be derived in accordance with ADB's policy and Operations Manual (footnote 4).

<sup>17</sup> The final resettlement plan will incorporate the comments and suggestions of the people affected

<sup>18</sup> ADB. 2005. *Public Communications Policy*. Manila.

disaggregated by gender and ethnicity. Its purpose is to provide baseline data from which to assess resettlement impacts and design rehabilitation measures. These data will also be used for resettlement monitoring. The required data (additional to that collected in the DMS) include

- (i) household head (name, sex, age, livelihood or occupation, income, education, and ethnicity),
- (ii) household members (number, employment status, school-age children and school attendance, and literacy; all disaggregated by gender), and
- (iii) living conditions (access to water, sanitation, and energy for cooking and lighting; ownership of durable goods).

15. In accordance with decrees 188/2004 and 197/2004, the PPCs annually update the prices and rates used for compensation for land and property. The PPC rates will be adjusted, as necessary, based on the findings of a replacement cost survey to be conducted in parallel with the DMS and socioeconomic survey. Information will be collected from both secondary and primary sources, i.e., interviews with people in the affected area, including both affected and unaffected. Compensation rates will be continuously updated to ensure that those affected receive compensation at replacement cost at the time of compensation payment.

16. **Resettlement and Income-Restoration Strategies.** Households that have to relocate will participate in identifying and selecting relocation options, either on their existing land, within a relocation site, or cash compensation to make their own relocation arrangements. For any business that has to be relocated, assistance will be provided to find a viable new site. Households that lose 10% or more of productive assets will be provided replacement land if available, or assisted to purchase replacement land, increase productivity on their remaining land, or learn new income-generating skills. Appropriate livelihood restoration programs will be designed and implemented during project implementation in consultation with those affected.<sup>19</sup>

17. **Consultation, Grievances, and Disclosure.** Consultation with the affected people will take place during the feasibility study phase if possible, and will be completed prior to finalization of detailed designs so that their needs and preferences can be incorporated into the design arrangements where practicable. The affected people will be invited to participate in field walks to select the alignment of any structures (e.g., flood embankments, canals, drains, sea dikes, roads, bridges) whose reinstatement would take place at a location not exactly coincident with the structure's original location. They will also participate in the various resettlement plan processes, including preparation of the inventory of losses, validation of compensation rates and entitlements, hand over of entitlements, monitoring of impacts and benefits, and discussion and settlement of grievances.

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

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<sup>19</sup> The cost of any such program will be integrated into the cost of the subproject.

19. The PPMUs, assisted by the resettlement committees, will disclose (i) draft resettlement plans prepared on the basis of design layouts for the subprojects, (ii) final resettlement plans approved by MARD (CPMU) and ADB, and (iii) any revisions to the resettlement plans as a result of changes in scope or design layout. Key information in the resettlement plans, including compensation and rehabilitation options, will be disclosed to those affected before commencement of civil works. The information will be made publicly available in a readily accessible location and be in the form of an information leaflet or brochure, summary resettlement plan, or complete resettlement plan—all in a form and language that can be readily understood by those affected. All relevant project information, including final resettlement plans or specific actions prepared under the Project will be made freely available to all those affected and other interested parties, in both English and Vietnamese, and will be posted on ADB's website following ADB and MARD approval of the related subproject detailed design.<sup>20</sup>

20. **Monitoring and Evaluation.** The PPMUs will supervise the preparation and implementation of subproject resettlement plans, and monitor and report on all resettlement activities. Semiannual resettlement monitoring progress reports will be submitted to ADB. The CPMU will consolidate all provincial reports into the project performance monitoring system, which will be used to prepare regular progress reports for submission to ADB. Monitoring and evaluation will focus on social impacts and whether the people affected are able to restore, and preferably improve upon, their preproject living standards, incomes, and productive capacity.

21. **Budget.** Using the PPCs' annually updated land prices and compensation rates, adjusted as necessary on the basis of the replacement cost survey, the full cost of resettlement and land acquisition will be determined. This cost will be added to the cost of all other aspects of the subproject for budgeting loan and counterpart funds. The purchase of land will be financed by the Government from its counterpart funds. Compensation, allowances, operation and administration costs, surveys, monitoring, and reporting (including independent audits of resettlement) will be financed from loan funds. The commune resettlement committees will be responsible for payment of compensation directly to those affected. If ADB loan funds are utilized, the resettlement plans will identify key activities for which funds will be used, any disbursement milestones, and auditing requirements that will facilitate appropriate and timely delivery.

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<sup>20</sup> The relevant requirements for this are set out in ADB. 2005. *Public Communications Policy: Disclosure and Exchange of Information*. Manila; ADB. 2005. *Operations Manual*. Section L/3: Public Communications. Manila; ADB. 1998. *Handbook on Resettlement: A Guide to Good Practice*. Manila; and ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila.

**Table A5: Entitlement Matrix**

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
<b>A. Agricultural Land</b>			
<b>1. Temporarily Affected Agricultural Land</b>			
User with permanent right (legal or able to be made legal)	Loss of use of the land for less than 1 year	(i) No compensation for land if returned to original user; HOWEVER (ii) The Project will pay rent for the duration of temporary acquisition equivalent to 20% of the replacement cost for affected shrimp pond land; OR (iii) 10% of replacement cost for other types of affected agricultural land; AND (iv) Cash compensation for loss of crops and trees at market prices (section D); AND, (v) Compensation for loss of net income from subsequent crops that cannot be planted for the duration of the lease; AND, (vi) Restoration of land to its previous or better quality	Measures to improve land quality in cases of land being adversely affected or acidified
	Loss of use of land exceeds 1 year	(i) People affected continue temporary use arrangements; OR (ii) sell landholding to the Project at 100% of replacement cost based on current market prices	
User with lease or temporary right	Loss of use of the land for less than 1 year	(i) No compensation for land if returned to original user; HOWEVER (ii) The Project will pay rent equivalent to 10% replacement cost for affected land during the temporary use; AND (iii) Cash compensation for loss of crops and trees at market prices (section D); AND (iv) Compensation for loss of net income from subsequent crops that cannot be planted for the duration of the lease; AND (v) Restoration of land to its previous or better quality	
	Loss of use of land exceeds 1 year.	(i) People affected to continue temporary use arrangements; OR (ii) sell landholding to the Project at 30% of replacement cost based on current market prices	
Nontitled user		(i) No compensation for land; HOWEVER (ii) Cash compensation for loss of standing crops and trees at market prices (section D).	
<b>2. Permanently Affected Agricultural Land</b>			
User with permanent right (legal or able to)	10% or more of total productive landholding	(i) As a priority, allocation of replacement land (a) equal in area to affected land up to a maximum of land quota in province;	Replacement cost for land is equivalent to market rates for land in

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
be made legal)	affected	<p>(b) of same category and productive capacity; (c) located in same or neighboring commune at a location satisfactory to those affected; (d) with full title in the names of the household head and his/her spouse; and (e) without charge for taxes, registration, and land transfer charges; AND</p> <p>(ii) Cash compensation equal to 100% of the value of remaining costs of investment in land if being used as per approved land use plan, as documented; AND</p> <p>(iii) Economic rehabilitation package (section G); OR,</p> <p>(iv) if replacement land is not available or, fully informed, the affected individual opts for, cash compensation at 100% replacement cost for affected portion; AND</p> <p>(v) Cash compensation equal to 100% of the value of remaining costs of investment in land if being used as per approved land use plan, as documented; AND</p> <p>(vi) Economic rehabilitation package (section G)</p>	the vicinity of affected land of same size, category and productive capacity, at the time of compensation payment.
	Less than 10% of total productive landholding affected	<p>(i) Cash compensation at 100% replacement cost for affected portion; AND</p> <p>(ii) Cash compensation equal to 100% of the value of remaining costs of investment in land for the affected portion, for land being used as per approved land use plan, as documented</p>	
	Affected landholding located in urban, peri-urban, or rural residential area, as per approved land use plan	<p>(i) Cash compensation equal to 100% replacement cost at market prices for agricultural land; AND</p> <p>(ii) Cash assistance equal to 40% of replacement cost at market prices for adjacent residential land</p>	
	Affected land co-owned by two or more households	<p>(iii) Compensation made according to division of land area, as per Land Co-Use Right Certificate; OR</p> <p>(iv) Compensation shared equally by all co-owners in the absence of Land Co-Use Right Certificate or other recognized documentation</p>	
	Affected landholding is under dispute.	Compensation held in escrow account until land dispute is resolved	
User with lease or temporary rights	Loss of agricultural or productive land assets	<p>(i) Cash compensation equivalent to 30% replacement cost for affected land; OR</p> <p>(ii) Cash compensation for loss of net income for the remaining leased or assigned period, whichever is greater; AND</p>	



Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
		(iii) Cash compensation equal to 100% of the value of remaining costs of investment in land if being used as per approved land use plan, as documented.	
Nontitled user	Acquisition of illegally occupied or used agricultural land	(i) No compensation for affected land (ii) Cash equal to 100% of the value of remaining costs of investment in land if being used as per approved land use plan, as documented; AND (iii) Economic rehabilitation package in lieu of compensation (section G) (iv) For nontitled or other people affected with no other productive landholdings, local authorities will allocate replacement land with temporary or lease land rights	Landless people affected will not be displaced until the commune allocates alternate land.
Noneligible organizations	Investments in land not sourced from state budget	(i) No compensation for affected land (ii) Cash equal to 100% of the value of remaining costs of investment in land being used as per approved land use plan, as documented	
<b>B. Residential and/or Nonagricultural Land (e.g., commercial)</b>			
<b>1. Temporarily Affected Residential and/or Nonagricultural Land</b>			
User with permanent right (legal or able to be made legal)	Loss of use of the land for less than 1 year	(i) No compensation for land if returned to original user; HOWEVER, (ii) The Project will pay rent to those affected during temporary use; AND (iii) Restore land to its previous or better quality	
	Loss of use of land exceeds 1 year.	(i) People affected to continue temporary use arrangements; OR (ii) sell landholding to the Project at 100% of replacement cost based on current market rates.	
User with lease or temporary right	Loss of use of the land for less than 1 year	(i) No compensation for land if returned to original user; HOWEVER, (ii) The Project will pay rent to those affected during the temporary use; AND (iii) Restore land to its previous or better quality.	
	Loss of use of land exceeds 1 year.	(i) People affected to continue temporary use arrangements; OR (ii) sell landholding to the Project at 30% of replacement cost based on current market prices.	
<b>2. Permanently Affected Residential and/or Nonagricultural Land</b>			
User with permanent right (legal or able to)	Loss of rural residential and nonagricultural	As a priority, allocation of replacement land (i) equal in area to affected land up to a	Replacement cost for land is equivalent to market rates for land in

