

Project Administration Manual

Project Number: 41456-043
Loan Number: XXXX
March 2015

Socialist Republic of Viet Nam:
Water Sector Investment Program – Multitranche
Financing Facility (MFF) –
Periodic Financing Request 3

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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 and ADB's policies and procedures. ADB staff is responsible to support implementation, including compliance by PFR3 water companies 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 Management approval of the project's Periodic Financing Request (PFR) Report, changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

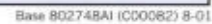
ABBREVIATIONS

ADB	=	Asian Development Bank
CPC/cPC	=	city peoples committee/commune peoples committee
EA		executing agency
EARF	=	environmental assessment and review framework
EMP	=	environmental management Plan
FFA	=	Framework Financing Agreement
FSR	=	feasibility study report
ICB	=	international competitive bidding
IEE	=	initial environmental examination
LIBOR	=	London interbank offered rate
MFF	=	multitranche financing facility
MPI	=	Ministry of Planning and Investment
NGOs	=	nongovernment organizations
NRW	=	nonrevenue water
PAM	=	project administration manual
PCR	=	project completion report
PFR	=	periodic financing request
PMU	=	project management unit
PPC	=	Provincial People Committee
QCBS	=	quality- and cost-based selection
OCR	=	ordinary capital resources
RF	=	resettlement framework
RP	=	resettlement plan
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
WSC	=	water supply company
WTP	=	water treatment plant

NOTES

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

SUBPROJECTS LOCATION IN VIETNAM



I. PROJECT DESCRIPTION

1. **Multitranche Financing Facility (MFF):** In February 2011, Asian Development Bank (ADB) approved a multitranche financing facility¹ (MFF) for \$1 billion from the ordinary capital resources (OCR). This is the first time the government borrowed on OCR terms and conditions for the water sector. The framework financing agreement (FFA) was signed on 5 May 2011. From 2011 to 2020, the MFF is expected to benefit 15 million people with improved service, including 500,000 poor people, which will receive their own piped water for the first time.

2. Under the first two periodic financing requests (PFR1² or project 1 and PFR2³ or project 2), sixteen water supply companies (WSCs) borrowed a combined amount of \$350 million, including \$5 million allocated to nine WSCs⁴ to complete the project preparation and advance action for investment under a subsequent tranche. Seven WSCs⁵ are financing improvement and increasing coverage to benefit 5.5 million people, including 37,500 poor households with their own piped water connection for the first time.

3. In November 2014, ADB received the State Bank of Vietnam's Periodic Financing Request letter for project 3 (PFR3) requesting \$142.5 million to finance seven WSCs⁶ having completed their project preparation and initiated advance action under PFR2. The investments would improve water services to 1.2 million persons, including 20,000 poor households with their own piped water connection for the first time.

4. The project 3 impact will be the sustainable provision of safe water in Bac Giang, Nghe Anh, Quang Nam, Thai Nguyen, and Thanh Hoa Provinces. The outcome will be the improved efficiency of participating WSCs. The project impact and outcome address the core sector problem of "Inefficient Water Service Delivery" and contribute to the overall impact of the MFF sustainable provision of safe water in Viet Nam.

5. Project 3 outputs support the MFF outputs: (i) increased coverage; (ii) improved business planning, financial management, and asset management; and (iii) effective nonrevenue water (NRW) reduction. Seven WSCs (footnote 6) are borrowing to finance investments for water supply (Table 1).

¹ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility Socialist Republic of Viet Nam: Water Sector Investment Program*. MFF0054-VIE. Manila.

² ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility Socialist Republic of Viet Nam: Water Sector Investment Program*. L2754-VIE. Manila

³ ADB. 2012. *Periodic Financing Request Report - Multitranche Financing Facility – Project 2, Socialist Republic of Viet Nam Investment Program*. L2961-VIE. Manila.

⁴ WSCs from Bac Giang, Dak Lak (Cui Kin), Nghe Anh (3), Lam Dong (2), Quang Nam, and Thai Nguyen provinces.

⁵ Ho Chi Minh City is included in PFR1 and six WSCs in PFR2 from the Provinces of Binh Duong, Dak Lak, Quang Tri, Thua Thien Hue and the Cities of Da Nang and Hai Phong.

⁶ The seven WSCs are from Bac Giang City, Cua Lo Town, Nghi Son Economic Zone, Quang Nam Province, Thai Hoa Town, Thai Nguyen City, and Vinh City.

Table 1: Water Supply Sub-projects Implemented by Water Supply Companies

Cities and Towns / Province	Water Supply Sub-project
Bac Giang City / Bac Giang Province	<ul style="list-style-type: none"> (i) Constructing an intake, pumping station and about 2.2 km D700 raw water transmission pipeline and ancillary works; (ii) Constructing one WTP capacity about 25,000 m³/d and ancillary works; (iii) Constructing about 76 km D75-D700 transmission and distribution pipes; (iv) Installing about 16,000 household connections.
Cua Lo Town / Nghe An Province	<ul style="list-style-type: none"> (i) Constructing one WTP capacity about 10,000 m³/d; (ii) Constructing transmission and distribution pipes D100-D500; (iii) Constructing service network pipeline D40-D90; (iv) Constructing booster pumping station, office building and ancillary works; (v) Installing about 7,352 household connections.
Thai Hoa Town / Nghe An Province	<ul style="list-style-type: none"> (i) Constructing an intake, pumping station about 12,000 m³/day and about 5.5 km D500 pipeline; (ii) Constructing one WTP capacity about 6,000 m³/day and ancillary works; (iii) Constructing about 34 km D110-D350 transmission and distribution pipes and about 93 km D32-D90 service pipeline; (iv) Supplying and installing about 7,916 household connections.
Tam Hiep and Dien Nam – Dien Ngoc Towns / Quang Nam Province	<p>Tam Hiep expansion:</p> <ul style="list-style-type: none"> (i) Constructing raw water intake, pump station and about 300 m pipeline; (ii) Increasing capacity of Tam Hiep WTP from 5,000 to about 20,000 m³/d; (iii) Constructing about 18 km D300-D500 transmission and about 39 km D110-D250 distribution and about 75 km service network pipelines; (iv) Supplying and installing about 10,000 household connections. <p>Dien Nam and Dien Ngoc water supply:</p> <ul style="list-style-type: none"> (i) Constructing an intake and about 2.4km D500 raw water pipeline; (ii) Constructing WTP capacity about 15,000 m³/d; (iii) Constructing about 18 km D300-D400, transmission, about 54 km D110-D250 distribution and about 90 km D32-D63 service network pipelines; (iv) Supplying and installing about 10,000 household connections.
Nghi Son Economic Zone / Thanh Hoa Province	<ul style="list-style-type: none"> (i) Constructing raw water intake and ancillary works; (ii) Constructing three pumping stations, electrical substations and ancillary works; (iii) Constructing about 39 km D400-D1200 raw water transmission pipeline and ancillary works.
Thai Nguyen City / Thai Nguyen Province	<ul style="list-style-type: none"> (i) Constructing an intake, pumping station and about 0.17km D800 raw water pipeline and ancillary works; (ii) Constructing WTP capacity about 50,000 m³/d and ancillary works; (iii) Constructing two treated water tanks (2 x 5,000 m³), pumping station, chemical house, and ancillary works; (iv) Constructing about 22 km D300-D800 transmission, about 20 km D100-D200 distribution pipes, about 62 km D50 service network pipeline; (v) Supplying and installing about 4,134 household connections.
Vinh City / Nghe An Province	<ul style="list-style-type: none"> (i) Constructing about 35 km transmission D250-D600, about 33 km distribution pipes D100-D200 and about 195 km service pipeline D32-D90; (ii) Supplying and installing about 18,000 household connections; (iii) Defining NRW zoning with about 25 km D100-D250 pipe replacement; (iv) Implementing Supervisory Control And Data Acquisition (SCADA) system at about 15 locations; (v) Implementing an institutional strengthening program to upgrade financial information systems, improve operation and maintenance (O&M) capabilities and reduce NRW.

D=diameter; km=kilometer; m³=cubic meters; NRW=nonrevenue water; WTP=water treatment plant.

Source: Periodic Financing Request – Government of Viet Nam.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

6. Readiness criteria for loan fact finding include: (i) approval of project detailed outline (PDO) according to Decree 131/2006/ND-CP or any subsequent legislation; (ii) endorsement of feasibility study report (FSR), according to Decision 48/2008/QD-TTg by the water companies before submission to the city or provincial government for approval after loan fact finding; (iii) agreed project administration manual (PAM), including procurement plan; (iv) agreed cost estimate, financing and counterpart funds; (v) agreed project management unit (PMU) structure and staffing levels; (vi) agreed draft project implementation plan; (vii) agreed safeguard framework and tranche frameworks or plans; (viii) agreed financial management system and auditing arrangements; and (viii) agreed consulting services and technical assistance.

7. Prior to loan effectiveness, the following readiness criteria need to be complied: (i) confirmed PAM; (ii) confirmed counterpart funds for first year of implementation; (iii) established PMU with appointed key staff; (iv) agreed project implementation plan; (v) confirmed environmental impact assessment/initial environment examination and resettlement plan (RP)/resettlement framework (RF); if there is a need for an indigenous people development framework or plan; (vi) confirmed procurement plan; and (vii) confirmed auditing arrangements. A list of indicative project readiness activities and their target completion dates are shown below in Table 2.

Table 2: Project Readiness Activities

Indicative Activities	Aug 2013	...	Sept. 2014	Oct. 2014	Nov. 2014	Dec. 2014	Jan 2015	April 2015	May 2015	June 2015	...	Sept 2015	Agency
Loan FF Signing													EAs
ADB SRM													ADB
Loan Negotiation													SBV/ADB
ADB President Approval													ADB
Loan Appraisal													
Submit to Prime Minister													GOV
Submit to President													
Loan Signing													ADB, MOF, EAs
Loan Effectiveness													ADB / GOV

ADB = Asian Development Bank; EAs = subproject executing agency; GOV = Government of Viet Nam; MOF = Ministry of Finance; SBV = State Bank of Viet Nam.

B. Overall Project Implementation Plan - PFR3 Components

Activities	2014				2015				2016				2017				2018				2019				2020			
Quarters	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
DMF																												
1. Increased Coverage																												
1.1 Design and Supervision																												
1.2 Procurement of civil works																												
1.3 WTP construction																												
1.4 Pipe and network construction																												
2. Business processes																												
2.1 Institutional Strengthening																												
2.2 Gender/poverty survey																												
3. NRW Reduction (Vinh)																												
3.1 Install DMAs, zone metering																												
3.2 Pipeline replacement																												
3.3 Effective NRW Reduction																												
Management Activities																												
Procurement plan activities																												
Consultant selection																												
Environment Mgmt Plan (EMP)																												
Gender Action Plan																												
Communication Strategy																												
Annual /Mid Term review																												
Project Completion report (2020)																												

* This is consultancy financed under counterpart funding and PFR2 for detailed design and preparation of bidding documents.

DMF = design and monitoring framework, MP = management plan, NRW = nonrevenue water, O&M = operation and maintenance, WTP = water treatment plant.

8. The Foreign Economic Relations Department, Ministry of Planning and Investment (MPI) is the coordinating agency for the overall MFF, including PFR3. The MPI is responsible for (i) shortlisting of future local governments and/or water utilities that wish to access the MFF, including submitting the list to ADB at the country programming mission and updating this list, if needed, at the country programming confirmation mission; (ii) consolidating reports, through consultants, and with the assistance of the WSCs; and (iii) submitting the annual audit report.

9. MPI will have no role in procurement of consultants and civil works contracts. ADB will provide grant assistance through its technical assistance program, to assist MPI in reporting, monitoring & evaluation, and dissemination. For PFR3, the project management is delegated to the WSCs, as project owner, and the respective city peoples committee (CPC) or provincial peoples committee (PPC), as Project executing agency (EA), under Decree 38/2013/ND-CP.

10. Each participating WSC has set up a PMU within its organizational structure under PFR2. PFR3 will be managed by the same PMU. The project owners and respective project executing agencies are detailed hereafter:

	Executing Agency	Project Owner
1	Quang Nam PPC	Quang Nam Water Supply and Drainage Joint Stock Company (QNWSC)
2	Nghe An PPC	Nghe An Water Supply One Member Limited Company (NAWASCO) Cua Lo Water Supply One Member Limited Company (CLWSC) Thai Hoa Water Supply One Member Limited Company (THWSC)
3	Thai Nguyen PPC	Thai Nguyen Water Joint Stock Company (TWACO)
4	Bac Giang PPC	Bac Giang Water Supply and Sewerage One Member Limited Company (BGWSC)
5	Thanh Hoa PPC	Song Chu One Member Limited Company (SCWSC)

11. The FSRs of the PFR3 WSCs cities follow the format of Decision No. 48/2008/QD-Tg. The EAs have approved all the FSRs at the end of September 2014, following Decree 38/2013/ND-CP. ADB has appraised the proposed PFR3 projects and discussed with MPI and each WSC the scheduling and the financing plan for each participating WSC.

III. PFR3 PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

Project implementation	Management Roles and Responsibilities
Project IAs (Project owners)	Primarily responsible for implementation of the Project, including finance and administration, technical and procurement matters, monitoring and evaluation (M&E), and safeguards compliance, including reporting for M&E and for auditing, including the submission of financial statements. The IA is also responsible for setting up and administering the imprest account.
Project Management Unit (under IAs)	Primarily responsible for disbursement of loan/counterpart funds. Responsible for arranging the necessary counterpart financing, debt servicing and loan repayment. Responsible for submitting withdrawal applications, retention of project and maintaining the imprest account documents
Asian Development Bank	Primarily responsible for financing and monitoring of ADB-funded components of the Project.

