

# Project Administration Manual: Project 1

Project Number: 41456-01  
Loan: {LXXXX}  
January 2011

Proposed Multitranche Financing Facility  
Socialit Republic of Viet Nam: Water Sector  
Investment Program

Periodic Financing Request 1: Ho Chi Minh City  
Water Supply Project

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

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

The executing agency is wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government of Vietnam (GOV) and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by SAWACO of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

## ABBREVIATIONS

ADB	=	Asian Development Bank
AFS	=	audited financial statements
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LAR	=	land acquisition and resettlement
LIBOR	=	London interbank offered rate
NCB	=	national competitive bidding
NGOs	=	Non-government organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
PPMS	=	Project Performance Monitoring System
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	Report and Recommendation of the President to the Board
SBD	=	standard bidding documents
SGIA	=	second generation imprest accounts
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference

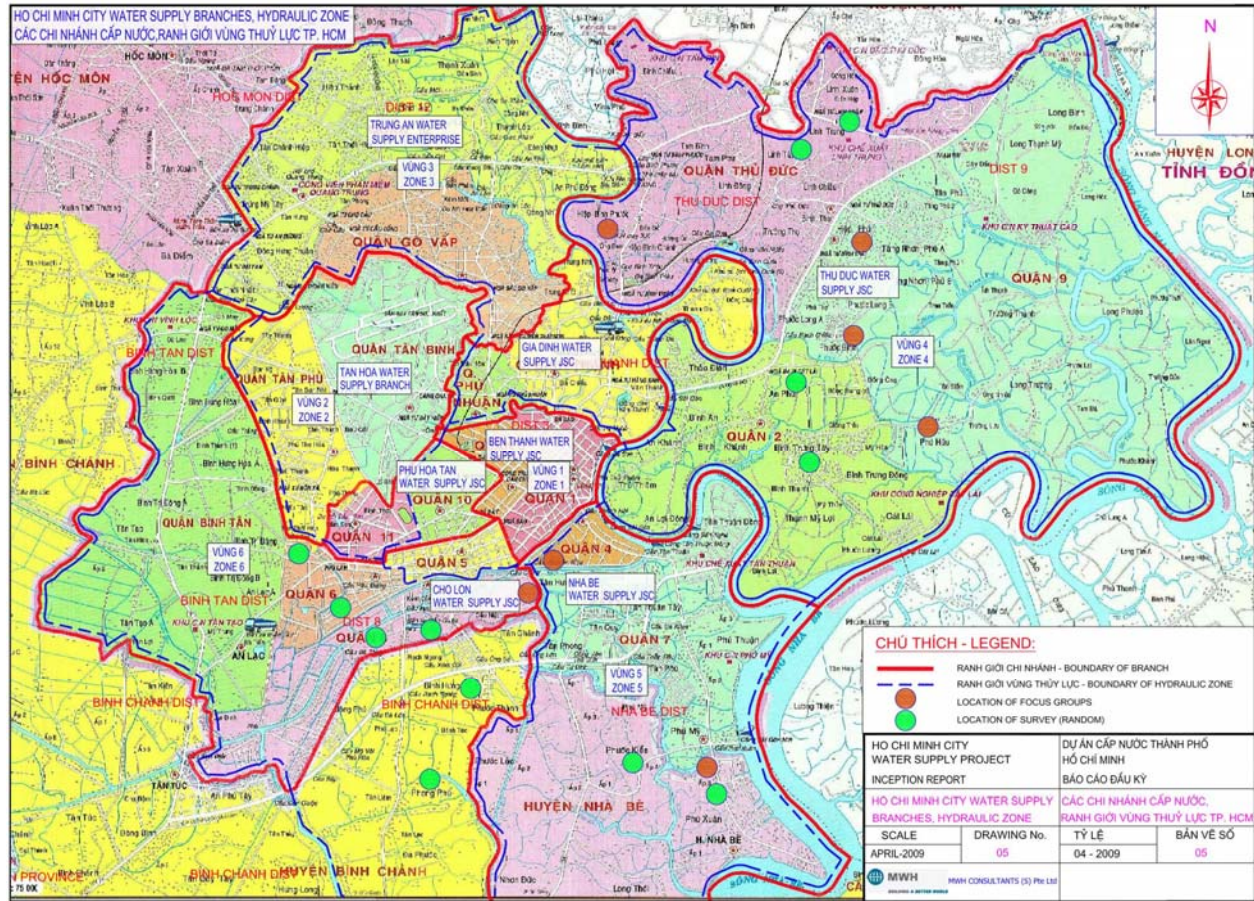
## MAP 1 PROJECT LOCATION IN VIETNAM



**HO CHI MINH CITY**



**MAP 2 HCMC AREA COVERED BY PROJECT**



**MAP 3 HCMC HYDRAULIC ZONES**

INSERT MAP

## I. PROJECT DESCRIPTION

1. **Location and Description.** HCMC is Viet Nam's largest city, and its most important commercial and industrial center. Its 2009 population of 7.1 million is growing at about 1.1% per annum, and is likely to reach over 10 million by 2020. While Viet Nam's Growth Domestic Product (GDP) is growing at more than 8% per annum, HCMC is growing substantially faster, at around 11% per annum. This growth rate is placing very serious strains on the city's water supply system.

2. **Climate Change.** HCMC is one of the top ten cities in the world, likely to experience early impacts of climate change, in particular due to sea level rise (SLR) with projection forecasted at +13 centimetres (cm) in 2020, +33 cm in 2050 and +73 cm in 2100. Raw water intakes would most probably have to be relocated further upstream, because of saline intrusion. Alternative new surface water sources from lakes are being studied.

3. **Beneficiaries.** The project will directly benefit over 3 million urban residents by improving living conditions, public health standards, and the urban environment of HCMC. The number of households that will be affected by the project are 475,000 in zones 1 and 3 with improved pressure and coverage from 2400 dia treated water pipe completion; 33,872 households in zones 3, 4, 5 and 6 with improved pressure and coverage from distribution pipe rehabilitation and replacement; 13,273 poor households with access to water supply for first time and 16,500 poor households with their own connection for first time (previously shared). The project will be: (i) beneficial for HCMC by supporting urban development and economic growth; (ii) positive for overall public health, sanitation and the well being of the beneficiaries; and (iii) by reducing losses provide opportunities to relieve the environmental stress on local groundwater resources, and surface water resources.

4. **Sector Performance.** The ADB's Water and Sanitation Sector Assessment Strategy and Roadmap<sup>1</sup> (ASR) shows that the Viet Nam water sector has achieved significant gains to improve coverage for both water supply and sanitation, in urban and rural areas, during the last two decades. Official statistics for monitoring the achievement of Millennium Development Goals (MDG) record that Viet Nam in 2006 reached 92% overall coverage for improved water supply compared with 52% in 1990. However, there are significant gaps in the quality and reliability of service, such as non revenue water (NRW). Furthermore, key areas requiring attention for water companies are: (i) financial sustainability; (ii) efficiency of decentralised sector institutions; (iii) data on utility assets and performance. The proposed project will address those three gaps in a significant manner.

5. **Policy Framework.** The policy and legal basis for the sector is relatively strong, in particular with the issue by Government of two key Decisions, detailing a vision, targets and implementation measures: (i) Decree 117/2007/ND-CP, transforming the water from a social to a commercial commodity, requiring water supply tariffs to be set to full cost recovery; and (ii) Decision 1929/2009/QĐ-TTg, setting ambitious targets for the water sector, in particular for NRW reduction to 25% by 2015, 20% by 2020 from the current average of 30%. The objectives of the Government of Viet Nam (GOV) current Socioeconomic Development Plan (SEDP) 2006-2010 relevant to the water sector include the provision of essential infrastructure, especially water supply and sanitation, to poor households in cities and towns across the country and enhancement of cost recovery for infrastructure investments by setting and collecting

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<sup>1</sup> The ASR was completed in June 2010 by ADB Viet Nam Water Team and submitted to ADB management for approval. .

appropriate tariffs and fees. ADB's sector program within the Country Strategy and Program (CSP) 2007-2010 is consistent with these policies and was confirmed in the Country Operations Business Plan 2008 and the Mid Term Review of the CSP in 2009. The ASR recognizes the need for better protection and efficient use of water. The strategy is explicitly designed to give substance to government's initiatives to decentralize planning, financing and decision making and to support the current legal framework in the water sector.

6. **Project (MFF).** The Project will support capital investment program in each participating water company and co-finance the National NRW Program. Four pilot cities namely Da Nang<sup>2</sup>, Hai Phong<sup>3</sup>, Ho Chi Minh City<sup>4</sup> (HCMC) and Hue<sup>5</sup> were identified for project preparation in 2008. PFR1 of the proposed MFF will only cover HCMC (\$138 m). Subsequent tranches would finance part of the National NRW Program and investment sub-projects for water companies in Da Nang, Hai Phong, Hue and other water companies. Since the project will be financed through loans from ADB's Ordinary Capital Resources (OCR) for the first time, local authorities and water companies will need to demonstrate a strong commitment to an institutional reform agenda, a roadmap to full cost recovery to sustain the debt and targets on key performance indicators.

7. Specifically, ADB focuses its support in improving operational efficiency and financial performance of water supply companies. As such, the availability and access to reliable and up to date information on the system and its operation are critical: Asset inventory and management is an essential pre-requisite to attract any interest from the private sector to collaborate in the form of investment, management or operational support. Therefore, ADB will support initiatives to introduce, improve and expand the development of information and control systems.

8. **Project (PFR1).** SAWACO, currently a state owned company, has become a State wholly-owned one-member company limited operating under the Enterprise Law as of June 2010. SAWACO equitized six of its eight subsidiaries in 2006, creating six Joint-Stock Companies (JSC), with SAWACO retaining a majority ownership at about 51%. These JSC are responsible for revenue collection as well as operation and maintenance of the distribution network in their respective areas. In February 2009, HCMC PC authorized SAWACO to retain management control of the JSC by raising its shareholding to 75% or to repurchase assets from the JSC. SAWACO is planning to consolidate all the operation under a one member limited company, before considering any further private sector development.

9. The HCMC's water supply system consists of five major production plants with a total capacity of 1.34 million m<sup>3</sup>/day, 3,800 km of distribution network, with 734,000 connections, divided into six zones. About 1.2 % of the population is supplied by small scale service providers. A fundamental current constraint to the water supply system is a shortfall in the transmission capacity. Most of the production capacity is located in the northern part of the city, with water intakes from the Sai Gon and the Dong Nai rivers. Actual coverage is estimated at 82 %, but large areas of HCMC, especially in the southern part of the city, do not benefit from an adequate level of service and still receive intermittent water supply, due to low service pressure. The new Master Plan under preparation will address those shortcomings by constructing a transmission ring main around the city, or through a series of dedicated transmission pipes to

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<sup>2</sup> VIE-TA7144 Da Nang Water Supply approved on 1 October 2008

<sup>3</sup> VIE-TA7151 Hai Phong Water Supply approved on 20 October 2008

<sup>4</sup> VIE-TA7091 HCMC Water Supply approved on 24 June 2008

<sup>5</sup> VIE-TA7089 Hue Water Supply approved on 13 June 2008



the city centre and the southern supply zones. The draft Master Plan includes a capital investment program of about \$2.8 billion to achieve universal coverage, continuous water supply service and drinking water quality in HCMC by 2025.

10. The level of NRW in Vietnamese cities is still unacceptably high, ranging from 15% to 40%. To meet Government targets and to improve the financial viability of water companies, considerable effort is required to identify the physical and commercial losses, and subsequently massively invest in pipe replacement program. ADB will support operational work necessary on the distribution networks to identify NRW and to finance pipe repair and replacement, as required. ADB's proposed methodology promotes ownership of NRW reduction by the water company by including NRW as a core function of the overall operation and maintenance. In HCMC, the level of NRW is estimated at about 40%. Efforts are underway to reduce NRW through a number of concurrent initiatives, with support from the International Development Agency<sup>6</sup> (IDA) in the city centre (Zones 1 and 2) and the Netherlands Government, through the ongoing Utility Support Program. ADB assistance is sought for NRW in the two southern zones (Zones 5 and 6). Private sector participation is being investigated for capital investment in NRW and operation and maintenance of the network in the Northern part of the city (Zones 3 and 4).

11. Under the first tranche (2010 – 2015), the Saigon Water Corporation (SAWACO) is committing to invest \$154 million and to reduce NRW from 40% to 32% in 2015, and 25% in 2025. The Information Technology sub-component will bring modern management techniques and business practices, mostly targeted at NRW reduction for asset inventory and management with Geographic Information System (GIS), Supervisory Control And Data Acquisition (SCADA) and Management Information System (MIS). The consulting services includes technical assistance for design and supervision, disaster management plan to ensure the continuity of the service delivery faced with the increased impacts from climate change in HCMC, an energy efficiency program, ISO certification and an operational management contract for the delegated management of some services to the private sector over selected zones in HCMC. SAWACO is planning to finance 30% of the water production through private sector<sup>7</sup>. The project will be run in parallel to the NRW project<sup>8</sup> financed by the International Development Association.