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
be made legal)	landholding	maximum of land quota in province; (ii) of same type (e.g., residential, commercial); (iii) located in the same or neighboring commune at a location satisfactory to those affected; (iv) with full title in the names of both the household head and his/her spouse; and (v) without charge for taxes, registration, and land transfer charges	the vicinity of affected land of same size, category, and productive capacity, at the time of compensation payment.
	Residential or nonagricultural land is partially affected AND remaining portion is not sufficient to rebuild affected structures; OR, in the case of residential land, the remaining land is less than 100 square meters	(i) After fully informing the people affected, the Project will acquire the entire landholding; AND, (ii) those affected may choose one of the following options: (a) Cash compensation at 100% of replacement cost, and relocate themselves; OR (b) Relocation to a group or individual site allocated by local authorities with full title. (iii) Regardless of the option, cash equal to 100% of the value of the remaining investments in land if being used as per approved land use plan, as documented.	
	Residential or nonagricultural land is partially affected AND the remaining portion is sufficient to rebuild affected structures	(i) Cash compensation equal to 100% replacement cost for the affected portion; AND (ii) Cash equal to 100% of the value of remaining investments in affected portion of land if being used as per approved land use plan, as documented.	
	Affected landholding exceeds area of land quota	(i) Allocation of additional replacement land to provide a total area equal to affected land, if available; OR (ii) Cash compensation at 100% replacement cost for area of affected land greater than land quota.	
	Affected landholding is under dispute	Compensation held in escrow account until land dispute is resolved	
User with lease or temporary rights	Loss of residential and/or nonagricultural land	Cash compensation at 30% replacement cost at market prices for land of similar type and location	
	Remaining land not sufficient to rebuild affected structures	Assistance from local authorities to locate alternative land	
Nontitled user	Loss of residential and/or nonagricultural land	(i) No compensation for affected land; HOWEVER, (ii) Nontitled affected individual entitled to compensation for affected structures (section C,) and transition allowances (section G) (iii) If businesses including registered and	

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
		nonregistered businesses are disrupted, those affected will receive assistance (section F) AND assistance to locate to equally advantageous commercial location either at an individual site or in a market place.	
	Nontitled user is very poor or member of vulnerable group AND has no other residential land	Local authorities will allocate replacement land and/or housing with lease rights in a fully serviced group resettlement site	
C. Principal (Houses and/or Shops) and Other Structures or Property			
1. Principal Structures (Houses and/or Shops)			
Owners of structures including houses OR combined house/shops OR shop or other nonresidential structures	Structure partially affected and remaining portion can be rebuilt	(i) Cash compensation at 100% replacement cost for affected portion, to be paid in materials, cash, or a combination of both, and with no deduction for depreciation or salvageable materials; AND (ii) Transition allowance (section G)	
	Structure totally affected OR Structure partially affected and remaining portion no longer viable	(i) Cash compensation at 100% replacement cost for entire structure, to be paid in materials, cash, or a combination of both, and with no deduction for depreciation or salvageable materials; AND (ii) Relocation and transition allowances (section G)	
Tenant	Structure partially affected and remaining portion viable	Tenant may remain with owner's agreement.	Tenants are eligible regardless of whether they rent state-owned or private properties.
	Remaining structure no longer viable, OR Tenant opts to move	(i) Allocation of rental house or shop in fully serviced resettlement site; AND (ii) Relocation allowance (section G); OR if no resettlement site available or affected individual opts, (iii) Rent allowance equivalent to 6 months' rent at current rates; AND, (iv) Assistance to find new, affordable rental accommodation; AND (v) Relocation allowance (section G).	Owner will give tenants notice at least 3 months in advance.
2. Other Structures, e.g., Kitchens, Toilets, Animal Sheds, Fences, Foundations			
Owners of structures	Partially or totally affected structures or other property	(i) Cash compensation at full replacement cost, to be paid in materials, cash, or a combination of both, and with no deduction for depreciation or salvageable materials; OR (ii) Cash or in-kind assistance to relocate affected structures or property; OR (iii) Cash assistance to repair property to original or better condition (section G)	Owners of structures are entitled to compensation regardless of whether or not they possess land use rights to the land OR construction permits for the structures.
	Graves	(i) Cash compensation equal to the costs at	Compensation will be

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
		current market prices to construct a new grave of similar type at an acceptable location; AND (ii) Cash compensation equal to the costs of exhumation and transport of the remains, reburial, and all other reasonable costs	paid directly to the person affected.
<b>D. Annual And Perennial Crops, Fruit and Timber Trees and Tree/Plant Fences</b>			
Owners of crops and/or trees	Loss of annual crops	(i) A minimum of 2 months' notice to harvest crops; OR (ii) If standing crops are ripening and cannot be harvested, cash compensation of unharvested crops at current market prices based on the average production over the past 3 years	Owners of crops and/or trees are entitled to compensation regardless of whether they possess land use rights.
	Loss of perennial crops, fruit and timber trees, and tree fences	(i) Cash compensation at current market prices given the type, age, and productive value of the affected crops and/or trees; AND, in the case of affected trees, (ii) The Project will pay those affected for work if necessary to cut trees, and they will have right to use salvageable trees; AND (iii) Assistance to plant new trees	Full compensation for perennial crops and trees will be paid at least 1 month prior to land clearance.
<b>E. Community and Public Resources</b>			
Village, ward, government unit	Loss of community buildings and infrastructure	(i) Repair or restoration to original or better conditions of affected community buildings and infrastructures at no cost to the community; OR (ii) Replacement, if necessary, at locations identified in consultation with affected communities and relevant authorities, at no cost to the community; OR (iii) Cash compensation at 100% replacement cost based on current market prices for affected community assets	If income loss is expected (e.g., irrigation, community forest, community grazing land, income from fishpond), the village, commune, or district authority is entitled to compensation for the total production loss (over 3 years); this compensation should be used collectively for income restoration measures and/or new infrastructure.
	Publicly owned utilities	(i) Relocation and/or rehabilitation to original or better conditions of affected public utilities, at no cost to public utility; OR (ii) Cash compensation at 100% replacement cost based on current market prices for affected public utilities	
<b>F. Loss of Businesses and Income Sources (Non-Land-Based)</b>			
<b>1. Businesses that Relocate and/or Rebuild Structures</b>			
Households with businesses without tax	Structure totally affected and must be relocated OR	Cash assistance for loss of income for 6 months. Since no taxable revenues, assistance may be calculated based on	Affected businesses will be notified 3–4 months in advance to

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
declarations, e.g., small shops	Structure partially affected and must be rebuilt	minimum monthly wage in the province.	relocate and/or rebuild new structures, so as to be able to continue to operate businesses while resettling.
Registered business owners	Structure totally affected and must be relocated OR Structure partially affected and must be rebuilt	Cash assistance for loss of income equal to average monthly taxable revenues, for 6 months. Average monthly taxable revenues determined on basis of financial statements for the past 12 months	
2. Employees and Hired Laborers			
Employees and hired laborers	Temporary loss of employment/work while employers reorganize, relocate, and/or rebuild	Cash compensation for lost income or salary equal to current salary for each day (or month) they cannot work	Eligible people affected include paid employees of registered and small business; agricultural laborers including those who have piece work contracts for agriculture, forestry, or marine animal breeding on affected state-owned agricultural or forestry farms; and, nonagricultural laborers.
	Permanent loss of employment/work due to land acquisition or relocation of employer	(i) Cash assistance equal to 6 months income or salary <u>or</u> the value of a remaining contract, whichever is higher (ii) Severance pay for employees (iii) Assistance to secure new employment including relevant skills training expenses if required	
G. Rehabilitation Assistance			
1. Relocation Allowance			
All affected people who relocate	Relocation of household and/or business effects and salvaged and new building materials	(i) Cash assistance up to D3,000,000 for affected people that relocate within the same province, depending on local conditions; OR (ii) Cash assistance up to D5,000,000 for those who relocate to another province, depending on local conditions	As per Decree 197/CP
2. Transition Allowance			
All affected people who rebuild house and/or shop structures	Rebuild structure on remaining land (without moving)	Cash assistance equivalent to 30 kilograms (kg) of rice per month per household member, for 3 months	Thirty kg of rice is more than the average individual rice requirement.
	Build structure on new land (move)	Cash assistance equivalent to 30 kg of rice per month per household member, for 6 months	
3. Economic Rehabilitation Package			
Severely affected people; AND other very poor people affected	Assistance to restore livelihoods and incomes following acquisition of agricultural land or other productive assets	(i) Transition subsistence allowance equal to 30 kg of rice per month per household member for 6 months; AND (ii) In-kind assistance to strengthen or initiate income-generating activities, to be decided in consultation with eligible affected people; forms of assistance may include agricultural extension assistance, technical and other assistance to develop existing or new income-generating	Severely affected include households that lose 10% or more of their total productive assets. Very poor households are those with monthly household income of less than D200,000 per capita in rural areas

Entitled Persons	Type and Level Of Impact	Compensation Policy	Implementation Issues
		<p>activities, and project-related employment</p> <p>(iii) All working adults in affected households are eligible to participate</p> <p>(iv) Special attention to the needs of and opportunities for women, young adults, ethnic minorities, and other vulnerable people affected</p>	<p>and D260,000 per capita in urban areas.</p> <p>At time of compensation, transition subsistence allowance will be adjusted for inflation.</p>
Nontitled affected people	Assistance to restore livelihoods and incomes, in lieu of compensation for affected agricultural land	<p>(i) Transition subsistence allowance equal to 30 kg of rice per month per household member for 6 months; AND</p> <p>(ii) In-kind assistance to strengthen or initiate income-generating activities, to be decided in consultation with eligible affected individuals; forms of assistance may include agricultural extension assistance, technical and other assistance to develop existing or new income-generating activities, and project-related employment</p> <p>(iii) All working adults in affected households eligible to participate</p> <p>(iv) Special attention to the needs of and opportunities for women, young adults, ethnic minorities, and other vulnerable affected people</p>	<p>Nontitled affected people are entitled to an economic rehabilitation package regardless of whether or not local authorities allocate replacement agricultural land.</p> <p>At time of compensation, the transition subsistence allowance will be adjusted for inflation.</p>

Sources: Legislation of the Government of Viet Nam; ADB resettlement specialist.