B. Key Persons Involved in Implementation

Coordinating Agency	Mr. Le Quang Manh, Director General, Foreign Economic Relations Department, Ministry of Planning and Investment
Project Owners/Implementing Agencies	
Quang Nam Water Supply and Drainage Joint Stock Company	Director: Ngo Duc Trung Tel: 0510-385-9519 Email: tctnqnam@gmail.com Address: Lot 6, Phan Boi Chau Str, Tam Ky city, Quang Nam province
Nghe An Water Supply One Member Limited Company	Director: Nguyen Xuan Thang Tel: 038-860-6098 Email: thao.nawasco@gmail.com.vn ; nawasco@gmail.com Address: No. 32 Phan Dang Luu – Vinh city – Nghe An province
Cua Lo Water Supply One Member Limited Company	Director: Nguyen Huu Luan Tel: 038-394-5210 Email: capnuoccualo@gmail.com Address: Nghi Tan Ward – Cua Lo Town, Nghe An province

**Thai Hoa Water Supply Joint
Stock Company**

Director: Pham Van Viet
Tel: 038-381-1163
Email: capnuocthna2010@gmail.com
Address: 15 Lien Thang, Hoa Hieu ward,
Thai Hoa town, Nghe An province

**Thai Nguyen Water Supply Joint
Stock Company**

Director: Tran Quang Han
Tel: 0280-385-7272
Email: wscthainguyen@gmail.com
Address: Group 1, Trung Vuong ward,
Thai Nguyen city, Thai Nguyen province

**Bac Giang Water Supply One
Member Limited Company**

Director: Huong Xuan Cong
Tel: 0240-385-5757
Email: capnuocbg@gmail.com
Address: No. 386 Xuong Giang Street, Ngo Quyen
Ward, Bac Giang city, Bac Giang province

**Song Chu One Member Limited
Company**

Chairman: Le Van Nhi
Tel: 037-385-7820
Email: duannghison@gmail.com
Address: 24 Pham Banh, Ngoc Trao Ward,
Thanh Hoa city, Thanh Hoa province

ADB

Division Director

Rudolf Frauendorfer

Position: Officer-In- Charge, Urban Development and Water
Division, Southeast Asia Department

Telephone: (632) 632-6379

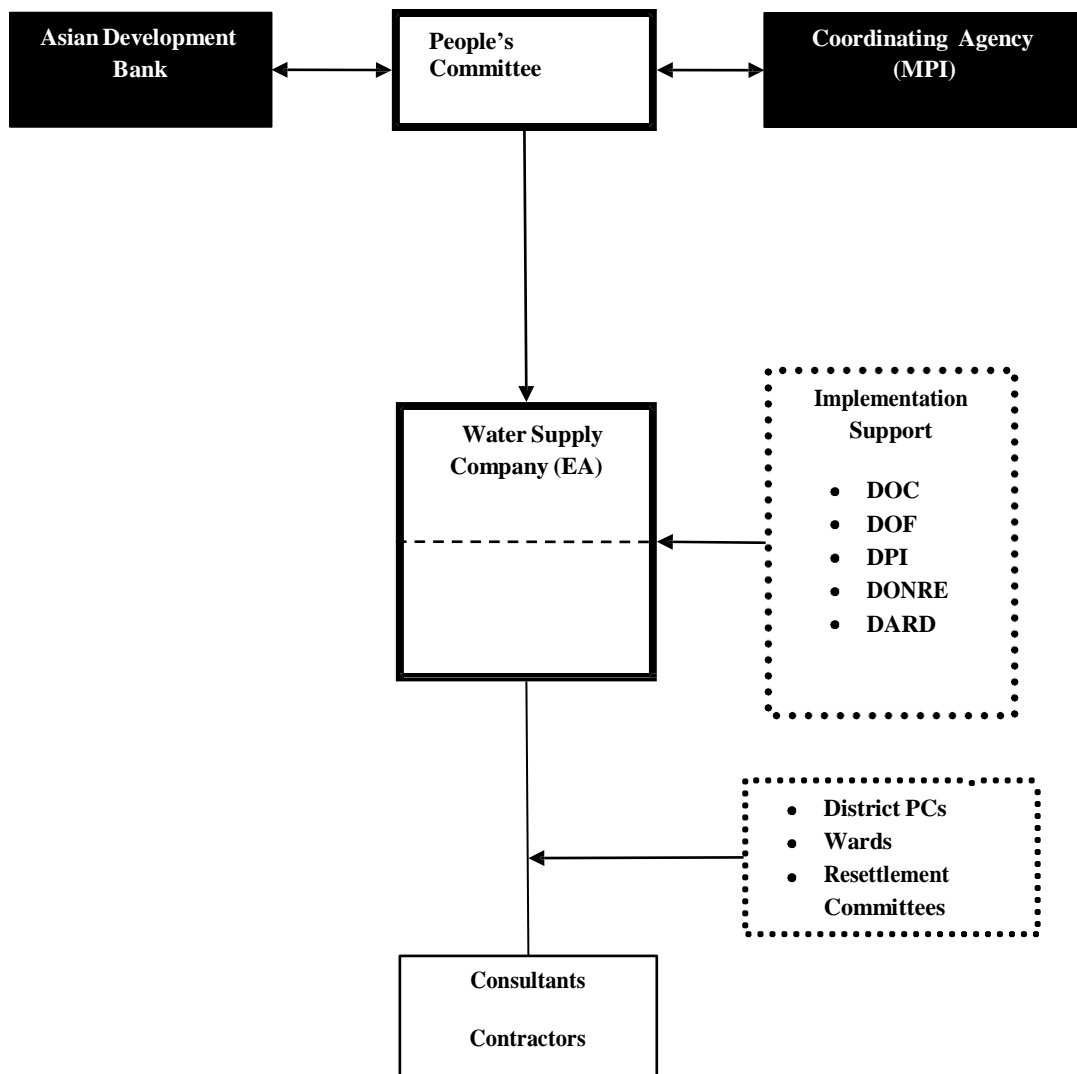
Email address: aleung@adb.org

Mission Leader

Hubert Jenny

Position: Principal Urban Development Specialist

Telephone: 84 4 3933 1374 - Ext. 140

Email address: hjenny@adb.org**C. Project Organization Structure**

IV. COSTS AND FINANCING

12. The tentative project investment plan for PFR3 of \$169 million is listed in Table 3

Table 3: Tentative Project Investment Plan (PFR3 2014) (\$'000)

Project Components	Amount^a
A. Base Cost^b	
Subproject 1: Bac Giang City	20.81
Subproject 2: Cua Lo Town	13.19
Subproject 3: Nghi Son Economic Zone	29.13
Subproject 4: Quang Nam Province	22.57
Subproject 5: Thai Hoa Town	9.51
Subproject 6: Thai Nguyen City	23.97
Subproject 7: Vinh City	19.68
Subtotal (A)	138.86
B. Contingencies	22.65
C. Financing Charges During Development^c	7.49
Total (A+B+C)^d	169.00

^a Includes taxes and duties of about \$13 million to be financed from government resources from cash contribution.

^b In September 2014 prices, including taxes and duties.

^c Physical contingencies computed at 9.8% for works and consulting services. Price contingencies computed at 6.7% on foreign exchange costs and 5.3% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Interest during construction for the ADB loan has been computed at the 5-year USD fixed swap rate plus ADB's effective contractual spread of 0.50% p.a. and the applicable maturity premium of 0.10% p.a. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

^e Number may not add up because of rounding.

Source: ADB estimates.

13. Project 3 is estimated to cost \$169.00 million. The government requested a \$142.50 million loan from ADB's OCR to help finance the consulting services and construction cost. The loan will have a 25-year term, including a grace period of 6 years, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year (the interest and other charges during construction are capitalized in the loan), and such other terms and conditions set forth in the draft loan and project agreements. Based on this, the average loan maturity is 15.75 years and the maturity premium payable to ADB is 0.10% annually. The government has provided ADB with (i) the reasons for its decision to borrow under ADB's LIBOR-based lending facility based on these terms and conditions, and (ii) an undertaking that these choices were its own independent decision and not made in reliance on any communication or advice from ADB.

14. The seven WSCs committed counterpart funding of \$26.50 million equivalent to cover taxes and duties in full and part of contingencies. One of the project objectives is to service the debt through water tariff increases to help phase out subsidies and assist WSCs to self-finance their future investment program. As such, the WSCs developed water tariff increase road maps endorsed by their respective people's committees (owners of the WSCs) against key operational and financial performance indicators to be monitored in the project implementation.

15. The loan will be to the Government of Viet Nam and the loan proceeds will be re-lent to the WSCs, according to the terms and conditions for official development assistance included in Decree 78/2010/ND-CP, dated 14 July 2010 about the onlending of government foreign borrowings, through subsidiary loan agreements, under terms and conditions satisfactory to ADB, as follows: (i) \$24.410 million to Quang Nam Water Supply and Drainage Joint Stock Company; (ii) \$19.960 million to Nghe An Water Supply One Member Limited Company; (iii) \$13.190 million to Cua Lo Water Supply One Member Limited Company; (iv) \$9.643 million to Thai Hoa Water Supply One Member Limited Company; (v) \$24.890 million to Thai Nguyen Water Joint Stock Company; (vi) \$19.884 million to Bac Giang Water Supply and Sewerage One Member Limited Company; and (vii) \$30.523 million to Song Chu One Member Limited Company. The tentative financing plan for PFR3 is presented in Table 4

Table 4: PFR3 Tentative Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	142.50	84
Government	26.50	16
Total	169.00	100

Source: ADB Project Team.

A. Detailed Cost Estimates by Expenditure Category

1. Overall PFR3

	US\$ Million			% Base Costs
	Foreign	Local	Total	
A. Base cost				
1 Civil Works	109.48	0.00	109.48	79%
2 Consultancy cost	5.70	0.00	5.69	4%
3 Environment and Social Mitigation	0.00	2.87	2.87	2%
4 PMU cost	0.00	7.64	7.65	6%
5 Taxes	0.00	13.17	13.17	9%
Sub-total (A)	115.18	23.68	138.86	100%
B. Contingencies				
1 Physical Contingency	13.65	0.00	13.65	10%
2 Price Contingency	9.00	0.00	9.00	6%
Sub-total (B)	22.65	0.00	22.65	16%
C. Financing Charge During Implementation				
1 Interest cost during construction period	6.76	0.00	6.76	4%
2 Commitment Charges	0.73	0.00	0.73	1.4%
Sub-total (C)	7.49	0.00	7.49	5%
Total (A+B+C)	145.31	23.68	169.00	122%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

a. Quang Nam subproject

	US\$ Million			% Base Costs
	Foreign	Local	Total	
A. Base cost				
1 Civil Works	18.37	0.00	18.37	81%
2 Consultancy cost	0.95	0.00	0.95	4%
3 Land and resettlement	0.00	0.50	0.50	2%
4 PMU cost	0.00	0.77	0.77	3%
5 Taxes	0.00	1.98	1.98	9%
Sub-total (A)	19.32	3.25	22.57	100%
B Contingencies				
1 Physical Contingency	2.69	0.00	2.69	12%
2 Price Contingency	1.54	0.00	1.54	7%
Sub-total (B)	4.23	0.00	4.23	19%
C Financing Charge During Implementation				
1 Interest cost during construction period	0.98	0.00	0.98	4%
2 Commitment Charges	0.13	0.00	0.13	1%
Sub-total (C)	1.11	0.00	1.11	5%
Total (A+B+C)	24.66	3.25	27.91	124%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

b. Vinh subproject

	US\$ Million			% Base Costs
	foreign	Local	Total	
A. Base cost				
1 Civil Works	15.47	0.00	15.47	79%
2 Consultancy cost	0.70	0.00	0.70	4%
3 Environmental and Social Mitigation	0.00	0.05	0.05	0%
4 PMU cost	0.00	1.30	1.30	7%
5 Taxes	0.00	2.17	2.17	11%
Sub-total (A)	16.17	3.51	19.68	100%
B. Contingencies				
1 Physical Contingency	1.84	0.00	1.84	9%
2 Price Contingency	1.36	0.00	1.36	7%
Sub-total (B)	3.20	0.00	3.20	16%
C. Financing Charge During Implementation				
1 Interest cost during construction period	0.91	0.00	0.91	5%
2 Commitment Charges	0.10	0.00	0.10	0%
Sub-total (C)	1.01	0.00	1.01	5%
Total (A+B+C)	20.37	3.51	23.89	121%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

c. Cua Lo subproject:

	US\$ Million			% Base Costs
	Foreign	Local	Total	
A. Base cost				
1 Civil Works	10.01	0.00	10.01	76%
2 Consultancy cost	0.57	0.00	0.57	4%
3 Environmental and Social Mitigation	0.00	0.27	0.27	2%
4 PMU cost	0.00	0.86	0.86	7%
5 Taxes	0.00	1.48	1.48	11%
Sub-total (A)	10.58	2.61	13.19	100%
B. Contingencies				
1 Physical Contingency	1.11	0.00	1.11	8%
2 Price Contingency	1.08	0.00	1.08	8%
Sub-total (B)	2.19	0.00	2.19	17%
C. Financing Charge During Implementation				
1 Interest cost during construction period	0.63	0.00	0.63	5%
2 Commitment Charges	0.08	0.00	0.08	1%
Sub-total (C)	0.71	0.00	0.71	5%
Total (A+B+C)	13.48	2.61	16.09	122%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

d. Thai Hoa subproject:

	US\$ Million			% Base Costs
	Foreign	Local	Total	
A. Base cost				
1 Civil Works	7.12	0.00	7.12	75%
2 Consultancy cost	0.59	0.00	0.59	6%
3 Environmental and Social Mitigation	0.00	0.17	0.17	2%
4 PMU cost	0.00	0.78	0.78	8%
5 Taxes and Duties	0.00	0.85	0.85	9%
Sub-total (A)	7.71	1.80	9.51	100%
B. Contingencies				
1 Physical Contingency	1.21	0.00	1.21	13%
2 Price Contingency	0.43	0.00	0.43	5%
Sub-total (B)	1.64	0.00	1.64	17%
C. Financing Charge During Implementation				
1 Interest cost during construction period	0.38	0.00	0.38	4%
2 Commitment Charges	0.05	0.00	0.05	1%
Sub-total (C)	0.43	0.00	0.43	5%
Total (A+B+C)	9.78	1.80	11.58	122%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

e. Song Chu subproject:

