

Project Administration Manual

Project Number: 46391
Loan Numbers: 3161/8286-VIE
July 2017

**Socialist Republic of Viet Nam: Ha Noi and Ho Chi
Minh City Power Grid Development Sector Project**

Contents

I. PROJECT DESCRIPTION	1
II. IMPLEMENTATION PLANS	3
A. Project Readiness Activities	3
B. Overall Project Implementation Schedule	4
III. PROJECT IMPLEMENTATION ARRANGEMENTS	4
A. Project Implementation Organisations - Roles and Responsibilities	4
B. Key Persons Involved in Implementation	7
C. Project Organisation Structure	9
IV. COSTS AND FINANCING	10
A. Detailed Cost Estimates by Expenditure Category	12
B. Allocation and Withdrawal of Loan Proceeds	12
C. Detailed Cost Estimates by Financier	14
D. Detailed Cost Estimates by Outputs	15
E. Detailed Cost Estimates by Year	16
F. Contract Awards and Disbursement S-curve	17
G. Fund Flow Diagram	18
V. FINANCIAL MANAGEMENT	19
A. Financial Management Assessment	19
B. Disbursement	20
C. Accounting	22
D. Auditing and Public Disclosure	22
VI. PROCUREMENT AND CONSULTING SERVICES	24
A. Procurement Capacity Assessment	24
B. Advance Action for Procurement and Consultant Recruitment	24
C. Procurement of Goods, Works and Consulting Services	24
D. Procurement Plan	25
E. Methods, Thresholds, Review and 18-Month Procurement Plan	25
F. Consultants' Terms of Reference	38
VII. SAFEGUARDS	43
A. Land Acquisition, Resettlement, Ethnic Minorities	43
B. Environmental Safeguards	43
VIII. GENDER AND SOCIAL DIMENSIONS	45
A. Gender	45
B. Social Dimensions	45
IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND	

COMMUNICATION	47
A. Project Design and Monitoring Framework	47
B. Monitoring	49
C. Evaluation	49
D. Reporting	50
E. Stakeholder Communication Strategy	50
X.ANTICORRUPTION POLICY	53
XI. ACCOUNTABILITY MECHANISM	54
XII. RECORD OF PAM CHANGES	55

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 Agencies, Hanoi Power Corporation (EVN HANOI) and Ho Chi Minh City Power Corporation (EVN HCMC) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. The Ministry of Industry and Trade (MOIT) and Vietnam Electricity (EVN) are the oversight bodies. ADB staffs are responsible to support implementation including compliance by EVN, EVN HANOI and EVN HCMC of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

Abbreviations

ADB	=	Asian Development Bank
AIF	=	ASEAN Infrastructure Fund
BST	=	bulk supply tariff
EARF	=	environmental assessment and review framework
EVN HANOI	=	Hanoi Power Corporation
EVN HCMC	=	Ho Chi Minh City Power Corporation
EVN	=	Vietnam Electricity
HCMC	=	Ho Chi Minh City
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IFRS	=	International Financial Reporting Standards
km	=	kilometre
kV	=	kilovolt
LIBOR	=	London interbank offered rate
MOF	=	Ministry of Finance
MOIT	=	Ministry of Industry and Trade
NCB	=	national competitive bidding
OCR	=	ordinary capital resources
PAM	=	project administration manual
PPTA	=	project preparatory technical assistance
RRP	=	Report and Recommendation of the President to the Board
SBV	=	State Bank of Vietnam
SPS	=	Safeguard Policy Statement
VAS	=	Vietnamese accounting standards

I. PROJECT DESCRIPTION

1. The project provides for a sector project with funding from Asian Development Bank's (ADB) ordinary capital resources (OCR) and ASEAN Infrastructure Fund (AIF) to strengthen the capacity and reliability of the power infrastructure in Ha Noi and Ho Chi Minh City through the rehabilitation and development of the 220 kilovolt (kV) and 110 kV grid. Hanoi Power Corporation (EVN HANOI) and Ho Chi Minh City Power Corporation (EVN HCMC), which are respectively responsible for the power supply in Ha Noi and Ho Chi Minh City, are the executing agencies.

2. The project will be implemented as a sector loan under ADB's Operation Manual Section D3—Sector Lending.

3. **Impact and Outcome.** The project's impact will be that growth in national electricity demand is met in a sustainable manner, and the outcome will be improved reliability and efficiency of electricity supply in Ha Noi and Ho Chi Minh City.

4. **Outputs.** The project's outputs, categorized into four distinct groups to enable more focused monitoring of project performance, are the development and/or rehabilitation of: (i) four core substation and transmission line subprojects in Ha Noi, (ii) four core substation and transmission line subprojects in Ho Chi Minh City, (iii) up to 20 noncore substation and transmission line subprojects in Ha Noi, and (iv) up to nine noncore substation and transmission line subprojects in Ho Chi Minh City.

5. Due diligence has been conducted for the following eight core projects selected by EVN HANOI and EVN HCMC being representative of the noncore projects to be further identified and prepared during project implementation:

- (i) EVN HANOI: rehabilitate E1.7 Son Tay 110 kV Substation
- (ii) EVN HANOI: rehabilitate, upgrade E13 Phuong Liet 110 kV Substation
- (iii) EVN HANOI: rehabilitate, upgrade E12 Tran Hung Dao 110 kV Substation
- (iv) EVN HANOI: new development of Noi Bai Airport 110 kV Substation and associated 110 kV line
- (v) EVN HCMC: new 220 kV District 8 Substation
- (vi) EVN HCMC: new 220 kV transmission line Nam Sai Gon (Binh Chanh) to District 8
- (vii) EVN HCMC 110 kV: new underground cable connecting to Tham Luong Substation
- (viii) EVN HCMC 110 kV: new Tham Luong Substation

6. EVN HANOI has indicatively proposed 20 noncore subprojects which had been reduced to 19 as of April 2016 and EVN HCMC has indicatively proposed nine noncore subprojects. The list of non-core subprojects can be expanded further, subject to fund availability and mutual agreement between the EAs and ADB.

7. The noncore subprojects will be selected in accordance with the selection criteria provided below.

Selection Criteria. To be eligible for financing under the project, each subproject shall meet the following general eligibility criteria:

- (i) It develops, rehabilitates, and/or expands transmission lines and substations of

voltage levels not less than 110 kV;

- (ii) It is technically feasible, contributes to the improved reliability of power supply and/or reduces losses;
- (iii) It is part of the seventh power development plan for 220kV substations and transmission lines), and/or is included in the approved power development plans of either Executing Agencies (or subsequent revisions thereof);
- (iv) It is not classified as category A under ADB's Safeguards Policy Statement (SPS, 2009);
- (v) It does not include or involve transmission lines emanating from power plants, except for renewable energy resources (other than hydropower); and
- (vi) It is economically viable and shall have demonstrated an economic internal rate of return (EIRR) equal to or greater than 12%, or with EIRR of not less than 10% for Subprojects with significant unquantifiable benefits. An economic analysis shall have been conducted in accordance with ADB's Guidelines for the Economic Analysis of Projects.¹

Selection Procedure. Each subproject meeting the above criteria shall be processed and considered as follows:

- (i) the relevant executing agency prepares the feasibility study of the candidate Subproject and obtains required governmental approvals;
- (ii) Environmental clearance and compensation plan are approved by relevant authority/ies;
- (iii) Initial environmental examination (IEE) report and resettlement plan (if applicable) are prepared, in English, in accordance with ADB's SPS (2009) and consistent with the environmental assessment and review framework and resettlement framework, and reviewed and endorsed by project's implementation consultants;
- (iv) English translation of the feasibility study summary, IEE and resettlement plan (if required) are submitted to ADB for review; and
- (v) ADB considers and approves subprojects that are estimated to cost at least \$1,000,000 and provides comments, at its discretion, on subprojects below \$1,000,000.

