



Asian Development Bank

Memorandum

Viet Nam Resident Mission

20 June 2014

2 July '14

To: James Nugent
Director General, SERD *[Signature]*

Through: Tomoyuki Kimura
Country Director, VRM *[Signature]*

From: Jesper K. Petersen
PAU Head, VRM *[Signature]*

Subject: JFPR 9112-VIE: Thanh Hoa Province Small Scale Infrastructure
Investments and Services in Urban and Peri-Urban Areas
- Request for Approval of Implementation Completion Memorandum

1. Your approval is sought for the Implementation Completion Memorandum (ICM) for the project.
2. In accordance with SERD's internal administrative procedure, the draft ICM was circulated for cross-departmental review on 19 December 2013 and comments received have been incorporated.
3. Upon your approval, the ICM will be disclosed through the ADB's JFPR website.

Attachments: 1. ICM
2. Interdepartmental Comments

c.c. Directors, SEUW/OCO/OSP2
Assistant Controller, CTAC
M. Victoria G. Paz, SEOD



Implementation Completion Memorandum

Project Number: 41118
JFPR Number: 9112
June 2014

Viet Nam: Thanh Hoa Province Small-Scale Infrastructure Investments and Services in Urban and Peri-urban Areas (Financed by the Japan Fund for Poverty Reduction)

IMPLEMENTATION COMPLETION MEMORANDUM (ICM)

I. BASIC INFORMATION			
1. JFPR Number and Name of Grant: JFPR 9112-VIE: Thanh Hoa Province Small Scale Infrastructure Investments and Services in Urban and Peri-Urban Areas			
2. Country (DMC): The Socialist Republic of Viet Nam		3. Approved JFPR Grant Amount: \$ 2,000,000	
4. Grant Type: <input checked="" type="radio"/> Project / <input type="radio"/> Capacity Building		5-A. Undisbursed Amount \$ 14,863.70	5-B. Utilized Amount: \$ 1,985,136.30
6. Contributions from other sources			
Source of Contribution:	Committed Amount	Actual Contributions:	Remark - Notes:
DMC Government	\$ 250,000.0	\$ 101,794.0	The Government contribution is estimated at \$250,000 equivalent in kind (contribution of office, equipment, transportation). However, during the implementation, the PMU used existing office, office equipment and car of other government-financed projects thus actual contribution was lower than estimated at appraisal.
Other Donors (please name)	\$ 0	\$ 0	
Private Sector	\$ 0	\$ 0	
Community/Beneficiaries	\$ 150,000.0	\$ 158,828.0	
7-A. GOJ Approval Date: 24 July 2007		7-B. ADB Approval Date: 27 November 2007	7-C. Date the LOA was signed (Grant Effectiveness Date): 20 June 2008
8-A. Original Grant Closing Date: 20 June 2012	8-B. Actual Grant Closing Date: 20 June 2012		8-C. Account Closing Date: 27 November 2012
9. Name and Number of Counterpart ADB (Loan) Project: Loan 2511-VIE(SF)			

10. The Grant Recipient(s):

The State Bank of Viet Nam
47-49 Ly Thai To St, Hanoi, Viet Nam
Contact person: Mr. Nguyen Van Binh, Deputy Governor
Tel: (84) 4 3934 3359
Fax: (84) 4 3825 0612
Email: adbsbv@hn.vnn.vn

11. Executing and Implementing Agencies:**Executing Agency:**

Thanh Hoa Provincial People's Committee
35 Le Loi Avenue, Thanh Hoa City, Thanh Hoa
Province, Viet Nam
Mr. Nguyen Dinh Xung, Vice Chairman
Tel: (84-373) 852 246
Fax: (84-373) 851 255
Email: pmujfpr@yahoo.com

Implementing Agency:

Department of Planning and Investment
Thanh Hoa Provincial People's Committee
45B, Le Loi Avenue, Thanh Hoa City, Thanh Hoa
Province
Mr. Hoang Anh Tuan, Vice Director/Project Director
Tel/Fax: (84) 373 853 732
Email: pmujfpr@yahoo.com

II. GRANT PERFORMANCE ASSESSMENT**12. Description:**

The Project was implemented in Thanh Hoa province, the northernmost province of Viet Nam's central coastal provinces, with a population of 3.7 million people of which 34% are poor (with some districts having poverty levels of up to 57%). The project area included ten communes and wards of Thanh Hoa City and several districts outside at peri-urban areas.