	US\$ Million			% Base Cost
	Foreign Exchange	Local Currency	Total cost	
A. Base Cost				
1 Civil Works	22.74	0.00	22.74	78%
2 Consulting Services	1.30	0.00	1.30	4%
3 Environmental and Social Mitigation	0.00	1.18	1.18	4%
4 PMU Costs	0.00	1.13	1.13	4%
5 Taxes	0.00	2.78	2.78	10%
Sub-Total (A)	24.04	5.09	29.13	100%
B. Contingencies				
1 Physical	3.13	0.00	3.13	11%
2 Price	1.51	0.00	1.51	5%
Sub-Total (B)	4.64	0.00	4.64	16%
C. Financing Charges During Implementation				
1 Interest During Implementation	1.71	0.00	1.71	6%
2 Commitment Charges	0.13	0.00	0.13	0%
Sub-Total (C)	1.84	0.00	1.84	6%
Total Project Cost (A+B+C)	30.52	5.09	35.61	122%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

f. Bac Giang subproject:

	US\$ Million			% Base Costs
	Foreign	Local	Total	
A. Base cost				
1 Civil Works	16.38	0.00	16.38	79%
2 Consultancy cost	0.63	0.00	0.63	3%
3 Environmental and Social Mitigation	0.00	0.58	0.58	3%
4 PMU cost	0.00	1.40	1.40	7%
5 Taxes	0.00	1.81	1.81	9%
Sub-total (A)	17.01	3.80	20.81	100%
B Contingencies				
1 Physical Contingency	1.61	0.00	1.61	8%
2 Price Contingency	1.18	0.00	1.18	6%
Sub-total (B)	2.80	0.00	2.80	13%
C Financing Charge During Implementation				
1 Interest cost during construction period	0.83	0.00	0.83	4%
2 Commitment Charges	0.10	0.00	0.10	0%
Sub-total (C)	0.93	0.00	0.93	4%
Total (A+B+C)	20.74	3.80	24.53	118%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

g. Thai Nguyen subproject:

	US\$ Million			% Base Costs
	Foreign	Local	Total	
A. Investment Costs				
1 Civil Works	19.39	0.00	19.39	81%
2 Consulting Services	0.96	0.00	0.96	4%
3 Environmental and Social Mitigation	0.00	0.12	0.12	1%
4 PMU Costs	0.00	1.41	1.41	6%
5 Taxes and duties	0.00	2.10	2.10	9%
Sub-total (A)	20.34	3.63	23.97	100%
B. Contingencies				
1 Physical Contingencies	2.06	0.00	2.06	9%
2 Price Contingencies	1.89	0.00	1.89	8%
Sub-total (B)	3.95	0.00	3.95	16%
C. Financial Charges During Implementation				
1 Interest During Construction	1.32	0.00	1.32	6%
2 Commitment Charges	0.15	0.00	0.15	1%
Sub-total (C)	1.47	0.00	1.47	6%
Total (A+B+C)	25.76	3.63	29.39	123%

ADB does not finance any taxes and duties

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding

Source: ADB Project Team.

B. Allocation and Withdrawal of Loan Proceeds

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Viet Nam Water Sector Investment Program – Tranche 3)				
CATEGORY				ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing (\$)		Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	128,313,000		
1A	Quang Nam Water Supply and Drainage Joint Stock Company** ***		22,153,000	100 % of total expenditure claimed*
1B	Nghe An Water Supply One Member Company Ltd**		18,138,000	100 % of total expenditure claimed*
1C	Cua Lo Water Supply One Member Company Ltd**		11,807,000	100 % of total expenditure claimed*
1D	Thai Hoa Water Supply One Member Company Ltd**		8,507,000	100 % of total expenditure claimed*
1E	Song Chu One Member Company Ltd**		27,132,000	100 % of total expenditure claimed*
1F	Bac Giang Water Supply and Sewerage One Member Company Ltd**		18,254,000	100 % of total expenditure claimed*
1G	Thai Nguyen Water Supply Joint Stock Company**		22,322,000	100 % of total expenditure claimed*

2	Consulting Services	6,695,000		
2A	Quang Nam Water Supply and Drainage Joint Stock Company**		1,149,000	100 % of total expenditure claimed*
2B	Nghe An Water Supply One Member Company Ltd**		817,000	100 % of total expenditure claimed*
2C	Cua Lo Water Supply One Member Company Ltd**		670,000	100 % of total expenditure claimed*
2D	Thai Hoa Water Supply One Member Company Ltd**		702,000	100 % of total expenditure claimed*
2E	Song Chu One Member Company Ltd**		1,551,000	100 % of total expenditure claimed*
2F	Bac Giang Water Supply and Sewerage One Member Company Ltd**		704,000	100 % of total expenditure claimed*
2G	Thai Nguyen Water Supply Joint Stock Company**		1,102,000	100 % of total expenditure claimed*
3	Interest and Commitment Charges	7,492,000		100% of amounts due
	Total	142,500,000		

* Excluding all taxes and duties imposed within the territory of the Borrower

** Subject to the condition for withdrawal for works described in paragraph 7 of Schedule 3.

*** Subject to the condition for withdrawal for works described in paragraph 8 of Schedule 3.

Source: ADB Project Team.

C. Detail Cost Estimates by Financier - Overall PFR3 project

Item	ADB (US\$ mil.)		Government (US\$ mil.)		TOTAL (US\$ million)
	Amount	% Cost Category	Amount	% Cost Category	
A Investment Costs					
1 Civil Works	128.313	100%	-	0%	128.313
1A Cua Lo WSC (Nghe An)	11.807	100%	-	0%	11.807
1B Vinh WSC (Nghe An)	18.138	100%	-	0%	18.138
1C Thai Hoa WSC (Nghe An)	8.507	100%	-	0%	8.507
1D Thai Nguyen WSC	22.322	100%	-	0%	22.322
1E Song Chu WSC	27.132	100%	-	0%	27.132
1F Bac Giang WSC	18.254	100%	-	0%	18.254
1G Quang Nam WSC	22.153	100%	-	0%	22.153
2 Consulting services	6.695	100%	-	0%	6.695
2A Cua Lo WSC (Nghe An)	0.670	100%	-	0%	0.670
2B Vinh WSC (Nghe An)	0.817	100%	-	0%	0.817
2C Thai Hoa WSC (Nghe An)	0.702	100%	-	0%	0.702
2D Thai Nguyen WSC	1.102	100%	-	0%	1.102
2E Song Chu WSC	1.551	100%	-	0%	1.551
2F Bac Giang WSC	0.704	100%	-	0%	0.704
2G Quang Nam WSC	1.149	100%	-	0%	1.149
3 Land Acquisition, PMU Costs	-	0%	10.514	100%	10.514
4 Taxes and Duties	-	0%	13.170	100%	13.170
Sub-total (A)	135.008	84%	26.500	16%	161.508
B Contingencies*	-	0.00%	2.816	0.00%	2.816
C Financial Charges During Implementation	7.492	100%	-	0%	7.492
Total Project Cost (A+B+C)	142.500	84%	26.500	16%	169.000

* Contingencies have been included into the Works and Consulting Services

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Total for Audit \$0.418 million to be financed under the loan by ADB.

Number may not add up because of rounding.

Source: ADB Project Team.

D. Detailed Cost Estimates by Outputs/Components

a. Quang Nam WSC

	Components	Total Cost (US \$ mil)	Raw Water Intakes		3 Water Treatment Plants 3 x 15,000 m3/d each		Transmission / Distribution / Servicing Networks and Household Connections	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs							
1	Civil works	18.370	1.118	4.01%	6.126	21.95%	11.126	39.86%
2	Consultancy cost	0.953	0.058	0.21%	0.318	1.14%	0.577	2.07%
	Sub-total (A)	19.323	1.176	4.21%	6.444	23.09%	11.703	41.93%
B.	Recurrent Costs (Counterpart Fund)							
3	Environmental and Social Mitigations	0.500	0.200	0.72%	0.250	0.90%	0.050	0.18%
4	PMU cost	0.767	0.047	0.17%	0.256	0.92%	0.465	1.66%
5	Taxes and Duties	1.980	0.120	0.43%	0.660	2.37%	1.199	4.30%
6	Contingencies	0.253	0.015	0.06%	0.084	0.30%	0.153	0.55%
	Sub-total (B)	3.500	0.383	1.37%	1.251	4.48%	1.867	6.69%
C.	Contingencies							
1	Physical Contingency	2.660	0.162	0.58%	0.887	3.18%	1.611	5.77%
2	Price Contingency	1.319	0.080	0.29%	0.440	1.58%	0.799	2.86%
	Sub-total (C)	3.979	0.242	0.87%	1.327	4.75%	2.410	8.63%
D.	Financing Charge During Implementation							
1	Interest during construction	0.983	0.060	0.21%	0.328	1.17%	0.595	2.13%
2	Commitment Fees	0.125	0.008	0.03%	0.042	0.15%	0.076	0.27%
	Sub-total (D)	1.108	0.067	0.24%	0.370	1.32%	0.671	2.40%
	Total project cost (A+B+C+D)	27.910	1.868	6.69%	9.391	33.65%	16.651	59.66%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

b. Nghe Anh (Vinh) WSC

	Components	Total Cost (US \$ mil)	Network Upgrading and Zoning		Household Connections		Meter Installation and Network Monitoring	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs							
1	Civil works	15.472	14.157	59.27%	1.101	4.61%	0.214	0.90%
2	Consultancy cost	0.697	0.638	2.67%	0.050	0.21%	0.010	0.04%
	Sub-total (A)	16.169	14.794	61.94%	1.151	4.82%	0.224	0.94%
B.	Recurrent Costs (Counterpart Fund)							
3	Environmental and Social Mitigations	0.047	0.047	0.20%	-	0.00%	-	0.00%
4	PMU cost	1.298	1.188	4.97%	0.092	0.39%	0.018	0.08%
5	Taxes and Duties	2.170	1.986	8.31%	0.154	0.65%	0.030	0.13%
6	Contingencies	0.411	0.376	1.57%	0.029	0.12%	0.006	0.02%
	Sub-total (B)	3.926	3.597	15.06%	0.276	1.16%	0.054	0.23%
C.	Contingencies							
1	Physical Contingency	1.670	1.528	6.40%	0.119	0.50%	0.023	0.10%
2	Price Contingency	1.115	1.021	4.27%	0.079	0.33%	0.015	0.06%
	Sub-total (C)	2.785	2.549	10.67%	0.198	0.83%	0.039	0.16%
D.	Financing Charge During Implementation							
1	Interest during construction	0.909	0.832	3.48%	0.065	0.27%	0.013	0.05%
2	Commitment Fees	0.096	0.088	0.37%	0.007	0.03%	0.001	0.01%
	Sub-total (D)	1.005	0.920	3.85%	0.072	0.30%	0.014	0.06%
	Total project cost (A+B+C+D)	23.886	21.859	91.51%	1.697	7.10%	0.330	1.38%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

c. Cua Lo WSC subproject

	Components	Total Cost (US \$ mil)	Raw Water Intake		Nghị Hoa Water Treatment Plant 10,000m3/d		Transmission / Distribution / BPS/ Servicing Networks and Household Connections	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs							
1	Civil works	10.011	0.234	1.45%	2.272	14.12%	7.505	46.64%
2	Consultancy cost	0.568	0.013	0.08%	0.129	0.80%	0.426	2.65%
	Sub-total (A)	10.579	0.247	1.54%	2.401	14.92%	7.931	49.29%
B.	Recurrent Costs / Counterpart Fund							
3	Environmental and Social Mitigations	0.265	0.186	1.15%	0.053	0.33%	0.027	0.16%
4	PMU cost	0.862	0.020	0.13%	0.196	1.22%	0.646	4.02%
5	Taxes and Duties	1.482	0.035	0.22%	0.336	2.09%	1.111	6.90%
6	Contingencies	0.293	0.007	0.04%	0.066	0.41%	0.220	1.36%
	Sub-total (B)	2.902	0.247	1.54%	0.651	4.05%	2.003	12.45%
C.	Contingencies							
1	Physical Contingency	1.031	0.024	0.15%	0.234	1.45%	0.773	4.80%
2	Price Contingency	0.867	0.020	0.13%	0.197	1.22%	0.650	4.04%
	Sub-total (C)	1.898	0.044	0.28%	0.431	2.68%	1.423	8.84%
D.	Financing Charge During Implementation							
1	Interest during construction	0.631	0.015	0.09%	0.143	0.89%	0.473	2.94%
2	Commitment Fees	0.081	0.002	0.01%	0.018	0.11%	0.061	0.38%
	Sub-total (D)	0.713	0.017	0.10%	0.162	1.00%	0.534	3.32%
	Total project cost (A+B+C+D)	16.092	0.555	3.45%	3.645	22.65%	11.892	73.90%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

d. Thai Hoa WSC subproject

	Components	Total Cost (US \$ mil)	Raw Water Intake		Dong Hung Water Treatment Plant 6,000m3/d		Transmission / Distribution / Servicing Networks and Household Connections	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs							
1	Civil works	7.122	2.403	20.75%	1.608	13.89%	3.111	26.87%
2	Consultancy cost	0.588	0.198	1.71%	0.133	1.15%	0.257	2.22%
	Sub-total (A)	7.710	2.601	22.46%	1.741	15.04%	3.368	29.09%
B.	Recurrent Costs / Counterpart Fund							
3	Environmental and Social Mitigations	0.169	0.017	0.15%	0.135	1.17%	0.017	0.15%
4	PMU cost	0.780	0.263	2.27%	0.176	1.52%	0.341	2.94%
5	Taxes and Duties	0.849	0.286	2.47%	0.192	1.66%	0.371	3.20%
6	Contingencies	0.139	0.047	0.40%	0.031	0.27%	0.061	0.52%
	Sub-total (B)	1.937	0.613	5.30%	0.534	4.62%	0.789	6.82%
C.	Contingencies							
1	Physical Contingency	1.148	0.387	3.34%	0.259	2.24%	0.502	4.33%
2	Price Contingency	0.351	0.118	1.02%	0.079	0.68%	0.153	1.32%
	Sub-total (C)	1.499	0.506	4.37%	0.339	2.92%	0.655	5.66%
D.	Financing Charge During Implementation							
1	Interest during construction	0.384	0.130	1.12%	0.087	0.75%	0.168	1.45%
2	Commitment Fees	0.050	0.017	0.14%	0.011	0.10%	0.022	0.19%
	Sub-total (D)	0.434	0.146	1.26%	0.098	0.85%	0.189	1.64%
	Total project cost (A+B+C+D)	11.580	3.866	33.39%	2.712	23.42%	5.002	43.19%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