8. The OCR and AIF will also finance the costs of the project implementation consultants (PIC).

¹ ADB. 1997. *Guidelines for the Economic Analysis of Projects*. Manila.

II. IMPLEMENTATION PLANS

9. The loans were approved by the ADB Board in September 2014. The project implementation period is 60 months, including advanced contracting beginning in June 2014, plus a 12-month monitoring period to ensure the successful completion of the noncore subprojects. The project has an estimated completion date of 30 June 2020. The loan closing dates are expected to be in 31 December 2020. The project's milestones of readiness activities and overall project implementation schedule are as follows:

A. Project Readiness Activities

Indicative Activities	2014												Who is responsible	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
Advance procurement and recruitment actions													EVN HANOI, EVN HCMC, ADB	
Approval of safeguard documents													MOIT, EVN HANOI, EVN HCMC	
PDO approval and issuance of investment decision													MOIT, EVN, EVN HANOI, EVN HCMC	
Establish project implementation arrangements														EVN HANOI, EVN HCMC, ADB
Loan negotiation													SBV MOF, EVN, EVN HANOI, EVN HCMC	
ADB Board approval													ADB	
Government budget inclusion and counterpart fund allocation													MOF, EVN HANOI, EVN HCMC	
Loan signing													SBV, ADB, EVN HANOI, EVN HCMC	
Preparation of subsidiary loan agreements													MOF, EVN HANOI, EVN HCMC	
Government legal opinion provided													SBV, ADB	
Loan effectiveness													SBV, MOF, ADB	

ADB = Asian Development Bank, EVN = Vietnam Electricity, EVN HANOI = Hanoi Power Corporation; EVN HCMC = Ho Chi Minh City Power Corporation; MOF = Ministry of Finance, PDO = project detailed outline, SBV = State Bank of Viet Nam.

Source: ADB estimates.

B. Overall Project Implementation Schedule

Indicative Activities	2014				2015				2016				2017				2018				2019				2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
1. Advance Action Ha Noi																												
1.1 Bidding documents - Core Projects																												
1.2 Bidding, Evaluation and Approvals - Core Projects																												
2. Advance Action Ho Chi Minh																												
2.1 Bidding documents - Core Projects																												
2.2 Bidding, Evaluation and Approvals - Core Projects																												
3. Core Projects in Ha Noi																												
3.1 Detailed Design by EVN HANOI																												
3.2 Detailed Construction Drawings by EVN HANOI																												
3.3 Manufacture and Delivery of Goods																												
3.4 Installation Works																												
4. Core Projects in Ho Chi Minh City																												
4.1 Detailed Design by EVN HCMC																												
4.2 Detailed Construction Drawings by EVN HCMC																												
4.3 Manufacture and Delivery of Goods																												
4.4 Installation Works																												
5. Noncore Subprojects in Ha Noi																												
5.1 Feasibility Study by EVN HANOI																												
5.2 Detailed Design by EVN HANOI																												
5.3 Bidding documents - Noncore Subprojects																												
5.4 Bidding, Evaluation and Approvals - Noncore Subprojects																												
5.5 Manufacture and Delivery of Goods																												
5.6 Installation Works																												
5.7 Monitoring of Noncore Subproject Implementation																												
6. Noncore Subprojects in Ho Chi Minh City																												
6.1 Feasibility Study by EVN HCMC																												
6.2 Detailed Design by EVN HCMC																												
6.3 Bidding documents - Noncore Subprojects																												
6.4 Bidding, Evaluation and Approvals - Noncore Subprojects																												
6.5 Manufacture and Delivery of Goods																												
6.6 Installation Works																												
6.7 Monitoring of Noncore Subproject Implementation																												
7. Project Implementation Consultants																												
7.1 Project Implementation Consultant Procurement																												
7.2 Safeguards Monitoring																												
8. Capacity Building																												
8.1 On-the-job training for EVN HANOI and EVN HCMC counterpart staff																												
9. Reports and Missions																												
9.1 ADB review missions																												
9.2 ADB mid-term review missions																												
9.3 EVN HANOI and EVN HCMC quarterly Reports																												
9.4 EVN HANOI and EVN HCMC project completion report																												

ADB = Asian Development Bank; EVN HANOI = Hanoi Power Corporation; EVN HCMC = Ho Chi Minh City Power Corporation.

Source: ADB estimates.

III. PROJECT IMPLEMENTATION ARRANGEMENTS

A. Project Implementation Organisations - Roles and Responsibilities

10. The key implementation organizations involved in the project include the Ministry of Industry and Trade (MOIT) and Vietnam Electricity (EVN) who are the oversight bodies, and EVN HANOI and EVN HCMC who are the executing agencies. The Power Project Management Boards (PPMBs) of the executing agencies will be responsible for the day-to-day implementation of the project. The State Bank of Vietnam (SBV) represents the Borrower (the Socialist Republic of Viet Nam) for the signing of the legal agreements, while the Ministry of Finance (MOF) represents the Borrower during implementation. ADB will monitor all project implementation activities. Details of the implementation organisation key roles and responsibilities are indicated in the table below:

Project Organizations	Implementation	Management Roles and Responsibilities
<ul style="list-style-type: none"> Government SBV 		<ul style="list-style-type: none"> Signing the legal documents on behalf of the Borrower. Endorsing to ADB the authorized staff with approved signatures for withdrawal application processing; and Processing and submitting to ADB any request, when required, for reallocating the loan proceeds. Assign a service bank for the project.
	MOF	<ul style="list-style-type: none"> Assigned on-lending agency Signing the subsidiary loan agreements; Control disbursement; and Assign an on-lending institution for the project.
<ul style="list-style-type: none"> Oversight Bodies: MOIT and EVN 		<ul style="list-style-type: none"> Responsible for the overall supervision and execution of the project; Monitor and coordinate different agency activities; and Review and endorse any proposed key changes in project scope.
<ul style="list-style-type: none"> Executing Agencies: EVN HANOI, EVN HCMC 		<ul style="list-style-type: none"> Responsible for overall project implementation; Timely provision of agreed counterpart funds for project activities; Quality assurance of works and services of consultants and counterpart staff; Establishing strong financial management system and submitting timely withdrawal applications to ADB, ensuring timely financial audits as per agreed timeframe and taking recommended actions; Complying with all loan covenants in the loan agreements, financing agreement and the project agreements; and Responsible for collection and retention of all support documents, reporting documents and annual audit report and financial statements.
<ul style="list-style-type: none"> PPMBs of EVN HANOI and EVN HCMC 		<ul style="list-style-type: none"> Responsible for the day-to-day implementation of the project; Provide counterpart staff for the project; Allocating and releasing counterpart funds; Recruiting consultants; Finalizing surveys, detailed designs, bidding documents, bid and evaluation reports; and awarding contracts; Supervision of contractors and suppliers; Preparing and updating the resettlement plans, obtaining necessary approvals, submitting the resettlement plans for ADB approval, implementing the resettlement plans; Preparing the IEE reports with EMP, obtaining necessary approvals, submitting the IEEs for ADB approval, monitoring the implementation the EMPs; Monitoring and evaluation of project activities and outputs, including periodic review, preparation of review reports identifying issues and action plans; Preparation and submission of withdrawal applications and statement of expenditure applications; Managing the imprest accounts;

Project Organizations	Implementation	Management Roles and Responsibilities
		<ul style="list-style-type: none"> • Maintain project accounts for all equipment/materials delivered to EVN HANOI/EVN HCMC and record costs incurred for rehabilitation and installation works under the project; • Preparing regular periodic progress reports and financial reports and timely submission to EVN; and • Preparing regular periodic progress reports, and project completion reports and their timely submission to ADB.
• ADB		<ul style="list-style-type: none"> • Coordinate overall project implementation with Government, EVN, EVN HANOI, and EVN HCMC. • Coordinate with AIF fund administrator and make periodic reports. • Assist EVN, EVN HANOI, and EVN HCMC and their PPMBs in providing timely guidance at each stage of project implementation in accordance with the agreed implementation arrangements; • Review all the documents that require ADB approval; • Conduct an inception mission, periodic loan review missions, a mid-term review, a completion mission for the project, and an overall project completion mission; • Monitor and require compliance of all loan covenants; • Timely process withdrawal applications and release eligible funds; • Monitor and require the compliance of financial audit recommendations; • Regularly update ADB's project performance review reports with assistance of EVN and its progress reports; and • Regularly post on ADB website the updated project information documents for public disclosure.