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

### A. Linkages to the Country Poverty Analysis

<b>Is the sector identified as a national priority in country poverty analysis?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Is the sector identified as a national priority in country poverty partnership agreement?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Contribution of the sector or subsector to reduce poverty in Viet Nam:</b></p> <p>Viet Nam, one of the most disaster-prone countries in the world, experiences typhoons, tropical storms, floods, droughts, landslides, and seawater intrusion. Flooding triggered by typhoons and storms is the most prevalent natural disaster. Disaster management is a priority within the Government's development plans, as the Government recognizes the link between vulnerability to natural disasters and persistent poverty. The 5-year Socioeconomic Development Plan<sup>a</sup> for 2006–2010 and Comprehensive Poverty Reduction and Growth Strategy (2002) both emphasize the prevention and mitigation of natural disasters as critically important means of helping the poor in disaster-prone areas. The Socioeconomic Development Plan aims to halve by 2010 the number of people who could be re-impooverished by natural disasters or other risks.</p> <p>Embedded in the Government's disaster risk management strategies<sup>b</sup> is the concept of including measures to prevent and minimize the effects of natural calamities as a regular part of development programs and projects. The Government is strengthening its disaster risk management strategy and programs to improve (i) disaster forecasting, warning, and information sharing; (ii) disaster preparedness and emergency relief; (iii) incorporation of disaster mitigation into development programs; and (iv) rehabilitation and long-term recovery after disasters. The major objective is to reduce the vulnerability of the poor to natural disasters and consolidate poverty reduction achievements.</p> <p>The 2005 series of typhoons and tropical storms brought intense rainfall to a broad area of Viet Nam. The attendant winds, floods, storm surges, and landslides destroyed many types of infrastructure that are critical to the livelihoods of poor rural households. The Government's early warnings and emergency measures prevented large loss of life. In addition, the Government responded in a timely manner to provide food and other essentials to families evacuated from their homes or otherwise deprived of their normal means of livelihood in the aftermath of each event. The flood-damaged infrastructure is mostly small-scale and its construction and operation comes within the authority of provincial agencies. Its rehabilitation or reconstruction would, under normal budgetary provisions, take many years, which would cause continued hardship and impoverishment to poor rural families. The loss of economic opportunities as a result of destroyed irrigation systems, aquaculture, and crops is a significant burden to the poor—they now also suffer in terms of access to roads, markets, schools, and particularly clean water. Poor and disadvantaged households, especially households headed by women and ethnic minority groups are more vulnerable to such shocks and face a greater risk of becoming further marginalized. The typhoons and storms also had a deleterious impact on natural resources, which are the main sources of income for the poor.</p> <p>The Emergency Rehabilitation of Calamity Damage Project will help sustain economic growth in the 10 provinces severely affected by typhoons in 2005 (Ha Giang, Ha Tinh, Nam Dinh, Nghe An, Phu Tho, Phu Yen, Quang Binh, Quang Tri, Thanh Hoa, and Yen Bai). Its outcome will be rapid resumption of livelihoods in the affected areas. The Project will (i) reinstate essential infrastructure, including roads, flood protection, irrigation systems, and social infrastructure; and (ii) concurrently provide equivalent or enhanced storm and flood protection to vulnerable areas where feasible. The Project will make a significant contribution to sustaining and enhancing the poverty reduction benefits achieved through provision of rural infrastructure in the affected areas.</p>	

### B. Poverty Analysis

### Targeting Classification: General intervention

#### What type of poverty analysis is needed?

The estimated cost of damage for the 2005 storm season was \$327 million. Loss of life, livelihoods, incomes, and property resulted in significant socioeconomic and psychological stress including the evacuation of approximately 600,000 inhabitants. Many of those directly affected (estimated to be 65% of the total population in three coastal provinces by the International Federation of the Red Cross and Red Crescent Societies) require significant time to reestablish their means of livelihood generation. During this period, many, including women, have migrated to Hanoi and other urban centers for temporary employment and leaving families. Also during this period many children were unable to maintain school attendance as they were required to assist family members in the reestablishment of income-generating activities.

Flood disasters affect the poor disproportionately in terms of health, housing, employment, livelihoods, and food security. The main sources of income of the people living in the project areas are agriculture and aquaculture. In the project provinces, poverty incidence ranges from 35% (Nam Dinh) to as high as 75% (Ha Giang) according to the Government Statistics Office data for 1999. A higher poverty incidence generally corresponds to a higher percentage of ethnic minority groups in the total population of the project areas. In particular, the northwest provinces—Ha Giang and Yen Bai—have a higher presence of ethnic minorities (90% and 80%). Ethnic minority are particularly vulnerable because they have limited access to agricultural land, market, and other economic activities.

During each typhoon event, many affected people were given food, shelter, financial support, and medicine, by the local government as well as other community groups, international nongovernment organizations, and development agencies. But in the recovery phase, the people have identified poor infrastructure facilities as the most important area for rehabilitation for restoring livelihood and access to other services.

The proposed Project does not target poverty directly and the small-scale localized nature of proposed restoration works does not warrant a poverty impact assessment. During the social assessment of subprojects, specific issues relating to providing employment benefits to the poor and disadvantaged should be incorporated into contracting procedures.

### C. Participation Process

**Is there a stakeholder analysis?** ☒ Yes ☐ No

**Is there a participation strategy?** ☒ Yes ☐ No

The Damage and Needs Assessment Mission adopted a participatory process to identify the individual subprojects, and worked closely with all major stakeholders to prioritize the subprojects. The Project's intended support for rehabilitation of infrastructure in four subsectors (i) roads, (ii) flood protection, (iii) irrigation systems, and (iv) social infrastructure was given high priority by all stakeholders. The outputs of the Mission were (i) formulation of a project design, (ii) development of criteria for screening and selecting damaged infrastructure for rehabilitation and improvement, and (iii) estimation of a rehabilitation budget. In addition, means to ensure the participation of the poor and other disadvantaged, including women, children, and households headed by women, were prepared. The Mission discussed and agreed with the Government on technical assistance for institutional strengthening of the Ministry of Agriculture and Rural Development (MARD), the Executing Agency, and implementing agencies—the departments of agriculture and rural development (DARDs)—in each province. To strengthen the Government's capacity to implement the Project and to increase sustainability of the infrastructure, a participatory approach will be followed during project implementation. The Project will prepare and implement, as a first priority, subprojects screened and approved by the provincial people's committees. Additional subprojects will be selected during implementation from an agreed list using a sector approach. Stakeholder participation in preparation, implementation, operation and maintenance, and monitoring of improved infrastructure will be encouraged by the MARD and the DARDs as an essential way of lowering costs and ensuring sustainability. Local government institutions and nongovernment organizations will be involved during all phases of project implementation and performance monitoring. Preference will be given to local laborers, especially the landless and poor, in construction contracts. Rehabilitation of infrastructure will help the beneficiaries participate in various social and economic activities.

### D. Gender Development

#### Strategy to maximize impacts on women:

Women make up about 50%–51% of the total population of the project provinces. They are engaged in agriculture and aquaculture activities, which will be supported through the subprojects by reducing (i) household vulnerability, (ii) crop losses from the coming storm season, and (iii) time for marketing and accessing services. The rehabilitation of damaged infrastructure will help women restore their income, and access markets and various services. Limited short-term and seasonal employment will be created for women linked to the construction of infrastructure. The Project will facilitate women's mobility for employment, access to income-earning activities, and access to services for their families.

**Has an output been prepared?** ☐ Yes ☒ No



**E. Social Safeguards and Other Social Risks**

<b>Item</b>	<b>Significant/ Not Significant/ None</b>	<b>Strategy to Address Issues</b>	<b>Plan Required</b>
<b>Resettlement</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Subprojects are generally located within the existing rights-of-way and consequently the Project will not involve land acquisition and resettlement. However, in some cases, temporary structures, shops, or microlevel service units may trigger compensation requirements. Should any subproject lead to resettlement or affect people's livelihoods, resettlement including compensation will be guided by the resettlement framework presented in Appendix 5.	<input type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input type="checkbox"/> None
<b>Affordability</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The affected population, including the poor, generally lack or have inadequate access to infrastructure and related services. The Project will help to improve connectivity and provide better access to basic infrastructure. All labor provided by beneficiaries will be compensated at normal wage rates. There is no cost implication for communities.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Labor</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	No adverse impact is anticipated. The Project will have some impact by creating employment opportunities in infrastructure construction and maintenance, mainly for poor unskilled laborers, both female and male. With the improvement of infrastructure and related facilities, off-farm employment opportunities for the poor will be restored, expanded, and sustained. The Project will help reduce unemployment caused by the typhoons and tropical storms in 2005.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Indigenous Peoples</b>	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	Positive impacts will be significant in two provinces—Ha Giang and Yen Bai—which have a high proportion of indigenous peoples in their population. Indigenous people living in the project areas will benefit from the improved infrastructure. An ethnic minority development plan will be prepared for any subprojects likely to have negative impacts on indigenous communities. The plans will be based on the agreed ethnic minority development framework prepared during the Mission. The Project will ensure the participation of indigenous people in planning and implementation so that they derive maximum benefit from the infrastructure.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Other Risks and/or Vulnerabilities</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The incidence of HIV/AIDS in the project provinces is not significant, and the increased risk to HIV/AIDS due to the Project is minimal.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

<sup>a</sup> Government of Viet Nam. 2005. The Five-Year Socioeconomic Development Plan 2006–2010 (draft). Hanoi: Ministry of Planning and Investment.

<sup>b</sup> UNDP. 1995. *First National Strategy and Action Plan for Mitigation of Water Disasters in Viet Nam*. Hanoi: Ministry of Water Resources; and UNDP. 2001. *Second National Strategy and Action Plan for Disaster Mitigation and Management in Viet Nam, 2001 to 2020*. Hanoi: Ministry of Agriculture and Rural Development.

Sources: Provincial reports to the Ministry of Agriculture and Rural Development and ADB's Damage and Needs Assessment Mission.