12. **Impact and Outcome.** The impact of the proposed MFF is the sustainable provision of safe water in Viet Nam. The outcome is the improved efficiency of Vietnamese water companies. The project impact and outcome address the Problem Tree Analysis core problem, "Inefficient Water Service Delivery", identified through two stakeholders workshops held during the project preparation.

13. **Output.** The output of the Project will be four main investment components:

**(i) Network Strengthening and Expansion;**

- Construction 10 km new 2,400 mm treated water transmission pipeline

**(ii) Non Revenue Water (NRW) Reduction;**

- NRW pipe replacement program and network expansion.

**(iii) Information Communication and Technology (ICT);**

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<sup>6</sup> World Bank Group

<sup>7</sup> Two private sector projects are implemented in HCMC through Build Operate Transfer for 100,000 m<sup>3</sup>/d and through Build Own Operate for 300,000 m<sup>3</sup>/d.

<sup>8</sup> SAWACO has divided the city into 6 hydraulic zones; 2 zones in the city center are financed by IDA and the remaining 4 zones by ADB.

- Supply and install Geographic Information System (GIS), Financial Information System (FIS), Management Information System (MIS) and Supervisory Control and Data Acquisition (SCADA), Distribution Control Center (DCC) for operational improvement, in asset management, NRW operation and maintenance.

**(iv) Climate Change and Safeguards**

- Drafting of Water Conservancy Measures: Constrain water consumption and delay additional investment in water production by 5 years to 2020;
- Drafting Emergency Management Plan: Secure delivery of water supply during natural disaster and improve water security;
- Implementing Social Development Service Plan: Pro-poor service delivery, information communication and education and gender action plan.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities PFR1

Indicative Activities	Months									Who responsible
	1 (Oct)	2 (Nov)	3 (Dec)	4 (Jan)	5 (Feb)	6 (March)	7 (April)	8 (May)	9 (June)	
Advance contracting actions			X	X	X					SAWACO
Retroactive financing actions (if need be)						X	X	X		MOF/SAWACO
Establish project implementation arrangements	X	X	X							SAWACO
Loan Negotiation			X							ADB/SAWACO
ADB Board approval					X					ADB
Loan signing							X			ADB, MOF, EA, PMU
Government legal opinion provided						X				SAWACO
Government budget inclusion								X		MOF
Loan effectiveness									X	ADB (EASS & OGC)

ADB = Asian Development Bank, EA = SAWACO, MOF = Ministry of Finance, OGC = Office of the General Counsel, SAWACO = SAWACO.

1. Provision for advance contracting (recruitment of consultants and procurement of goods and civil works).
2. Provision for retroactive financing – limit is \$13.8 million (10% of the loan) to be incurred not more than 12 months before signing of the loan agreement.
3. Establish project implementation arrangements – to be implemented by SAWACO newly established PMU.
4. Board approval, loan signing, legal opinion, loan effectiveness – dates to be provided later (will check PPIS information).

## B. Overall Project Implementation Plan PFR1

Item No	Task	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	<b>ICT Investments</b>																												
	Selection of supplier for design, supply, install and commission ICT system (GIS, SCADA/DCC, MIS, FIS)																												
	Supply new accounting software system																												
	Supply HR, asset management systems																												
	Supply and install Geographic Information System (GIS)																												
	Supply and install Financial and Management Information System (MIS)																												
	Supply and install Supervisory Control and Data Acquisition (SCADA)/DCC system																												
	Training SAWACO staff in ICT																												
2	<b>Climate Change Adaptation and Mitigation Investments</b>																												
	Selection of consultant for climate change disaster management plan and water conservancy plan																												
	Prepare disaster management plan																												
	Prepare water conservancy plan																												
3	<b>Construction-Subproject 1- 2400 dia Treated Water Pipeline</b>																												
	Design and Tender Documentation-SAWACO																												
	Bid Invitation, Evaluation, Contract Award-SAWACO																												
	Land acquisition and resettlement																												
	Civil Works Construction / Thrust Boring /Microtunnelling / Testing and Commissioning																												
	Project Management and Consulting Services																												
	<b>Construction-Subproject 3- Distribution Pipelines Zones 3, 4, 5, 6</b>																												
	Design and Tender Documentation																												
	Bid Invitation, Evaluation, Contract Award																												
4	Civil Works Construction / Testing and Commissioning																												
	Project Management and Consulting Services																												
	<b>Project Management and Consulting Services</b>																												
	Selection of consultant for design and supervision, safeguards monitoring and social development services																												
	ISO Certification																												
	Certification pipe contractors																												
5	Feasibility Study for Tranche 2																												

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Stakeholders – Roles and Responsibilities

Project Stakeholders	Management Roles and Responsibilities
• SAWACO	➤ Primarily responsible for implementation of the Project, including finance and administration, technical and procurement matters, monitoring and evaluation, and safeguards compliance
• SAWACO PMU	➤ Primarily responsible for disbursement of loan/counterpart funds ➤ Responsible for arranging the necessary counterpart financing, debt servicing and loan repayment
• ADB	➤ Primarily responsible for financing and monitoring of ADB-funded components of the Project
• Project Leading Group	➤ Provide policy guidance during implementation ➤ Oversees implementation of the Project

#### B. Key Persons Involved in Implementation

##### SAWACO

Director PMU

Mr. Vo Quang Hien

Position: Director

Telephone: (cell) 0903782260

Email address: [vohien@hcm.vnn.vn](mailto:vohien@hcm.vnn.vn)

Office Address: No 1 Cong Truong Quoc Te, Ward 6, District 3

Ho Chi Minh City

##### ADB

Division Director

Anthony J Jude

Position: Director, Energy and Water Division, Southeast Asia Department

Telephone: (632) 632-6198

Email address: [ajude@adb.org](mailto:ajude@adb.org)

Mission Leader

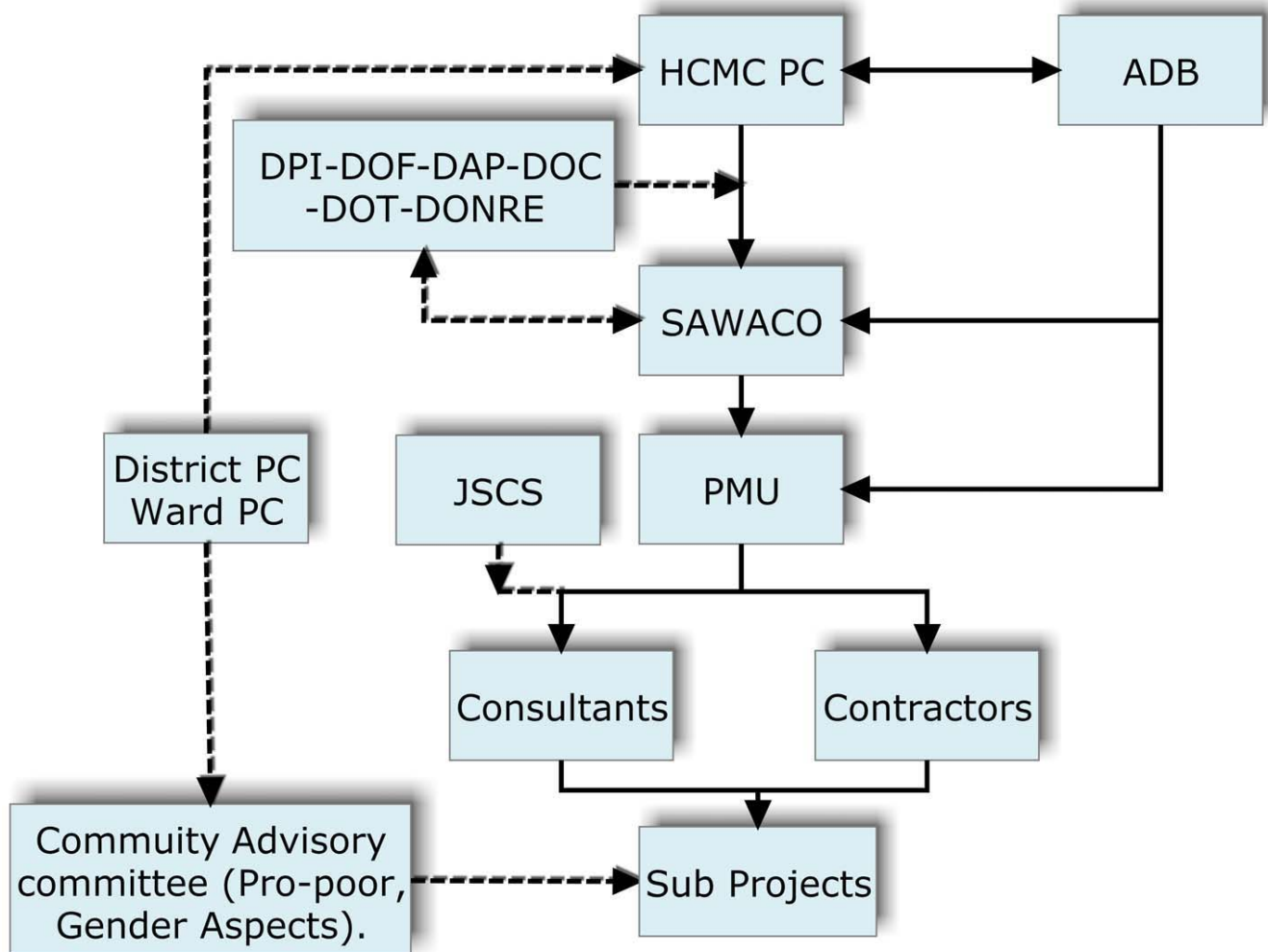
Hubert Jenny

Position: Principal Urban Development Specialist

Telephone: 84 4 3933 1374 - Ext. 140

Email address: [hjenny@adb.org](mailto:hjenny@adb.org)

### C. Project Organization Structure



DPI: Department of Planning and Investment  
 DOF: Department of Finance  
 DOC: Department of Construction  
 DONRE: Department of Natural Resources and Environment  
 DOT: Department of Transport



#### **IV. COSTS AND FINANCING**

14. Total Project cost is estimated at \$154 million, comprising of: (i) Increasing distribution capacity to benefit 528,645 new and existing households, including about 20,000 poor households with access to piped water supply for the first time; (ii) Strengthening operational management through a comprehensive information and communication technology program; and (iii) Supporting climate change action plan for SAWACO. ADB finances \$138 million (90 percent of the Project cost), while SAWACO finances \$16 million (10 percent of the Project cost). The ADB loan amount of \$138 million includes \$27.25 million in contingencies and \$11.5 million in financing charges during implementation.

15. ADB's financing covers civil works, equipment, consulting services, and a portion of contingencies and financing charges during implementation. Taxes and a portion of contingencies and financing charges during implementation are to be funded by the Borrower (SAWACO). The ADB loan will come from its ordinary capital resources, and will be provided under the ADB's LIBOR-based lending facility. The Loan to the Government of Viet Nam will have a 25-year term, including a 5-year grace period, at an interest rate determined in accordance with ADB's LIBOR-based lending facility, plus a commitment charge of 0.15% per annum. The subsidiary loan agreement to the Borrower will follow the terms and conditions for Official Development Assistance (ODA) under Decree 78/2010-ND-CP. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each interest period equal to the sum of LIBOR and 0.30% as provided by Section 3.02 of the Loan Regulations. The commitment charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing sixty (60) days after the date of the Loan Agreement.

## A. Cost Estimates by Expenditure Category

### HCMC - Water Supply Improvements Project

Detailed Cost Estimate by Expenditure Category	VND billion			US\$ Million			%	%
	Foreign	Local	Total	Foreign	Local	Total	Base Cost	Total Cost
<b>A. Investment Costs</b>								
Civil Works 1	725	311	1,035	40.3	17.3	57.5	49.9%	37.3%
Civil Works 2		108	108		6.0	6.0	5.2%	3.9%
Equipment <sup>b</sup>	270	198	468	15.0	11.0	26.0	22.6%	16.9%
Safeguards	23	11	34	1.3	0.6	1.9	1.6%	1.2%
Project Management <sup>c</sup>	72	97	169	4.0	5.4	9.4	8.1%	6.1%
Taxes and Duties	0	261	261	0.0	14.5	14.5	12.6%	9.4%
Sub-Total Base Cost	<b>1,090</b>	<b>986</b>	<b>2,076</b>	<b>60.6</b>	<b>54.7</b>	<b>115.3</b>	<b>100.0%</b>	<b>74.8%</b>
<b>B. Contingencies</b>								
Physical Contingency <sup>d</sup>	149	99	247	8.3	5.5	13.8	11.9%	8.9%
Price Contingency <sup>e</sup>	29	214	243	1.6	11.9	13.5	11.7%	8.8%
Sub-Total Contingencies	<b>177</b>	<b>313</b>	<b>490</b>	<b>9.9</b>	<b>17.4</b>	<b>27.25</b>	<b>23.6%</b>	<b>17.7%</b>
<b>C. Financing Charges</b>								
Interest During Construction	180	18	198	10.0	1.0	11.0	9.5%	7.1%
Commitment Fee	9	0	9	0.0	0.5	0.5	0.4%	0.3%
Front End Fee	0	0	0	0.0	0.0	0.0	0.0%	0.0%
Sub-Total Financing Charges	<b>189</b>	<b>18</b>	<b>207</b>	<b>10.0</b>	<b>1.5</b>	<b>11.5</b>	<b>10.0%</b>	<b>7.5%</b>
<b>Total Costs</b>	<b>1,456</b>	<b>1,316</b>	<b>2,773</b>	<b>80.4</b>	<b>73.6</b>	<b>154</b>	<b>133.6%</b>	<b>100.0%</b>
% of total costs	53%	48%	100%	52%	48%	100%		

FINANCING PLAN	Per cent			US\$ million		
	FX	LC	Total	FX	LC	Total
ADB Loan	100%	78%	90%	80.4	57.6	138.0
GOV/SAWACO - Equity	0%	22%	10%	0.0	16	16
Total	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>80.4</b>	<b>73.6</b>	<b>154</b>

Numbers may not sum precisely because of rounding.