13. Grant Development Objective and Scope:

The project objective is to improve the quality of life and livelihood of poor urban and peri-urban communities in targeted communes or wards of Thanh Hoa province by (i) improving access of the poor to key small-scale infrastructure assets and services; (ii) strengthening community capacity and participation in local development planning, implementation, operation, and maintenance; and (iii) sustainably improving livelihoods through skills training of poor community members. The project has three main components:

Component A: Community mobilization, community development and training. The component is to promote improved governance and provide local governments and community groups with the capacity to implement decentralized planning. Expected outputs under this component include strengthened capacity of governmental and community structures in 8–10 communes or wards of Thanh Hoa province¹ and neighbouring districts through the provision of activities such as community mobilization, capacity-development, and trainings:

Component B: Infrastructure projects in the community. This component provides funding resources for the management and implementation of small-scale, community-led infrastructure grants. Grants will be used to support infrastructure investments identified as a high priority during community assessments conducted under the project, which include: (i) water supply, (ii) transportation infrastructure (including access roads and alleyways), (iii) sanitation (waste collection and treatment, waste water, drainage, sewage systems, and household sanitation), and (iv) daycare and preschool facilities.

Component C: Management, project monitoring and auditing. The component is to ensure overall project management including performance reporting, monitoring and evaluation, coordination with partners and key stakeholders, and auditing the use of project funds by implementation of activities such as project management and coordination; planning, reporting, project evaluation, and improving dissemination of information.

¹ The villages and wards are administration levels under the district level. The term "commune" indicates the suburban areas and rural areas; the term "Ward" indicates the administration unit in urban areas. Hamlet is lower unit under ward, and "village" is under the commune.

The project was prepared and implemented in accordance with the directions of the Government of Vietnam for urban development and poverty reduction as well as of the "National target program on building a rural community in 2010-2020" with the aim of reducing poverty in local communities in peri-urban areas with low income. By the time of completion, the project objective remains relevant.

The three components are well interlinked. Component A provided local governments and the community groups with the capacity in decentralized planning and implementation of their sub-projects, more efficient use of resources, and strengthening level of community participation in project planning and implementation. Component B includes infrastructure improvement sub-projects at commune, ward and village level. This component helped to address infrastructure needs of local communities, which includes: (i) water supply, (ii) roads; (iii) sanitation facilities (collection and waste treatment, waste water, storm water drainage systems and waste water drainage, domestic sanitation), and (iv) kindergartens. The selection of infrastructure sub-projects was made by the local authorities and community representatives at commune/ward and village/ level. The selection process was conducted in a timely manner. The outputs of component A helped to expedite the effective implementation of Component B thus produced good quality outputs. Component C activities established the monitoring system for project management at provincial and ward levels and provided positive institutional supports in building coordinating mechanisms between project stakeholders to ensure the sustainability of the outputs.

14. Key Performance Indicators	Accomplishments Rating (HS,S,PS,U ²)	Evaluation of each Indicator ³ :
Number of infrastructure sub-projects at ward level /commune: (a) Total number of grants made (b) Percentage of grants made that are implemented successfully	HS	<ul style="list-style-type: none"> Total number of infrastructure projects implemented is 15 compared to 8 original planned using savings from other activities; Ratio of infrastructure projects implemented as planned and rated successful by the communities: 92%
Number of poor households benefited from community infrastructure improvements in water supply, sanitation, transportation	S	1,708 poor households and 1162 near-poor households benefited from community infrastructure improvements in water supply, sanitation, transportation.
Change in perception by stakeholders on degree to which basic access to infrastructure presents an obstacle to economic growth	S	The communities well understood the links between a bad infrastructure and poverty, poor economy, and health. The rate of people having right understanding reached 89,7% among members of CCMB/CBMB and 76,4% for local HHs.
Number of jobs and businesses created or grown as a result of better infrastructure facilities or participation in vocational and business training	S	Jobs and business facilities are created or improved as a result of better infrastructure or training in business and vocational training of high quality. The project created 1,088 seasoning jobs. In average, construction of infrastructure created 20 jobs at commune level plus 12 jobs at block level.
Number of community projects and degree to which community groups control and actively participate in all stages of project development, receive full support from the local government to the community ownership process with no negative interference, and receive appropriate technical support and advice from ward and district-level	S	<ul style="list-style-type: none"> 100% micro-projects received fund timely The degree to which community groups (i) control and actively participate in all stages of project development is high, achieved 78,7%; The degree to which community groups receive full support from the local government with no negative interference reached 91,6%; The degree to which community groups receive appropriate technical support and advice from

² HS: high successful; S: successful; PS: partially successful; U: un- successful

³ Source: Final Evaluation Report prepared by Thanh Hoa PMU, July 2012

government personnel.		ward and district government personnel or project staff: 85,8%;
(a) Percentage of micro-projects where flow of funds is timely.		
(b) Percentage of CCMBs and BCMBs able to perform their key project roles and responsibilities as designed.		
(c) Ward and district governments facilitate the decentralization and community-driven development process and provide appropriate advice and technical support.		