## COST ESTIMATES

Table A6.1: Detailed Cost Estimates by Expenditure Category

Item	Total Cost		% of Total Base Cost
	(D billion)	(\$ million)	
<b>A. Investment Costs<sup>a</sup></b>			
1. Civil Works			
Rural Infrastructure	808.62	50.86	86
2. International Consultants	12.22	0.77	1
3. Project Management <sup>b</sup>	121.29	7.63	13
<b>Subtotal (A)</b>	<b>942.14</b>	<b>59.25</b>	<b>100</b>
<b>B. Contingencies<sup>c</sup></b>			
1. Physical	0.00	0.00	0
2. Price	0.00	0.00	0
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
<b>C. Financing Charges during Implementation<sup>d</sup></b>			
1. Interest during Implementation	10.15	0.64	1
<b>Subtotal (C)</b>	<b>10.15</b>	<b>0.64</b>	<b>1</b>
<b>Total (A+B+C)</b>	<b>952.28</b>	<b>59.89</b>	<b>101</b>

<sup>a</sup> In mid-2006 prices.

<sup>b</sup> Includes the cost of national consultants contracted to assist the Central Project Management Unit undertake preparatory activities and of national consultants contracted for feasibility studies, detailed design, construction supervision, and performance monitoring.

<sup>c</sup> No contingencies are included in the cost estimates because the Project will follow a sector approach in preparing subprojects for implementation. Subproject costs estimates allow for any land acquisition, resettlement, and specific environmental or social mitigation measures.

<sup>d</sup> Includes interest charges. Interest during construction is been computed at 1%.

Source: Asian Development Bank estimates.

**Table A6.2: Detailed Cost Estimate by Financier**  
(\$ million)

Item	Cost \$	Asian Development Bank		Government	
		\$ <sup>a</sup>	% of Cost Category	\$	% of Cost Category
<b>A. Investment Costs</b>					
1. Civil Works					
Rural Infrastructure	45.77	43.23	94.4	2.54	5.6
2. International Consultants	0.77	0.77	100.0	0.00	0.0
3. Project Management <sup>b</sup>	6.87	6.33	92.2	0.53	7.8
4. Taxes and Duties	5.85	0.00	0.0	5.85	100.0
<b>Subtotal (A)</b>	<b>59.25</b>	<b>50.33</b>	<b>84.9</b>	<b>8.93</b>	<b>15.1</b>
<b>B. Interest during Implementation</b>	<b>0.64</b>	<b>0.64</b>	<b>100.0</b>	<b>0.00</b>	<b>0.0</b>
<b>Total Project Cost</b>	<b>59.89</b>	<b>50.97</b>		<b>8.93</b>	
<b>% Total Project Cost</b>	<b>100.0</b>		<b>85.1</b>	<b>85.1</b>	<b>14.9</b>

<sup>a</sup> Amount of the Asian Development Bank loan proceeds allocated to the cost category.

<sup>b</sup> Includes the cost of national consultants contracted for feasibility studies, detailed design, construction supervision, and performance monitoring.

Source: Asian Development Bank estimates.

<b>Revised Allocation and Withdrawal of Loan Proceeds</b> <b>As of June 2007</b>			
<b>Category</b>		<b>Financing</b>	
<b>Number</b>	<b>Item</b>	<b>Amount Allocated in SDR Category</b>	<b>Percentage and Basis for Withdrawal from the Loan Account</b>
1	Works	29,459,000	85 percent of total expenditure
2	Consulting Services	525,000	100 percent of total expenditure*
3	Project Management	4,313,000	83 percent of total expenditure
4	Interest Charge	436,000	100 percent of amount due
	Total	34,733,000	

- Exclusive of local taxes and duties

**PROJECT ORGANIZATION CHART**

**SOCIALIST REPUBLIC OF VIETNAM**

**XXXX** Provincial People's Committee

**Emergency Rehabilitation of Calamity Damage Project  
Loan No. 2273 – VIE (SF)**

**Summary Investment Report**

**Rehabilitation and Upgrading of xxxxxxxxxxxxxxxx Sea  
Dikes**

*(Date)*

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## **Summary Investment Report**

### **1. Introduction (1 page)**

- 49. Project location (commune, district, province)
- 50. Information about the provinces: economic sector development, GDP structure and brief analysis
- 51. Socio-economic Profile: Population/labor forces, income, living standards, and poverty
- 52. Natural condition: (terrain features, geology features, mangrove forests, water resource, meteorology – hydrology)

### **2. Existing Rural Infrastructure (max 1 page)**

- 1. Transportation
- 2. Rural infrastructure
- 3. Living water and rural hygiene
- 4. Irrigation works
- 5. Flood protection
- 6. Infrastructure needs assessment: (this paragraph leads to the next section on the proposed subproject)

### **3. The Proposed Subproject (max 7 pages)**

- 1. Subproject impact and outcome
- 2. Project scope (mention components and the scope)
- 3. Target beneficiaries including % poor households (draw a table)
- 4. Project technical designs (summarize technical designs)
- 5. Project cost estimates and financing plan (draw brief and concise tables)
- 6. Subproject implementation
- 7. Subproject impacts: social impacts, environmental impacts
- 8. Subproject impacts: economic impacts (max 1.5 pages)

In economic impacts, mention the impacts on reducing future damages (based on historical figures), increased cropping intensity, reduced non-productive land areas. If an economic analysis has been done, mention EIRR in base cases and sensitive cases. Draw on relevant tables to illustrate.

Economic methodology needs to be clear: (i) project life etc ; (ii) costs included in the cost stream (capital costs by year + annual O&M costs); (ii) how incremental benefits are estimated ("with project" case benefits MINUS "without project" case benefits), for example increased crop intensity; (iii) how costs savings will materialize (mention again the with and without cases, for example, in the without case, floods cause 30 billion VND of damages, now the project scope cover areas that reduce the annual damages in the future to 10 billion VND, cost savings in this case are 30 billion -10 billion = 20 billion VND).

### **4. Land Acquisition and Compensation (max 1/4 page)**

As relevant, describe the process/time lines for land acquisition and compensation if any.



## 5. Operation and Maintenance (max 1 page)

Provide details of (i) responsible entity, (ii) annual costs, (iii) financier, and (iv) sources of financing. A table outlining the O&M costs during and after the construction and financing sources would make the proposal more comprehensive.

## 6. Summary Assessments (max 2 pages)

Issues to be addressed by the Subproject	Remarks
1. Damage to be repaired under the Subproject shall have been caused by the 2005 series of typhoons and tropical storms	<i>Provide narrative assessment</i>
2. Subproject shall not cause any significant negative environmental and social impact, or significant resettlement	<i>Provide narrative assessment</i>
3. Subproject shall not be located within or adjacent to designated protected or conservation areas and their buffer zones, change the course of a river or alter river characteristics in a significant way, or have the potential to make significant changes in the surrounding environment	<i>Provide narrative assessment</i>
4. Rehabilitation shall be technically feasible, cost-effective, financially viable and sustainable, and represent at least-cost alternative, while at the same time incorporate natural disaster risk reduction measures where necessary and feasible	<i>Provide narrative assessment</i>
5. The respective provincial people's committee (PPC) shall have an operation and maintenance (O&M) plan for the Subproject and assured provision of annual O&M budget, exclusive of any beneficiary contribution that may be negotiated during Subproject selection and preparation	<i>Provide narrative assessment</i>
6. The contracted Works under the Subproject can be completed within the Project implementation period	<i>Provide narrative assessment</i>
7. The estimated construction cost shall not exceed by more than 15% of the Borrower's estimate	<i>Provide narrative assessment</i>
8. Partial financing of a Subproject from sources other than the Loan and the Borrower's counterpart funding shall be permissible provided that the amounts and sources of all such external funding are clearly and transparently presented as part of the financing plan and submitted to ADB for approval	<i>Provide narrative assessment</i>
9. Costing of the Subproject shall not be less than \$200,000	<i>Provide narrative assessment</i>

## INDICATIVE IMPLEMENTATION SCHEDULE

Activity	2006	2007												2008												2009					
	10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12															
Loan Effectiveness																															
Initial Activities																															
Complete project administration memorandum																															
Complete subproject screening																															
National consultants selected and mobilized:																															
- Feasibility studies (other than first batch)																															
- Detailed design (other than first batch)																															
- Construction supervision and performance monitoring																															
- Independent monitoring of resettlement (if necessary)																															
International consultants selected and mobilized																															
Proforma contract documents prepared																															
Design and Feasibility																															
Complete detailed design (first and subsequent batches)																															
Complete risk and vulnerability assessment																															
Approve detailed designs																															
Implementation of Subprojects																															
Complete contract documentation																															
Complete bid evaluation																															
Award construction contracts																															
Complete construction																															
Hand-over completed works																															

Source: Asian Development Bank estimates.

## PROCUREMENT PLAN

### Project Information

Country	Socialist Republic of Viet Nam
Name of Borrower	Socialist Republic of Viet Nam
Project Name	Emergency Rehabilitation of Calamity Damage
Loan or TA Reference	2273-VIE
Date of Effectiveness	23 April 2007
Amount \$ (total from all financiers):	\$59.89 million
Of Which Committed, \$	\$50.97 million
Executing Agency	Ministry of Agriculture and Rural Development (MARD)
Approval Date of Original Procurement Plan	Xx
Approval of Most Recent Procurement Plan	Xx
Publication for Local Advertisement <sup>a</sup>	Xx
Period Covered by this Plan	Xx (xxx – December 2008)

<sup>a</sup> General procurement notice, invitations to prequalify and to bid, calls for expressions of interest.

### Procurement Thresholds, Goods and Related Services, Works and Supply and Install

Procurement Methods	Threshold (\$)
International Competitive Bidding (ICB) Works	More than \$2,000,000
ICB Goods	More than \$500,000
National Competitive Bidding (NCB) Works	More than \$100,000 and not more than \$2,000,000
NCB Goods	More than \$100,000 and not more than \$500,000
Shopping Works	Not more than \$100,000
Shopping Goods	Not more than \$100,000

### Procurement Thresholds, Consulting Services

Procurement Methods	Threshold (\$)
Quality- and Cost-Based Selection (QCBS) National Consultants	More than \$100,000
Direct Contract (single source) National Consultants	Not more than \$100,000
QCBS International Consultants	Not less than \$100,000

### List of Contract Packages in Excess of \$100,000 for Works and Consulting Services

Contract Description	Estimated Cost (\$ '000)	Procurement Method	Expected Date of Advertising	Comments
Large civil works (in 4 contracts)	20,300	ICB	Jul 2007	Asian Development Bank (ADB) to review each contract
Small civil works (in 35 or more contracts)	22,300	NCB	Nov 2006–Jun 2008	ADB to review the first contract in each province
National consulting services (in 40 or more contracts)	2,600	QCBS or direct contract (single source) <sup>a</sup>	Nov 2006–May 2008	ADB to review the first QCBS contract in each province and all direct contracts (single source)
Consulting services (international)	800	QCBS <sup>b</sup>	Oct 2006	ADB to review the contract and procedures

<sup>a</sup> Depending on the value of the contract.