e. Song Chu WSC subproject

	Components	Total Cost (US \$ mil)	Cong Liem Raw Water Intake and Pumping Station 60,000m3/d		Yen My Raw Water Pumping Station 90,000m3/d		Bau Da Raw Water Pumping Station 90,000m3/d		Raw Water Network	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs									
1	Civil works	22.741	1.177	3.31%	0.91	2.56%	1.408	3.96%	19.243	54.03%
2	Consultancy cost	1.300	0.067	0.19%	0.05	0.15%	0.080	0.23%	1.100	3.09%
	Sub-total (A)	24.041	1.244	3.49%	0.965	2.71%	1.489	4.18%	20.342	57.12%
B.	Recurrent Costs / Counterpart Fund									
3	Environmental and Social Mitigations	1.183	0.037	0.10%	0.004	0.01%	0.012	0.03%	1.131	3.17%
4	PMU cost	1.132	0.059	0.16%	0.045	0.13%	0.070	0.20%	0.958	2.69%
5	Taxes and Duties	2.779	0.144	0.40%	0.112	0.31%	0.172	0.48%	2.351	6.60%
6	Contingencies	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	Sub-total (B)	5.094	0.239	0.67%	0.161	0.45%	0.254	0.71%	4.440	12.47%
C.	Contingencies									
1	Physical Contingency	3.127	0.162	0.45%	0.126	0.35%	0.194	0.54%	2.646	7.43%
2	Price Contingency	1.515	0.078	0.22%	0.061	0.17%	0.094	0.26%	1.282	3.60%
	Sub-total (C)	4.642	0.240	0.67%	0.186	0.52%	0.288	0.81%	3.928	11.03%
D.	Financing Charge During Implementation									
1	Interest during construction	1.707	0.088	0.25%	0.069	0.19%	0.106	0.30%	1.444	4.06%
2	Commitment Fees	0.129	0.007	0.02%	0.005	0.01%	0.008	0.02%	0.109	0.31%
	Sub-total (D)	1.836	0.095	0.27%	0.074	0.21%	0.114	0.32%	1.554	4.36%
	Total project cost (A+B+C+D)	35.612	1.819	5.11%	1.386	3.89%	2.145	6.02%	30.264	84.98%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

f. Bac Giang WSC subproject

	Components	Total Cost (US \$ mil)	Raw Water Intake		New Water Treatment Plant 25,000m3/d		Transmission / Distribution / Servicing Networks	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs							
1	Civil works	16.379	4.220	17.20%	4.660	19.00%	7.499	30.57%
2	Consultancy cost	0.632	0.163	0.66%	0.180	0.73%	0.289	1.18%
	Sub-total (A)	17.011	4.383	17.87%	4.840	19.73%	7.788	31.75%
B.	Recurrent Costs / Counterpart Fund							
3	Environmental and Social Mitigations	0.584	0.350	1.43%	0.175	0.71%	0.058	0.24%
4	PMU cost	1.398	0.360	1.47%	0.398	1.62%	0.640	2.61%
5	Taxes and Duties	1.814	0.467	1.91%	0.516	2.10%	0.831	3.39%
6	Contingencies	0.851	0.219	0.89%	0.242	0.99%	0.390	1.59%
	Sub-total (B)	4.647	1.397	5.70%	1.331	5.43%	1.919	7.82%
C.	Contingencies							
1	Physical Contingency	0.979	0.252	1.03%	0.279	1.14%	0.448	1.83%
2	Price Contingency	0.968	0.249	1.02%	0.275	1.12%	0.443	1.81%
	Sub-total (C)	1.947	0.502	2.05%	0.554	2.26%	0.891	3.63%
D.	Financing Charge During Implementation							
1	Interest cost during construction period	0.825	0.213	0.87%	0.235	0.96%	0.378	1.54%
2	Commitment Charges	0.101	0.026	0.11%	0.029	0.12%	0.046	0.19%
	Sub-total (D)	0.926	0.239	0.97%	0.263	1.07%	0.424	1.73%
	Total project cost (A+B+C+D)	24.531	6.521	26.58%	6.988	28.49%	11.022	44.93%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

g. Thai Nguyen WSC subproject

	Components	Total Cost (US \$ mil)	Coc Lake Raw Water Intake		New Water Treatment Plant 50,000m3/d		Transmission / Distribution / Servicing Networks and Household Connections	
			Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category	Amount (US \$ mil)	% of Cost Category
A.	Investment Costs							
1	Civil works	19.387	1.477	5.03%	7.632	25.97%	10.279	34.98%
2	Consultancy cost	0.957	0.073	0.25%	0.377	1.28%	0.507	1.73%
	Sub-total (A)	20.344	1.550	5.27%	8.009	27.26%	10.786	36.71%
B.	Recurrent Costs / Counterpart Fund							
3	Environmental and Social Mitigations	0.121	0.085	0.29%	0.024	0.08%	0.012	0.04%
4	PMU cost	1.408	0.107	0.36%	0.554	1.89%	0.746	2.54%
5	Taxes and Duties	2.097	0.160	0.54%	0.826	2.81%	1.112	3.78%
6	Contingencies	0.869	0.066	0.22%	0.342	1.16%	0.461	1.57%
	Sub-total (B)	4.495	0.418	1.42%	1.746	5.94%	2.331	7.93%
C.	Contingencies							
1	Physical Contingency	1.476	0.112	0.38%	0.581	1.98%	0.783	2.66%
2	Price Contingency	1.604	0.122	0.42%	0.631	2.15%	0.850	2.89%
	Sub-total (C)	3.080	0.234	0.80%	1.212	4.12%	1.633	5.56%
D.	Financing Charge During Implementation							
1	Interest cost during construction period	1.319	0.100	0.34%	0.519	1.77%	0.699	2.38%
2	Commitment Charges	0.147	0.011	0.04%	0.058	0.20%	0.078	0.27%
	Sub-total (D)	1.466	0.111	0.38%	0.577	1.96%	0.777	2.64%
	Total project cost (A+B+C+D)	29.385	2.313	7.87%	11.544	39.29%	15.527	52.84%

ADB does not finance local taxes and duties. The taxes and duties will be paid by government resources as cash contribution.

Environment and Social Mitigation includes all costs associated with implementing relevant safeguards, gender and social dimension action plans and are included in Consulting services costs.

Number may not add up because of rounding.

Source: ADB Project Team

E. Detailed Cost Estimates by Years

Source of Funds (\$ Million)	2015	2016	2017	2018	2019	2020	Total	%
I ADB's Fund	0.214	14.432	38.183	43.324	36.136	10.207	142.496	84%
A. Base cost								
1. Civil Works	-	11.274	30.138	33.537	26.883	7.650	109.482	
2. Land, Resettlement and PMU cost	-	-	-	-	-	-	-	
3. Consultancy cost	-	0.612	1.553	1.725	1.407	0.398	5.695	
4. Taxes	-	-	-	-	-	-	-	
B. Contingency	-	2.161	5.466	6.045	4.859	1.301	19.831	
C. Financing Charge During Implementation	0.214	0.386	1.025	2.018	2.987	0.858	7.488	
II Counterpart fund	0.000	3.482	6.976	7.863	6.317	1.862	26.501	16%
A. Base cost								
1. Civil Works	-	-	-	-	-	-	-	
2. Land, Resettlement and PMU cost	-	1.926	2.662	2.947	2.356	0.623	10.514	
3. Consultancy cost	-	-	-	-	-	-	-	
4. Taxes	-	1.398	3.574	4.035	3.224	0.939	13.170	
B. Contingency	-	0.158	0.740	0.881	0.738	0.300	2.817	
C. Financing Charge During Implementation	-	-	-	-	-	-	-	
Total	0.214	17.914	45.159	51.187	42.453	12.069	168.997	100.0%

Source: ADB Project Team.

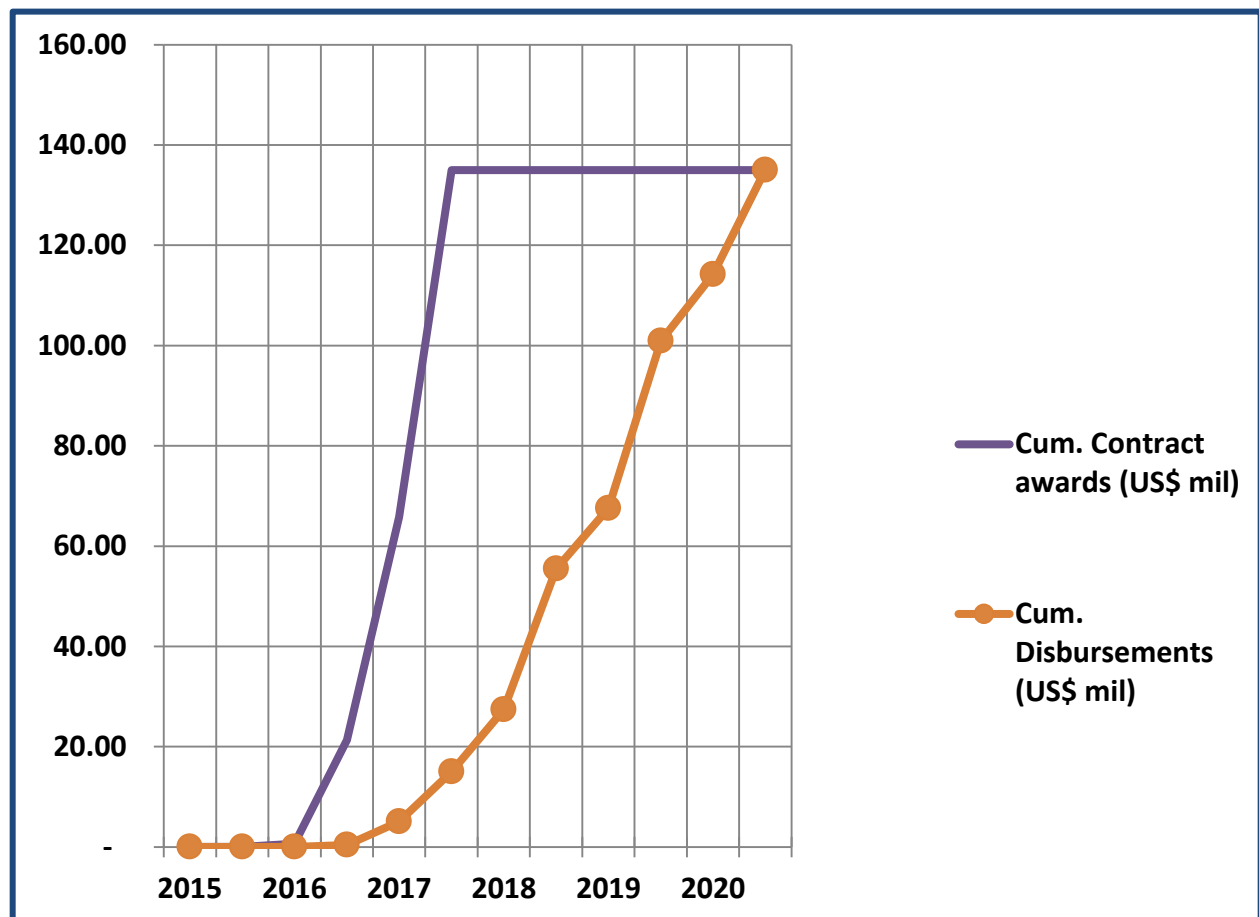
F. Contract and Disbursement S-Curve

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

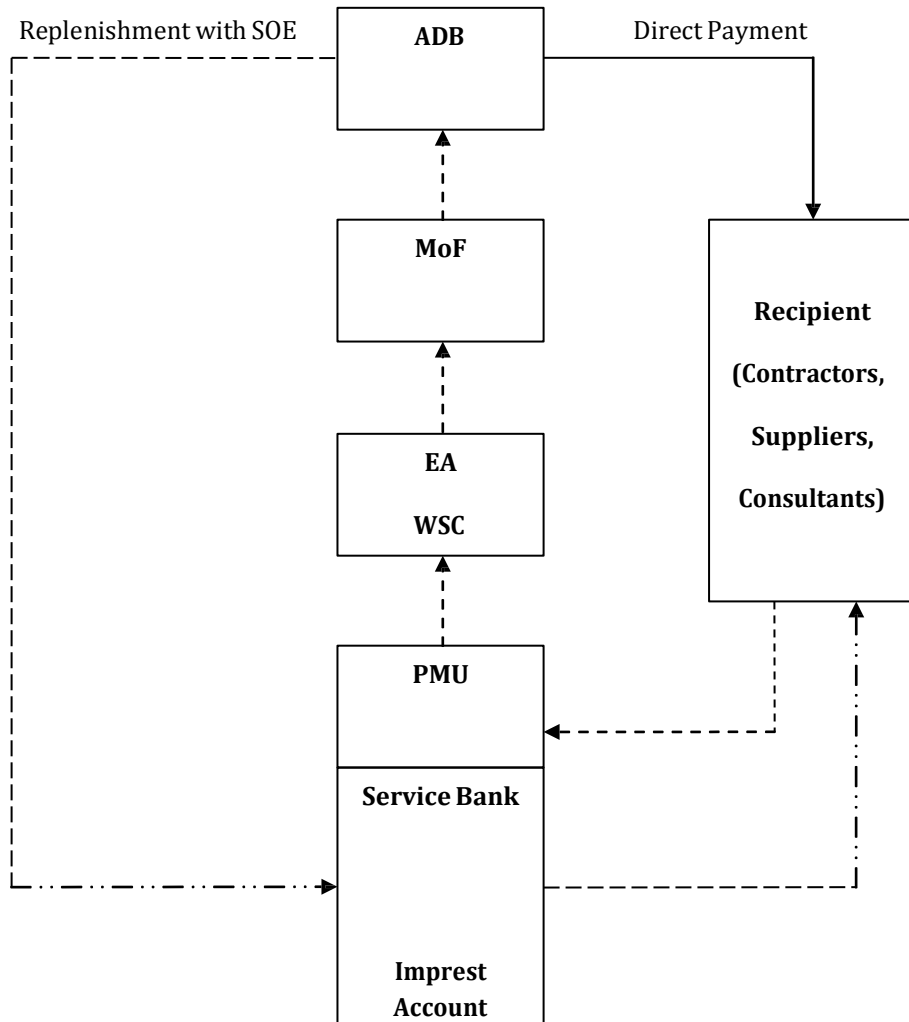
PFR3	2015		2016		2017		2018		2019		2020		
	1	2	1	2	1	2	1	2	1	2	1	2	
Contract awards			0.66	20.68	44.47	69.20							135.01
Cum. Contract awards (US\$ mil)			0.66	21.35	65.81	135.01	135.01	135.01	135.01	135.01	135.01	135.01	135.01
Disbursement				0.42	4.64	9.93	12.39	28.10	12.07	33.37	13.24	20.84	135.01
Cumulative Disbursement (US\$ mil)				0.42	5.06	14.99	27.38	55.49	67.56	100.93	114.17	135.01	135.01

Contract awards and disbursement includes Base Cost and Contingencies, but not Tax and Duties

Source: ADB estimates.