ABD = Asian Development Bank, AIF = ASEAN Infrastructure Fund, ASEAN = Association of Southeast Asian Nations, EMP = environmental management plans, EVN = Vietnam Electricity, EVN HANOI = Hanoi Power Corporation, EVN HCMC = Ho Chi Minh City Power Corporation, IEE = initial environmental examination, MOF = Ministry of Finance, MOIT = Ministry of Industry and Trade, PPMB = power project management board, SBV = State Bank of Vietnam.

B. Key Persons Involved in Implementation

Government		
SBV		<p>Mrs. Hoang Thi Phuong Hanh Deputy Director General, International Relations Department Tel: +84 4 37566152; Email: htphanh@sbv.gov.vn Office Address: 25 Ly Thuong Kiet Street, Ha Noi, Viet Nam</p>
MOF		<p>Mr. Hoang Hai Deputy Director General, Department of Debt Management and External Finance Tel: + 84 4 22202828; Email: hoanghai@mof.gov.vn Office Address: 28 Tran Hung Dao Street, Ha Noi, Viet Nam</p>
Oversight Bodies		
MOIT		<p>Mr. Dang Huy Cuong Deputy Director General, General Directorate of Energy Tel: +84 4 62786180/1/2; Email: cuongdh@moit.gov.vn Office Address: 23 Ngo Quyen Street, Ha Noi, Viet Nam</p>
EVN		<p>Mr. Dinh Quang Tri Vice President Tel: +84 4 66946888, Email: tridq@evn.com.vn Office Address: 11 Cua Bac Street, Ha Noi, Viet Nam</p> <p>Mr. Tran Tuan Dung Director, International Relation Department Tel: +84 4 66946102, Email: dungtt@evn.com.vn Office Address: 11 Cua Bac Street, Ha Noi, Viet Nam</p>
Executing Agencies		
EVN HANOI		<p>Mr. Mai Chi Hung Deputy General Director Tel: +84 4 22201138; Email: hung.maichi@evnhanoi.vn Office Address: 69 Dinh Tien Hoang Street, Hoan Kiem District Ha Noi, Viet Nam</p>
EVN HCMC		<p>Mr. Pham Quoc Bao Deputy General Director; Email: BaoPQ@hcmnpc.com.vn Tel: +84 8 22201177 Office Address: 35 Ton Duc Thang Street, Ben Nghe Ward District 1, Ho Chi Minh City, Viet Nam</p>
ADB		
Viet Nam Mission	Resident	<p>Mr. Eric Sidgwick Country Director Viet Nam Resident Mission, Southeast Asia Department Tel: +84 4 39331374; Email: esidgwick@adb.org Office Address: 3rd Floor, CornerStone Building, 16 Phan Chu Trinh Street, Hoan Kiem District, Ha Noi, Viet Nam</p>
Mission Leader		Mr. Au Minh Tuan

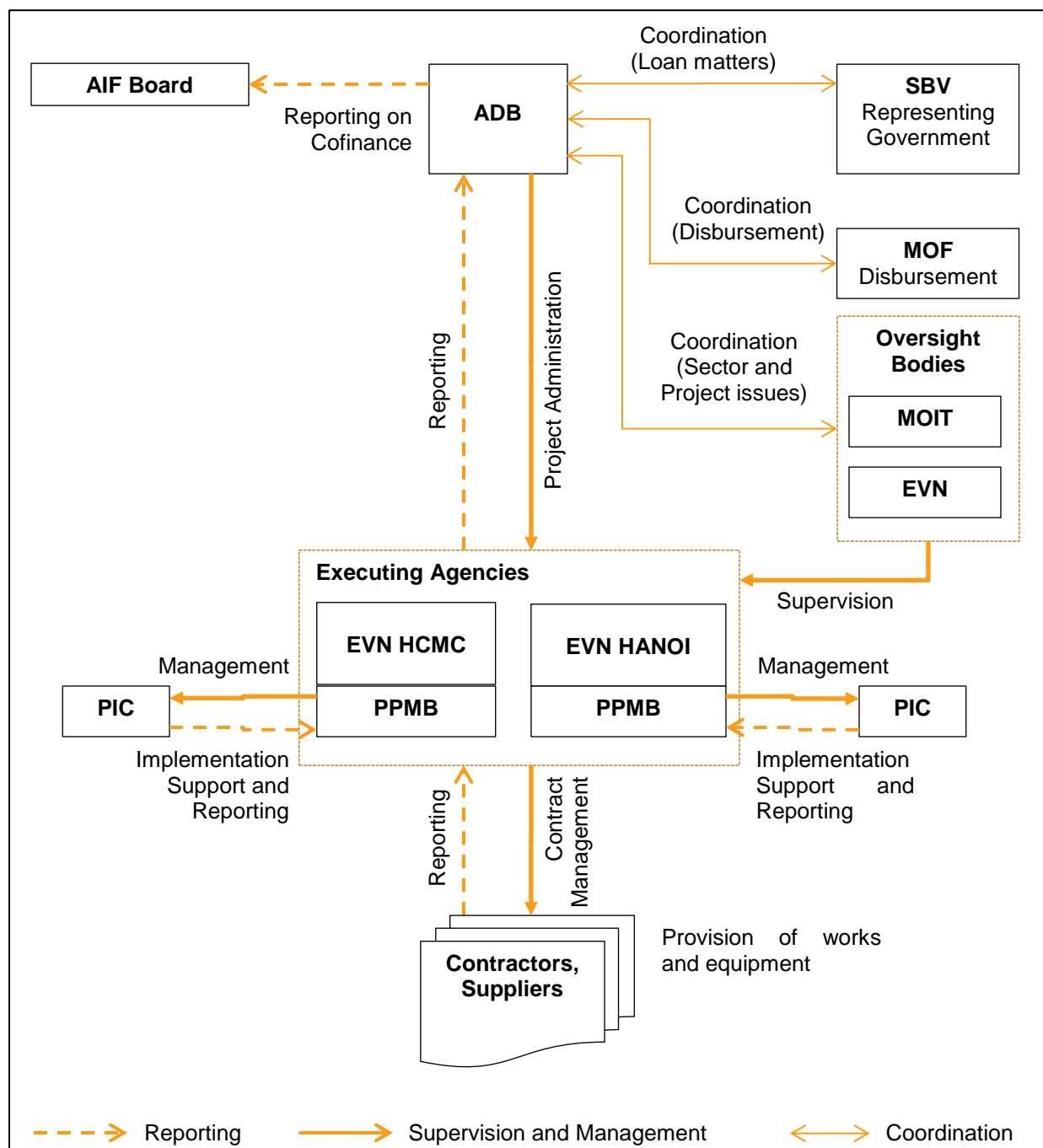
Senior Project Officer (Energy)
Viet Nam Resident Mission, Southeast Asia Department
Tel: +84 4 39331374; Email: tuanam@adb.org
Office Address: 3rd Floor, CornerStone Building, 16 Phan Chu Trinh
Street, Hoan Kiem District, Ha Noi, Viet Nam

ADB = Asian Development Bank; EVN = Vietnam Electricity; EVN HANOI = Hanoi Power Corporation; EVN HCMC = Ho Chi Minh City Power Corporation; MOF = Ministry of Finance; MOIT = Ministry of Industry and Trade; SBV = State Bank of Vietnam.