<sup>b</sup> "Equipment" includes ICT software procurement, installation and training and goods for distribution network and NRW under component 2

<sup>c</sup> Project Management includes SAWACO project management costs, Climate Change Adaptation and Mitigation consulting services, design, environmental monitoring, project management and project implementation supervision

<sup>d</sup> Physical contingencies are computed at about 10% of base cost.

<sup>e</sup> Price contingencies are computed by expenditure based on annual domestic and foreign price inflation.

Source: Asian Development Bank estimates.

## B. Allocation and Withdrawal of Loan Proceeds

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Ho Chi Minh City Water Supply Project)</b>			
<b>CATEGORY (US \$)</b>			<b>ADB FINANCING BASIS</b>
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocation for ADB Financing Category</b>	<b>Percentage of ADB Financing from the Loan Account</b>
1	Works	63,500,000	100 percent of total expenditure claimed*
2	ICT Equipment and NRW and Network extension (Goods)	26,000,000	100 percent of total expenditure claimed*
3	Climate Change Adaptation and Mitigation	450,000	100 percent of total expenditure claimed*
4	Safeguards	1,900,000	100 percent of total expenditure claimed*
5	Consulting Services	6,940,000	100 percent of total expenditure claimed*
6	Project Management	1,960,000	100 percent of total expenditure claimed*
7	Contingencies	27,250,000	
8	Financing etc	10,000,000	
	<b>Total</b>	<b>138,000,000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Borrower.

## C. Expenditure Accounts by Financier

### Costs by Financier by Expenditure Account

Detailed Financing Plan						(US \$ Mil)	
		ADB Loan	% of Cost Category	GOV Tax	% of Cost Category	Total	% of Cost Category
<b>A. Investment Costs</b>							
Network Extension	a	57.5	87	8.96	13%	66.5	43
NRW Pipe Extension and Replacement		6.0	89	0.72	11%	6.7	4
ICT		26.0	89	3.10	11%	29.1	19
Climate Change Adaptation and Mitigation		0.5	100	0.06	12%	0.5	0
Safeguards		1.9	86	0.30	14%	2.2	1
Consulting Services- Detailed Design & Supervision T		6.9	88	0.96	12%	7.9	5
SAWACO Project Management Cost		2.0	83	0.40	17%	2.4	2
Taxes and Duties			0	14.5	100	14.5	9
<b>Sub-total (A)</b>		<b>100.75</b>	<b>87</b>	<b>14.5</b>	<b>13</b>	<b>115.3</b>	<b>75</b>
<b>B. Contingencies</b>							
Physical Contingency	b	13.8	100.0		0	13.8	9
Price Contingency	c	13.5	100.0		0	13.5	9
<b>Sub-total (B)</b>		<b>27.25</b>	<b>100.0</b>	<b>0.0</b>	<b>0</b>	<b>27.25</b>	<b>18</b>
<b>C. Financing Charges</b>							
Interest During Construction		10.0	90.9	1.0	9	11.0	7
Commitment Fee			100.0	0.5	100	0.5	
<b>Sub-total (C)</b>		<b>10.0</b>	<b>87.0</b>	<b>1.5</b>	<b>13</b>	<b>11.5</b>	<b>7</b>
<b>Total (A+B+C)</b>		<b>138</b>	<b>90</b>	<b>16</b>	<b>10</b>	<b>154.0</b>	<b>100</b>

Numbers may not sum precisely because of rounding.

<sup>a</sup> In Jan 2010 prices with taxes and duty inclusive, with an exchange rate of VND 18,000 to US\$1.0.

<sup>b</sup> Physical contingencies are computed at 10% of base cost.

<sup>c</sup> Price contingencies are computed by expenditure based on annual domestic and foreign price inflation.

Source: Asian Development Bank estimates.

## D. Expenditure Accounts by Outputs/Components

### HCMC - Water Supply Improvements Project

Detailed Cost Estimates by Components	US \$ mil	Network Strengthening and Expansion		NRW Pipe Extension and Replacement		ICT		Climate Change Adaptation and Mitigation	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs</b>	Total								
Civil Works 1	57.5	57.5	100.0%						
Civil Works 2	6.0			6.0	100%				
Equipment	26.0					20.0	76.9%	6.0	23.1%
Safeguards	1.9	1.2	64.7%	0.7	36%				
Consulting Services and Project Management	9.4	7.2	76.2%	1.7	19%			0.5	5.3%
Taxes and Duties	14.5	9.1	62.8%	1.8	12%	3.2	22.0%	0.4	3.0%
Sub-Total Base Cost	<b>115.3</b>	<b>75.0</b>	65.0%	<b>10.2</b>	9%	<b>23.2</b>	20.1%	<b>6.9</b>	6.0%
<b>B. Contingencies</b>									
Physical Contingency	13.8	9.7	70.4%	1.1	8%	2.3	16.9%	0.7	5.0%
Price Contingency	13.5	8.4	62.2%	1.2	9%	2.7	20.1%	1.2	8.9%
Sub-Total Contingencies	<b>27.25</b>	<b>18.1</b>	66.3%	<b>2.2</b>	8%	<b>5.0</b>	18.5%	<b>1.9</b>	6.9%
<b>C. Financing Charges</b>									
Interest During Construction	11.0	6.9	64.0%	1.5	14%	2.1	19.4%	0.5	2.6%
Commitment Fee	0.5	0.3	71.0%	0.2	24%	0.0	0.0%	0.0	5.3%
Sub-Total Financing Charges	<b>11.5</b>	<b>7.2</b>	64.3%	<b>1.7</b>	14%	<b>2.1</b>	18.7%	<b>0.5</b>	2.7%
<b>Total Costs</b>	<b>154</b>	<b>100.3</b>	65.1%	<b>14.2</b>	9%	<b>30.4</b>	19.7%	<b>9.3</b>	6.1%

Note: Numbers may not sum precisely due to rounding.

<sup>a</sup> In Jan 2010 prices. Includes taxes and duties of \$14.5 million.

<sup>b</sup> Physical contingencies are computed at 10% of base cost.

<sup>c</sup> Price contingencies are computed by year and expenditure type based on cumulative domestic and foreign price inflation.

<sup>d</sup> Includes interest and commitment charges. Interest during construction has been computed at the five-year forward London interbank-offered rate plus ADB spread of 0.3% and an on-lending spread of 0.20%.

Source: Asian Development Bank estimates

## E. Expenditure Accounts by Year

Item	Total Cost <sup>b</sup>	( US \$ mil)				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>Investment Costs</b>						
1 Civil Works1	\$57.50	5.76	8.63	20.13	17.26	5.76
2 Civil Works2	\$6.00	3.6	2.4	0	0	0
3 Equipment	\$26.00	3.56	4.11	8.11	7.11	3.11
4 Safeguards	\$1.90	0.57	0.63	0.48	0.09	0.13
5 Consulting Services	\$9.4	2.82	3.11	2.35	0.47	0.66
6 Taxes and Duties	\$14.50	2.80	2.50	4.38	3.56	1.26
<b>Sub-Total Base Cost</b>	<b>\$115.25</b>	<b>\$19.11</b>	<b>\$21.38</b>	<b>\$35.45</b>	<b>\$28.49</b>	<b>\$10.92</b>
<b>Contingencies</b>	<b>\$27.25</b>	<b>3.4</b>	<b>6.2</b>	<b>7.7</b>	<b>7.2</b>	<b>2.8</b>
<b>Financing Charges During Implementation</b>	<b>\$11.50</b>	<b>0.34</b>	<b>1.10</b>	<b>2.23</b>	<b>3.53</b>	<b>4.20</b>
<b>Total Project Cost (A+B+C)</b>	<b>\$154</b>	<b>\$22.87</b>	<b>\$28.67</b>	<b>\$45.34</b>	<b>\$39.20</b>	<b>\$17.92</b>
<b>% Total Project Cost</b>	<b>100.00%</b>	<b>14.9%</b>	<b>18.6%</b>	<b>29.4%</b>	<b>25.5%</b>	<b>11.6%</b>

In Jan 2010 prices.

<sup>b</sup> Physical contingencies are computed at 10% of base cost.

<sup>c</sup> Price contingencies are computed by year and expenditure type based on cumulative domestic and foreign price inflation.

<sup>d</sup> Includes interest and commitment charges. Interest during construction has been computed at the five-year forward London interbank-offered rate plus ADB spread of 0.3% plus on-lending spread of 0.20%. Assuming a 5-year forward swap rate of 2.79% + ADB spread of 0.30% + on-lending spread of 0.20%, the interest rate is 3.29%.

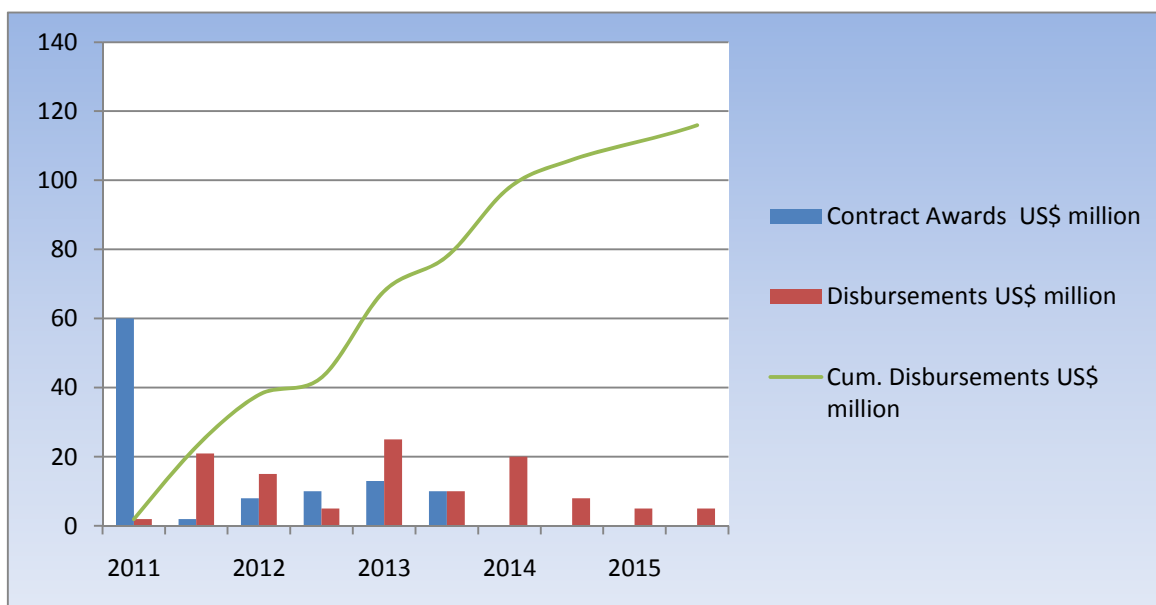
Note: Numbers may not sum precisely due to rounding.

Source: Asian Development Bank estimates.