G. Fund Flow Diagram



ADB = Asian Development Bank

MOF = Ministry of Finance

PMU = Project Management Unit under Water Supply Company (WSC)

Subproject-Executing Agency (EA)

-----> Payment Request Flow (Withdrawal Application)

————> Cash Flow (Direct Payment)

—...—> Cash Flow (Replenishment with SOE through Imprest Account)

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

16. The financial management assessment questionnaires (FMA) for PFR3 subprojects cover the assessment of the following areas: (i) executing agency capability in managing ADB project, (ii) fund flow arrangement, (iii) staffing, (iv) accounting policies and procedures, (v) internal audit, (vi) external audit, (vii) reporting and project monitoring and (viii) information system. The seven subprojects have fared well and have been rated as moderate risk. It is recommended however that all PMU staff of the subprojects be trained in ADB procedures in financial management, procurement and disbursement, project monitoring and management information systems and project management reporting.

17. Within 6 months of the effectiveness date of the loan agreement for each loan under the Facility, the PMU of the respective subproject executing agency will establish a PPMS for the subproject acceptable to ADB. The PMU will establish baseline data for each of the selected indicators and will conduct annual surveys and update ADB on the progress against each indicator according to the reporting requirements of each legal agreement.

18. The EAs will: (i) collect and consolidate from the PMUs all Project progress reports, site reports, technical and financial reports and submit them to ADB; (ii) consolidate and submit bi-annual progress reports, a midterm Project evaluation report and an overall Project completion report prepared by the consultants and the PMUs; and (iii) submit other reports as may be reasonably requested by ADB.

19. Progress reports on the Project will be prepared with the assistance of the supervision consultants twice a year, reviewed by the PMUs, and submitted by the PMU to the EA for consolidation before submitting to ADB. Progress reports will include a description of the physical progress, status of implementation of Resettlement Plan, status of work, procurement and contractual status, and highlights of any implementation issues. The progress reports will also contain a summary of project accounts, including details of the latest project expenditures and contract amounts. These reports will include an evaluation of progress in implementing the Project. Within 6 months of physical completion of the Project, the PMUs will furnish to the EA for consolidation prior to sending to ADB a project completion report covering details of project implementation, costs, and an evaluation of the Project's success in meeting performance targets.

20. Within 6 months of the close of the each year, the PMUs under each tranche of the MFF will submit for consolidation by the EA audited annual project accounts, which provide a detailed description of the source of funds and expenditures made, and audited annual consolidated financial statements of the water company to ADB. The annual audit will include an audit opinion on the imprest account and statement of expenditures procedure operations, and whether the financial loan covenants as stipulated in the ADB FFA and Project Agreement have been met based on its consolidated financial statements.

21. After review of the bi-annual progress reports, ADB will field review missions as required to discuss with the EA the progress of the subprojects under each loan, any changes in the implementation arrangements, or remedial measures that are needed to achieve the overall objectives of specific subprojects and of the overall MFF. Relevant PMUs will participate in the review missions.

22. In addition to regular reviews, including a midterm review for each loan, a detailed midterm review of the MFF will be done by the EA and ADB 3 years after the effectiveness of the loan for the first tranche. The midterm review for each loan will be done in accordance with the implementation period of each loan. Such midterm reviews will evaluate in detail the project activities, implementation arrangements, any outstanding issues, environment and resettlement as well as other safeguard issues, achievement of scheduled targets, contract management progress, and other issues, as appropriate.

23. **Risk Analysis:** Major risks identified are: (i) delay in processing by the central and local governments due to the structuring of the MFF (first sectoral MFF in Viet Nam) and the new Decision 48/2008 defining a new format for feasibility study for Official Development Assistance financed projects, which did not receive entire endorsement by the local governments agencies and the technical ministries. The Project Team requested assistance from MPI to build awareness at the local government level on the new requirement for FSR financed by Official Development Assistance; (ii) lack of enforcement of water tariff increase to meet full cost recovery by the local governments, threatening the financial sustainability of the Program. The Project Team has requested as a condition of loan processing substantial tariff increase and a roadmap to full cost recovery and a phasing out of subsidies, in order to comply with the Vietnamese legislation; (iii) uncertain terms and conditions for re-lending of OCR loans with the new Decree 78/2010, dated 14 July 2010.

B. Disbursement

24. The Loan proceeds⁷ will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),⁸ and detailed arrangements agreed upon between the Government and ADB.

25. An imprest account may be established by each of the seven WSCs. All seven WSCs demonstrate sufficient administrative and accounting capabilities to establish adequate internal control, accounting, and auditing procedures to ensure efficient use of the account and its operation. They also have the capability to arrange for annual independent audits of the accounts by auditors acceptable to ADB. Seven imprest accounts—for the subprojects of Quang Nam, Vinh, Cua Lo, Thai Hoa, Nghi Son, Bac Giang and Thai Nguyen—will be established in US dollars in commercial banks acceptable to State Bank of Vietnam to expedite project implementation through the timely release of loan proceeds. The maximum ceiling of the imprest accounts, in aggregate, will not exceed 10% of the ADB loan. The ceiling for Quang Nam subproject will not exceed \$2.4 million. The ceiling for Vinh subproject will not exceed \$2.0 million. The ceiling for Cua Lo subproject will not exceed \$1.3 million. The ceiling for Thai Hoa subproject will not exceed \$1.0 million. The ceiling for Nghi Son subproject will not exceed \$3.0 million. The ceiling for Bac Giang subproject will not exceed \$2.0 million. The ceiling for Thai Nguyen subproject will not exceed \$2.5 million. The WSCs will submit their withdrawal applications directly to ADB through the Ministry of Finance. The Ministry of Finance will sign or co-sign the withdrawal applications and WSCs will then send their applications to the ADB. The request for initial and additional advances to the imprest account should be accompanied by an Estimate of Expenditure Sheet setting out the estimated expenditures for the forthcoming six (6) months of project implementation. Supporting documents should be submitted to ADB or retained by the borrower in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest accounts.

⁷ ADB loan may finance bank charges

⁸ Available at: <http://www.adb.org/documents/loan-disbursement-handbook>.

26. For individual payments up to \$100,000 equivalent, ADB's statement of Expenditures procedure (SOE) may be used to reimburse eligible expenditures and to liquidate advances to the imprest accounts for seven WSCs. Individual payments in excess of the SOE ceiling will be accompanied by full supporting documents when submitting the withdrawal applications to ADB. 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.⁹

27. Before the submission of the first withdrawal application, the EA should submit through the State Bank of Vietnam 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 \$100,000 equivalent, unless otherwise approved by ADB. Individual payments below this amount should generally be paid from the imprest accounts, or by the EA and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept WAs below the minimum amount. Sample forms for withdrawal of loan proceeds, replenishment of imprest account and SOE can be downloaded from the ADB website.¹⁰ As there are multiple EAs involved in the project, the coordinating agency should assign each of the EAs an alpha identification to use when numbering/submitting the withdrawal application. For example, withdrawal applications should be numbered: A0001 to A9999 for EA No. 1, B0001 to B9999 for EA No. 2, etc.

C. Accounting

28. The EAs 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 or those prescribed by the Government of Viet Nam's accounting laws and regulations.

D. Auditing

29. MPI and the EAs 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 Peoples' Committees 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 EAs. The annual audit report will include a separate audit opinion on the use of the imprest fund and the SOE procedures (as applicable), and financial statements of the WSCs for compliance with any ADB loan covenants. The Government and EAs 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. Provincial and city peoples committee and EAs will submit reports and information to ADB on the use of the loan proceeds, project implementation and implementing agency performance.

⁹ Checklist for SOE procedures and formats are available at Appendix 9B of the Loan Disbursement Handbook

¹⁰ Available at <http://lfis.adb.org/gfis/download.isp>

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

31. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (2013, as amended from time to time)¹¹ and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).¹² The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval.

32. Retroactive financing will be made available for eligible expenditures for Project related to works and consulting services up to \$14.25 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.

33. Advance action on consulting services contracts is currently proposed with preparation of the terms of reference and request for proposals under PFR2. Advance contracting will apply for consulting package for the construction supervision consultant. The contract is subject to prior review.

34. 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

35. All procurement of goods and civil works will be carried out in accordance with ADB Procurement Guidelines (2013, as amended from time to time). All consulting services will be recruited in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). All procurement will follow International Competitive Bidding. Preferred methods of consultants selection are quality- and cost-based selection (QCBS), using quality-cost ratio 90:10, and least cost selection (LCS). Other selection methods can be used with the prior approval of ADB and duly justified. Upon review of procurement thresholds by ADB and information provided by the detailed design, the WSC will propose and optimize the contract packaging for approval by ADB.

¹¹ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>.

¹² Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>.

C. Procurement Plan

Basic Data

Project Name: Viet Nam Water Sector Investment Program Multitranche Financing Facility (MFF0054-VIE) Periodic Financing Request 3 (PFR3)	
Project Number:	Approval Number:
Country: VIET NAM	Executing Agency: <ul style="list-style-type: none"> • Thai Nguyen Provincial People's Committee; • Bac Giang Provincial People's Committee; • Thanh Hoa Provincial People's Committee; • Nghe An Provincial People's Committee; and • Quang Nam Provincial People's Committee.
Project Procurement Classification: {A or B}	Implementing Agency: <ul style="list-style-type: none"> • Bac Giang Water Supply and Sewerage One Member Limited Company; • Thai Nguyen Water Joint Stock Company (TWACO); • Song Chu One Member Limited Company; • Nghe An Water Supply One Member Limited Company (NAWASCO); • Cua Lo Water Supply One Member Limited Company; • Thai Hoa Water Supply One Member Limited Company; • Quang Nam Water Supply and Drainage Joint Stock Company
Procurement Risk: Moderate	
Project Financing Amount: US\$ 169,000,000 ADB Financing : US\$ 142,500,000 Co-financing (ADB Administered): N/A Counterpart Fund : US\$ 26,500,000	Project Closing Date: 31/06/2020
Date of First Procurement Plan: 12/12/2014	Date of this Procurement Plan: 12/12/2014

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

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	Comments
International Competitive Bidding (ICB) for Works	\$5,000,000	
International Competitive Bidding for Goods	\$500,000	N/A
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	N/A
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	N/A
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	
Consulting Services		
Method	Comments	
Quality- and Cost-Based Selection (QCBS)	90:10 and STP	
Quality Based Selection	N/A	
Consultants' Qualifications Selection	Procurement Assistance (under \$200,000)	
Least-Cost Selection	Audits	
Fixed Budget Selection	N/A	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

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

Package Number ⁶	General Description	Estimated Value	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
CL-CW1	Construction new water system 10,000 m3/d	11.807	ICB	Prior	1S1E	2/2016	Plant
BG-CW1	Construction new water system 25,000m3/d	18.254	ICB	Prior	1S1E	1/2016	Plant
TH-CW1	Construction new water system 6,000m3/d	8.507	ICB	Prior	1S1E	2/2016	Plant

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

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

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
CL-CS2	Construction Supervision	0.616	QCBS	Prior	4/2015	STP	International 90 : 10
TN-CS2	Construction Supervision	1.048	QCBS	Prior	2/2016	FTP	International 90 : 10
BG-CS2	Construction Supervision	0.662	QCBS	Prior	3/2015	STP	International 90 : 10
NS-CS2	Bids docs preparation	0.126	CQS	Prior	4/2015	BTP	National
QN-CS2	Construction Supervision	1.046	QCBS	Prior	1/2016	STP	International 90 : 10
TH-CS2	Construction Supervision	0.642	QCBS	Prior	4/2015	STP	International 90 : 10
V-CS2	Construction Supervision	0.794	QCBS	Prior	2/2016	STP	International 90 : 10

B. Indicative List of Packages Required Under the Project

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number ⁶	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Comments
CL-CW1	Construction new water system 10,000m ³ /d	11.807	ICB	Prior	1S1E	2/2016	Plant
TN-CW1	Construction new water system 50,000m ³ /d	22.322	ICB	Prior	1S1E	4/2016	Plant
BG-CW1	Construction new water system capacity of 25,000m ³ /d	18.254	ICB	Prior	1S1E	1/2016	Plant
NS-CW1	Construction raw water system with pumping stations and pressure pipes	27.132	ICB	Prior	1S1E	4/2016	Plant
QN-CW1	Rehabilitation water system in Tam Hiep Nui Thanh and construction new water system in Dien Nam Dien Ngoc 15,000 m ³ /d	22.153	ICB	Prior	1S1E	3/2016	Plant
TH-CW1	Construction new water system 6,000m ³ /d	8.507	ICB	Prior	1S1E	2/2016	Plant
V-CW1	Rehabilitation and upgrading pipe network	18.138	ICB	Prior	1S1E	4/2016	Large Works

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
CL-CS2	Construction Supervision	0.616	1	QCBS	Prior	STP	90 : 10
CL-CS3	Audit	0.055	1	LCS	Prior		
TN-CS2	Construction Supervision	1.048	1	QCBS	Prior	STP	90 : 10
TN-CS3	Audit	0.054	1	LCS	Prior		
BG-CS2	Construction Supervision	0.662	1	QCBS	Prior	STP	90 : 10
BG-CS3	Audit	0.042	1	LCS	Prior		
NS-CS2	Procurement Consultant	0.126	1	CQS	Prior	STP	90 : 10
NS-CS3	Construction Supervision	1.376	1	QCBS	Prior	STP	90 : 10
NS-CS4	Audit	0.049	1	LCS	Prior	BTP	
QN-CS2	Construction Supervision	1.046	1	QCBS	Prior	STP	90 : 10
QN-CS3	Audit	0.103	1	LCS	Prior	BTP	
TH-CS2	Construction Supervision	0.642	1	QCBS	Prior	STP	90 : 10
TH-CS3	Audit	0.060	1	LCS	Prior	BTP	
V-CS2	Construction Supervision	0.794	1	QCBS	Prior	STP	90 : 10
V-CS3	Audit	0.023	1	LCS	Prior	BTP	

D. Non-ADB Financing

The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments
				N/A
Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
				N/A

VII. SAFEGUARDS

41. The Government will ensure that all the requirements in Schedule 5 of the FFA and the following frameworks that have been prepared with respect to the facility (and of which ADB has provided full copies and are deemed incorporated herein by reference), are complied with during the processing and implementation of the investment program:

- (i) Environmental Assessment Review Framework (EARF) for MFF dated October 2010
- (ii) Resettlement framework (RF) for MFF dated October 2010
- (iii) Indigenous People Planning Framework for MFF dated October 2010
- (iv) Initial Environmental Examinations (IEEs) for PFR3, dated September 2014
- (v) Resettlement Plans (RPs) for PFR3 dated September 2014

42. PFR3 is categorized B for resettlement and environment and C for indigenous peoples. Safeguard documents have been prepared according to government regulations and ADB's Safeguard Policy Statement (2009) with local communities and authorities consulted.¹³ These were approved by the seven WSCs, as project owners, and disclosed on ADB website. Hard copies are available at the district offices in the project areas. A grievance redress mechanism has been developed and is functional under PFR3 and included in the safeguard document to help resolve complaints on project performance.