<sup>b</sup> Biodata technical proposals may be used provided sufficiently detailed terms of reference are prepared.

### Proposed Contract Packages

Description	Number of Contracts	Approximate Cost Estimate (\$'000)	Mode of Procurement	Responsible Agency
A. Civil Works <sup>a</sup>				
1. Large-scale infrastructure				
Hai Hau sea dike	1	7,400	ICB	CPMU/PPMU
Giao Thuy sea dike	1	6,200	ICB	CPMU/PPMU
Hai Thanh embankment	1	3,800	ICB	CPMU/PPMU
Hau Loc sea dike	1	2,900	ICB	CPMU/PPMU
2. Small-scale infrastructure	35	22,300	NCB	PPMU
B. Consulting Services <sup>b</sup>				
1. National consultants	40	2,600	QCBS or direct contract (single source) <sup>c</sup>	CPMU/PPMU
2. International consultants	1	800	QCBS	CPMU
<b>Total Contract Packages</b>	<b>79</b>	<b>46,000</b>		

CPMU = Central Project Management Unit, PPMU = provincial project management unit.

a The cost estimates for individual civil works contracts are based on preliminary data only. The number and size of contracts, their order of priority, and the year in which contracts will be tendered, will be adjusted following economic, financial, and technical studies to be conducted during the Project.

b The CPMU may also contract consultants, either as individuals or as a firm, to assist with the preparation of a detailed operation manual for project implementation and for other preparatory activities.

c Depending on the value of the contract.

## **QUALITY- AND COST-BASED SELECTION (QCBS) STEPS IN THE SELECTION PROCESS AND THE REQUIRED SUBMISSIONS**

### **Step 1. Shortlisting of Consulting Firms and Preparation of RFP**

53. The Executing Agency (EA) Consultant Selection Committee (CSC) prepares (i) a long list of 15 to 20 consulting firms; (ii) shortlisting criteria; (iii) consulting services budget including details of provisional sum and contingency; (iv) narrative evaluation criteria; (v) shortlist of 5 to 7 consulting firms from the long list; and (vi) a draft Request for Proposal (RFP) with terms of reference (TOR), data sheet, summary evaluation sheet and personnel evaluation sheet, and a draft contract. The EA's CSC updates and confirms the schedule in Consultant Recruitment Activity Monitoring (CRAM) sent by ADB. Minutes of the meeting are prepared and signed by all members of the CSC.

### **Step 2. SUBMISSION 1 – Invitation Documents and Shortlist**

54. The EA submits to ADB the following CSC-approved documents (i) copy of the signed minutes of the CSC shortlisting meeting; (ii) long list; (iii) shortlisting criteria; (iv) narrative evaluation criteria; (v) consulting services budget including details of provisional sum; and contingency; (vi) shortlist; (vii) the draft RFP with TOR, data sheet, summary evaluation sheet, personnel evaluation sheet, and a draft contract; and (viii) updated CRAM.

55. If ADB's recommendation (in **Step 3**) involves substantial amendments that require another review by ADB, a resubmission<sup>1</sup> of the invitation documents may be required.

### **Step 3. Approval of Invitation Documents and Shortlist by ADB**

56. ADB reviews the documents included in SUBMISSION 1 and approves them or makes appropriate recommendations for amendments to be made by EA. Further processing of the consultancy selection by EA is pursued only after receipt of ADB's approval of SUBMISSION 1.

### **Step 4. Release of RFP to Consultants by EA**

57. The EA, on receipt of approval from ADB incorporates ADB's comments as appropriate and sends the RFP to the shortlisted consultants. Narrative technical evaluation criteria are not attached to the RFP but retained by the EA for submission to EA's CSC for use during technical evaluation. Prior to the submission date for proposals, the shortlisted consultants have the right to seek clarifications on the RFP. The EA will send the clarifications in writing not only to the firms that sought clarification but also to all the shortlisted firms without disclosing the source of the query.

### **Step 5. Receipt of Proposals by EA**

58. Under QCBS, technical and financial proposals are received at the same time in two separate envelopes both placed in one cover envelope. The financial proposals are not opened and are safely stored by the EA until the technical evaluation process is completed and ADB approval is received. The CSC members do not have access to the financial proposals until the receipt of ADB's approval of the EA's technical evaluation report.

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<sup>1</sup> In general, when submissions are found to be incomplete or necessitate substantial amendments, resubmissions may be called for.

## **Step 6. Evaluation of Technical Proposals**

59. The CSC members separately and independently evaluate the technical proposals using the narrative evaluation criteria prepared by the CSC during the shortlisting, and approved by ADB. Technical proposals are scored out of a maximum of 1,000 points.

60. The CSC members jointly discuss the individual scores and arrive at consensus. The CSC disqualifies proposals with scores less than 750 points.

## **Step 7. SUBMISSION 2 – Evaluation of Technical Proposals**

61. The EA submits to ADB the following CSC-approved documents: (i) copy of the signed minutes of the CSC evaluation meeting; (ii) narrative evaluation criteria; (iii) summary evaluation sheet; (iv) personnel evaluation sheets; (v) narrative comments on evaluation highlighting the strengths and weaknesses of each proposal; and (vi) updated CRAM.

## **Step 8. Approval of Technical Proposal by ADB**

62. ADB reviews the report and approves the EA's technical evaluation or makes appropriate recommendations for amendments to be made by the EA. Further processing of the consultancy selection by the EA is pursued only after receipt of approval from ADB.

## **Step 9. Invitation for Public Opening of Financial Proposals**

63. The EA informs, by fax or e-mail, the consultants whose technical proposals were found to be responsive (that is, scored 750 or more points), the time and place where their financial proposals will be publicly opened. The date of public opening should be at least a week after the notification. Attendance of the consultants is optional.

64. At the same time, the EA notifies the consultants whose proposal scored less than 750 points that they have been eliminated from the selection process.

## **Step 10. Public Opening of Financial Proposals**

65. In the presence of consultants who chose to attend the public opening, the EA reads out the scores of the qualified technical proposals (those with a score equal or greater than 750 points). The EA then opens the financial proposals and reads out the total price of each proposal. The EA does not read out any other details of the financial proposals or allow consultants to inspect financial proposals. Immediately after the public opening, the EA sends by fax or e-mail the record sheet with the technical scores and the total price shown in the financial proposals to all firms that submitted responsive proposals.

## **Step 11. Financial Evaluation**

66. The EA's CSC reviews the financial proposals and calculates the evaluated total price (ETP) by correcting arithmetic errors, adjusting omissions, and deducting the non-competitive elements – provisional sum and contingency. Cost in currencies other than US dollars are converted to US dollars using the exchange rate from the source and date indicated in the RFP data sheet. The financial proposals with the lowest ETP is given a score of 1,000 and the other proposals are given scores that are inversely proportional to their prices.

67. The formula used to determine the score of each financial proposal is:

$$S_f = 1,000 \times F_m / F$$

$S_f$  – financial score,  $F_m$  – lowest-priced proposal,  $F$  – price of the proposal being considered

## **Step 12. Ranking of Proposal**

68. The EA's CSC calculates the total score for each proposal by adding the weighted scores for technical quality and price. The weight for technical quality is 80 percent and the weight for cost is 20 percent. These weights are fixed.

## **Step 13. SUBMISSION 3 – Financial Evaluation and Ranking of Proposals by EA**

69. The EA submits to ADB the following CSC-approved documents: (i) copy of the signed minutes of the CSC evaluation and ranking meeting; (ii) record of attendance at public opening; (iii) record of proposed total prices; (iv) completed financial evaluation sheets; (v) overall ranking; (vi) updated CRAM; and (vii) a request seeking ADB's approval for commencing contract negotiations with the first-ranked firm.

## **Step 14. Approval of Evaluation and Ranking of Proposals by ADB**

70. ADB reviews the documents included in SUBMISSION 3 and approves them or makes appropriate recommendations for amendments to be made by the EA. Further processing of the consultancy selection by the EA is pursued only on receipt of approval from ADB.

## **Step 15. Contract Negotiations**

71. Following receipt of ADB approval, the EA invites the first-ranked firm to contract negotiation. The negotiations include technical discussions on the methodology, comments on the TOR, the consultant's personnel and the EA's counterpart facilities. It is important that these discussions do not substantially alter the requirements in the TOR because this might materially alter the terms of the consultant's technical proposals and its costs. During financial negotiations, experts' remuneration rates and the other unit costs shown in the consultant's financial proposals are not subject to negotiation; however, minor changes of inputs and quantities of cost items may be made.

## **Step 16. SUBMISSION 4 – Draft Negotiated Contract**

72. The EA submits to ADB a copy of the draft negotiated contract and updated CRAM.

## **Step 17. Approval of Draft Negotiated Contract by ADB**

73. ADB reviews the draft negotiated contract together with appendixes and approves it or makes appropriate recommendations for amendments to the contract to be made by the EA and the consulting firm.