C. Project Organisation Structure

11. The project organization structure is provided in Figure 1.

Figure 1: Project Organisation



ADB = Asian Development Bank; AIF = ASEAN Infrastructure Fund; EVN = Vietnam Electricity; EVN HCMC = Ho Chi Minh City Power Corporation; EVN HANOI = Hanoi Power Corporation; MOF = Ministry of Finance; MOIT = Ministry of Industry and Trade; PIC = project implementation consultant; PPMB = power project management board; SBV = State Bank of Vietnam.

Source: ADB.

IV. COSTS AND FINANCING

12. The project is estimated to cost \$394.27 million as shown in Table 1. The government has requested a loan of \$172.70 million from ADB's OCR, and a loan of \$100.00 million funded through the participation of AIF.² The OCR loan will have a 20-year term, including a grace period of five years, straight-line repayment method, 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, and such other terms and conditions set forth in the draft loan and project agreements. Based on this, the average loan maturity is 12.75 years and there is no maturity premium payable to ADB. AIF will have the same tenure as the ADB loan, and an interest rate determined in accordance with its LIBOR-based lending facility. Interests and other charges during construction for all loans will be capitalized. The government will relend the proceeds of the OCR and AIF loans to EVN HANOI and EVN HCMC pursuant to subsidiary loan agreements with terms and conditions acceptable to ADB.

² Transportation and insurance costs may be financed under the loans.

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Hanoi Power Corporation	
a. Civil Works	60.70
b. Equipment	39.64
c. Consulting Services	0.32
d. Project Management	2.65
e. Land Acquisition and Resettlement	7.07
f. Taxes and Duties	15.28
Subtotal	125.66
2. Ho Chi Minh City Power Corporation	
a. Civil Works	56.49
b. Equipment	93.75
c. Consulting Services	0.18
d. Project Management	2.14
e. Land Acquisition and Resettlement	7.17
f. Taxes and Duties	24.03
Subtotal	183.76
Subtotal (A)	309.42
B. Contingencies^c	61.78
C. Financing Charges During Implementation^d	23.07
Total (A+B+C)	394.27

^a The amounts are indicative since the noncore subprojects will be appraised during implementation. Includes taxes and duties estimated indicatively at \$39.32 million to be financed by the executing agencies through cash contributions.

^b In mid-2014 prices.

^c Physical contingencies computed at 10% for civil works and equipment. Price contingencies computed at 1.5% on foreign exchange costs and 6.3% 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 for the ordinary capital resources (OCR) of the Asian Development Bank (ADB) and ASEAN Infrastructure Fund (AIF)-funded loans. Interest during construction has been computed at the 5-year US dollar fixed swap rate plus a spread of 0.50% for ADB's OCR loan and a spread of 1.40% for the AIF-funded loan. Commitment charges for the ADB and AIF-funded loans are 0.15% per year to be charged on the undisbursed loan amount.

Source: ADB estimates.

13. The financing plan is summarised below, whereas, details are found in the subsequent tables.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (loan)	172.70	43.80
ASEAN Infrastructure Fund ^a (loan)	100.00	25.36
EVN HANOI	44.07	11.18
EVN HCMC	77.50	19.66
Total	394.27	100.00

EVN HANOI = Hanoi Power Corporation, EVN HCMC = Ho Chi Minh City Power Corporation.

^a ASEAN Infrastructure Fund shareholders are the governments of Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

A. Detailed Cost Estimates by Expenditure Category

Table 3: Cost Estimates by Expenditure Category^a

		\$ million			
		Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
A	Investment Cost				
1	Civil Works	0.00	117.18	117.18	37.9
2	Equipment	111.87	21.53	133.39	43.1
3	Consulting services	0.50	0.00	0.50	0.2
4	Project management	0.00	4.79	4.79	1.5
5	Land acquisition and resettlement	0.00	14.24	14.24	4.6
6	Taxes and duties	23.49	15.82	39.32	12.7
	Total Base Cost (A)	135.86	173.56	309.42	100.0
B	Contingencies				
1	Physical contingencies	13.54	15.82	29.36	9.5
2	Price contingencies	6.13	26.29	32.42	10.5
	Subtotal (B)	19.67	42.11	61.78	20.0
C	Financing Charges During Implementation				
1	Interest / service charges	22.46	0.00	22.46	7.3
2	Commitment fees / ADB fees	0.61	0.00	0.61	0.2
	Subtotal (C)	23.07	0.00	23.07	7.5
	Total Project Cost (A+B+C)	178.60	215.67	394.27	127.4

ADB = Asian Development Bank.

^a The amounts are indicative since the noncore subprojects will be appraised during implementation.

Note: Taxes and duties estimated indicatively at \$39.32 million to be financed by the executing agencies through cash contributions.

Source: ADB estimates.

B. Allocation and Withdrawal of Loan Proceeds

1. OCR Loan

14. Based on indicative pipeline of candidate subprojects, the OCR Loan amount shall be initially divided between the executing agencies as follows:

(i) \$74,550,000 to EVN HANOI; and

(ii) \$98,150,000 to EVN HCMC.

15. The above allocation of the OCR Loan proceeds is subject to review and reallocation, in consultation with the Borrower, based on each executing agency's performance evaluation from time to time.

16. The OCR Loan proceeds shall be disbursed from the OCR Loan Account based on the following withdrawal percentages:

- (i) Works – 57.6% of total expenditure claimed;
- (ii) Goods – 53.1% of total expenditure claimed; and
- (iii) Consulting Services and other eligible expenditures – 57.6% of total expenditure claimed.
- (iv) ADB shall be entitled to withdraw from the loan account and pay itself, on behalf of the borrower, the amounts required to meet payments, when due, of the interest and commitment charges.

17. All disbursements from the OCR Loan Account shall be made pro-rata to the corresponding disbursements from the AIF-funded Loan Account: at 63.33% in respect of the OCR Loan and 36.67% in respect of the AIF Loan.

18. Disbursement is subject to the condition for withdrawal described in the OCR Loan Agreement.

2. AIF-funded Loan³

19. Based on indicative pipeline of candidate subprojects, the AIF-funded Loan amount shall be initially divided between the executing agencies as follows:

- (i) \$43,170,000 to EVN HANOI; and
- (ii) \$56,830,000 to EVN HCMC.

20. The above allocation of the AIF-funded Loan proceeds is subject to para.15 above.

21. The AIF-funded Loan proceeds shall be disbursed from the AIF-funded Loan Account based on the following withdrawal percentages:

- (i) Works – 33.3% of total expenditure claimed;
- (ii) Goods – 30.7% of total expenditure claimed; and
- (iii) Consulting Services and other eligible expenditures – 33.3% of total expenditure claimed.
- (iv) ADB shall be entitled to withdraw from the loan account and pay itself, on behalf of the borrower, the amounts required to meet payments, when due, of the interest and commitment charges.

22. All disbursements from the AIF-funded Loan Account are subject to para.17 above.

23. Disbursement is subject to the condition for withdrawal described in the AIF Loan Agreement.

³ AIF shareholders are the governments of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. Administered by ADB.