43. The safeguard frameworks cover the facility specific information and requirements in accordance with ADB's Safeguard Policy Statement (SPS) 2009. In the event that there is a discrepancy between the laws and regulations of Viet Nam and ADB SPS 2009, the ADB SPS 2009 will prevail. The entitlement standards set in the original Loss Inventory, as well as standards stipulated in other frameworks cannot be lowered during updates. Safeguards assurances and covenants for projects under individual tranches of the MFF are incorporated into related loan agreements.

44. Pursuant to ADB's *Safeguard Policy Statement (2009) (SPS)*,¹⁴ 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.

A. Environment

45. PFR3 is categorized B for environment, as environmental impacts are not irreversible and primarily related to construction works and the safe disposal of sludge the WTPs produce. Those would be mitigated through environmental management plans (EMPs), covering design, pre-construction, construction, and operations phases. Climate resilience measures have been integrated into the project primarily pertaining to water availability as well as site preparation. Environmental impacts related to siting, design, construction, and operation, and mitigation measures for environment impacts are incorporated in the Environment Management Plans

¹³ Documents already disclosed on ADB's website: (i) Resettlement plans for Bac Giang, Quang Nam, Nghi Son, Thai Hoa, and Thai Nguyen and Resettlement due diligence for Cua Lo; (ii) initial environment examinations and environmental management plans (EMP) for Bac Giang, Cua Lo, Quang Nam, Nghi Son, Thai Hoa, Thai Nguyen, and Vinh.

¹⁴ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

(EMPs) The final EMPs specific to each subproject, cleared by ADB, will form part of the contract bidding documents. The adequate incorporation of environmental considerations during design, and allocation of sufficient budget for operation and maintenance will mitigate the potential adverse impacts during operation. Water balance will be maintained by the water utilities through compliance with the Decree 201/2012/ND-CP on water abstraction. Public consultations, were conducted as part of the initial environment examinations (IEEs) and will be updated during detailed design and include communities upstream and downstream of water source and intake points. PMUs include designated responsibility for environment management and will prepare bi-annual monitoring reports to be submitted to ADB.

46. All components or subprojects prepared after MFF approval follow the ADB SPS 2009 and provisions of the EARF agreed between Borrower and ADB. Tranche 3 project has been subjected to detailed due diligence, and all related physical investments were classified as Category B and the IEEs have been prepared. Projects under subsequent tranches will follow the required due diligence for compliance with SPS 2009. These reports are attached to the PFR Report. The WSC shall ensure that the civil works components of the investment program, to be funded by the MFF shall comply with the provisions of the EMP and EARF, and shall be in compliance with ADB SPS 2009.

47. During detailed design, the consultants will update the IEEs and the EMP, prepare bid documents incorporating the relevant mitigation and other measures in the contract documents for the seven subprojects in PFR3. The EAs will continue information disclosure and consultation, including ensuring that the people likely to be affected are informed and understand the grievance redress mechanism established for the Project. The WSCs will provide with the assistance of the supervision consultant bi-annual monitoring report for environment monitoring. A national environment specialist will be appointed on an intermittent basis with designated responsibility for EMP implementation, ensuring that the IEEs and EMPs are updated during detailed design, the EMPs are part of the bid and contract documents; public consultations upstream and downstream of intake points are maintained; water quality monitoring and compliance with water abstraction law is ensured.

B. Involuntary Resettlement

48. An RF will guide on impact assessments, entitlements, public consultation and information disclosure, grievance redress mechanism, monitoring and reporting, and institutional arrangements for resettlement activities. All components or subprojects prepared after MFF approval shall follow the ADB SPS and provisions of the RF agreed between Borrower and ADB. This RF has been endorsed by the Ministry of Planning and Investment and the guidance is to be followed in the formulation of project components and subproject selection by various implementing agencies. However, some projects could be classified differently over the MFF period. Tranche 3 project has been subjected to detailed due diligence, and all related physical investments were classified as Category B and RPs have been prepared. Projects under subsequent tranches require further due diligence.

49. The RF has been translated into Vietnamese and distributed to the central and local agencies, and then to a public or a private agency or individuals contracted to carry out sub-project preparation, implementation and monitoring. The RF should be read in conjunction with the ADB SPS 2009 and Vietnamese laws and regulations related to resettlement policy.

50. Project 3 is categorized B for involuntary resettlement because the seven subprojects are assessed to cause potential nonsignificant involuntary resettlement impacts. For the Vinh Subproject, the investments will support pipe laying and pipe replacement within public roads and hence there is no final alignment yet. Should there be any land acquisition and resettlement impacts during the detailed alignment, the WSC will prepare a RP based on the MFF RF during detailed design. One subproject in Cua Lo, already completed land acquisition and resettlement activities for which a due diligence report is prepared. Land acquisition for the construction of the water treatment plant (WTP) is about 8.2 ha, managed by Nghi Hoa communal people's Committee and 1.25 ha for booster pumping station and administration office is sandy soil and managed by Nghi Hoa ward of Cua Lo town. None of the 32 HHs own the affected land; local authorities had allowed people to temporarily plant trees and cultivate fish on public land. The compensation payments for all assets was paid to them and the due diligence report confirms the same. There are no gaps in accordance with MFF RF and no CAP is required. The remaining five subprojects include about 420 affected households (about 1,890 people) to be affected under PFR3. Those impacts are mostly partial with no relocation required and no structure affected. There are 26 severely affected households (117 people) that will lose more than 10% of their total productive land holding under PFR3; 25 households in Nghi Son Economic Zone and 1 in Thai Hoa Town. The RPs and the entitlement matrix include sufficient provisions and mitigating measures for all the impacts. Involuntary resettlement is limited to the footprint required to build the WTPs and the pumping stations. The construction of the networks mostly takes place in the right of way of the urban road network with temporary land acquisition and resettlement impacts. All unanticipated impacts will be mitigated in accordance to the MFF RF.

51. The EAs will continue information disclosure and consultation, including ensuring that the people to be affected are informed and understand the grievance redress mechanism established for the Project. The WSCs will provide with the assistance of the supervision consultant semi-annual monitoring reports on resettlement to ADB. When there are information changes noted after detailed design and during project implementation, PFR3's RPs will be updated and disclosed.

C. Indigenous Peoples

52. An Indigenous People Planning Framework for the MFF has been developed to guide the preparation of future subprojects which may have positive or adverse impacts on ethnic minorities located in any other subproject area. This Framework presents the policy and procedures for the preparation of an Indigenous People Plan (IPP) for components, projects, and subprojects to be prepared after MFF approval in accordance with the ADB's SPS and *Safeguard Requirements 3: Indigenous Peoples*. This Framework applies to all components, projects, and subprojects identified during preparation and implementation of the MFF supporting Viet Nam's Water Sector.

53. Project 3 is categorized C for Indigenous Peoples, PFR3 is assigned category C for Indigenous Peoples. Due diligence confirmed that there are no ethnic minority peoples who may be considered Indigenous Peoples per the Safeguard Policy Statement present in the PFR3 subprojects' areas. Nevertheless, the MFF's indigenous peoples planning framework will guide the application of indigenous peoples safeguards should any unanticipated impact on ethnic minority communities arise during PFR3's implementation.

VIII. POVERTY, GENDER AND SOCIAL DIMENSIONS

A. Social

54. The proposed subprojects are expected to reduce NRW, strengthen and expand distribution networks in order to increase coverage, and improve operational and financial sustainability by enforcing water tariff increases. These measures will ultimately improve the quality of life, health, working environment, ability to attract investment into the province or city and enable better access to services, thereby reducing poverty.

55. The seven subprojects differ in terms of the extent of poverty within their populations and overall poverty rates for a city or province disguise more acute poverty incidence in the specific locations for each subproject. While the project will provide affordable and clean water to all prospective users, it will comprise specific features that will enable the poor's access to improved water supply from water utilities.

56. While water supply coverage averages between 20% and 75% in the different cities and towns of PFR3, some areas within them are much worse off. Many households without access to water supplied by a WSC pay far in excess of the official block tariffs for water purchased from other sources. Although connection charges are free by policy, there is an obvious lack of tertiary distribution networks, especially in urban and peri-urban wards with high poverty rates. The regular supply of safe drinking water in adequate quantities will serve to improve the economic profile of the project area by giving people access to water for both personal and productive uses; reduce the water fetching and water management burdens; and improve overall household health.

57. The project will benefit over 1.2 million people with improved services and 20,000 poor households will get a new individual connection to the water supply system for the first time. Across all seven subprojects, the proportions of poor households and women-headed households expected to benefit are 6.1% and 4.5%, respectively (these figures are not mutually exclusive). Coverage of such households in the project area will be 100%, with free connections and lifeline quotas guaranteed by national law, which will be enforced under the project.

58. In each subproject, significant design features are included to ensure better water supply access to poor households as they benefit from improved coverage and service pressure from newly constructed or refurbished water supply schemes. NRW reduction is another major component that will augment the quantum of water available for redistribution to underserved or unserved locations. Moreover, the water tariff structure itself will be pro-poor. It will comprise a subsidized "lifeline" quota of water per person per month and free connections, in order to promote access and the use of the service by vulnerable and disadvantaged groups in the city or province.

59. A Participation Plan covering all seven participating companies has been prepared. Several elements of participation are included in the proposed social development and stakeholder communication strategies that will be updated in the initial phase of all seven subprojects. Extensive community consultations—started in the project preparation phase—will continue through project implementation. Further, project implementation will be through a ward-level, community-based approach to water supply that will include (a) a pro-poor policy,

(b) participatory water services (which include consultation with the poor and nongovernment organizations (NGOs) in water services planning & implementation, and a role for Community Supervision Boards—with household representation—in all service zones), and (c) continuous communication with consumers, Specialists will be recruited to design the community-based approach. Furthermore, Citizen's Report Cards will be used to gauge company performance and aid the development of a customer service policy safeguarding consumer rights in each subproject.

60. Each subproject will include a construction supervision consultant—recruited as a firm—for the duration of the project, with a dedicated position for social development. The PMU staff will include a national safeguard specialist and a national social development specialist on an intermittent basis. Every EA will establish a project performance monitoring information system within 12 months from loan effectiveness and collect baseline data for performance monitoring, in terms of social and poverty indicators, among others. ADB will verify the outputs of each subproject during loan review missions and/or through reviews of the biannual project reports from the subproject PMUs.

B. Gender

61. EAs follow the principles of the ADB's gender development policy during MFF implementation. They monitor each project's effects on men and women through, where relevant, sex-disaggregated data collected pursuant to the monitoring and evaluation system referred to in the PPMS.

62. EAs shall ensure that the Gender Action Plan (GAP) agreed under the Project will be implemented in a timely manner. In particular, EAs shall take all reasonable and necessary steps to encourage women living in the Project areas to participate in planning and implementation of the Project, including: (i) providing gender-responsive information, education and communication (IEC) materials integrating women's issues and needs and disseminating these through channels accessed by women; and (ii) ensuring that all project reports, including project completion reports (PCRs), include analysis and reporting on progress against targets and indicators in each GAP. These targets include total coverage of women-headed households in the project area and increased recruitment of women within the EA itself.

63. PFR3 consists of seven water supply subprojects for urban and peri-urban areas in five provinces: Quang Nam, Nghe An, Thanh Hoa, Bac Giang and Thai Nguyen involving the construction of new WTPs, expansion of primary water supply networks, extension of distribution to low income areas, a metering program, an investment plan for NRW and an institutional strengthening program. The implementing agencies (IAs) will be the seven water corporations in charge of water supply in these five provinces.

64. In the proposed project areas, women make up more than 50% of customers. The project preparatory social assessments reveal that, with some exceptions, women within households have greater responsibility for water than men, not only in terms of ensuring water supply for household consumption but also for using water in household chores such as cooking, washing, cleaning, and caring for the sick. Yet women have poor representation in terms of employment in the water sector as well as less ability to participate in decision-making on public issues in general and, therefore, less voice in water management in particular. Moreover, within the water sector, incentives and opportunities for women are few as preconceived notions about the suitability of men for most jobs, a small budget for staff training,

and the parallel burden of housework, act to further disadvantage women. A number of women from poor households and especially poor women-headed households face problems in getting water connection to their homes due to their lack of finances. In some subprojects, women are more vulnerable to resettlement impacts due to loss of land or livelihoods.