15. Evaluation of Inputs:

Inputs are interlinked in components A, B, and C. Under component A capacity building programs have been provided timely in the first two years to strengthen the capacity of local authorities and communities for project identification, selection and implementation using participator approach. Under component B, grants have been timely provided for construction of selected infrastructure facilities, which included (i) water supply system; (ii) access roads and internal roads in the communes/villages; (iii) sanitation facilities; and (iv) kindergartens. Surveys conducted after project completion with local communities indicated that facilities provided by the project met requirements of the communities. Under component C, a project management unit was established by Thanh Hoa PPC and PMU provided day-to-day project supervision. However, the project have some constraints:

- The grant implementation manual required that the maximum amount for construction of an infrastructure facility in ward and block level is \$30,000 and \$10,000, respectively. This amount is small, thus narrowed the choice of communities in the selection of type of infrastructure they need to build. PMU estimated that the amount for each facility at ward and block level should be \$50,000 and \$40,000, respectively. However, since the project aimed to cover at least 8 wards and communes, the amount for each infrastructure investment was not increased. The survey after completion at ward level and block level indicated that 32.4% and 26.8% of the population rated the project inputs "partly satisfactory".
- PMU reported that the financial training courses delivered by the consultants were not suitable because of lack of communication between the consultants of Component A and PMU.
- Implementation progress, contract award and disbursement rates were low in the first 3 years (2008 to 2010) because: (i) project design of 80 small civil works contracts required excessive review; (ii) fund flow was not suitable for implementation; (iii) consultancy inputs was unbalanced between international and national inputs and adjustments needed; (iv) lack of authority in decision making from PPC to PMU.

To expedite project implementation, from January 2010 ADB approved change in project implementation arrangements including (i) delegation of authority from Thanh Hoa PPC to PMU for project implementation, and (ii) adjustment of fund flows from ADB to ward people's committees; (iii) delegated to 10 ward people's committees to administer the grant funds and management of procurement of civil works contracts. These changes in project design helped to expedite the implementation. Project implementation was improved with more contract awards and disbursement from January 2011. The project was completed by 20 June 2012 without closing date extension.

16. Evaluation of Outputs and Results

The project is rated effective and efficient in the production of outputs. All expected outputs have been completed within the original timeframe and within the original budget.

Component A: the main expected output is increased capacity for local communities in project identification, planning and implementation. This output has been achieved. The total disbursed amount for component A is

\$449,333.36 compared to the allocated amount of \$451,304.64. The Project established 10 commune community management boards (CCMB) at ward level and 65 block community management boards (BCMB) at block and village level. In total, 58 training courses were delivered for 2,437 participants at ward and block and village levels. These trainings strengthened the capacity of CCMB and BCMB on project identification, selection and management with community participation approach. With the strengthened capacity, the local communities have been able to select suitable infrastructure facilities to meet their priorities, and supervised the construction of these. Surveys after project completion indicated that 98.7% of local people confirmed that they actively participated in selection and construction of the facilities provided under Component B.

Another expected output is awareness on the link between poverty and poor infrastructure raised by various public awareness campaigns. Surveys conducted after project completion indicated that 89.7% members of CCMB & BCMB and 76.4% of HHs changed the perception on how basic access to infrastructure presents an obstacle to economic growth in the project area. With higher awareness on the link between better access to basic infrastructure and better health, the project achieved a high level of fund contribution from local communities for upgrading internal roads, drains, and sanitation facilities. However, one expected output not achieved is a community handbook to provide details on the infrastructure development process, project rules and regulations with community participatory processes.

Component B: The project provided 82 infrastructure facilities in 10 wards/communes. Infrastructure included tertiary drains, internal roads between communes and villages, water supply systems, kindergarten and cultural houses. It is estimated that 99,325 people benefited from the project (1,708 poor households (HHs); 1,162 near-poor HHs and 627 women-headed HHs). Total expenditure for civil works is \$1,259,858 compared to the revised allocation of \$1,295,190. Grant funds were used appropriately and correctly with the original purpose. Funding for implementation activities were subject to the relevant appraisal before the bidding. The procurement activities were conducted through open competitive bidding in accordance with ADB Procurement Guidelines. The community participation approach during construction of infrastructure facilities created seasoning job and income for local people in the project sites. It is estimated that the project created jobs for 1,088 laborers with total estimated earnings of VND6,066,000,000, equivalent to USD291,635.