## **Step 18. Signing the Contract**

74. After receiving ADB's approval of the draft negotiated contract, the EA and the consulting firm sign the contract.

## **Step 19. SUBMISSION 5 – Signed Contract**

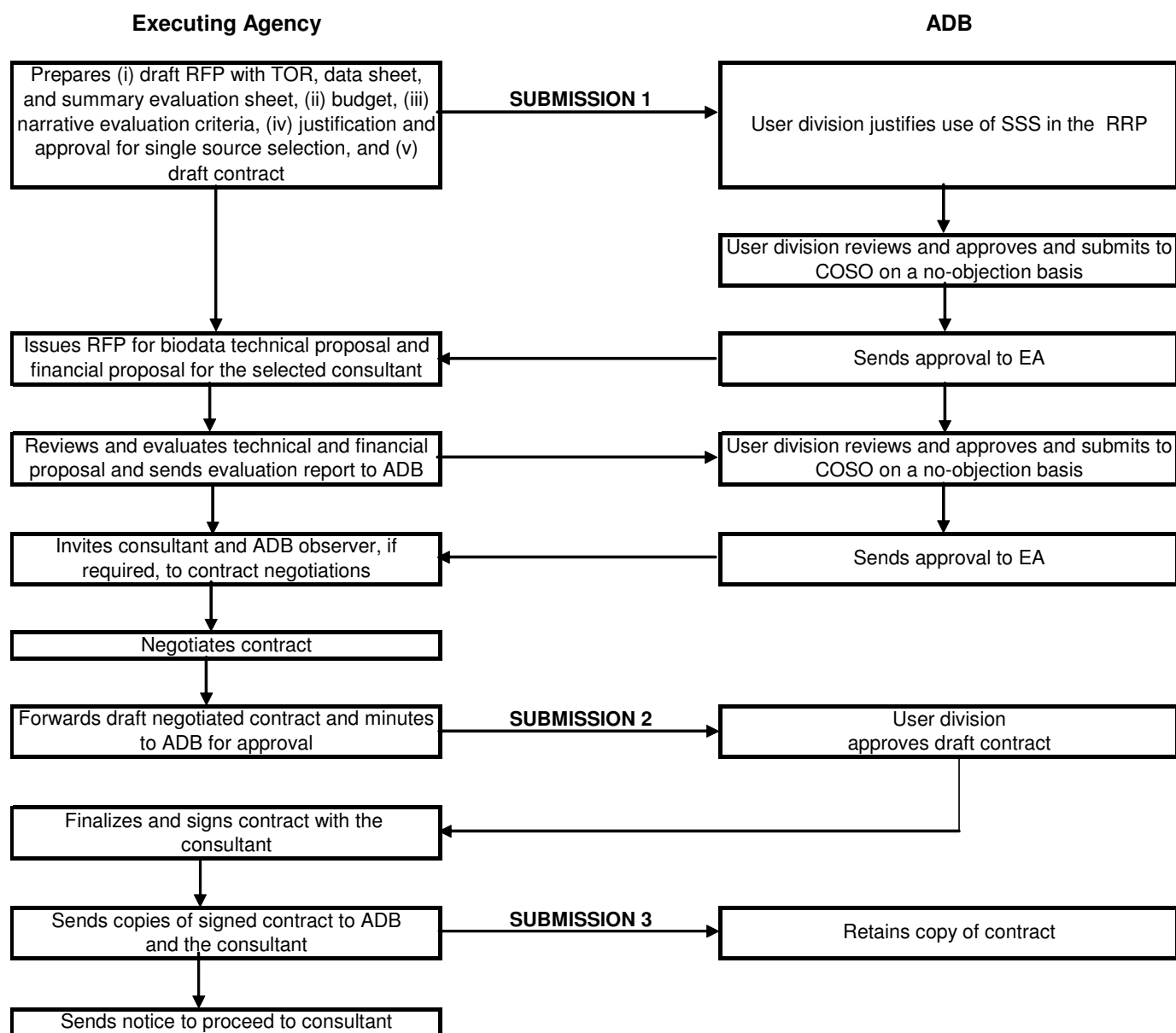
75. The EA submits a copy of the signed contract and updated CRAM to ADB for its record.

**Step 20. Post Contract Negotiation Actions**

76. After the contract has been signed, the EA advises, in writing, the shortlisted firms that were unsuccessful. The financial proposals of the firms that submitted technical proposals that scored less than 750 points are returned unopened.



# **RECRUITING CONSULTING FIRMS FOR LOANS USING SSS**



## Consultant Recruitment Activity Monitoring (CRAM)

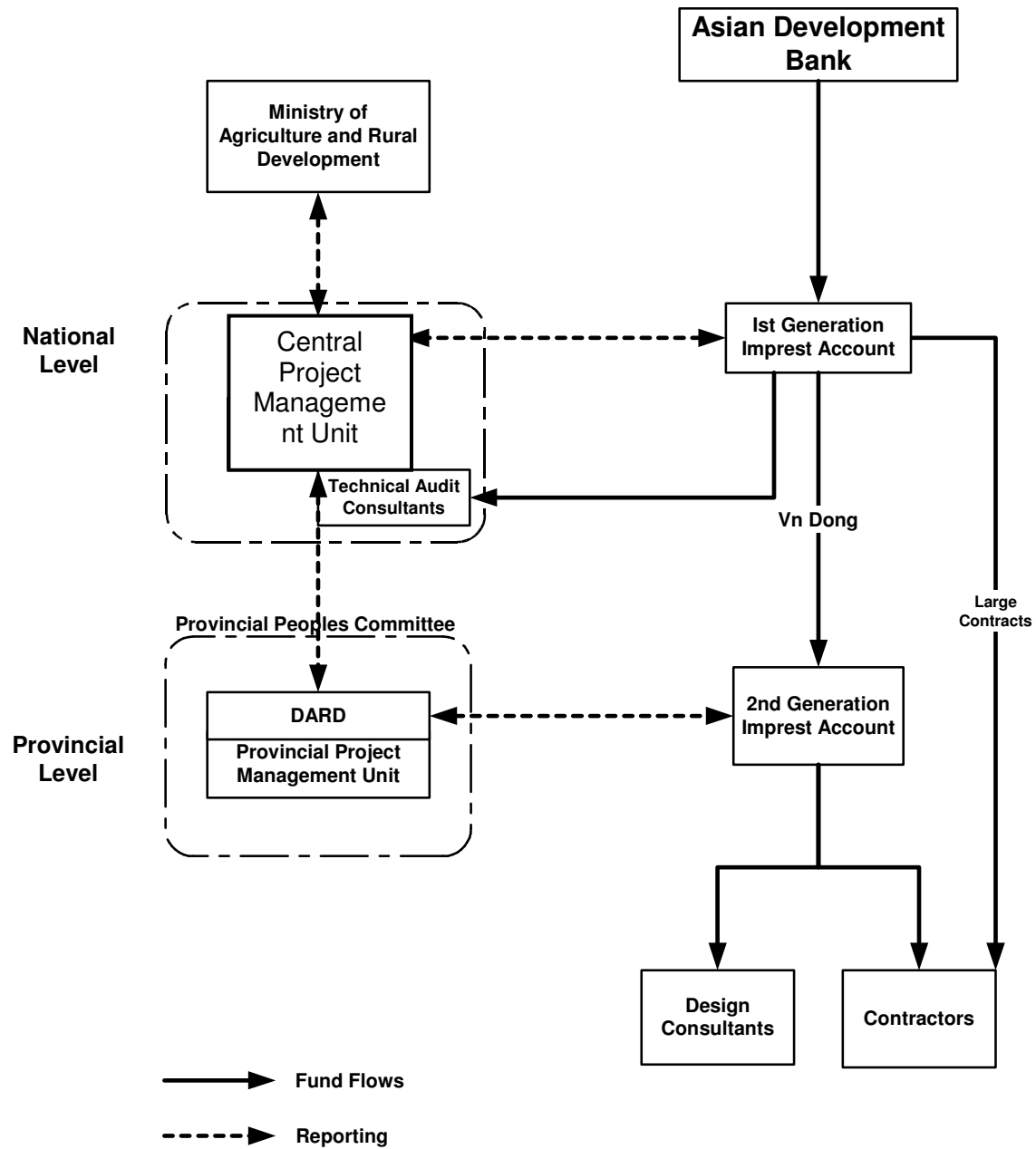
<b>TA No., Name and Type</b>			Last edited by:
<b>Contract Budget (US\$)</b>	800,000		
<b>Selection Method</b>	QCBS		on
<b>Type of Technical Proposal</b>	Simplified		
<b>Executing Agency (EA)</b>			
<b>EA Contact Person</b>			
<b>User Division (UD)</b>			
<b>ADB Project Officer</b>		Initials:	Project Assistant:
<b>ADB COSO Officer</b>		Initials:	
<b>Actual Date of Short-Listing (SL) Meeting</b>			

Activity		Responsible Staff	NORM	Planned			Actual			Deviation		Explanation and Action
			Work Days	Dates	Cal. Days	Cum. Days	Achived Date	Days	Cum. Days	Days	Cum. Days	
1		2	3	4	5	6	7	8	9	10	11	12
To:												
COSO signing of CSC-SL minutes			3	28-07-05	3	3	26-07-05	1	1	(2)	(2)	
UD issuing request for EA concurrence			1	29-07-05	1	4	26-07-05	0	1	(1)	(3)	
UD forwarding EA concurrence to COSO			10	05-08-05	7	11	28-07-05	2	3	(5)	(8)	
COSO issuing the RFP			3	10-08-05	5	16	29-07-05	1	4	(4)	(12)	
COSO receiving proposals			35	14-09-05	35	51	02-09-05	35	39	0	(12)	
CSC-EV meeting			10	28-09-05	14	65	13-09-05	11	50	(3)	(15)	
COSO signing CSC-EV minutes			3	03-10-05	5	70	15-09-05	2	52	(3)	(18)	
COSO issuing invite for public opening			1	04-10-05	1	71	15-09-05	0	52	(1)	(19)	
Public opening			3	11-10-05	7	78	19-09-05	4	56	(3)	(22)	
COSO signing of overall ranking minutes			5	18-10-05	7	85	23-09-05	4	60	(3)	(25)	
COSO issuing invite for negotiation			1	19--10-05	1	86	26-09-05	3	63	2	(23)	2 excess days fell on a weekend
Commencement of negotiation			10	29-10-05	10	96	19-10-05	23	86	13	(10)	awaited signing of TA letter agreement
Completion of negotiation			3	03-11-05	5	101	21-10-05	2	88	(3)	(13)	
Signing of contract			2	11-08-05	5	106	27-10-05	6	94	1	(12)	awaited advice from user division to proceed

## Footnotes:

- a. Activity NORMS [column 3] are based on working days with the exception of activities 5 and 12 which are based on calendar days.
- b. The base date for planning and monitoring is the date of CSC-SL meeting.
- c. PLANNED dates, days and cumulative days [columns 5 and 6 respectively] are derived from the NORMS and are computed as calendar days.
- d. ACTUAL achieved dates [column 7] are input by the responsible project officer from the concerned User Division, and ACTUAL days and cumulative days [columns 8 and 9 respectively] are computed as calendar days.
- e. DEVIATIONS are computed in calendar days and cumulative calendar days [columns 10 and 11].