C. Detailed Cost Estimates by Financier

Table 5: Cost Estimates by Financier^a

Item		ADB OCR		AIF		Counterpart Financing			Financing % of Cost Category	Total Cost
		Amount	Financing % of Cost Category	Amount	Financing % of Cost Category	Amount (Costs)	Amount (Taxes and Duties)	Amount (Total)		
A Investment Cost										
1 Civil works	EVN HANOI	30.34	57.6%	17.57	33.3%	0.00	4.79	4.79	9.1%	52.70
	EVN HCMC	25.87	57.6%	14.98	33.3%	0.00	4.08	4.08	9.1%	44.93
	EVN HANOI (parallel)	0.00	0.0%	0.00	0.0%	12.79	1.28	14.07	100.0%	14.07
	EVN HCMC (parallel)	0.00	0.0%	0.00	0.0%	15.64	1.56	17.20	100.0%	17.20
2 Equipment	EVN HANOI	25.10	52.5%	14.54	30.4%	0.00	8.21	8.21	17.2%	47.85
	EVN HCMC	47.16	53.4%	27.31	30.9%	0.00	13.85	13.85	15.7%	88.31
	EVN HANOI (parallel)	0.00	-	0.00	-	0.00	0.00	0.00	-	0.00
	EVN HCMC (parallel)	0.00	0.0%	0.00	0.0%	19.29	3.59	22.88	100.0%	22.88
3 Consulting services	EVN HANOI	0.20	57.6%	0.12	33.3%	0.00	0.03	0.03	9.1%	0.35
	EVN HCMC	0.11	57.6%	0.07	33.3%	0.00	0.02	0.02	9.1%	0.20
4 Project management	EVN HANOI (parallel)	0.00	0.0%	0.00	0.0%	2.65	0.27	2.92	100.0%	2.92
	EVN HCMC (parallel)	0.00	0.0%	0.00	0.0%	2.14	0.21	2.35	100.0%	2.35
5 Land acquisition and resettlement	EVN HANOI (parallel)	0.00	0.0%	0.00	0.0%	7.07	0.71	7.77	100.0%	7.77
	EVN HCMC (parallel)	0.00	0.0%	0.00	0.0%	7.17	0.72	7.89	100.0%	7.89
Total Base Cost (A)	EVN HANOI	55.65		32.22		22.51	15.28	37.79		125.66
	EVN HCMC	73.14		42.35		44.24	24.03	68.27		183.76
	Total	128.79		74.57		66.75	39.32	106.06		309.42
B Contingencies										
1 Physical contingencies	EVN HANOI	5.50	46.8%	3.19	27.1%	3.07		3.07	26.1%	11.76
	EVN HCMC	7.28	41.4%	4.22	23.9%	6.11		6.11	34.7%	17.60
2 Price contingencies	EVN HANOI	7.62	50.0%	4.41	29.0%	3.21		3.21	21.0%	15.24
	EVN HCMC	8.90	51.8%	5.15	30.0%	3.13		3.13	18.2%	17.18
Subtotal (B)	EVN HANOI	13.13		7.60		6.27		6.27		27.00
	EVN HCMC	16.18		9.37		9.23		9.23		34.78
	Total	29.30		16.97		15.51		15.51		61.78
C Financing Charges During Implementation										
1 Interest / service charges	EVN HANOI	5.59	63.3%	3.24	36.7%	0.00		0.00	0.0%	8.83
	EVN HCMC	8.63	63.3%	5.00	36.7%	0.00		0.00	0.0%	13.63
2 Commitment fees / ADB fees	EVN HANOI	0.19	63.3%	0.11	36.7%	0.00		0.00	0.0%	0.30
	EVN HCMC	0.20	63.3%	0.12	36.7%	0.00		0.00	0.0%	0.31
Subtotal (C)	EVN HANOI	5.78		3.35		0.00		0.00		9.13
	EVN HCMC	8.83		5.11		0.00		0.00		13.95
	Total	14.61		8.46		0.00		0.00		23.07
Total Project Cost (A+B+C)	EVN HANOI	74.55		43.17		28.79	15.28	44.07		161.79
	EVN HCMC	98.15		56.83		53.47	24.03	77.50		232.48
	Total	172.70	43.8%	100.00	25.4%	82.26	39.32	121.57	30.8%	394.27

ADB = Asian Development Bank; AIF = ASEAN Infrastructure Fund, EVN HANOI = Hanoi Power Corporation; EVN HCMC = Ho Chi Minh City Power Corporation; OCR = ordinary capital resources.

^a The amounts are indicative since the noncore subprojects will be appraised during implementation.

Note: Taxes and duties estimated indicatively at \$39.32 million to be financed by the executing agencies through cash contributions.

Source: ADB estimates.

D. Detailed Cost Estimates by Outputs

Table 6: Cost Estimates by Output^a

(\$ million)									
	EVN HANOI				EVN HCMC				Total
	Core Sub-Projects		Noncore Sub-Projects		Core Sub-Projects		Noncore Sub-Projects		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
A Investment Cost									
1 Civil Works	5.27	4.5	55.43	47.3	20.91	17.8	35.58	30.4	117.18
2 Equipment	14.05	10.5	25.59	19.2	35.48	26.6	58.27	43.7	133.39
3 Consulting services	0.06	12.3	0.26	51.7	0.07	13.5	0.11	22.5	0.50
4 Project management	0.32	6.6	2.34	48.8	0.80	16.7	1.33	27.9	4.79
5 Land acquisition and resettlement	0.44	3.1	6.63	46.6	2.55	17.9	4.62	32.5	14.24
6 Taxes and duties	3.44	8.8	11.84	30.1	9.02	22.9	15.01	38.2	39.32
Total Base Cost (A)	23.58	7.6	102.08	33.0	68.82	22.2	114.94	37.1	309.42
B Contingencies									
1 Physical contingencies	2.30	7.8	9.46	32.2	6.61	22.5	10.99	37.4	29.36
2 Price contingencies	0.61	1.9	14.63	45.1	2.86	8.8	14.31	44.1	32.42
Subtotal (B)	2.91	4.7	24.10	39.0	9.47	15.3	25.30	41.0	61.78
C Financing Charges During Implementation									
1 Interest / service charges	3.08	13.7	5.74	25.6	7.72	34.4	5.92	26.3	22.46
2 Commitment fees / ADB fees	0.02	2.6	0.28	46.0	0.05	8.9	0.26	42.6	0.61
Subtotal (C)	3.10	13.5	6.02	26.1	7.77	33.7	6.18	26.8	23.07
Total Project Cost (A+B+C)	29.59	7.5	132.20	33.5	86.07	21.8	146.42	37.1	394.27

ADB = Asian Development Bank; EVN HANOI = Hanoi Power Corporation; EVN HCMC = Ho Chi Minh City Power Corporation.

^a The amounts are indicative since the noncore subprojects will be appraised during implementation.

Note: Taxes and duties estimated indicatively at \$39.32 million to be financed by the executing agencies through cash contributions.

Source: ADB estimates.

E. Detailed Cost Estimates by Year

Table 7: Project Cost Estimates by Year^a

		\$ million						
		2014	2015	2016	2017	2018	2019	Total Cost
A	Investment Cost							
1	Civil Works	2.11	30.38	0.00	34.94	49.76	0.00	117.18
2	Equipment	2.63	39.96	4.54	69.24	17.03	0.00	133.39
3	Consulting services	0.01	0.13	0.00	0.15	0.21	0.00	0.50
4	Project management	0.09	1.24	0.00	1.43	2.03	0.00	4.79
5	Land acquisition and resettlement	0.26	3.69	0.00	4.25	6.05	0.00	14.24
6	Taxes and duties	0.71	10.19	0.00	11.72	16.69	0.00	39.32
	Total Base Cost (A)	5.79	85.60	4.54	121.72	91.77	0.00	309.42
B	Contingencies							
1	Physical contingencies	0.54	8.00	0.32	10.86	9.64	0.00	29.36
2	Price contingencies	2.66	0.81	28.95	0.00	0.00	0.00	32.42
	Subtotal (B)	3.20	8.81	29.27	10.86	9.64	0.00	61.78
C	Financing Charges During Implementation							
1	Interest / service charges	0.07	1.75	2.31	4.31	6.92	7.10	22.46
2	Commitment fees / ADB fees	0.23	0.16	0.16	0.06	0.00	0.00	0.61
	Subtotal (C)	0.30	1.91	2.47	4.37	6.92	7.10	23.07
	Total Project Cost (A+B+C)	9.30	96.32	36.28	136.95	108.33	7.10	394.27

ADB = Asian Development Bank.