Particular outputs achieved:

- Tertiary roads:

After the project, the coverage of roads with asphalt pavement or concrete surface increased from 18.7% to 91.8%. The rate of gravel road and earthen road was very low, respectively 2.5% and 3.3%. 96.4% of interviewed families believed that the condition of local roads in residential areas significantly improved.

- Tertiary drains:

The drains built improved the wastewater collection coverage in the project area. After the project, in the project area is 75.8% households have connections to city drainage system. Surveys indicated that the quality of drains built by the project is rated as: Very good: 66.7%; Good: 14.0%.

- Clean water supply:

The project built a 228m water supply pipeline to Nam Ngan ward. Before the project, in Nam Ngan 70.0% of households had access to clean water, this rate increased to 97.5% after the project.

Component C: PPMU, CCMBs and BCMBs have been timely established by Thanh Hoa PPC. A baseline survey was done. Annual reports were submitted in time without qualified opinions. PPMU together with ADB timely conducted midterm review and adjustment in project implementation arrangements and fund flows, and reallocation of funds was made timely in response to the project needs. A final impact assessment report has been well prepared upon project completion which showed positive outputs and outcome of the project.

The community driven development approach used for this particular project has been documented as operational manuals by Thanh Hoa People's Committee to be used for future projects in Thanh Hoa province.

17. Overall Assessment and Rating:

The project is rated successful because it achieved envisaged outputs within original budget and timeframe.

The outputs were selected through a community participation process with the community involved in selection, implementation and supervision. Strong ownership of local communities in project implementation will ensure the sustainability of the project.

18. Major Lessons Learned:

The appropriate project design and the relevant implementation approach will enhance the effectiveness and efficiency of the project:

The project is designed with three interlinked components. Component A helped to increase the capacity for local authorities and communities in identification and construction of prioritized infrastructure facilities in the communities. The outputs of component A helped to expedite production of outputs in Component B. Component C helped to ensure good monitoring and implementation of the project activities with high level of community participation. These Components are implemented with community participatory approach in management, promoting local people's participation in all activities of the project, ensuring transparency in the project implementation cycles, thereby increasing the efficiency, as well as the sustainability of the project. The implementation arrangements, including fund flows at the beginning were not suitable. The role and capacity of ward people's communities during project implementation was underestimated. This caused slow implementation progress in the first 2 years. However, necessary amendments to the project design were promptly made and approved by ADB after the midterm review to help expedite the implementation.

The empowerment given to local communities helps enhance their project ownership:

The People's Committee of commune/ward level is authorized to perform the role of project owner. PMU and the ADB provided overall monitoring of the implementation, to ensure compliance with the grant agreement. This mechanism allows the project owners at commune/ward level to exercise the overall management of all related activities with strong ownership. As a result, the project completed expected outputs within costs and timeframe and with good quality.

19. Recommendations and Follow-up Actions:

Proper project design, in particular implementation arrangement to match with capacity of the implementing agencies, is essential to achieve efficiency and effectiveness. The model of this project using community approach should be used for other similar projects since this approach enhance project ownership of the stakeholders, thus ensure the sustainability of the project after completion.

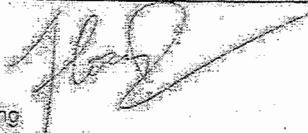
20. Additional Remarks, Comments and Suggestions:






Not applicable.

III. PREPARATION AND APPROVAL

Prepared by:	Name of Person and designation / Name of Institution / Signature	Date
1. Representative from the Recipient:	Mr. Hoang Anh Tuan Project Director, PPMU	
2. Manager, JFPR-GIU⁴:	Nguyen Van Ba Project Coordinator, PPMU	

⁴ GIU=grant implementation unit (formerly called PIU=project implementation unit)

3. Project Officer, ADB	 Do Nhat Hoang Senior Urban Sector Officer	6/6/2014
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Approved	Name of Person and designation / Name of Institution / Signature	Date
1. Director General, Department ADB: for	 James Nugent Director General, SERD	3 July 2014
2. Division/Country Director, ADB:	 Tomoyuki Kimura Country Director, VRM	
3. Head of the Recipient:	 Mr. Nguyen Dinh Xung Vice Chairman, Thanh Hoa PPC	
4. Head of the Executing Agency:	 Mr. Nguyen Dinh Xung Vice Chairman, Thanh Hoa PPC	
5. Head of Implementing Agency:	 Mr. Hoang Anh Tuan Project Director, PPMU	