## F. Contract and Disbursement S-curve

**Figure 1: Contract Awards and Disbursement S-Curve**  
(\$ million)



**Table 1: Contract Awards and Cumulative Disbursement**  
(\$ million)

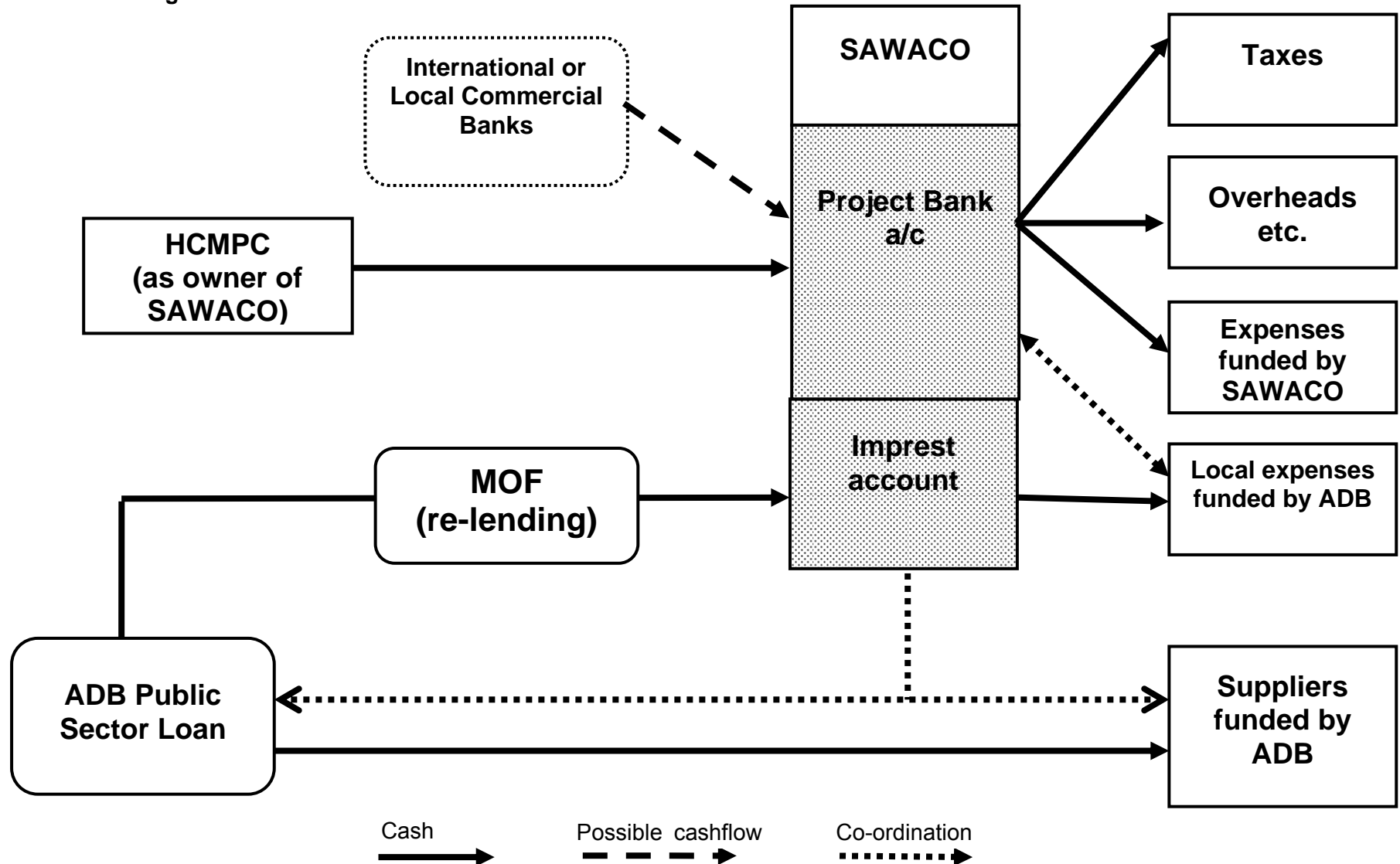
	2011		2012		2013		2014		2015	
	I	II	I	II	I	II	I	II	I	II
Contract Awards		62	8	10	13	10				
Cum. Disbursements	2	23	38	43	68	78	98	106	111	116

Source: Consultant estimates.

## G. Fund Flow Diagram

16. The ADB loan will be on-lent following the terms and conditions set for ODA in Decree 78/2010 to SAWACO by the Ministry of Finance. On-lending is from the Government of Viet Nam MOF direct to an Imprest Account opened specifically for the project by SAWACO. The proposed Funds Flow Diagram is shown overleaf.

Fund Flow Diagram



## **V. FINANCIAL MANAGEMENT**

### **A. Financial Management Assessment**

17. Financial Management Assessment (FMA) was carried out in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects to assess the financial management capacity of SAWACO including funds-flow arrangements, staffing, accounting policies and procedures, internal and external auditing arrangements, reporting and monitoring, and financial information systems. The assessment concluded that SAWACO is experienced in managing ADB and World Bank projects, and are prepared for the tasks required to implement the Ho Chi Minh City Water Supply Project.

18. SAWACO is required by the Government of Viet Nam to comply with the Vietnamese Accounting Standards (VAS).<sup>9</sup> As SAWACO is a holding company, the MOF issued Decision No 119/QD-BTC dated 18 January 2008 on financial management regulation of SAWACO in the form of parent-subsidiary. This decision provides detailed guidelines for SAWACO on the basis of other relevant documents such as the Law on Enterprise, Decree 199/2004, Decree 132/2005, Decree 111/2007, Decision 224/2006 and Circular 33/2005 and Circular 87/2006. In principle, SAWACO financial management and accounting policies are not different from those of state-owned corporations.

19. SAWACO's system is designated as a "mixed" accounting system whereby: (i) centralized accounts are maintained for the parent company (including for the Project), (ii) distribution Joint Stock Companies (JSCs) are independent accounting units and (iii) consolidation of accounts takes place only at the SAWACO level as a whole. The consolidation of accounts was initiated only in 2006 and SAWACO is still in the process of familiarizing itself with the consolidation process. To this date, the consolidated accounts have not been audited by any independent auditor and the accuracy and timely delivery of consolidated reports need to be enhanced in accordance with current regulations.

20. The General Director of SAWACO has full authorization to execute all transactions under the projects. SAWACO's accounting department has manuals relating to the control of their work, although there are no quality control procedures under ISO9000. The Board of Directors decides on the annual plan of the company and reports to HCMPC.

21. SAWACO has proven experience in the efficient management, budgeting, and disbursement of funds of previous projects. Historically, company plans and budgets have been realistic, having been based on valid assumptions, and developed by experienced and well qualified staff.

22. In general, SAWACO accounting and financial systems are adequate to account for loan proceeds and is considered a proper body to administer the proposed ADB loan for the HCM City Water Supply Project. In general the assessment identified no major weak points. The staff will require training in ADB procedures, but they should have little difficulty in understanding and implementing these. The FMA also identified several issues which are being, or will be addressed, to further improve SAWACO's financial management capabilities:

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<sup>9</sup> A comparison of major accounting policies between VAS and International Accounting Standards (IAS) shows that, for most part, the Business Accounting Policies promulgated by Ministry of Finance for all Vietnamese enterprises and adopted by SAWACO, conforms with IAS.

- (i) SAWACO should recruit (by tender) an auditor with affiliations to an international accounting firm to improve audit standards. The auditor can also help to improve existing accounting procedures, especially in the consolidation of SAWACO's accounts. Ongoing arrangements with the World Bank project on auditing should be discussed in this regard. ADB will also require the engagement of an independent auditor with affiliations to an international accounting firm to audit SAWACO's consolidated financial statements and to determine SAWACO's compliance with ADB loan covenants.
- (ii) The need to upgrade the Billing system as the current system is slow and outdated.
- (iii) The need for a more sophisticated accounting system that suits SAWACO's current structure and its requirements. Training is also needed to help accounting staff perform the work more efficiently with the new computerized system.
- (iv) SAWACO already has experience with ADB's loan processing requirements through ADB Loan 1237-VIE. It would be useful if staff from that ADB PMU be retained and mobilized to the new PMU to be established for the Water Supply Project in administering the new loan procedures.

23. Further, the proposed ICT investments includes the updating of SAWACOs Accounting and Billing systems, SCADA, GIS, MIS, AIM and HR improvements. SAWACO's overall Enterprise Resources Planning strategy will be developed under the ICT investment program. This will ensure that SAWACO is well able to manage, account and report on the implementation of the proposed ADB project.

## **B. Disbursement**

24. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time),<sup>10</sup> and detailed arrangements agreed upon between the GOV and ADB.

25. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),<sup>11</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

26. To facilitate project implementation and funds flow, a Project Imprest Account (PIA) will be set up upon loan effectiveness and will be exclusively used to finance ADB's share of eligible expenditures. The initial advance to be deposited to the PIA will not exceed either 6 months of estimated expenditures to be financed from the PIA, or 10% of the loan amount, whichever is lower. To expedite funds flow and simplify documentation process, the statement of expenditures (SOE) will be used for liquidation and replenishment of the PIA and reimbursement of eligible expenditures not exceeding \$200,000 per individual payments. For those exceeding the SOE limits, reimbursement, liquidation and/or replenishment will require submission of full documentation. Expenditures not utilizing the PIA, may utilize other disbursement procedures such as direct payment (to the contractor or supplier), commitment,

<sup>10</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>11</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

and reimbursement. SAWACO staff will be responsible for all disbursement arrangements, including i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. The Project will not utilize a second-generation IA.

27. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet<sup>12</sup> setting out the estimated expenditures for the first six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the EA's records.<sup>13</sup>

28. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.<sup>14</sup>

29. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The borrower is to consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

30. **Disbursement Arrangements for Government Funds.** SAWACO is a state-owned agency, composed of staff with qualifications and experience in financial management related to ADB projects. The MOF will coordinate with HCMCPC on disbursement, liquidation and replenishment of ADB funds used for the government-funded components. SAWACO will also prepare its consolidated financial statements, and financial statements of the Project and submit the audited copies to ADB. Accounting procedures will be carried out pursuant to Vietnam's accounting standards.

### C. Accounting

31. SAWACO will maintain separate project accounts and records by funding source for all expenditures incurred on the Project. Project accounts will follow international accounting principles and practices and also the Vietnamese Accounting Standards (VAS).

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<sup>12</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

<sup>13</sup> Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

<sup>14</sup> Checklist for SOE procedures and formats are available at:

[http://www.adb.org/documents/handbooks/loan\\_disbursement/chap-09.pdf](http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-100-Below.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-Over-100.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Operating-Costs.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Free-Format.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls)

#### **D. Auditing**

32. SAWACO will cause the detailed consolidated project accounts and its annual consolidated financial statements to be audited in accordance with International Standards on Auditing by an auditor with affiliations to an international accounting firm. Audit will also be undertaken in compliance with GOV regulations by the HCMC Audit Bureau and the State Audit Administration. The annual audited consolidated financial statements and project accounts will be submitted in the English language to ADB within 6 months after the end of the fiscal year throughout the implementation period by SAWACO. The annual audit report will include a separate audit opinion on the use of the imprest accounts, the SOE procedures (as applicable) and compliance with any ADB loan covenants. The Government and SAWACO have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts and financial statements. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. HCMCPC and SAWACO will submit reports and information to ADB on the use of the loan proceeds, project implementation and implementing agency performance.



## **VI. PROCUREMENT AND CONSULTING SERVICES**

### **A. Advance Contracting and Retroactive Financing**

33. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (2010, as amended from time to time) (ADB's *Procurement Guidelines*)<sup>15</sup> and ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time) (ADB's *Guidelines on the Use of Consultants*).<sup>16</sup> The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval.

34. Retroactive financing will be made available for eligible expenditures up to \$13.8 million (equivalent to 10% of the loan amount) to be incurred prior to loan effectiveness but not more than 12 months before signing of the Loan Agreement.

35. Concerning Advance action contracting – two consulting services contracts are currently proposed under advance contracting. Advance contracting will include (i) a consulting package for the Detailed Design and Supervision Consultant. The contract is subject to prior review.

36. The following advance action, retroactive financing and procurement procedures will be implemented:

- (i) The Detailed Design and Supervision Consultant will be recruited through advance action with contract signature after loan effectiveness;
- (ii) Retroactive financing for PMU incremental costs;
- (iii) Retroactive financing for CW1, CW2 and CW3. The detailed design of the first contract package (2400 mm treated water pipeline) will be financed by SAWACO and implemented during the year 2010/2011, so that construction can start in 2011 under retroactive financing, if loan effectiveness is delayed;
- (iv) Use of ADB funds to finance part of the resettlement costs;
- (v) Application of domestic preference for contracts bid under International Competitive Bidding procedures;

37. Establishment of a PIA with the PMU. The PIA account shall be established, managed, replenished, and liquidated in accordance with the latest revision of the ADB's *Loan Disbursement Handbook*.

38. The borrower has been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project.

### **B. Procurement of Goods, Works and Consulting Services**

39. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*.

40.. The civil works to be funded from the ADB loan will be procured through (i) International Competitive Bidding (ICB) procedures for contracts value exceeding USD 3 million; and (ii) National Competitive Bidding (NCB) procedures for contracts value below USD 3 million.

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<sup>15</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>16</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

41. The equipment to be funded from the ADB loan will be procured through (i) International Competitive Bidding (ICB) procedures for contracts value exceeding USD 500,000; (ii) Limited Competitive Bidding (LCB) procedures for contracts value between USD 100,000 and USD 500,000; and, (iii) Shopping procedures for contracts value below USD 100,000.

42. For NCB, the first draft English language of the procurement documents (prequalification, bidding documents, draft contract) should be submitted for ADB approval regardless of the estimated contract amount). Subsequent procurement is subject to post review. All ICB contracts are subject to prior review. Prior review and approval of ADB of the procurement documents (prequalification, bidding, contract) is required.

43. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

44. All consulting services will be recruited according to ADB's Guidelines on the Use of Consultants. The consulting service activities to be funded under the Project will be undertaken through seven contracts, to support SAWACO in project implementation and managing ICT investments. Consultants will be engaged mostly using Quality Cost Based Selection (QCBS), with the standard ratio of 80:20 (Package CS5) and Quality Based Selection for contracts above \$200,000 (Packages CS1, CS4), Least Cost Selection (LCS) for contracts below \$200,000 (Packages CS2, CS6) and Consultant Qualification Selection (CQS) for individual consultants (CS7). Draft terms of reference of consultants are outlined in Section C<sup>17</sup>. Under the ADB loan, the PMU will recruit:

- (i) **CS1:** One international consulting firm in association with a national firm for the water conservancy plan, using QBS procedures with simplified technical proposal (STP);
- (ii) **CS2:** One international consulting firm in association with a national firm for the disaster management plan, using LCS;
- (iii) **CS3:** One national consulting firm for the independent resettlement monitoring (IRM) consulting services, using LCS;
- (iv) **CS4:** One international non government agency or United Nations agency for social development services to implement the social development plan, including the gender strategy, using QBS with STP;
- (v) **CS5:** One international consulting firm in association with a national firm for the design and construction supervision, using QCBS procedures with full technical proposal (FTP);
- (vi) **CS6:** One international audit firm or a national firm affiliated to an international audit firm to perform auditing of SAWACO and PIA using LCS;
- (vii) **CS7:** Individual consultants or firm for assistance to the project owner for network management;

45. In the evaluation to calculate the firms' total scores under QCBS, the technical proposals will be given a weight of 80% and the financial proposals a weight of 20%.

46. A procurement plan indicating threshold and review procedures, goods, works, and

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<sup>17</sup> Detailed Terms of Reference and Request for Proposal will be prepared with ADB assistance between loan negotiation and loan effectiveness

consulting service contract packages and national competitive bidding guidelines is in Section C.

## C. Procurement Plan

### Basic Data

<b>Project Name:</b> Ho Chi Minh City Water Supply Project	
Country: Vietnam	<b>Executing Agency:</b> SAWACO
<b>Loan Amount:</b> \$138,000,000	<b>Loan (Grant) Number:</b> XXX
<b>Date of First Procurement Plan PFR1:</b>	<b>Date of this Procurement Plan:</b> September 2010
<b>Loan approval 1 February 2011</b>	

## 1. Process Thresholds, Review and Procurement Plan

### a. Project Procurement Thresholds

47. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

### Procurement of Goods and Works

Method	Threshold
ICB for Works <sup>a</sup>	>\$3 million and above
ICB for Goods	>\$500,000
NCB for Works <sup>a</sup>	≤ \$3 million
NCB for Goods <sup>a</sup>	≤ \$500,000
Shopping for Goods	≤ Less than \$100,000

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

<sup>a</sup> Refer to paragraph 3 of PAI 3.04, National Competitive Bidding.

### b. ADB Prior or Post Review

48. All NCB packages will be processed in accordance with ADB Procurement Guidelines (2010, and as amended from time to time), as supplemented by the provisions of Section C of the Procurement Plan.

## Procurement of Goods, Works and Consulting Services

Procurement Method		
Procurement of Goods and Works		
ICB Works	Prior	Three civil works contracts (estimated cost over \$10 million each)
NCB Works	Prior/Post	Six civil works contracts (estimated to about \$1 million each)
ICB Goods	Prior	Five goods contracts – 1 x ICT \$20 million and 4 x pipe supply (estimated cost of about \$1.25 million each)
NCB Goods	Prior/Post	Four goods contracts 4 x network access (estimated cost of about \$0.25 million each))
Recruitment of Consulting Firms		
Quality-and Cost-Based Selection (QCBS)	Prior	One consulting services contract with an estimated cost of over \$3 million
QBS	Prior	One consulting service contract with an estimated cost of \$1 million (alternative to individual consultants
Recruitment of Individual Consultants		
Individual Consultants	Prior	

Prior review and approval **by** ADB of **all** the procurement **documentation** (prequalification, bidding documents, contract) **for all ICB packages** is required.

Prior review and approval by ADB of the first procurement documentation for NCB package is required.

### Goods and Works Contracts Estimated to Cost More Than \$1 Million

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

<b>General Description</b>	<b>Contract Value (USD, M)</b>	<b>Procurement Method</b>	<b>Prequalification of Bidders (y/n)</b>	<b>Ad. Date (quarter/year)</b>	<b>Comments</b>
<b>Component I: 2400 mm Treated Water Transmission Pipeline</b>					
<b>Civil Works</b>					
<b>CW1:</b> 2400 mm Transmissiion Pipeline (Thu Duc side)	29.30	ICB	Y	Q1/2011	First ICB, Advance action and possible retroactive financing
<b>CW2:</b> 2400 mm Transmissiion Pipeline (River Crossing)	14.70	ICB	Y	Q1/2011	
<b>CW3:</b> 2400 mm Transmissiion Pipeline (City side)	13.50	ICB	Y	Q1/2011	
<b>Component II: NRW Pipe Replacement &amp; Extension</b>					
<b>Civil Works</b>					
<b>CW4:</b> Installation NRW Pipe Replacement and Extension I (Zone 4)	1.00	NCB	N	Q1/2012	First Civil Works Contract NCB
<b>CW5:</b> Installation NRW Pipe Replacement and Extension II (Zone 5)	1.00	NCB	N	Q1/2012	Bidding on Unit Rates / BOQ with 24 months validity
<b>CW6:</b> Installation NRW Pipe Replacement and Extension III (Zone 6)	1.00	NCB	N	Q1/2012	Bidding on Unit Rates/BOQ with 24 months validity
<b>Goods/Equipment and Related Services</b>					
<b>GD1:</b> Pipe Supply IA	1.25	ICB	N	Q4/2011	Bidding on Unit Rates with 24 months validity
<b>GD2:</b> Pipe Supply IB	1.25	ICB	N	Q4/2011	Bidding on Unit Rates with 24 months validity
<b>Component III: Information Communication Technology Investments</b>					
<b>Goods/Equipment and Related Services</b>					
Information Communication Technology Investment	20.0	ICB	Y	Q1/2012	
BOQ = Bill Of Quantities; ICB = International Competitive Bidding; NCB = National Competitive Bidding; NRW = Non Revenue Water					

**c. Consulting Services Contracts Estimated to Cost More Than \$100,000**

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

General Description	Contract Value (USD, M)	Recruitment Method <sup>1</sup>	Advertisement Date (quarter/year)	International or National Assignment	Comments
<b>CS1:</b> Water Conservancy Plan	0.25	QBS (STP)	Q3/2011	International	
<b>CS2:</b> Disaster Management Plan	0.20	LCS	Q1/2012	International	
<b>CS3:</b> Independent Resettlement Monitoring	0.20	LCS	Q2/2011	National	
<b>CS4:</b> Social Development Services	1.10	QBS (STP)	Q3/2011	International	
<b>CS5:</b> Detailed Design, Bidding Docs and construction supervision	6.00	QCBS (FTP)	Q1/2011	International	Advance action
<b>CS6:</b> International audit firm	0.20	LCS	Q1/2012	International	
<b>CS7:</b> Individual Consultant or firm	1.00	Individual/Firm (QBS/STP)	Q1/2011	International & National	As required

FTP = Full Technical Proposal; LCS = Least Cost Selection; QCBS = Quality Cost Based Selection; QBS = Quality Based Selection; STP = Short Technical Proposal;

<sup>1</sup> When QCBS is proposed, the quality:cost ratio is 80:20.

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

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

General Description	Contract Value (USD, M)	Procurement Method	Prequalification of Bidders (y/n)	Ad. Date (quarter/year)	Comments
<b>Goods/Equipment and Related Services</b>					
<b>GD5:</b> Network Accessories IA	0.25	NCB	N	Q4/2011	Bidding on Unit Rates with 24 months validity
<b>GD6:</b> Network Accessories IB	0.25	NCB	N	Q4/2011	Bidding on Unit Rates with 24 months validity

## 2. Indicative List of Packages Required Under the Project

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

General Description	Est. Value (cumulative)	Est. Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Construction of 2400 mm diameter Treated Water Transmission Pipeline	\$57.50 m	3	ICB, Works	Y	EPC
NRW Water Pipe Replacement and Network Extension	\$12.00m	14	ICB/NCB, Works/Goods	Y	Bidding on Unit Rates / BOQ for 24 months
Information Communication Technology Investments	\$20.00m	1	ICB, Goods	Y	EPC
Detailed design, Bidding Doc, Construction Supervision	\$6.00 m	1	QCBS	N	–
Water Conservancy Plan	\$0.25 m	1	QBS	N	–
Disaster Management Plan	\$0.20 m	1	LCS	N	–
Independent Resettlement Monitoring	\$0.20 m	1	LCS	N	–
Social Development Services	\$1.10 m	1	QBS	N	–
Audit firm	\$0.20 m	1	LCS	N	Approved by ADB
Network assistance consultants (individual or firm)	\$0.70 m	as required	Individual/QBS	N	–

## 3. National Competitive Bidding

### a. General

53. The procedures to be followed for national competitive bidding shall be those set forth in the relevant laws, decrees and regulations of the Socialist Republic of Viet Nam, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

### b. Registration

- (i) Bidding shall not be restricted to pre-registered firms and such registration shall not be a condition for participation in the bidding process.
- (ii) Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

### c. Prequalification

54. Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

### d. Joint Ventures

55. A bidder declared the lowest evaluated responsive bidder shall not be required to form a joint venture or to sub-contract part of the supply of goods as a condition of award of the contract.

**e. Preferences**

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Regulations issued by a sectoral ministry, provincial regulations and local regulations which restrict national competitive bidding procedures to a class of contractors or a class of suppliers shall not be applicable.

**f. Advertising**

- (i) Invitations to bid (or pre-qualify, where prequalification is used) shall be advertised in at least one widely circulated national daily newspaper or freely accessible, nationally-known website allowing a minimum of twenty-eight (28) days for the preparation and submission of bids and allowing potential bidders to purchase bidding documents, up to at least twenty-four (24) hours prior the deadline for the submission of bids. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.
- (ii) Bidding documents shall be made available by mail, electronically, or in person, to all who are willing to pay the required fee, if any.
- (iii) Bidders domiciled outside the area/district/province of the unit responsible for procurement shall be allowed to participate regardless of the estimated value of the contract.
- (iv) Foreign bidders from ADB member countries shall not be precluded from bidding.

**g. Bid Security**

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

**h. Bid Opening and Bid Evaluation**

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids.
- (ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents.
- (iii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (iv) No bid shall be rejected on the basis of a comparison with the owner's estimate or budget ceiling without the ADB's prior concurrence.
- (v) The contract shall be awarded to the technically responsive bid that offers the



lowest evaluated price.

**i. Rejection of All Bids and Re-bidding**

- (i) Bids shall not be rejected and new bids solicited without the ADB's prior concurrence.
- (ii) When the number of responsive bids is less than three (3), re-bidding shall not be carried out without the ADB's prior concurrence.

**j. ADB Member Country Restrictions**

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

**D. Consultant's Terms of Reference**

58. Seven consulting packages are proposed. Outline TORs are set out hereunder.

59. **Package 1 (CS1)** – Consulting Services for Water Conservancy Plan: The consultants will assist and support SAWACO, as follows:

- i) Prepare detailed report on water savings initiatives and water efficiency management scenario;
- ii) Review effect of water tariff increases, audit of non-residential water users with higher than expected consumption, community education, appliance labelling regulations, system loss reduction, minimum performance standards and development standards;
- iii) Undertake on-site audit of selected high water consumers, based on billing records. Prepare an action plan to reduce water wastage in selected facilities. This will be a collaborative effort between the JSC / SAWACO and the customer. Include repair / replacement of leaking pipes, taps; replacement of inefficient or leaking fittings and appliances; review of practices to identify options for increased efficiency; and identification of opportunities to recycle water on-site;
- iv) Hold workshop with SAWACO, JSCs and stakeholders to discuss means of reducing water demand;
- v) Recommend a pilot program to testing and labeling of water using fixtures and appliances, that could be adopted on a National scale. It is envisaged that this scheme would initially cover toilets and clothes washing machines. In later phases, the scheme could be expanded to include taps, dishwashers and showerheads. This program will become increasingly effective as more households have access to water-using fixtures and appliances;
- vi) Draw up programmes for introduction of appliance labelling regulations , system loss reduction *and* minimum performance standards and development standards;
- vii) Recommend minimum water efficiency standards for new buildings and developments. Development standards should cover efficient cooling systems, efficient operations and alternative source use and recycling;

- viii) Design a public relations and appliance labeling programs to reduce water use in HCMC;
- ix) Assist SAWACO with development of demand management initiatives;
- x) Prepare detailed report summarizing conclusions and an Action Plan for SAWACO to follow in enhancing water demand management; and
- xi) Initiate World Health Organization Water Safety Plan with SAWACO and the JSCs.