65. Due to the project's large scale and complexity, focus will be on technical design features enhancing water supply and promoting the greater participation of women in project management. The project will have tangible and direct benefits for women and men in terms of improved water supply. The impact on women will be of a greater degree due to their role in water fetching, management and use. Hence, PFR3 is categorized as EGM (Effective Gender Mainstreaming).

66. **Key strategies** for promoting gender equality will be in the areas of Staffing (S), Finance (F), Training and Capacity Building (TCB), and Community Involvement (CI). The strategies address gender disparities in water supply and management within the project:

- (i) Increase women's participation in decision-making and implementing structures—e.g., Resettlement Committees, PMUs and Community Supervision Boards (CSBs)—so their needs and priorities are not overlooked. (S)
- (ii) The Project will support water companies to appoint more women to technical and leadership positions, through targets for women's employment and capacity building opportunities. (S)
- (iii) Ensure involvement of Vietnam Women's Union (VWU) whose members can make valuable contributions to issues and policies on supplying the poor and pricing. (S, F)
- (iv) Improve knowledge and skills of women, including in CSBs. Provide training and capacity building activities for all but specially target women for technical skills, e.g., scheme O&M; NRW reduction; meter reading, billing & collection (MBC); water quality testing. (TCB, CI)
- (v) Communicate with men and women separately, through appropriate channels and at suitable times. Matters to consult include network design. Separate awareness materials should be developed to target women, for example about pricing and water conservation. At meetings, women should be invited to speak. (CI, TCB)
- (vi) Increase income opportunities for women in unskilled labor and in technical (field and laboratory), community liaison and managerial roles. (TCB, CI, S).
- (vii) Improve gender awareness at all levels in WSC, the Subproject steering committee, and among consultants. Focus on increasing the understanding of national gender policy, relative needs of men and women vis-à-vis the existing water supply situation, climate change, and gender issues in their provinces, institutional gender issues, the proposed social strategies of the Project, and ADB gender policies. (TCB)

67. Additionally, collect sex-disaggregated data essential for planning and monitoring, and preparation of bi-annual GAP Progress Reports (using ADB GAP Progress templates). From the start of the Subprojects, systems for recording data in this format will be established and adopted by the WSCs. Such sex-disaggregated databases will be integrated in the Project Performance Management Information System to facilitate analysis of issues by gender, and will include feedback obtained through customer satisfaction surveys and Citizen Report Cards.

68. **Project Impact:** While men and women will gain from an improved and reliable water

supply delivered by the Project, women stand to profit more because they have primary domestic responsibility for obtaining, paying for and using water. Any improvement in the availability and cost of water will be an immediate gain for them. There is no affordability issues for women and women headed HH from the social assessment. The Viet Nam Women Union advises the People's Council endorsing the water tariff increases. Approximately 640,000 women will have access to better quality and reasonably priced water within their homes, thus saving time spent in collecting water of doubtful quality or money spent buying bottled water at exorbitant rates. About 165,000 women who are already piped water users will benefit from improved pressure, water availability, and security of supply. Better knowledge of pricing, conservation and quality issues will benefit women more than men, since they deal with these issues on a daily basis

69. Women will be empowered in making decisions about water through participation on CSBs and in project management. Women will have more balanced representation on water decisions that potentially affect them. Men and women in WSC will be more sensitive to gender issues in the sector. In combination with strategic targeted skills acquisition in technical matters (see 2 (iv) above), the project will have the wider benefit of changing the perception of WSC and encouraging more women to work in the sector.

70. Negative impacts for women are only related to resettlement and these will be mitigated through social support programs, GAPs and Resettlement Plans. Resettlement impacts, especially permanent ones, have been avoided where possible and those remaining minimized.

Summary Gender Action Plan:

Project Outputs	Proposed Actions and Targets
Output 1: Increased coverage	
Planning and construction of water supply and distribution systems	<ul style="list-style-type: none"> • At least 40% of residents consulted on construction design and planning are women • 100% coverage of identified poor and women-headed HH within the project area. • Equal employment opportunities and equal pay for equal work for women and men in civil works • Target 30% female laborers in unskilled civil works with support of local Women's Unions • Target 30% female employment in technical (field and laboratory), community liaison and managerial roles in PMU (and or WSC) • Target 25% women in CSBs (at ward level), CRCs and PMUs • Train all CSB members – men and women – on various aspects of project oversight • Separate women's latrines and living quarters at construction sites
Output 2: Improved business planning, asset and financial management	
Improve operation and maintenance, improve strategic analysis and planning of the water supply companies and effective monitoring and evaluation	<ul style="list-style-type: none"> • Water tariff increase agreed at midterm review with gender and affordability considerations • Provide gender awareness training for all levels of WSC, project staff, subproject steering committees, CSBs, and consultants to increase sensitivity on water and gender issues, including through exposure visits for female staff of WSC and Women's Union members. • Target 50% female staff for new recruits in each PMU and water companies/enterprises in technical and project management positions • Ensure 30% female staff participation in training on technical issues like water supply management, scheme operations and maintenance (including NRW reduction) • Partner with Women's Union and Community Health Centers in IEC planning and delivery that target both male and female residents and local authorities' representatives equally • Gender-responsive IEC materials integrating women's issues and needs, disseminated through channels accessed by women • Ensure 30% of meter readers and 50% of IEC facilitators employed by WSC and PMU are women • During construction, inform women of water supply interruption schedules to enable better household planning and minimize disruptions • Disaggregate customer feedback by sex for use in future planning and in project quarterly reports and biannual GAP Progress Reports
Output 3: Effective NRW reduction	
	<ul style="list-style-type: none"> • Publicize water tariff roadmap which integrates gender and affordability concerns informed by VWU participation in roadmap planning exercises • Ensure appropriate monitoring mechanism and staff resourcing for the implementation of decree 117/2007 and Decree 124/2011 to ensure lifeline tariff and free connections to 100% of identified poor and women-headed households.

CRC = Compensation and Resettlement Committee; CSB = Community Supervision Board; HH = Household; IEC = Information, Education and Communication; PMU = Project Monitoring Unit; VWU = Viet Nam Women's Union; WSC = Water Supply Company.

71. **Budget, Implementation and Monitoring arrangements:** WSCs, as project owners, are responsible for project implementation and monitoring. PMU, established in each WSC and with support from VWU staff, will recruit a national Social Development Specialist and a national Safeguards specialist on an intermittent basis, with expertise in planning, implementation and monitoring of the GAP, to guide and ensure overall implementation of their respective Subproject GAPs. The specialists will ensure that the Coordinating Agency of PFR3, (Ministry of Planning and Investment) and ADB are updated regularly of all issues and progress related to the implementation of the GAPs through regular updating and bi-annual submission of GAP Progress reports and in project biannual progress reports. Monitoring and evaluation of the GAP will be incorporated into the overall monitoring and evaluation plan of the project. Project management consultants will work with the PMU to establish sex disaggregated indicators. The indicative budget from the supervision budget is \$281,000 distributed among the 7 WSCs with about 50% allocated to IEC and 50% to TCB, including provision for the representatives from the Women Union.

C. Sexually Transmitted Diseases and HIV/AIDS

72. EAs shall ensure that provisions are included in all civil works contracts and bill of quantities that the contractors incorporate occupational safety norms, disseminate information on HIV/AIDS and sexually transmitted disease (STD) prevention, and observe protocols concerning acceptable behavior toward the local population.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
3. NRW reduced	<p>new recruits in each PMU and water companies/enterprises</p> <p>- Equal employment opportunities and equal pay for work of equal value, for local women and men in project civil works</p> <p>Target NRW 25% by 2015 and 18% by 2020 from baseline of 30% (2010)</p>	Annual MOC and Project Reports and PCR PFR3	
Activities with Milestones <p>1. Increased Coverage</p> <p>1.1 Detailed Design and Supervision Contract issued in 2015</p> <p>1.2 Procurement for works started in 2016</p> <p>2. Improved business planning, asset and financial management</p> <p>2.1 Implement institutional strengthening program from 2016</p> <p>2.2 Update 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>3. NRW reduced:</p> <p>3.1 Pipeline (including meters/accessories) renewal and expansion started in 2018</p> <p>3.2 Asset Inventory and Management started in 2018</p>		Inputs	
		Amount (\$ M)	
		ADB: \$142.50 M (OCR)	
		Works	109.48
		Consulting Services	5.70
		Contingencies	19.83
		Financial charges	7.49
		Government: \$26.50 M (Cash)	
		Land Acquisition	2.87
		PMU Costs	7.64
		Taxes & Duties	13.17
		Contingencies	2.82

ADB = Asian Development Bank; AIM = Asset Inventory and Management; CDTA = capacity development technical assistance; FHH = female headed household; ISO = International Standards Organization; KPI = key performance indicators; OMC = operation management contract; MFF = multitranchise financing facility; MOC = Ministry of Construction; MTR = midterm review; NRW = nonrevenue water; OCR = ordinary capital resources; PCR = project completion report; PFR = periodic financing request; VWSA = Viet Nam Water Supply and Sewerage Association; WHO = World Health Organization.

Source: Asian Development Bank.

B. Monitoring

73. **Project performance monitoring.** The Project owner will establish a project performance monitoring system. ADB through the project performance reporting system will rigorously monitor the overall performance of each project under the investment program.

74. The EA will refine the monitoring system within 12 months from project commencement and collect and update baseline data for performance monitoring. The key indicators and targets, assumptions, and risks outlined at the impact, outcome, and output levels in the investment program's design and monitoring framework will be the primary data required for analysis. For this purpose, ADB inception mission will provide to Project owner a checklist of the above data, which will be updated in track changes and reported twice a year through the Project owner's quarterly progress reports and after each ADB review mission. These bi-annual reports will provide information to regularly update ADB's PPMS.¹⁵

75. **Compliance monitoring.** Compliance for all the FFA undertakings and loan covenants water sector reforms, social and environmental safeguards, financial, economic, and others—will be jointly monitored by Project owner and ADB through monthly updates provided by the PMU. In this respect, the PMU will submit to ADB a status report on the covenants summary with the explanation and time-bound actions on partly or non-complied covenants. As part of the joint venture efforts, ADB's resident mission will hold at least bi-annual review meetings with the Project owner to ensure the full compliance of all the loan covenants.

76. **Safeguards monitoring.** The EA/PMUs will submit biannual monitoring reports to ADB starting from the commencement of IEE, EMP and RP updating, which coincides with the conduct of the census, detailed measurement survey and resettlement implementation activities. An external monitoring activity is not required for the RP implementation because the Project is classified as category B. EMP implementation will include water quality monitoring and compliance with the abstraction law will be ensured.

77. **Gender and social dimensions monitoring.** The EA will submit bi-annual reports to ADB on specific activities indicated in the agreed gender action plan.¹⁶

C. Evaluation

78. ADB will field an inception mission within 3 months after signing of the FFA and the loan agreement for PFR3. Review missions will be carried out on a semiannual basis jointly by representatives of ADB, Borrower, and the Project owner. The review missions will assess the status of the project implementation including procurement, civil works, financing, compliance to environmental and social safeguards, and the road sector sustainability. Site visits are required for all projects with environment or social impacts. A mid-term review mission will be carried out 2 years after the loan becomes effective. Each mid-term review will evaluate compliance with the terms, conditions, and undertakings set out in the FFA, environmental and social safeguards, and loan covenants set out in the loan agreements. The review will allow for any necessary midcourse corrections to ensure successful implementation and the achievement of the project objectives. Within six months of physical completion of each project, the Project owner will submit a project completion report to ADB.¹⁷

¹⁵ ADB's project performance reporting system: <http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>.

¹⁶ ADB's *Handbook on Social Analysis: A Working Document*: <http://www.adb.org/Documents/Handbooks/social-analysis/default.asp>,
Staff Guide to Consultation and participation: <http://www.adb.org/participation/toolkit-staff-guide.asp>, and,
CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations:
<http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>

¹⁷ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

D. Reporting

79. The Project owner 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's audited financial statements, together with the associated auditor's report, should be adequately reviewed.

80. The Project owner will establish a project performance monitoring system within 12 months from loan effectiveness and collect baseline data for performance monitoring. The key indicators and assumptions outlined at the impact and outcome levels in the investment program's design and monitoring framework will be the primary data required for analysis

E. Stakeholder Communication Strategy (SCS)

81. The following Table details the messages to be delivered and disclosures to be made to the whole range of stakeholders involved in the Project.