## FUND FLOW ARRANGEMENT



## DISBURSEMENT MODALITIES

### A. Four Types

1. Procedures for withdrawal of loan proceeds are standardized to facilitate disbursements under most loans. Disbursement procedures consist of four major types, described briefly as:

- **direct payment procedure** where ADB, at the borrower's request, pays a designated beneficiary directly [see Chapter of the Loan Disbursement Handbook (LDH) for details];
- **commitment procedure** where ADB, at the borrower's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against an LC financed from the loan account (see chapter 8 of the LDH for details);
- **reimbursement procedure** where ADB pays from the loan account to the borrower's account, or in some cases, to the project account for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources (see chapter 9 of the LDH for details); and
- **imprest fund procedure** where ADB makes an advance disbursement from the loan account for deposit to an imprest account to be used exclusively for ADB's share of eligible expenditures (see chapter 10 of the LDH).

2. Withdrawal application forms and summary sheets vary for different procedures. Please refer to the sample formats attached.

### B. Simplified Documentation under the Reimbursement Procedure

3. While normally ADB requires submission of full supporting documentation, there are special cases where it accepts simplified documentation when:

- the **statement of expenditures (SOE) procedure** involves the borrower submitting an SOE to support an application (see paragraphs 9.8 to 9.22 of the LDH for details);
- the **force account works procedure** involves the borrower submitting periodic certification of the progress or completion of civil works in support of its application for reimbursement (see paragraphs 9.23 to 9.26 of the LDH for details);
- the **simultaneous application for subloan approval and withdrawal (SAW) procedure** involves qualified DFIs submitting simplified supporting documents when they request reimbursement of expenditures and ADB's confirmation of subloans below the set "free limit" (see paragraphs 9.27 to 9.30 of the LDH for details).

### C. Suggested Disbursement Procedures

4. The four procedures are normally used for the following kinds of payment:

Nature of Payment/s	Precondition of Payment	Suggested Disbursement Procedure
Mainly large civil works, progress payments, consultants' fees, procurement of goods	Payments are due	Direct payment
Importation costs	The borrower has opened an LC with a provision that the negotiating bank will be reimbursed by ADB for payments made to the supplier	Commitment
Local currency costs, petty purchases, and small civil works	Expenditures have been incurred and paid for by the borrower from its own funds	Reimbursement
Contractors' bills and suppliers' invoices, numerous items of operating expenses, other eligible expenditures	The borrower experiences cash flow difficulty	Imprest fund

## SAMPLE AUDIT LETTER

[Date]

Ministry of Agriculture and Rural Development  
Hanoi, Viet Nam

Dear xxx:

### Loan 2273-VIE: Emergency Rehabilitation of Calamity Damage Project Financial Reporting and Auditing Requirements

1. This letter is to ensure your timely compliance with the loan covenants and the quality of financial information as required by ADB. ADB's Handbook for Borrowers on the Financial Governance and Management of Investment Projects Financed by the ADB (the Booklet) is enclosed to guide you.
2. ADB, by its Charter, is required to ensure that the proceeds of any loan made, guaranteed, or participated in by ADB are used for the purposes for which the loan was approved. ADB requires accurate and timely financial information from its borrowers to be assured that expenditure was for the purposes stated in the loan agreement.
3. For these particular loans, the requirements are stipulated in Section 4.02 (a) of the Loan Agreement 7 December 2006 between ADB and the Socialist Republic of Viet Nam. Further copies of the Loan Agreement is enclosed for onward transmission by your office to your auditor(s), together with a copy of this letter.
4. The following are the main requirements:
  - i) ADB requires the EA to maintain separate project accounts and records exclusively for the Project to ensure that the loan funds were used only for the objectives set out in the Loan or Project Agreements. The project accounts comprise the Audited Project Accounts (APA) including cash flow statements.
  - ii) The first set of project accounts to be submitted to ADB covers the fiscal year ending 31 December 2007. As stipulated in the Loan Agreements, they are to be submitted up to 6 months after the end of the fiscal year. For this loan, the deadline is by 30 June 2008. A sample report format with explanatory notes, is attached as Annex A.
  - iii) The accounts and records for the project are to be consistently maintained by using sound accounting principles. Please stipulate that your external auditor is to express an opinion on whether the financial report has been prepared using international or local generally accepted accounting standards and whether they have been applied consistently

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

Yours sincerely,

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

## **Pro Forma of the Executing Agency's Project Progress Report**

### **A. Introduction and Basic Data**

Provide the following:

- ADB loan number, project title, borrower, executing agency(ies), implementing agency(ies);
- total estimated project cost and financing plan;
- status of project financing including availability of counterpart funds and cofinancing;
- dates of approval, signing, and effectiveness of ADB loan;
- original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- date of last ADB review mission.

### **B. Utilization of Funds (ADB Loan, Cofinancing, and Counterpart Funds)**

Provide the following:

- cumulative contract awards financed by the ADB loan, cofinancing, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- cumulative disbursements from the ADB loan, cofinancing, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

### **C. Project Purpose**

Provide the following:

- status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- an assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- other project developments, including monitoring and reporting on environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

### **D. Implementation Progress**

Provide the following:

- assessment of project implementation arrangements such as establishment, staffing, and funding of the PMO or PIU;
- information relating to other aspects of the EA's internal operations that may impact on the implementation arrangements or project progress;
- progress or achievements in implementation since the last progress report;



- assessment of the progress of each project component, such as,
  - recruitment of consultants and their performance;
  - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
  - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules and budgets, the reference framework or guidelines in calculating the project progress including examples are shown in Appendix 2); and
- an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.

#### **E. Compliance with Covenants**

Provide the following:

- the borrower's compliance with policy loan covenants such as sector reform initiatives and EA reforms, and the reasons for any noncompliance or delay in compliance;
- the borrower's and EA's compliance with financial loan covenants including the EA's financial management, and the provision of audited project accounts or audited agency financial statements; and
- the borrower's and EA's compliance with project-specific loan covenants associated with implementation, environment, and social dimensions.

#### **F. Major Project Issues and Problems**

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

## **Framework and Guidelines in Calculating Project Progress**

### **A. Introduction**

1. To ensure that all implementation activities are reflected in measuring implementation progress against the project implementation schedule, the term "physical completion" in the PPR has been changed to "project progress."
2. Physical and precommencement activities are considered in calculating project implementation progress. These activities, which may include recruitment of consultants, capacity building, detailed design, preparation of bid and prequalification documents, etc., could constitute a significant proportion of overall implementation and therefore should be counted.
3. Each activity in the implementation schedule will be weighted according to its overall contribution (using time as a reference) to progress of project implementation. These weights will then be used to calculate the percentage of project progress along the entire time span of the project. This is to provide a holistic view of the pace of implementation.

### **B. Framework for Compiling Activity List and Assigning Weights**

4. As implementation activities and their corresponding weights will vary according to the type of project, sector, and country, sector divisions or RMs will be responsible for determining and including them in the project administration memorandum. The actual project implementation progress of these activities should be reported regularly through the EA's quarterly project progress report. To ensure ADB-wide consistency, the following framework has been established; its application will be monitored through the PPR.

#### **1. Compilation of Activity List**

5. Sector divisions or RMs concerned should identify major implementation activities and include them in the implementation schedule, which is attached as an appendix in the report and recommendation of the President (RRP). The implementation schedule should follow the critical path of the project's major activities in project implementation taking account of various country, sector, and project constraints.

#### **2. Assignment of Weights**

6. Corresponding weights for each activity should be assigned to ensure that "project progress" measures the percentage of achievement (nonfinancial except when the project has credit components) for all events during the entire duration of the implementation schedule. To avoid disproportionate assignment of weights, to the extent possible these should be evenly distributed along the implementation schedule. When activities are concurrent, avoid "double counting."

#### **3. Computation of Project Progress**

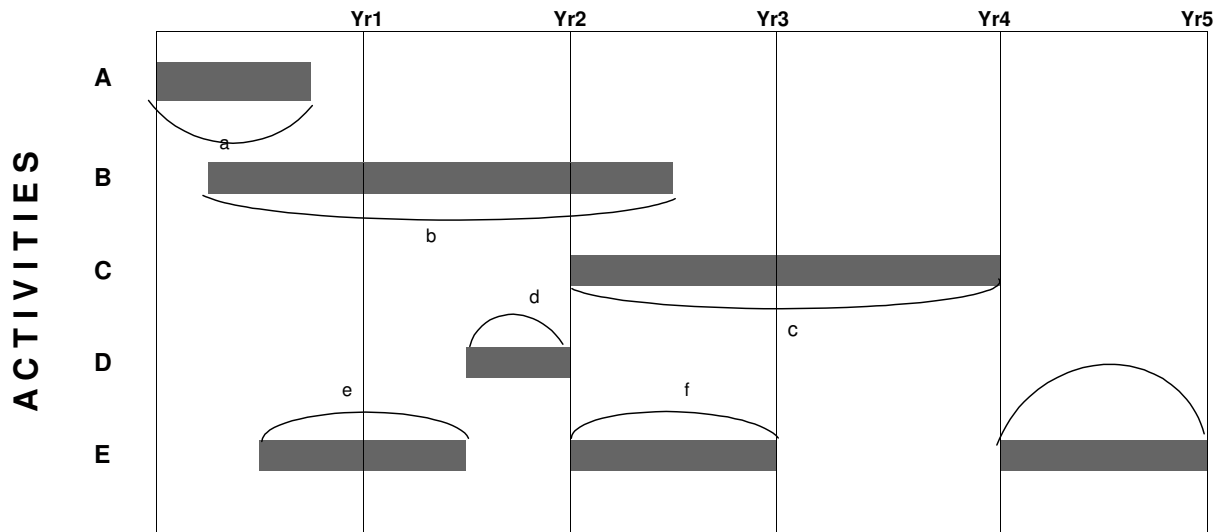
7. Once all activities are identified and corresponding weights assigned, project progress should be calculated using the following steps:

- (i) Determine the actual percentage progress (nonfinancial) of each activity.
- (ii) Multiply these percentages by the assigned weight of each activity to arrive at the weighted progress.

- (iii) Add up the resulting weighted progress of all activities to determine the project progress.

Below is an illustration of this calculation using a generic sample implementation schedule and this Appendix, a specific example in the education sector.