60. **Package 2 (CS2)** – Consulting Services for Disaster Management Plan: The consultants will assist and support SAWACO, as follows:

- i) Review existing data and information available at critical points of the water system.
- ii) Examine various climate scenarios and establish what levels of resilience exist within existing systems.
- iii) Establish at what sea level rise pump stations or WTPs become inundated.
- iv) Establish the levels of sea level rise at which water quality becomes unusable for potable supply.
- v) Assess affect of typhoons, hurricanes, storm surges, war, terrorist activity, electricity supply breakdown on SAWACO's operations.
- vi) Hold workshops with SAWACO and JSCs staff to review preliminary conclusions and obtain feedback and suggestions for further study.
- vii) Run models of climate, the river systems and operating systems to establish the thresholds and frequencies of exceedance and at what times.
- viii) Prepare strategies that the community might adopt to cope with the exceedances until the adaptation measures are permanently implemented.
- ix) Draft Final Report, summarizing conclusions and an Action Plan for SAWACO to follow in enhancing disaster preparedness.
- x) Prepare Disaster Management Plan preparedness, highlighting water security risks and delivery of water supply services during natural disasters.

61. **Package 3 (CS3)** – Consulting Services for Independent Resettlement Monitoring (IRM). The consultants will assist and support SAWACO's PMU as follows:

- i) Particularly with regard to the construction of the 2400 dia treated water main, monitor compliance with ADB Involuntary Resettlement Safeguards including to avoid involuntary resettlement wherever possible;
- ii) Monitor that involuntary resettlement is minimized by exploring project and design alternatives;
- iii) Monitor the restoring of livelihoods of all displaced persons in real term relative to pre-project levels;
- iv) Monitor the improvement in standards of living of the displaced poor and other vulnerable groups;

- v) Monitor updating and implementation of the Resettlement Plan in conjunction with the conducting of the detailed measurement survey; and
- vi) Monitor design and implementation of procedures for minimizing adverse social impacts from land acquisition and loss of other assets throughout the implementation phase.

62. **Package 4 (CS4) – Consulting Services for Social Development Services:** The consultants will assist and support SAWACO, as follows:

- i) Assist to ensure that community based approach is implemented to maximize the benefits from the infrastructure components of the project;
- ii) Assist to ensure infrastructure planning and construction involves the target population in decision making;
- iii) Assist to ensure water users understand and pay for water at a fair price;
- iv) Assist to ensure barriers are removed which restrict access to water for the poor or force them to pay higher than usual tariffs;
- v) Ensure public is well informed about water supply services;
- vi) Assist SAWACO to articulate policies on connections to areas behind main road or remote locations in accordance with Decree 117/2007;
- vii) Establish consultation methods to obtain the views of the poor and to obtain feedback on the impact of proposed policies and tariffs on them;
- viii) Provision of clear information about connection policies and procedures, and tariffs, targeted to poor, migrants and illiterate households;
- ix) Enhance community participation in water supply services, ethnic minorities, and poor households;
- x) Strengthen processes for community consultation and input;
- xi) Improve communications between SAWACO/JSCs and customers as well as other key stakeholders;
- xii) Prepare a communications strategy with SAWACO;
- xiii) Train staff in communications skills;
- xiv) Support SAWACO and JSCs to undertake community satisfaction surveys and other forms of customer feedback through Citizen Report Card;
- xv) Promote proactive communication by SAWACO/JSCs to People's Committees, mass organizations, and the wider community, including schools;
- xvi) Implement an Information Education Communication Plan;
- xvii) Implement the Gender Action Plan;
- xviii) Increase women's participation in key decision-making and implementing structures;
- xix) Encourage involvement of Vietnam Women's Union;
- xx) Improve knowledge and skills of women; and
- xxi) Improve gender awareness.

63. **Package 5 (CS5)** – Consulting Services for Detailed Design, Preparation of Bidding Documents, Construction Supervision: The consultants will assist and support SAWACO's PMU as follows:

- i) Prepare detailed design for NRW distribution pipelines, including necessary surveys, liaison with JSCs and SAWACO and obtaining all necessary approvals;
- ii) Prepare Resettlement Plan (RP) from the Resettlement Framework (RF);
- iii) Prepare bid documentation, bidding and evaluation procedures, and assist SAWACO with appointment of Contractors;
- iv) Facilitate the required approvals procedures and financial administration, planning and management;
- v) Implement the Pipe Contractor Certification Program;
- vi) Implement the ISO Certification Program;
- vii) Manage the construction of the 2400 mm diameter pipeline and the distribution pipeline contracts in accordance with, and to the limits of responsibility assigned to the Construction Supervision Consultant by the Client and the construction and supply contracts between the Client and Contractors;
- viii) Supervise the quality of construction of the works by the Contractor in accordance with international best practice and Government regulations on quality management of construction specified in Decree No. 209/2004/ND-CD dated December 16 2004, and Circular no.12/2005/TT-BXD of July 15 2005;
- ix) Assist SAWACO to manage and monitor the implementation of turnkey ICT and energy saving investments, including Geographic information system (GIS);Supervisory control and data acquisition (SCADA);Management information system (MIS), Enterprise Resource Planning (ERP), including billing software upgrade, accounting system, human resources development, business and strategic planning and customer relation (pro-poor);Asset Inventory and Management System (AIMS);and Financial Information System (FIS) including billing and accounting system upgrade;
- x) Coordinate other consultants working on the Ho Chi Minh City Water Supply Project (PFR1);
- xi) Implement and monitor environmental management plan and project occupational health and safety;
- xii) Undertake technical, managerial, institutional, coordination and financial activities tasks as appropriate for project implementation;
- xiii) Monitor implementation of safeguards, social and gender action plans and overall responsible for reporting to ADB and the Government;
- xiv) Prepare reports in accordance with ADB reporting procedure; and
- xv) Assist periodic ADB's review mission, including preparation of mid-term review report and the Project Completion Report.

64. **Package 6 (CS6)** – Consulting Services for Auditing: The auditor will undertake the following tasks:

- i) Audit consolidated financial statements of SAWACO, including ring fencing of the water operations;

- ii) Audit SAWACO's compliance with Vietnamese and international accounting standards; Identify gap to meet international accounting standards;
- iii) Assist to improve accounting procedures, especially in consolidation of the holding company;
- iv) Verify SAWACO's compliance with ADB loan covenants;
- v) Liaise with other independent auditors in auditing financial statements of SAWACO;
- vi) Inspect and substantiate the accuracy and sustainability of accounting documents and figures and other accounting finalization reports kept by SAWACO; and
- vii) SAWACO is recruiting auditor under the WB project. Liaise with World Bank project auditor in audit of both project annual accounts, those of parent company and SAWACO's consolidated accounts for 3 consecutive years from 2010 with a ring fencing of the water accounts.

65. **Package 7 (CS7)** – Provision for Consulting Services for assistance to the Project Owner for SAWACO, as required.

## **VII. SAFEGUARDS**

### **A. Social Management System**

66. The Project will have a range of social impacts. In the urban districts of HCMC that will in future be served by SAWACO piped water, the social impacts of access to a safe, sustainable supply of water will be significant. The expected benefits include improved health, economic benefits through having more time available for more productive activities and improved quality of life. The Project also includes measures to include pro-poor approaches.

67. Under the project, Consultants under the Social Development Services (CS4) will assist PMU to implement a community based approach to the project, involve the target population in decision making, assist that water users understand and pay for water at a fair price and assist to ensure that the project components, that specifically provide access to water for the poor is implemented.

68. The Consultants will ensure that the public is well informed about water supply services and will assist SAWACO to articulate policies on connections to areas behind main road or remote locations in accordance with Decree 117/2007. Consultation methods will be established to obtain the views of the poor, female headed households (FHH) and to obtain feedback on the impact of proposed policies and tariffs on them.

69. The Consultants will also ensure that clear information about connection policies and procedures is provided, community participation enhanced in water supply services, and processes for community consultation and input are put in place. A communication strategy with SAWACO will be prepared, and SAWACO staff trained in communications skills. proactive communication by SAWACO/JSCs to People's Committees, mass organizations, and the wider community, including schools will be promoted.

70. Concerning gender awareness, the consultants will endeavor to increase women's participation in key decision-making and implementing structures, encourage involvement of the

Vietnam Women's Union, improve knowledge and skills of women and improve gender awareness. The PMU shall ensure that measures outlined in the Gender Action Plan are undertaken to maximize Project benefits to women. The PMU shall: (i) develop disaggregated monitoring indicators by gender and ethnic group for purposes of monitoring and reporting; and (ii) where land is granted to Affected Persons for compensation purposes, HCMC PC shall, when applicable, ensure joint registration of land or land use rights in the names of both the husband and wife.

71. PMU shall ensure that all Works contracts under the Project incorporate provisions and budgets that shall cause the contractors to: (i) comply with the Borrower's labor laws and applicable international treaty obligations and do not employ child labor; (ii) provide safe working conditions and water and sanitation facilities for male and female workers; (iii) provide equal wages to male and female workers for work of equal value; (iv) provide day-care services for child-care needs of the female construction workers; and (v) carry out HIV/AIDS and human trafficking education and awareness campaigns in the construction sites with such campaigns being held in coordination with the Borrower's related programs and other initiatives. Prior to construction of the water distribution pipelines under the Project, PMU shall carry out consultations with the local communities concerned to appropriately identify their needs and determine the optimal location of such infrastructures.

## **B. Land Acquisition and Resettlement**

72. Land acquisition and resettlement impact for the Project will be related mainly to the 2400 mm diameter treated water transmission pipeline. However this pipeline is located entirely within the road alignment and land acquisition will be undertaken by the DOT.

73. The social impacts of the 10 km treated water transmission pipeline, which will carry water to the HCMC will be minimal, as any disruption or construction damage will be repaired or compensated for homeowner repair. The same applies to Component 2, which includes the expansion of the distribution network.

74. PMU shall ensure that: (i) any involuntary resettlement is carried out in accordance with the agreed Resettlement Plan, ADB's *Involuntary Resettlement Policy* (1995) guided by Operations Manual on Involuntary Resettlement (OM/F2, 2006) and supplemented by the new Social Policy Statement (2009) *Appendix 2 Safeguard Requirements 2: Involuntary Resettlement* and the Borrower's laws and regulations on involuntary resettlement; (ii) adequate resources are made available for the implementation of the Resettlement Plan; (iii) the Resettlement Plan is implemented effectively and in a timely manner; (iv) the Works contractors shall assist SAWACO in the resettlement activities and do not commence construction work in a particular geographic area until the Affected Persons in that area are assisted and relocated in accordance with the Resettlement Plan; and (v) monitoring of the resettlement activities is carried out and related reports are prepared and submitted to ADB every quarter and uploaded onto the Borrower's website within two (2) weeks of their submission until the Affected Persons have been resettled and their income restored.

75. PMU will undertake internal monitoring of resettlement implementation and will retain the services of an external monitoring agency which will independently review the progress of resettlement implementation and report to ADB, and SAWACO on a semi-annual basis until 2 years after the completion of resettlement. The current resettlement budget for the Project is US\$ 600,000 including land-acquisition, relocation compensation, and all other associated costs plus an additional \$250,000 for independent resettlement monitoring. A RF has been prepared.

The RP will be prepared during detailed design and will be disclosed in the affected communities to affected persons (APs) in the local language and resettlement information booklets will be distributed.

76. The Borrower shall not issue any notice to commence the Works for any component under the Project until: (i) the Resettlement Plan has been implemented in accordance with its terms and the land is clear of all encumbrances; and (ii) the respective Environmental Management Plan for such section has been submitted to, and been approved by ADB.

### **C. Ethnic Minorities**

77. There are no ethnic minority people in the project area.

### **D. Environmental Aspects**

78. The Project is classified as category "B" in ADB's environmental categorization. Public consultation involving surveys and meetings with stakeholders was undertaken during the preparation of the initial environmental evaluation (IEE) which is based on the national laws, regulations, and standards applicable in Vietnam. The project has some potential adverse environmental impacts, particularly in relation to pipeline construction activities and, to a lesser degree, the disposal of sludge from the water treatment process. Potential adverse impacts of construction are temporary and will be mitigated by including appropriate clauses in the bidding documents while the adverse impacts related to disposal of sludge have been avoided by incorporating sludge dewatering in the design of the water treatment facility. Construction of the treated water pipeline will not have a significant impact on the flora and fauna, as the construction activities will take place along an existing road alignment. For purposes of compliance with ADB's Safeguard Policy Statement (2009), no additional study or full environmental impact assessment is needed to further assess the potential environmental impacts of the project but any deviation will be corrected based on monitoring results.

79. The public meetings in Binh Thanh district and Thu Duc district underscored the need for effective management of noise, dust, traffic disruptions, and safety during the construction of the 2400 mm pipeline followed by the need for complete cleanup and restoration of all construction sites. The public meetings requested that a HOTLINE telephone number to a responsive SAWACO office be clearly posted at all construction areas, and that regular meetings between SAWACO and the Ward offices of affected community be convened to review issues of construction activities.