Objective(s)	Key Risks/Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsibility	Resources
Disseminate information on project design, key impacts anticipated as well as any mitigation measures, to project APs and beneficiaries	<ul style="list-style-type: none"> • Language/Culture • Literacy • Managing expectations, including that of free water delivery and compliance with Viet Nam law (full cost recovery) • Reach of information, especially in isolated or remote settlements in peri-urban areas and communes • Lack of confidence in local authorities 	<ul style="list-style-type: none"> • Subproject APs • Community members (men & women in urban/peri-urban wards and some communes) • Women-headed HH • Poor HH 	<p>Subproject design, key benefits (including those of treated water supply), implementation arrangements and schedule of civil works</p> <p>Opportunities for temporary employment as construction workers, community mobilizers or IEC campaign facilitators</p> <p>Main impacts of subproject (positive and negative) through disclosure</p> <p>Planned mitigation measures, especially for female APs (including compensation rates, entitlements, grievance redress mechanism)</p> <p>View water as a commercial good and stress the importance of user cost recovery, including for poor HHs</p> <p>Targeted subsidies, including free connections and lifeline tariffs included in tariff by law to poor and women-headed households.</p>	<p>Public information meetings</p> <p>Resettlement committee meetings in affected areas</p> <p>Printed information in local language(s) posted in accessible public areas</p> <p>Gender-sensitive IEC campaign, including community-level training and public media campaign</p> <p>Meetings, consultations and other interactions between PMUs/WSCs and CSBs in the subproject area's service zones</p>	<p>Ongoing prior to implementation of activities</p> <p>Early in each phase of subproject preparation</p> <p>Subproject detailed design</p> <p>Ongoing during civil works</p> <p>Post evaluation after project completion</p>	<p><i>Primary:</i></p> <ul style="list-style-type: none"> • PMUs • WSCs • Contractors/subcontractors for civil works • Local authorities at commune-, ward-, city- and district-level (cPCs, WPCs, CPCs and DPCs) • VWU • Community Health Centers (CHCs) <p><i>Secondary:</i></p> <ul style="list-style-type: none"> • PPCs • DOLISA 	<ul style="list-style-type: none"> • Costs will be covered in part by the RPs, GAPs as well as basic project implementation budgets under PMU Incremental Cost and Construction Supervision Contract • Resettlement Specialist • WSC/PMU Social Development & Safeguards Specialists • Compensation and Resettlement Committees (CRCs) • Community Supervision Boards (CSBs) • Community health workers (under respective DOHs)

Objective(s)	Key Risks/Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsibility	Resources
Deliver information on labor opportunities and good labor practices	<ul style="list-style-type: none"> • Language/Culture • Literacy and low levels of awareness 	<ul style="list-style-type: none"> • Community members as well as outsiders hired as semi-skilled and skilled construction workers, community mobilizers and IEC campaign facilitators in subproject areas • Contractors/subcontractors for civil works 	<p>Opportunities for appropriate skills training/upgrading during period of hire, with quotas reserved for women (GAP)</p> <p>Core labor standards, including no forced labor and child labor</p> <p>Gender parity in work-related compensation, i.e., equal pay for equal work, for women and men, and the right to separate living & toilet facilities at work sites</p> <p>Schedule of civil works</p> <p>Labor safety regulations</p> <p>Risks and prevention of HIV/AIDS transmission and Human Trafficking (see below)</p>	<p>Public information meetings</p> <p>Printed information in local language(s) and language(s) of migrant workers (on pamphlets and billboards), posted in accessible public areas, especially at or near construction sites</p> <p>IEC campaign for HIV/AIDs and Human Trafficking, including community-level training and public media campaign (see below)</p>	<p>Early in each phase of sub-project preparation</p> <p>Ongoing during civil works and conduct of IEC campaigns</p>	<p>Primary:</p> <ul style="list-style-type: none"> • PMUs • WSCs • Local authorities at commune-, ward-, city- and district-level • VWU • CHCs <p>Secondary:</p> <ul style="list-style-type: none"> • PPCs • DOLISA 	<ul style="list-style-type: none"> • Costs will be covered in part by the GAPs as well as basic project implementation budgets under PMU Incremental Cost and Construction Supervision Contract • PMU Social Development & Safeguards Specialists • CSBs • Community health workers • Health NGOs

Objective(s)	Key Risks/ Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsibility	Resources
Highlight responsibility of provincial government agencies in enabling access of disadvantaged groups to municipal water supply	<ul style="list-style-type: none"> Lack of political willingness to implement decrees and decisions Provincial budget constraints 	<ul style="list-style-type: none"> PPCs DOLISA PCs at other administrative levels in provinces, i.e., local authorities 	<p>Basic project design, anticipated impacts and any planned mitigation and grievance redress measures as they apply to APs, beneficiary groups and workers in the province</p> <p>State support for water-related subsidies to poor and women-headed HHs, and other vulnerable groups (including EMs, disabled, etc.), in accordance with Decrees 117 & 124</p>	WSC meetings with relevant local authorities and government agencies, attended by VWU officials at the appropriate level	From outset of project	<ul style="list-style-type: none"> MPI (as CA) WSCs VWUs at all levels 	<ul style="list-style-type: none"> Costs will be covered by the GAP and basic project implementation budgets under PMU Incremental Cost and Construction Supervision Contract WSC management PMU Director PMU Social Development & Safeguards Specialists
Inform Provincial VWUs about project design and entry points for their participation – community mobilization, IEC, and ensuring women's access to all project benefits	<ul style="list-style-type: none"> Lack of sectoral capacity Relative lack of resources and decision-making authority compared to other departments and agencies, including WSCs 	<ul style="list-style-type: none"> Viet Nam Women's Union (VWU) 	<p>Basic project design and anticipated impacts, as they matter to women</p> <p>Disseminate information on improved HH water management, sanitation and hygiene to communities in collaboration with Community Health Centers.</p>	<p>Public information meetings</p> <p>IEC campaign (including materials) to raise awareness on links between gender and WASH issues</p> <p>Training materials integrating gender</p>	From outset of subproject	<ul style="list-style-type: none"> VWU WSCs Local authorities at commune-, ward-, city- and district-level CHCs 	<ul style="list-style-type: none"> Costs will be covered by the GAP budget PMU Director PMU Social Development & Safeguards Specialists CSBs Community health workers
Inform network of Community Health Centers in project areas about project design and the role they are expected to play in disseminating information on improved WASH as well as HIV/AIDS causes & prevention	<ul style="list-style-type: none"> Relative lack of resources and decision-making authority compared to other departments and agencies, including WSCs 	<ul style="list-style-type: none"> Community Health Centers (and community health workers), Department of Health 	<p>Disseminate information on health benefits of improved water supply, sanitation and hygiene to communities in collaboration with VWC</p> <p>Design and propagate training module about HIV/AIDS</p>	<p>Public information meetings,</p> <p>IEC sanitation and hygiene awareness materials, including community-based training and public media campaign</p> <p>HIV/AIDS training module</p>	<p>Early in each phase of sub-project preparation</p> <p>Ongoing during civil works and conduct of IEC campaigns</p>	<ul style="list-style-type: none"> VWU PMUs WSCs Local authorities at commune-, ward-, city- and district-level CHCs 	<ul style="list-style-type: none"> Costs will be covered by the project implementation budget (social development) PMU Social Development & Safeguards Specialists CSBs Community health workers

Objective(s)	Key Risks/ Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsibility	Resources
Promote community involvement in resettlement and project monitoring	<ul style="list-style-type: none"> Identifying valid community representatives Newly formed, slow to build up capacity required Functions vaguely defined 	<ul style="list-style-type: none"> Community Supervision Boards (CSBs) Compensation and Resettlement Committees (CRCs) 	<p>Information on resettlement areas, affected households, resettlement plan and compensation policies</p> <p>Core labor standards integrating gender concerns and labor safety regulations</p> <p>Special consideration of community members from poor and/or women-headed HHs in all aspects of the project</p> <p>Risks and prevention of HIV/AIDS transmission and Human Trafficking (see below)</p>	<p>Meetings between WSCs/PMUs and CSBs and CRCs</p> <p>Public information meetings presided over by CSBs or CRCs</p> <p>Direct interactions between affected HHs and CSBs or CRCs</p> <p>Printed information in local language(s) posted in accessible public areas</p> <p>Gender-sensitive IEC campaign, including community-level training and public media campaign</p>	<p>Early in each phase of sub-project preparation</p> <p>Ongoing during civil works and conduct of IEC campaigns</p>	<ul style="list-style-type: none"> VWU PMUs WSCs Local authorities at commune-, ward-, city- and district-level 	<ul style="list-style-type: none"> Costs will be covered by the GAPs and basic project implementation (social development component) budgets PMU Social Development & Safeguards Specialists CSBs Community health workers
Ensure understanding of HIV/AIDS transmission and Human Trafficking risks, and prevention measures for both	<ul style="list-style-type: none"> Language/Culture Literacy and low levels of awareness 	<ul style="list-style-type: none"> Communities in or near project area construction sites Workers on construction sites 	<p>Key risks and mitigation measures of HIV/AIDS transmission and Human Trafficking</p>	<p>Public information meetings</p> <p>Printed information in local language(s) and language(s) of migrant workers (on pamphlets and billboards), posted in accessible public areas, especially at or near construction sites</p> <p>IEC campaign for HIV/AIDs and Human Trafficking, including community-level training and public media campaign (see below)</p>	<p>Prior to commencement of civil works and throughout civil works</p>	<ul style="list-style-type: none"> PMUs VWU CHCs Civil works contractors/subcontractors 	<ul style="list-style-type: none"> Costs will be covered in part by the GAPs as well as basic project implementation budgets PMU Social Development & Safeguards Specialists CSBs Community health workers Local NGOs with a health focus

Objective(s)	Key Risks/ Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsibility	Resources
Strengthen business processes and institutions, integrating gender issues	<ul style="list-style-type: none"> Inertia to change; tendency to maintain institutional and socioeconomic status quo 	<ul style="list-style-type: none"> All WSC and PMU staff, especially women in executive and non-executive positions VWU members at all levels within the province 	<p>Reasons why profit generation, user cost recovery and tariff roadmap are core principles of business viability</p> <p>Negotiate sharing of capital costs and underwriting of any subsidies to consumers with state agencies (PCs and DOLISA)</p> <p>Opportunities for training, exposure visits, with quotas reserved for female staff and VWU members to learn more about the sector</p> <p>Gender parity in work-related compensation, i.e., equal pay for equal work, for women and men in WSCs</p>	<p>Resettlement committee meetings and/or meetings with affected households,</p> <p>Printed information in local language posted in accessible public areas</p> <p>Training workshops and exposure visits to raise awareness about benefits of community participation in all aspects of project planning, implementation, and M&E</p> <p>Financial and technical training workshops</p> <p>Training materials to promote gender sensitivity</p> <p>Routine consultation with VWUs on gender-related matters relevant to project outputs</p> <p>Routine consultations between WSC management and women employees, in executive and non-executive positions, about professional issues that matter to them</p>	<p>From outset of each subproject</p> <p>Ongoing prior to implementation of activities</p> <p>Early in each phase of subproject preparation</p> <p>At project detailed design</p> <p>Ongoing during civil works</p>	<ul style="list-style-type: none"> Water Supply Companies (WSCs) as independent commercial & legal entities MPI PPCs PMUs VWUs 	<ul style="list-style-type: none"> Costs will be covered in part by the GAPs and project implementation budgets PMU Director PMU Social Development & Safeguards Specialists Staff welfare committees of WSCs

Objective(s)	Key Risks/Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsibility	Resources
Establish two-way information sharing/ dialogue mechanisms with communities and higher authorities	<ul style="list-style-type: none"> Minimal precedence for institutionalized feedback from community to higher authorities, including WSCs Timing of interactions to mesh with critical subproject milestones Atmosphere of distrust between NGOs, on the one hand, and state agencies and WSCs, on the other, owing in part to nascence of NGOs in Viet Nam 	<ul style="list-style-type: none"> Project APs Project beneficiaries PPCs DOLISA 	<p>Timely payment of dues by customers to WSCs and satisfactory service provision by WSCs to consumers as basis of good business model</p> <p>Customer Service Contracts</p> <p>Proper compensation of project APs by authorities, incl WSCs</p> <p>Importance of dialogue; incorporation of community feedback to into all phases of project</p> <p>Explain feedback process and how feedback used</p> <p>Devise methods to gauge company performance and the effectiveness of Customer Service policies safeguarding consumer rights</p>	<p>Citizen's Report Cards (to be disaggregated by sex)</p> <p>Periodic customer Satisfaction Surveys</p> <p>Meetings, consultations and other interactions between PMUs/WSCs and CSBs and CRCs in the project area service zones</p> <p>Meetings, consultations and other interactions between PMUs/WSCs and PCs, PPCs and DOLISA</p> <p>Independent M&E by local NGOs or CSOs</p> <p>Independent reporting by local media</p>	<p>From outset of each subproject</p> <p>Ongoing prior to implementation of activities</p> <p>Early in each phase of subproject preparation</p> <p>At project detailed design</p> <p>Ongoing during civil works</p>	<ul style="list-style-type: none"> PMUs WSCs CHCs 	<ul style="list-style-type: none"> Costs will be covered in part by the RPs, GAPs as well as basic project implementation budgets Resettlement Specialist PMU Social Development & Safeguards Specialists CRCs CSBs Community health workers Customer Service Divisions of WSCs Community development-oriented local NGOs
Ensure understanding of Nonrevenue Water (NRW) and measures to reduce such losses at both system and household levels	<ul style="list-style-type: none"> Language/Culture Literacy and low levels of awareness 	<ul style="list-style-type: none"> Women & men in communities PMU and WSC staff, especially women in both executive and non-executive positions VWU members at all levels in the province 	<p>View of water as an economic good; the importance of water conservation</p> <p>Opportunities for technical training in NRW reduction for WSC staff, including women, in all positions</p>	<p>IEC campaign targeted at communities and local authorities, in order to reduce HH water wastage and improve effective use</p> <p>Technical workshops, seminars and exposure visits dealing with NRW reduction</p>	<p>At project detailed design</p> <p>Ongoing during civil works</p>	<ul style="list-style-type: none"> WSCs 	<ul style="list-style-type: none"> Costs will be covered in part by the GAPs as well as basic project implementation budgets PMU Social Development & Safeguards Specialists CSBs, duly trained Trained community health workers

Abbreviations:
AP = Affected Person; BG = Bac Giang City Water Supply Project; CA = Coordinating Agency; CL = Cua Lo Town Water Supply Project; cPC = Commune People's Committee; CPC = City People's Committee; CHC = Community Health Center; CRC = Compensation and Resettlement Committee; CSB = Community Supervision Board; CSO = Civil Society Organization; DOH = Department of Health; DOLISA = Department of Labor, Invalids and Social Affairs; DPC = District People's Committee; EA = Executing Agency; HH = Household; IA = Implementing Agency; M&E = Monitoring and Evaluation; MPI = Ministry of Planning & Investment; NGO = nongovernmental Organization; NRW = nonrevenue Water; NS = Nghi Son Water Supply Project; PC = People's Committee; PPC = Provincial People's Committee; QN = Tam Hiep-Dien Nam Water Supply Project; TH = Thai Hoa Town Water Supply Project; TN = Thai Nguyen City Water Supply Project; VI = Vinh City Water Supply Project; VWU = Viet Nam Women's Union; WASH = Water, Sanitation and Hygiene; WPC = Ward People's Committee; WSC = Water Supply Company

X. ANTICORRUPTION POLICY

82. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Investment Program.¹⁸ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Investment Program.¹⁹

XI. ACCOUNTABILITY MECHANISM

83. 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.²⁰

XII. RECORD OF PAM CHANGES

84. 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.

- Please note that this PAM was discussed and endorsed during loan negotiations that were held in Ha Noi, Viet Nam on 18 to 19 November 2014.

¹⁸ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

¹⁹ <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

²⁰ For further information see: <http://compliance.adb.org/>.