Comments Matrix

Interdepartmental Comments	VRM's response
CTL (Ma. Luisa G. Baleva, Financial Control Officer)	
<p>Please revise project number to 4111801 as shown in GFIS.</p> <p>Basic Information – Item 7A: Based on Grand Implementation Manual, kindly revise the GOJ approval date from 24 August 2007 to 24 July 2007.</p> <p>Aside from the above, we find the draft generally in order from CTLA's perspectives.</p>	<p>Revised.</p> <p>Revised.</p> <p>Thank you.</p>
SEUW (Hubert Jenny, Principal Urban Development Specialist)	
<p>I have no substantive comments to make on this JFPR.</p> <p>In retrospective, the project should have been implemented by the Municipality of Thanh Hoa instead of the Province. The project should be upscaled, now that the project design and the project implementation have been successful.</p>	<p>Noted with thanks.</p>
OCO (Ronaldo J. Oblepias, JFPR Staff Consultant)	
<p>1. Please explain in the ICM the reason for the government's less than 50% actual contribution compared to the planned contribution in the grant proposal (about \$100k vs \$250k).</p> <p>2. Under Key Performance Indicators 2 to 5, please include the numerical targets on the left column if these were indicated in the GIM. If they were so indicated, please comment on actual performance versus the numerical targets.</p> <p>3. In the lessons learned section, please include references to the challenges mentioned in bullets 2 and 3 of item 15 - Evaluation of Inputs. Mention recommended actions for similar projects/activities in the future.</p>	<p>The Government contribution is estimated at \$250,000 equivalent in kind (contribution of office, equipment, transportation). However, during the implementation, the PMU used existing office, office equipment and car of other government-financed projects thus actual contribution was lower than estimated at appraisal.</p> <p>There are no specific numerical targets in GIM. ICM reported actual outputs achieved.</p> <p>Already referred to in lessons learned (implementation arrangements and fund flows). Recommendations made on implementation arrangements to</p>

<p>4. Are the facilities constructed under the subprojects being operated and maintained by the communities? Were mechanisms established to ensure regular maintenance, including funding for such maintenance?</p> <p>5. Please explain under item 16 (Evaluation of Outputs and Results) the extent to which the mechanism for community driven development as established and tested under the project has been institutionalized or expanded by the communes, the province, and by the central government. Is the approach now being adopted by related ADB loan projects in Viet Nam, for instance? To what extent have the procedures been documented and included in operations manuals for similar activities?</p>	<p>match with capacity of implementation agencies. Facilities are under operations and being maintained by district people's committees. Funding for maintenance comes from annual budget of district people's committees.</p> <p>Included under Item 16: The community driven development approach used for this particular project has been documented as operational manuals by Thanh Hoa People's Committee to be used for future projects in Thanh Hoa province.</p>
<p>OSFMD (Amr J. Qari, Procurement Specialist)</p>	
<p>1. To what extent did ADB depart from the originally agreed procurement plan during the implementation? I know you provide some examples below on consulting but am not sure if this list is complete. For example, the original procurement plan contemplated 158 civil works packages but you mention that only 80 works contracts were awarded. What changed?</p> <p>2. To what extent was shopping vs community participation used to accomplish the works? Please provide # packages and approximate \$ value that involved shopping vs community participation.</p> <p>3. When community participation was used, what precisely was the process through which the community was involved? Did the wards/blocks procure the materials through shopping and then contract with individual community members to perform the work. I ask because the following sentence appears in the implementation manual: "In the case of Community Works Contracts (CWC) where the community will conduct the works, procurement will be based on a "direct assignment" basis." In other words, was community participation taken to mean "direct contracting"?</p> <p>4. Please clarify to what extent procurement and consultant recruitment activity was subject to prior vs post review. This doesn't seem to have been fully addressed by the procurement plan.</p>	<p>Original PP consists of 158 works packages with shopping/CP procedure. The number of contracts was overestimated at appraisal. Final PP included 82 works packages with shopping procedure with contract value between \$10,000 and \$30,000.</p> <p>Selection method for Consultants: 3 individual positions were change from CQS to SSS (COSO approved) because the small amount (\$5000 to \$20,000).</p> <p>The wards/blocks selected the contractors to perform the work through shopping procedure with post review.</p> <p>No direct contracting was used for selection of contractors.</p> <p>Consultant recruitment is pre-review. Procurement for small scale civil works packages is post review.</p>