^a The amounts are indicative since the noncore subprojects will be appraised during implementation.

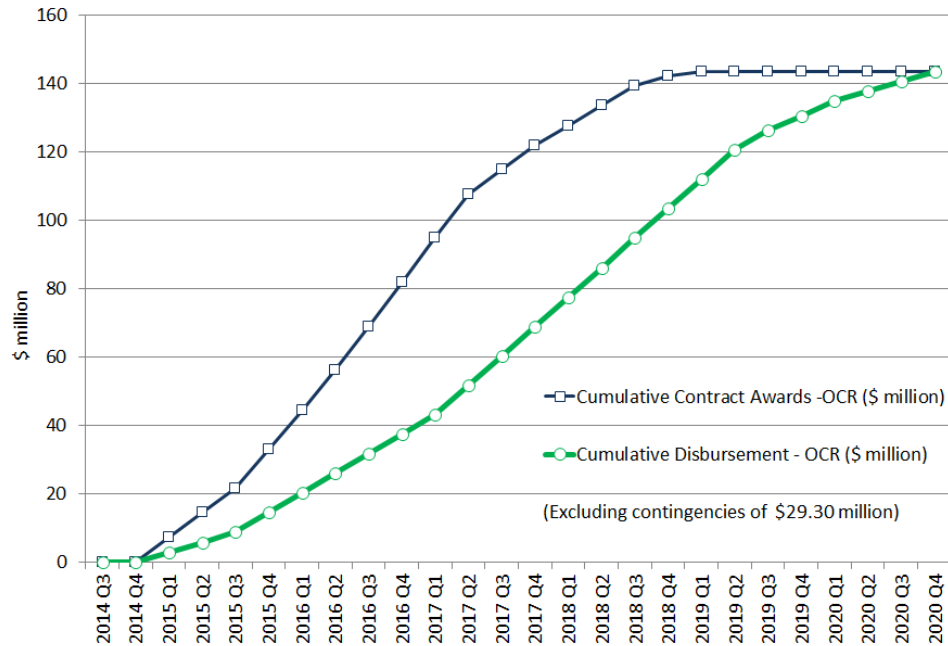
Note: Taxes and duties estimated indicatively at \$39.32 million to be financed by the executing agencies through cash contributions.

Source: ADB estimates.

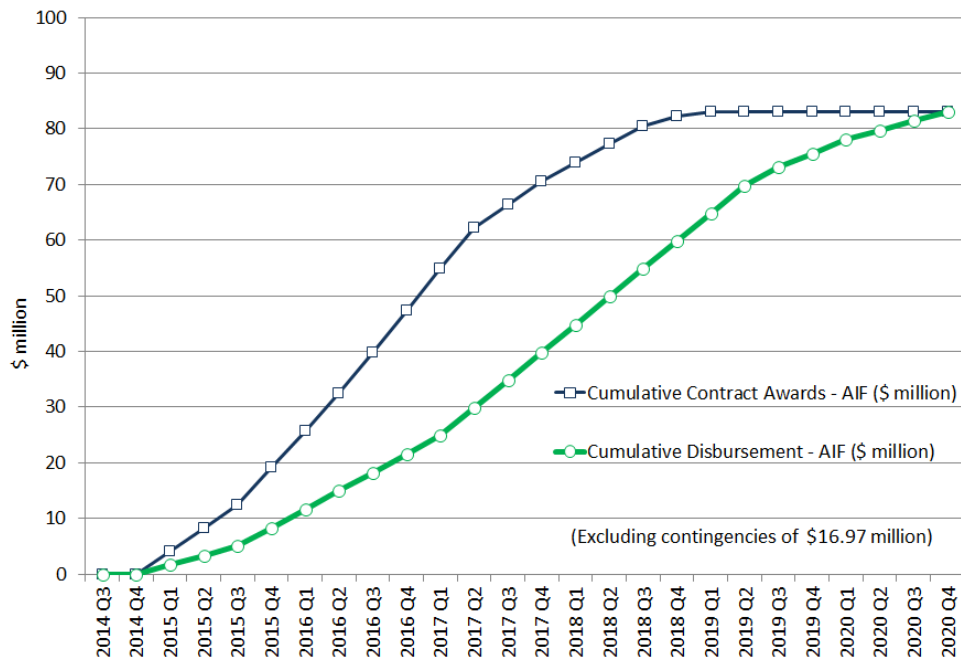
F. Contract Awards and Disbursement S-curve

Figure 2: Cumulative Contract Award and Disbursement Profile (S-curve)

ADB OCR Loan



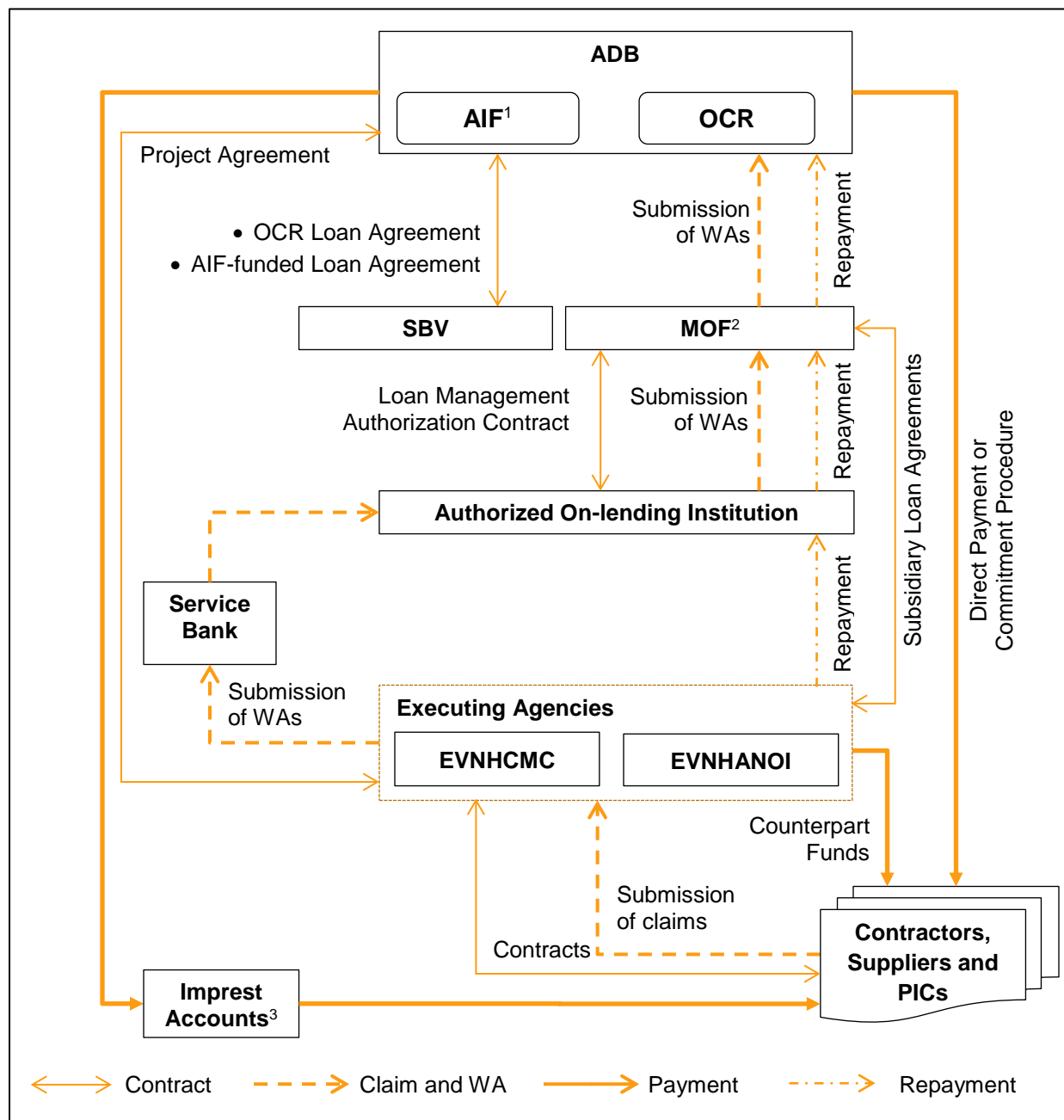
ASEAN Infrastructure Fund Loan



ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, OCR = ordinary capital resources.