80. The crossings of the 2400 mm pipeline at the Sai Gon river and three tributary canals will not cause significant impacts to water quality or aquatic habitat due to the plan to tunnel the pipeline underneath these watercourses. Alternatively, if the pipeline traverses the watercourses along dedicated elevated bridge structures the associated impacts of erosion & sedimentation on water quality, and lost aquatic habitat will be short-term, and minor.

81. The IEE concludes that the project description of the feasibility design stage combined with available information on the affected environment are sufficient to understand the scope of potential construction-related environmental impacts of the project. Providing that major changes in the design of one or more of the project components do not occur at the detailed design phase, a further more detailed environmental impact assessment (EIA) is not required.

82. An environmental management plan (EMP) has been prepared for the project. The EMP provides an impacts mitigation plan, an environmental monitoring plan, and specifies the institutional responsibilities and capacity development needs for implementing the EMP. SAWACO will be responsible for the implementation of the EMP. An environmental assessment and monitoring framework for the MFF will be developed to provide further environmental safeguards guidelines and the EA is required to update and comply with these requirements.

83. Two long-term issues outside the immediate scope of the project are the increasing demand of HCMC for potable water, and the increased downstream production of wastewater that will result from the increased water supply. The planned extraction of raw water from the Dong Nai river at Hoa An by 2025 represents 5% of the present mean daily flow of the river. Inter-provincial and provincial water resource planning underway for the Dong Nai - Sai Gon river basins needs to consider future water needs of HCMC in view of all other demands of the resource to ensure a sustainable supply of potable water for HCMC.

84. The predicted increase in the use of domestic water supply of approximately 67,900 and 306,900 m<sup>3</sup>/day by 2013 and 2017 translates to a significant increase in domestic wastewater production. It is important that the increased production of wastewater is consistent with the 2000 JBIC Wastewater Master Plan for HCMC, and within the capacity of two ongoing JICA and World Bank wastewater projects. The effects of the increased discharge of untreated wastewater on the receiving environment of the Sai Gon river - Nha Be river ecosystem and resources should be examined, through regular river monitoring program, that is part of the EMP.

85. **Stakeholder Consultation.** Primary stakeholders include the direct beneficiaries in the new piped water distribution areas, SAWACO as the project proponent and also those whose life and livelihoods are affected by the water treatment plant construction. Stakeholder participation in project design has involved the majority of these identified stakeholders, with an increase in stakeholder participation expected as the project moves into implementation. During project preparation, local authorities and line agencies, householders, local groups, and other people likely to be directly affected by the Project were consulted. These consultations covered project scope, technical design, environmental concerns, land acquisition and resettlement issues, living standards, employment prospects, and economic development potential. To ensure equal benefit from the Project, separate consultations were conducted with the poor, women, and other vulnerable groups. For the assessments on environment and resettlement, consultations were held with representatives of affected households. These consultations indicate that the Project has a high level of public support and feedback was taken into consideration in the Project design and in the formulation of the initial environmental evaluation (IEE), the RP and in the social development action plans.



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

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Sustainable provision of safe water in Viet Nam	<p>Meet targets Orientation Plan 2025: HCMC Coverage central water supply system from 82 to 90% (2020) and 95% (2025) with NRW reduction from 40% to 32% (2015) and 25% (2025).</p> <p>Improved service delivery and coverage for 480,000 HH in HCMC</p> <p>Poor HH: First time 13,000 and own connection 6,500 access to pipe water in HCMC</p> <p>Increase of connections to FHH by 25% by 2015 and 50% by 2020</p> <p>Drinking water quality by 2020</p>	<p>PCR PFR1</p> <p>Annual water sector report</p> <p>Benchmarking surveys from Donors and MOC / VWSSA</p> <p>PCR PFR1</p> <p>PCR PFR1</p> <p>PCR MFF/PFR1</p> <p>Water Quality Analysis Customer Satisfaction Surveys and ISO 24510</p>	<b>Assumptions</b> <ul style="list-style-type: none"> <li>MFF implemented as designed</li> </ul> <b>Risks</b> <ul style="list-style-type: none"> <li>Government's Policies not enforced</li> </ul>
<b>Outcome</b> Efficiency of Vietnamese water supply companies improved	<p>Meet target Decree 117/2007:</p> <ul style="list-style-type: none"> <li>Increase tariff every year by 10% until 2013</li> <li>Increase tariff to meet full cost recovery after 2013</li> <li>Define within 1 year and monitor through the project implementation a series of up to 10 key performance indicators to improve operational efficiency</li> <li>SAWACO is equitized and operate in autonomous manner from local authorities as a condition of loan effectiveness.</li> </ul> <p>Achieve AIM and ISO Certification 9001, 14001, 18000, 24510 and 24512 and implement Continuous Improvement Process by 2020</p>	<p>Local authorities' decision on tariff increase</p> <p>MTR - Loan review mission</p> <p>PCR</p> <p>Business Operation Plan</p> <p>Legal status of water companies</p> <p>AIM and ISO Certification</p>	<b>Assumptions</b> <ul style="list-style-type: none"> <li>Creditworthiness of water companies</li> <li>Management empowered to change and accountable</li> </ul> <b>Risk</b> <ul style="list-style-type: none"> <li>Political interference prevents successful implementation and financial sustainability</li> </ul>
<b>Outputs</b> 1. Increased coverage	Network extension to identified poor locations increases by 25% by 2020 from baseline	PCR	<b>Assumptions</b> <ul style="list-style-type: none"> <li>Counterpart financing available and cost recovery mechanism</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>2. Improved business planning, asset and financial management</p> <p>3. Effective NRW reduction</p>	<p>data provided from each PFR with reporting on sex disaggregated data (100% of households connected are FHHs over the project area)</p> <p>Roadmap for water tariff increase agreed in year 1 with gender and affordability considerations integrated; Self financing ratio set at 20%; Debt service ratio set at 1.2 by 2015</p> <p>Implementation of ICT component</p> <p>Expansion of National NRW Program to invest \$500 M by 2020</p> <p>Investment in pipe repair and pipe replacement (women constitute 33% of new recruits for operations and maintenance)</p> <p>Target NRW 32% by 2015 and 25% by 2020</p> <p>Implementation of decree 117/2007 to ensure lifeline tariff and free connections are provided to 100% of identified poor households over the project area (100% of households thus supported are FHHs over the project area)</p>	<p>Completion VIE: CDTA Water Supply</p> <p>PCR</p> <p>Annual Project Report</p> <p>Loan Review Mission Report</p> <p>Annual Project Report</p> <p>Loan Review Mission Report</p> <p>MOC reports</p> <p>PCR</p>	<p>endorsed for National NRW Program</p> <ul style="list-style-type: none"> <li>Funding available for CDTA</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Timely completion of works and maintain quality standards</li> <li>Quick Implementation of land acquisition and resettlement</li> </ul>
<p><b>Activities with Milestones</b></p> <p><b>1. Increased Coverage</b></p> <p>1.1 Detailed Design and Supervision Contract issued in 2011</p> <p>1.2 Procurement for construction 10 km pipeline 2400 mm started in 2011 in HCMC</p> <p>1.3 Start pipe renewal and extension allocation</p> <p><b>2. Improved business planning, asset and financial management</b></p> <p>2.1 Award Operation Management Contract to the Private Sector in 2011</p> <p>2.2 Procurement of ICT components (GIS, SCADA, MIS) in 2012</p> <p>2.3 Recruitment of consultant services by end of 2011</p> <p>2.4 Conduct gender and poverty analysis of households in the project areas vis-à-vis water supply/ access and affordability issues, in order to have baseline data</p> <p><b>3. Effective NRW reduction:</b></p> <p>3.1 Pipeline (including meters/accessories) renewal and expansion started in 2012</p> <p>3.2 Information Communication Technology Contract completed by 2015</p>			<p><b>Inputs</b></p> <p><b>PFR1: \$154 million</b></p> <ul style="list-style-type: none"> <li>ADB: \$138 million (OCR)</li> <li>Government: from \$16 million</li> </ul>

ADB = Asian Development Bank; AIM = Asset Inventory and Management; CDTA = Capacity Development Technical Assistance; FHH = Female Headed Household; GIS = Geographic Information System; HCMC = Ho Chi Minh City; IEC = Information Education Communication; ISO = International Standards Organization; OMC = Operation Management

Contract; MFF = Mutitranché Financing Facility; MIS = Management Information System; MOC = Ministry of Construction; MTR = Mid Term Review; NRW = Non-Revenue Water; OCR = Ordinary Capital Resources; PCR = Project Completion Report; PFR = Periodic Financing Request; SCADA = Supervisory Control And Data Acquisition; TBD = To Be Determined; VWSSA = Viet Nam Water Supply and Sewerage Association  
Source: ADB Project Team.

## **B. Monitoring**

### **1. Project Performance Monitoring**

86. At the start of implementation of the Project, SAWACO's PMU with the assistance of the Project Consultant for Construction Supervision (CS5) will develop integrated Project Performance Monitoring System (PPMS) procedures to generate data systematically on the inputs and outputs of the components. Related indicators will be integrated into the PPMS, which will allow for a more comprehensive approach to monitor the performance of the Project as well as measure and evaluate the impact of the Project. The PPMS indicators for the Project include: (i) public satisfaction with the water supply service; (ii) incidence of water-related diseases; (iii), water quality in the network; (iv), level of community awareness of water sector issues; and (v) physical implementation progress indicators. The relevance and practicability of data collection for the selected indicators was confirmed with the PMU. Meanwhile, the agreed socioeconomic, environmental, gender and health indicators to be used will be further enhanced to measure project impacts. The PMU agreed and confirmed that they will (i) refine and integrate the PPMS framework at the start of Project implementation; (ii) confirm that targets are achievable; (iii) firm-up monitoring, recording, and reporting arrangements; and (iv) establish systems and procedures no later than 6 months after project inception.

### **2. Performance Indicators**

87. SAWACO has completed its transition from a State Owned Enterprise to Limited Liability Company (LLC) in 2009. As an LLC, SAWACO operates under the Enterprise Law of 2005. It is recommended that the Performance Service Contract that SAWACO enters into with the PC sets levels of service for a limited number of key performance parameters (up to 10) from the IB-NET benchmarking or Key Performance Indicators (KPIs).

88. **Performance indicators** are a measure of how well an activity is being performed against an established target and, in the utilities sector, a range of indicators is often used to assess how efficiently and effectively a utility is performing against targets set in an operator's license or performance contract.

89. **Benchmarking** is a continuous structured process (Continuous Improvement Process) of identifying, understanding and adapting best practices of industry leaders in order to help an organisation improve its performance. Benchmarking and knowledge of best practice is important for all water utilities, as it helps managers to understand the performance of their utility relative to others, facilitates the sharing of best practice information and supports decisions to improve performance.

90. An important part therefore of improving SAWACO's performance as a LLC and helping SAWACO to become one of the leading water supply utilities in the region will be establishing key performance indicators (KPIs) that can be used to target and measure SAWACO's overall performance.

91. Table 2 shows KPIs that are proposed to be used to monitor SAWACO's performance. The table shows the historical values of KPIs in SAWACO in 2002 and 2005 and KPI levels to which SAWACO should aspire in the future by 2017. The mean KPIs for 40 water utilities in the SE Asian Region from SEAWUN<sup>18</sup> are shown for comparison. It is proposed to use these KPIs to monitor SAWACO's performance under the proposed ADB Loan project. In Table 3 are set out proposed triggers which will need to be achieved by SAWACO to initiate the next investment tranche, possibly using the MFF. Those KPI will be confirmed during the detailed design and monitor during the ADB Loan Review Missions.

**Table 2: Proposed SAWACO KPI Performance Targets 2013-2017**

KPI	SEAWUN Average 2005	2002	2005	2008	2013	2015	2017
<b><u>Water Delivery</u></b>							
Percentage Coverage	74.9%	68.8%	72.9%	81.6%	82%	83%	85%
Water Availability hrs	22.9	23.6	24	24	24	24	24
Consumption per capita	106.5	120	113	116	130	145	150
Production per population (m <sup>3</sup> /d/c)	0.224	0.19	0.26	Not available	0.28	0.30	0.32
New Connection Fee \$	\$60	\$87	\$61.8	\$66.7	Covered in tariff	Covered in tariff	Covered in tariff
Average Pressure	-	5m	5m	3m	8m	12m	15m
Unit Production Cost /m3	\$0.19	\$0.13	\$0.17	\$0.28	\$0.24	\$0.19	\$0.14
<b><u>O&amp;M:</u></b>							
NRW	27.8%	39%	42.8%	42%	37%	32%	30%
Operating Ratio	0.84	1.4	0.97	-	0.90	0.85	0.80
Leaks Repaired Annually		21,070	21,070	22,424	20,000	14,000	8,000
<b><u>Financial:</u></b>							
Accounts Receivable (Months)	0.9	-	0.5	-	0.5	0.5	0.5
Revenue Collection Efficiency %	118.1%	115%	115%	99.8%	116%	117%	118%
Average Tariff US\$/m3	0.31	0.11-0.25	0.28	0.26	0.46	0.54	0.61
Debt Service Ratio (Amount of long term debt to total funding(liabilities +	0.35	0.29	0.16	0.32	0.25	0.37	0.30

<sup>18</sup> SEAWUN is the South East Asian Water Utilities Network established in 2005 to help utility companies in the region improve their performance in the delivery of water supply and sanitation services

KPI	SEAWUN Average 2005	2002	2005	2008	2013	2015	2017
equity)							
Capital Expenditure / connection \$	\$44.39		\$41.37	-	\$45	\$43	\$40
<b>Organizational Development:</b>							
Staff/1000 Connections	7.2	4.6	5.3	5.2	5.0	4.7	4.5

92. Project performance reports will be included in the PMUs regular Project reporting procedures, and will indicate the progress made in meeting institutional and performance targets as well as the Project's physical targets. Performance indicators will include populations served, availability of water supplies, NRW, coverage, billing and collection efficiency.