**Implementation Schedule with Activities and Weights**



1. Sum of all weights should equal 100 percent ( $a+b+c+d+e+f+g = 100\%$ )
2. When calculating the percentage of "project progress," all completed activities should be counted as accomplished, regardless of when they were scheduled to be completed. For example, when calculating the percentage of "project progress" after year 3, if activity D is completed in year 3 rather than in year 2, it should still be included in the computation.
3. Total weight of each activity is as follows: Activity A— $a$ ; Activity B— $b$ ; Activity C— $c$ ; Activity D— $d$ ; and Activity E— $e + f + g$
4. Project progress of a project is the summation of the actual percentage of progress for each activity multiplied by the total weight of each activity.

**PROJECT PERFORMANCE REPORT**

As of

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

(ALL AMOUNTS IN US\$ MILLION)

**A. BASIC DATA**

NAME

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

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

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

**C. LOAN UTILIZATION**

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

**D. COVENANTS**
**COMPLIANCE  
WITH  
COVENANTS:**
AUDITED PROJECT  
ACCOUNTS / DELAYAGENCY FINANCIAL  
STATEMENTS / DELAYSECTOR  
COVENANTSENVIRONMENTAL  
COVENANTSSOCIAL  
COVENANTSFINANCIAL  
COVENANTSECONOMIC  
COVENANTS**E. MAJOR ISSUES/PROBLEMS (IP, DO, Covenants)****PROBLEMS****ACTION TAKEN/PROPOSED**

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PAU Assistant

PROJECT OFFICER

## DEVELOPMENT OBJECTIVES

## Long Term Development Objectives

Description

## Immediate Development Objectives

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

## Recent Development (Date: )

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## Major Problems with DO

Description	Action Taken/Proposed

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

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

## IMPLEMENTATION PROGRESS

## Project Outputs

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

## Key Project Inputs

(Loan Categories from LFIS/Logical Framework)	Remarks

## Implementation Progress

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

## Design Changes

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## Recent Development (Date: )

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## Problems with IP

Description	Action Taken/Proposed

## POTENTIAL PROBLEM PROJECT

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

## COVENANTS

## Project and EA Accounts

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

## Project Specific Covenants

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

## Major Problems/Remarks/Issues with Covenants

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## **Project Completion Report**

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

#### **I. PROJECT DESCRIPTION**

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

#### **II. PROJECT IMPLEMENTATION**

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

#### **III. INITIAL OPERATIONS**

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

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

- A. Assess ADB's performance in supervising project implementation. Include comments on the adequacy of the consultants' terms of reference and appropriateness of specifications in tender documents. Evaluate the effectiveness and timeliness of assistance extended by ADB to solve implementation problems.
- B. Comment on problems encountered with ADB's procedures. Note the measures taken to resolve these problems and suggest changes in procedures and requirements.

### MAJOR LOAN COVENANTS

	Nature of Covenants	Reference
1	<p><b>Audited Project Accounts</b></p> <p>The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently acceptable to ADB; (ii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each relate fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this</p>	Loan Agreement (LA), Section 4.02 (a)
2.	<p><b>Executing Agency</b></p> <p>The Ministry of Agriculture and Rural Department shall have overall responsibility for Project implementation.</p>	LA, Schedule 5, para. 1
3.	<p><b>Central Project Management Unit</b></p> <p>Central Project Management Unit (CPMU) within the Ministry of Agriculture and Rural Development (MARD) shall be responsible for the overall Project management and coordination. The director of the CPMU shall t be the Project Director.</p>	LA, Schedule 5, para. 2
4.	<p><b>Implementing Agency</b></p> <p>The provincial people's committees (PPCs) of the Project provinces shall be the implementing agencies.</p>	LA, Schedule 5, para 3(a)
5.	<p><b>Provincial Project Management Units</b></p> <p>The provincial project management units (PPMUs) shall be responsible for Project implementation in the Project provinces under the direction and administration of the respective Department of Agriculture and Rural Department (DARD). Each PPMU shall be headed by a Project manager at the provincial level and comprise a sufficient number of appropriately qualified staff, acceptable to ADB.</p>	LA, Schedule 5, para. 4
6.	<p><b>Environmental</b></p> <p>The provincial people's committee (PPC) shall cause the department of agriculture and rural development (DARD) to ensure that for each Subproject screened as environmental category B, an initial environmental examination (IEE) and an environmental management</p>	LA, Schedule 5, para 3 (b)(i)

	and monitoring plan (EMP) are prepared.	
7.	<p><b>Resettlement</b></p> <p>The Borrower shall ensure that:</p> <p>(i) only Subprojects where resettlement will impact less than 200 affected people (AP), in accordance with ADB's Policy on Involuntary Resettlement (1995) and related requirements, are financed by the Project;</p> <p>(ii) only Subprojects with no resettlement impact are implemented during the first year of Project implementation;</p> <p>(iii) during detailed design, every effort is made to avoid relocating households or interfering in the income-earning activities of those at or near the site;</p> <p>(iv) if any land is to be acquired for implementation of a Subproject or if there is any impact on persons occupying or using land at the Subproject site that would necessitate compensation, a Resettlement Plan is prepared in full consultation with and disclosure to the AP;</p> <p>(v) the Resettlement Plans are updated on the basis of detailed technical designs, in full consultation with and disclosure to the AP prior to submitting to ADB for review and approval; and</p> <p>(vi) land acquisition and resettlement activities are implemented in accordance with the terms of the updated and approved Resettlement Plans, applicable laws and regulations of the Borrower and requirements of ADB's Policy on Involuntary Resettlement. In case of discrepancies between the Borrower's laws, regulations and procedures and ADB's Policy on Involuntary Resettlement, ADB's Policy shall prevail.</p>	LA, Schedule 5, para. 6
	<p>The Borrower shall also ensure that:</p> <p>(i) special measures and complementary mitigation and enhancement activities are incorporated in the Resettlement Plans to protect socially and economically vulnerable groups that may be at high risk of impoverishment, such as those without legal title to land or other assets, ethnic minority peoples, households headed by women, children, the disabled or elderly, and the poorest people; (ii) appropriate assistance through asset building strategies are provided to help such groups improve their socio-economic status such as land-for-land, replacement housing for minimum standard and increased security of tenure.</p>	LA Schedule 5, para. 7
	The Borrower shall ensure that a qualified social science or other suitably qualified institution	Loan Agreement, Schedule 5,

	acceptable to ADB is contracted to conduct independent external monitoring and evaluation of the resettlement process and impacts.	para. 8
	The Borrower shall ensure that (i) adequate budgetary support is fully committed and made available to cover the costs of land acquisition, resettlement and rehabilitation within the agreed implementation period; and (ii) counterpart funds are provided in a timely manner for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates in order to satisfy resettlement requirements and objectives.	LA, Schedule 5, para. 9
8.	<p><b>Affected People (AP)</b></p> <p>The Borrower shall ensure that implementation of the Resettlement Plans are carried out with the full participation of the AP. The comments and suggestions of the AP and communities shall be taken into account during the design and implementation phases of the resettlement activities. To ensure that all grievances of the AP on any aspect of land acquisition, compensation, relocation, and determination and payment of entitlements are resolved in a timely and satisfactory manner, and that all avenues for airing grievances are available to the AP, the Borrower shall set up a mechanism under the Project to deal with any such grievances during Project implementation.</p>	LA, Schedule 5, para. 10
9.	<p><b>Community Participation</b></p> <p>The Borrower shall ensure that (i) the DARDs actively promote community participation in the selection, preparation, implementation and performance monitoring of the Subprojects; (ii) bidding documents include provisions to ensure contractors' preferential hiring of local labor; (iii) equal opportunities are guaranteed for female workers to work with the principle of equal pay for work of equal value; and (iv) necessary measures are taken to prevent employment of child labor.</p>	LA, Schedule 5, para. 11
10.	<p><b>Indigenous People</b></p> <p>The Borrower shall ensure that the Subprojects do not adversely affect indigenous peoples, female-headed households, disable, elderly or other similarly vulnerable groups. In the event that indigenous people are affected by or are beneficiaries of any Subproject, the Borrower shall ensure that their rights and needs are fully respected in compliance with ADB's Policy on Indigenous Peoples (1998) and in accordance with the indigenous peoples development framework (IPDF).</p>	LA, Schedule 5, para. 12

11.	<b>Gender Development</b> <p>The Borrower shall ensure that women, in particular those who belong to female-headed households and ethnic minority groups, participate, at a rate satisfactory to ADB, in (i) consultations on resettlement planning; (ii) preparation of detailed measurement of losses; (iii) capacity building programs on resettlement; and (iv) relocation, compensation and livelihood improvement activities to be undertaken under the Project.</p>	LA, Schedule 5, para. 13 (a)
	<p>The Borrower shall also ensure that any land rights granted to AP shall be issued in the names of both husband and wife.</p>	LA , Schedule 5, para. 13 (b)
12	<b>Submission of Quarterly Progress Reports</b> <p>The existing CPMU shall consolidate and submit to ADB progress reports prepared by each Project province.</p>	LA, Schedule 5, para. 2
13.	<b>Submission of Project Completion Report</b> <p>The existing CPMU shall submit to ADB a Project completion report.</p>	LA, Schedule 5, para. 2
14.	<b>Anticorruption Measures</b> <p>The Borrower shall comply with, and shall cause the project executing agency (EA) and the implementing agencies (IAs) to comply with ADB's Anticorruption Policy. The Borrower (i) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; and (ii) agrees to cooperate fully with, and to cause the project EA and the IAs to cooperate fully with any such investigation to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation.</p>	LA, Schedule 5, para. 14
	<p>Without limiting the generality of para. 14, Schedule 5 of the Loan Agreement, the Borrower shall (i) ensure that the project EA and the IAs conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; and (ii) ensure and cause the project EA and the IAs to ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants and other service providers as they relate to the Project.</p>	LA, Schedule 5, para. 15

<p>To deter corruption and increase transparency, the Borrower shall maintain the website to disclose information about public procurements, including those related to the Project. For each contract, the website shall include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services procured. In addition to the web-based disclosure, stakeholders, which include civil society and non-governmental organizations, shall be provided detailed information on procurement on public notice boards in their respective areas.</p>	<p>LA, Schedule 5, para. 16</p>
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## KEY PERSONS INVOLVED IN THE PROJECT

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