G. Fund Flow Diagram

Figure 3: Flow of Funds



ADB = Asian Development Bank, AIF = ASEAN Infrastructure Fund, EVN HCMC = Ho Chi Minh City Power Corporation, EVN HANOI = Hanoi Power Corporation, MOF = Ministry of Finance, OCR = Ordinary Capital Resources, PIC = project implementation consultant, SBV = State Bank of Vietnam, WA = withdrawal application.

¹ ADB enters into a Participation Agreement with the ASEAN Infrastructure Fund.

² SBV represents the Socialist Republic of Viet Nam for the purpose of the loan agreements, but the Ministry of Finance is responsible for disbursement and repayment of the loans.

³ EVN HANOI and EVN HCMC will each open two accounts: one for OCR and one for AIF.

Source: ADB estimates.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

24. A Financial Management Assessment was carried out in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects⁴ to assess the financial management capacity of EVN HANOI and EVN HCMC including funds-flow arrangements, staffing, accounting policies and procedures, internal and external auditing arrangements, reporting and monitoring, and financial information systems. The assessment concluded that the control risks that exist within EVN HANOI and EVN HCMC are not expected to pose a significant risk to the proper management and implementation of the project, including the use of imprest accounts. A summary of the assessment is provided in the following paragraphs. The detailed financial management assessment is provided as a linked document of the RRP.

25. **Funds Flow.** MOF will act as the Borrower of loans of ADB and AIF. The government will relend the proceeds of the OCR and AIF loans to EVN HANOI and EVN HCMC pursuant to subsidiary loan agreements with terms and conditions acceptable to ADB. EVN HANOI and EVN HCMC will bear the exchange rate risk on the relent amount.

26. **Staffing.** The level of staffing and qualifications of key members of the Finance and Accounting Departments within EVN HANOI and EVN HCMC is considered adequate. The staff members have experience in managing funds from external financiers including the ongoing World Bank-funded Distribution Efficiency Project. Staff would benefit from training to update them on the financial and accounting procedures of ADB as no recent ADB-funded projects have been implemented, but such training is being provided under the ongoing Distribution Efficiency Project funded by the World Bank.

27. **Accounting Policies and Procedures.** EVN HANOI and EVN HCMC prepare their audited financial statements in accordance with Vietnamese Accounting Standards (VAS) but both also now report their statements in accordance with International Financial Reporting Standards (IFRS). In recent years, VAS has been adapted to be more compliant with IFRS but some differences still remain in presentation and the treatment of foreign exchange losses in particular. EVN HANOI and EVN HCMC are required to establish and maintain project accounts in accordance with Decision N° 214/2000/QD-BTC, issued by MOF in December 2000. These standards are applied on all ADB funded projects in Viet Nam and are assessed as satisfactory. All accounting and supporting documents are retained for 15 years as required under MOF regulations (Decision N° 218/2000/QD-BTC). The functions of authorising transactions, recording transactions and custody of assets involved in the transaction are segregated. EVN HANOI and EVN HCMC have advised employees and beneficiaries on whom to report if they suspect fraud, waste or misuse of project procedures and property.

28. **Internal Audit.** There is presently no internal audit function within EVN HANOI and EVN HCMC. However, as required by Government regulation, both have established a "control unit" responsible for undertaking functions somewhat similar to that of the internal audit. The control unit reports to the Chairman and assists the Board of Management in inspecting and supervising the company's management in financial operations, and in complying with the law, the rules and regulations of the company and the resolutions and decisions of the Board of Management. Both executing agencies stated that the control units are effective in meeting its responsibilities but ADB was not able to verify whether this is the case. ADB will require the project financial

⁴ ADB. 2005. *Financial Management and Analysis of Projects*. Manila

statements to be audited by external auditors satisfactory to ADB and the submission of a management letter to identify any issues that come to light during the audit process.

29. **External Audit.** EVN HANOI and EVN HCMC have initially both engaged Deloitte Viet Nam Company Limited, to prepare their audited financial statements under both VAS and IFRS. Deloitte also undertakes the audit of EVN's accounts, as well as a number of the other companies within the EVN group. There is no statutory requirement to change the auditor at specified intervals. Beginning on 2015 however, EVN HCMC's audited financial statements were prepared by Ernst and Young. In 2012, the auditor issued a qualified opinion on the IFRS statements for both EVN HANOI and EVN HCMC. In both cases, the auditor noted that they could not verify the reliability of the revaluation of assets conducted in 2011 and subsequently incorporated into the statements. The auditor without qualifying their opinion also provided an emphasis on matter with respect to both EVN HANOI and EVN HCMC having current liabilities exceeding current asset but considered that management's plan to address this would allow the accounts to continue to be prepared on a going concern basis without adjustment.

30. **Financial Reporting.** Audited IFRS statements are available within six months after the end of the year and audited VAS statements are typically available within four to five months. EVN HANOI and EVN HCMC have established financial management reporting systems and staff members clearly understood what reports are to be prepared, the contents of such reports, and how they are to be used. The system is computerized and able to provide the necessary project financial reports. Comparisons of actual project expenditures to budget are undertaken regularly and significant variations explained.

31. **Risk Management.** The financial position of EVN HANOI and EVN HCMC is determined by the margin between their retail tariff charged to final customers and the bulk supply tariff (BST) paid to the Electric Power Trading Corporation (the electricity 'single buyer', an accounting unit within EVN) for purchases of bulk power. Neither of these is under the control of EVN HANOI and EVN HCMC. The retail tariff is adjusted at quarterly intervals accounting to Government regulations which previously allowed semi-automatic increases of up to 5% to match changing costs and higher increases with the approval of the Prime Minister. This has now been adjusted to six-monthly increases of up to 10% each time. Proposals for retail tariff adjustments are submitted by EVN. The BST is established by EVN and can be used to transfer group profits and losses from generators to Power Corporations and vice-versa. Given this lack of control and the high level of exposure of the Power Corporations to the risk that changes in retail tariffs and the BST differ, it is proposed to seek commitments from EVN on the future setting of the BST or, alternatively, on guarantees or other commitments to be offered to EVN HANOI and EVN HCMC to address this risk.

B. Disbursement

32. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),⁵ and detailed arrangements agreed upon between the government, EVN HANOI, EVN HCMC and ADB. Pursuant to ADB's SPS (2009),⁶ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of SPS (2009).

⁵ Available at: <http://www.adb.org/documents/loan-disbursement-handbook>.

⁶ Available at: <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>

33. **Payment Procedures.** Loan proceeds will mainly be disbursed through direct payment, commitment, and reimbursement procedures. For AIF financing, the direct payment procedure is applied.