### 3. Compliance Monitoring

93. The loan and project agreements, framework financing agreement and periodic financing request 1 (covering HCMC Water Supply Project) specify the following covenants: legal, financial, safeguards, and other covenants. Those covenants will be monitored through regular loan review missions and reporting to ADB.

### 4. Safeguards Monitoring

#### a. Environment

94. The environmental impacts of the project components will be minimal, and can be mitigated with largely standard impact mitigation measures prescribed for civil construction practices. The single potential environmental construction issue that will need to be examined and managed carefully is the characterization and disposal of any contaminated spoil that is excavated in the project areas.

95. The increased use of chlorine and other water treatment chemicals by the Thu Duc treatment plant, along with the disposal of the increased waste stream of sludge and spent process water will need to be managed carefully. The single largest post-construction operational impact issue of the project is the effect of the increased wastewater stream that will be produced from the increase in supply of water to HCMC. This broader and long-term impact needs to be addressed in the context of the US\$ 4 billion investment program, and thus should be central to the Environmental and Social Review Framework that will be developed to guide the continued water supply development

96. **Environment Management Plan (EMP)** The EMP sets out environmental impact mitigations and monitoring requirements for the construction phase of the project with specific mitigations and monitoring requirements for the operational phase. Consideration of safeguards for the project in the context of remaining future projects for water supply development in greater HCMC is also discussed. The EMP also specifies procedures for continuing public input that was initiated as part of the IEE.

97. For the construction phase the following mitigation and monitoring procedures will be followed:

- (i) Apply standard civil construction management practices to minimize and contain dust, noise, local flooding, erosion & sedimentation of Saigon river and canals, increased traffic, and risks to worker & public safety.
- (ii) Locate potential sources of contaminated soil contamination from land use (e.g., petrol stations) and ensure all contaminated soil is identified before or during excavation, and disposed of in landfill, after proper characterization and treatment had been carried out.
- (iii) PMU to regularly report on observations of air and water quality, worker injuries, construction –related traffic accidents, and all complaints from public.
- (iv) Ensure all chemical agents used in the disinfection and rehabilitation of pipelines are flushed thoroughly before connecting to the existing water supply system.
- (v) Ensure sludge and chemicals resulting from the construction process are disposed of and handled properly.
- (vi) Monitor quality of treated water conveyed by new pipelines frequently after commissioning to ensure no contamination.

98. SAWACO and PMU are responsible for implementing the EMP. The Construction Supervision consultant is responsible to monitor and report progress on the EMP. The regular inspections and audits will mainly cover construction activities and review the affected environment, which will be well documented and filed. The implementing agency and contractors will be informed of the outcomes.

99. The project monitoring program will focus on the environment within the project area. A detailed environmental monitoring program covers the scope of monitoring, monitoring parameters, time and frequency, implementing and supervising agencies, and estimated cost. The monitoring will comply with the methodology provided in the relevant national environmental monitoring standards and WHO/IFC guidelines. Other associated standards listed below are the national environmental quality standards and the pollutant discharge and emission standards. The EA is required to monitor the implementation of the EMP and submit an environmental monitoring report to ADB on semi-annual basis during the construction stage.

100. **Compliance monitoring and inspection.** HCMC DONRE will be responsible for the regular and random compliance monitoring and inspection before, during, and after construction, as well as in the event of emergencies.

101. **Environmental acceptance monitoring and audit.** Within 3 months after the construction completion or no later than 1 year, with the permission from DONRE, the environmental acceptance monitoring and audit reports on the completion of the components will be (i) prepared by a qualified environmental institute in line with GOV's regulations on project completion environmental audit (ii) reviewed and approved by the environmental authority that have approved the IEE report, and (iii) finally submitted to ADB.

102. The environmental monitoring, including the environmental benefit monitoring, will be incorporated into the PPMS indicators for the project. The PMU will be responsible for analyzing and consolidating the data via their management information system. The PPMS will be designed to allow adequate flexibility to adopt remedial actions regarding the project design, schedules, activities, and development impact. At the beginning of the project, the PMU and consultants, in consultation with the ADB Environment Specialist, will develop comprehensive PPMS procedures for systematically generating the data on inputs and outputs of the project

components, and agree on the environmental and related socioeconomic indicators to be used to measure the project impacts. The PMU will refine the PPMS framework, confirm the achievable goals, firm up the monitoring and recording arrangements, and establish the systems and procedures no later than 6 months after the loan takes effect.

103. The environmental monitoring costs will be included in the project contracts during construction and the implementing agency's annual operation budgets during project operations. During the project implementation, the costs may be adjusted based on the actual requirements.

#### **b. Resettlement**

104. A detailed plan for both the internal and external monitoring and evaluation is included in the resettlement plan. The PMU will employ an independent resettlement monitoring institute or firm for external monitoring. This external monitoring organization will monitor the resettlement implementation, payment distribution, relocation, complaint handling system, and other related matters. A baseline survey will be conducted prior to start of land acquisition and resettlement. The external monitor would submit semi-annual monitoring reports to ADB and PMU and evaluation reports annually for 2 years after completion of land acquisition and resettlement.

105. The independent monitoring organization shall make an independent monitoring report in written form based on the information acquired through observation and survey. There are two purposes of reporting: one is to report the progress of the resettlement and existing problems objectively to the Asian Development Bank and SAWACO and the other is to evaluate the social and economic effects of the resettlement, propose constructive comments and suggestions to improve and perfect the resettlement.

106. The independent monitoring organization shall submit reports to ADB and SAWACO and the periods of reporting are confirmed as follows:

- Conduct APs' living standards and situation survey and submit a resettlement baseline report to ADB and SAWACO at the very beginning of resettlement implementation;
- Submit progress report every six months after the resettlement baseline report during the RP implementation;
- Submit a comprehensive evaluation report annually for 2 years after the completion of resettlement;
- Submit a resettlement completion report to ADB and SAWACO after completion of resettlement of all subprojects.

107. A monitoring report shall at least include the followings: (1) monitoring objectives; (2) the progress of the resettlement; (3) main findings of the independent monitoring organization; (4) main existing problems; (5) basic appraisal, comments and suggestions of independent monitoring organization.

108. The independent monitoring organization shall submit the report both in English and in Vietnamese to the PMU and ADB. Before submitting, the independent monitoring organization shall inform relevant personnel of the resettlement office of the contents of the report and collect their comments and they shall communicate with each other on the contents and the form of the report.

### **c. Poverty and Social Action Plans**

109. Monitoring of the poverty and social action plans will be undertaken by the consultants (part of the loan implementation consultants). SAWACO will provide an external monitoring organization (national specialists or government agency) to assist in the surveys, analysis, safeguards assessment and monitoring.

110. Monitoring reports will be submitted to ADB every 6 months for the first 2 years of the project and annually for the remaining 3 years. A post evaluation report will also be submitted, as part of the ADB's project completion report. The external monitoring consultants/agency will be required to participate in the ADB's midterm review mission.

### **C. Evaluation**

111. After loan signing, a project inception mission will be fielded to continue the work done during processing and to initiate the project implementation process. The main function of the inception mission is to establish a working relationship between the ADB and EA staff directly involved in implementing the Project. ADB, the Government, SAWACO and the PMU will review project implementation jointly at least once a year and will undertake a comprehensive midterm review 2 years after the start of project implementation. This review will include detailed evaluation of the scope, implementation arrangements, resettlement, achievement of scheduled targets, and progress on the agenda for policy reform and capacity development measures. Feedback from the PPMS activities will be analyzed. Within 6 months of physical completion of the Project {the executing agency} will submit a project completion report to ADB.<sup>19</sup>

### **D. Reporting**

112. The PMU will provide ADB with (i) bi-annual progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency, together with the associated auditor's report, should be adequately reviewed.

<b>Report</b>	<b>Reference in Loan/Project Agreement</b>	<b>Due Time</b>
Project Performance Monitoring System <ul style="list-style-type: none"><li>• Develop integrated PPMS procedures to generate data systematically on the inputs and outputs of the components</li><li>• Refine and integrate the PPMS framework, confirm that targets are achievable, firm-up monitoring, recording and reporting arrangements and establish systems and procedures</li></ul>		At start of project implementation  6 months after Project inception (reporting is semiannual)

<sup>19</sup> Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>



<b>Report</b>	<b>Reference in Loan/Project Agreement</b>	<b>Due Time</b>
Progress reports	PA, Section 2.08	Within one month of end of quarter
Audited Project accounts and financial statements	PA, Section 2.09	Within 6 months of end of fiscal year
Environmental Monitoring Reports	LA, Schedule 5	Semi-annual
Resettlement Reports	LA, Schedule 5	Semi-annual internal monitoring report during implementation of resettlement activities; resettlement completion report for each component within 6 months of the completion of each resettlement activity; annual resettlement reports for two more years after completion of resettlement
Gender Action Plan	LA, Schedule 5	Include in the semiannual PPMS report
Employment (record of labor employment including name, age, gender, working time, and payment of wages)	LA, Schedule 5	As available; include in semiannual PPMS report
Project Completion Report	PA, Section 2.08	Within 3 months of physical completion

## **E. Stakeholder Communication Strategy**

113. During project preparation, local groups, and other people likely to be directly affected by the Project were consulted. These consultations covered project scope, technical design, environmental concerns, land acquisition and resettlement issues, living standards, employment prospects, and economic development potential. The PPTA team conducted household surveys, held community meetings, and key informant interviews to assess potential project benefits and adverse impacts, and generate comments and suggestions in formulating mitigation measures. To ensure equal benefit from the Project, separate consultations were conducted with the poor, women, and other vulnerable groups. For the assessments on environment and resettlement, consultations were held with representatives of affected households. Consultations indicate that the Project has a high level of public support and feedback was taken into consideration in the Project design and in the formulation of the environmental management plan (EMP), the RPs, and in the social development action plans. A consultation and participation plan for the project has been prepared. Activities under the Social Development and Gender Awareness component will also entail extensive stakeholder consultation and participation.

114. The proposed activities to be undertaken for the Community Based Approach included into the Package 4 (CS4), Social Development Services are as follows:

**Table 3: Outline Indicators for the Community Based Approach**

<b>COMPONENT</b>	<b>INDICATORS</b>
Subcomponent 1: Pro-poor Policy	<ul style="list-style-type: none"> <li>• New pro-poor policies for water issued by HCMC People's Committee</li> <li>• Pro-poor strategy formulated and implemented by SAWCO and JSCs</li> <li>• Consultation with the poor and NGOs occurring in water services planning and implementation</li> </ul>
Subcomponent 2: Participatory Water Services	<ul style="list-style-type: none"> <li>• Establishment of Community Supervision Boards with community representation</li> <li>• Meetings, consultation events</li> <li>• Interactions between JSCs/SAWACO and Community Supervision Boards</li> <li>• Community feedback incorporated into plans, designs and construction activities</li> </ul>
Subcomponent 3: Information and Communication	<ul style="list-style-type: none"> <li>• Training courses developed and delivered</li> <li>• Communications strategy prepared</li> <li>• Complaints register and customer feedback survey results</li> <li>• Interactions between SAWACO/JSCs and NGOs and Mass organizations</li> <li>• Information campaigns planned and delivered on several core topics</li> </ul>

## **IX. ANTICORRUPTION POLICY**

115. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>20</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the project-related records and accounts of the SAWACO and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>21</sup>

116. To support these efforts, relevant provisions are included in the Loan Agreement regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of SAWACO, and all contractors, suppliers, consultants, and other service providers as they relate to the Project. For the Project, SAWACO has indicated its commitment to promote good governance and establish a corruption-free environment under the Project.

<sup>20</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>21</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

## **X. ACCOUNTABILITY MECHANISM**

117. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.<sup>22</sup>

## **XI. RECORD OF PAM CHANGES**

{All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.}

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<sup>22</sup> For further information see: <http://compliance.adb.org/>.