34. To facilitate project implementation and funds flow, the executing agencies set up imprest accounts in US dollar in a commercial bank selected by the State Bank of Vietnam and acceptable to ADB upon loan effectiveness and will be exclusively used to finance ADB's and AIF's share of eligible expenditures. Each executing agency will establish two imprest accounts: one for ADB's OCR proceeds and one for AIF proceeds. The ceilings of the imprest accounts are as follows:

EVN HANOI	OCR account	\$7.455 million
	AIF account	\$4.317 million
EVN HCMC	OCR account	\$9.815 million
	AIF account	\$5.683 million

35. The request for initial and additional advances to the imprest accounts should be accompanied by an Estimate of Expenditure Sheet, setting out the estimated expenditures for the subsequent six months of project implementation. For every liquidation and replenishment request of the imprest account, the executing agencies will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the abovementioned bank statement against the executing agencies' records. The executing agencies are accountable and responsible for proper use of advances to their respective imprest accounts.

36. The statement of expenditure (SOE) procedure may be used for liquidation and replenishment of the imprest accounts, and for the reimbursement of eligible expenditures. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

37. On 18 January 2016, ADB approved the removal of both the: (a) ceiling of imprest funds of ten percent (10%) of loan amount, and (b) statement of expenditure ceiling of \$100,000, to speed up disbursement especially for civil works and facilitate project implementation. The Project Team has discussed and agreed with the Ministry of Finance (MOF) of Viet Nam to apply the estimate of six months expenditures, instead of the maximum of 10% of loan amount for the imprest accounts under the financed project where on-lending arrangement between MOF and the EAs are established.

38. **Withdrawal Applications.** Before the submission of the first withdrawal application, the State Bank of Vietnam should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorised 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 through the imprest fund procedure or by the executing agency and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept withdrawal applications below the minimum amount. Withdrawal applications and other loan disbursement information are available at ADB's Controller's Department's website:

C. Accounting

39. EVN HANOI and EVN HCMC will each maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. EVN HANOI and EVN HCMC will each prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

40. EVN HANOI and EVN HCMC will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in English to ADB within six months of the end of the fiscal year by the EVN HANOI and EVN HCMC.

41. EVN HANOI and EVN HCMC will also cause the entity-level financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in English to ADB within one month after their approval by the competent authority.

42. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover: (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) compliance with the imprest fund procedures; and (v) the use of the SOE procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE procedures in accordance with ADB's *Loan Disbursement Handbook* and the project documents (if applicable). As mentioned earlier (para 37), the use of the statement of expenditure procedure has been removed under this loan project.

43. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

44. The government, EVN HANOI and EVN HCMC have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.⁷ ADB reserves the right to require a change in the auditor (in

⁷ ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.

a manner consistent with the constitution of the borrower and beneficiary), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

45. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's *Public Communications Policy* (2011)⁸. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

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

⁸ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Procurement Capacity Assessment

46. The procurement capacities of the EVN HANOI and EVN HCMC have been assessed. The assessment found that EVN HANOI and EVN HCMC both possess the experience and resources to execute procurement-related activities. Although they have no recent experience with an ADB-funded project, they have extensive experience with other development partner-financed projects including those funded by the Japan International Cooperation Agency, KfW and the World Bank. The assessment, however, found that there is a possibility that the EVN HANOI and EVN HCMC may be under-staffed due to these multiple projects. Therefore, an international procurement expert will be recruited as part of the project implementation consultant (PIC) team to assist with the preparation of bidding documents and evaluation of bids.

47. Since procurement packaging in the energy sector is typically sliced into a large number of lower valued contracts, efforts were made to consolidate packages to the extent possible through consolidating contracts within subprojects and/or across subprojects for the core subprojects. The consolidation is supported also through a market survey to understand potential bidders' preference on packaging types and values. EVN HANOI and EVN HCMC have agreed to take a similar approach for the noncore subprojects, and align noncore subproject preparation to enable consolidation of procurement packages.

B. Advance Action for Procurement and Consultant Recruitment

48. **Advance Action.** All advance action for procurement and consultant recruitment will be undertaken in conformity with ADB's *Procurement Guidelines* (2015, as amended from time to time)⁹ and ADB's *Guidelines on the Use of Consultants by the Asian Development Bank and its Borrowers* (2013, as amended from time to time).¹⁰ The issuance of invitations to bid under advance action will be subject to ADB approval. The Borrower, EVN HANOI and EVN HCMC have been advised that approval of advance action for procurement and consultant recruitment does not commit ADB to finance the project.

49. **Retroactive Financing.** If approved by ADB, withdrawals from the relevant loan accounts may be made for reimbursement of eligible expenditures incurred under the project before the signing of the loan and financing agreements (but not earlier than 12 months before the date of the Loan Agreement) in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20% of the amount of the respective loans. ADB will reimburse eligible expenditures incurred for retroactive financing to EVN HANOI and EVN HCMC. Sufficient evidence satisfactory to ADB of having incurred the eligible expenditures will need to be provided to be eligible to claim amounts to be retroactively financed. The Borrower, EVN HANOI and EVN HCMC have been advised that approval of retroactive financing does not commit ADB to finance the project.

C. Procurement of Goods, Works and Consulting Services

50. All procurement of goods under the ADB financing will be undertaken in accordance with ADB's *Procurement Guidelines* and the procurement plan for the project.

51. To ensure competitive bidding, international competitive bidding contract packages will be adopted. International competitive bidding (ICB) will be used for Goods over \$0.5 million and for Works over \$5 million. The ICB threshold for Goods was subsequently increased to \$3 million on April 2015, following the Procurement Reform Action Plan. ADB's prior review procedures will be followed. The Borrower agreed to include the relevant sections of ADB's *Anticorruption Policy* (1998) in all bidding and contractual documents. Installation and commissioning works will be undertaken by contractors through national competitive bidding (NCB).

⁹ Available at: <https://www.adb.org/sites/default/files/institutional-document/31482/procurement-guidelines-april-2015.pdf>

¹⁰ Available at: <https://www.adb.org/sites/default/files/institutional-document/31481/guidelines-use-consultants.pdf>

52. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages is in Section E. The plan will then be reviewed annually thereafter.

D. Procurement Plan

Basic Data

Project Name: Ha Noi and Ho Chi Minh City Power Grid Development Sector Project	
Project Number: 46391-001	Approval Number: 3161/8286
Country: Viet Nam, Socialist Republic of	Executing Agency: Hanoi Power Corporation, Ho Chi Minh City Power Corporation
Project Procurement Classification:	Implementing Agency: N/A
Project Procurement Risk:	
Project Financing Amount: US\$ 394,270,000 ADB Financing: US\$ 172,700,000 Cofinancing (ADB Administered): US\$ 100,000,000 Non-ADB Financing: US\$ 121,570,000	Project Closing Date: 31 December 2020
Date of First Procurement Plan: 23 September 2014	Date of this Procurement Plan: 30 May 2017, Version 5

E. 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 for Goods	US\$ 3,000,000 and Above	
National Competitive Bidding for Goods	Between US\$ 100,000 and US\$ 2,999,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Goods	Up to US\$ 99,999	The first shopping package is subject to prior review, thereafter post
International Competitive Bidding for Works	US\$ 5,000,000 and Above	
National Competitive Bidding for Works	Between US\$ 100,000 and US\$ 4,999,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Works	Up to US\$ 99,999	The first shopping package is subject to prior review, thereafter post

Consulting Services	
Method	Comments
Individual Consultants Selection for Individual Consultant	

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	General Description	Estimated Value	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
EVN HANOI: ADB-HNP C-BV-G02	110Kv Ba Vi Substation: Supply of materials and equipment	1,482,960.00	NCB	Post	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N
							Bidding Document: Goods
EVN HANOI: ADB-HNP C-BV-W02	110Kv Ba Vi Substation: Supply material, construction and installation of transmission line	1,678,253.00	NCB	Post	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
EVN HANOI: ADB-HNP C-PL-G01	Rehabilitation and Upgrade of 110kV Phuong Liet Substation-E13: Supply of Materials and Equipment of Substation	4,246,939.00	ICB	Prior	IS1E	Q4 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HANOI: ADB-HNP C-TCTD-P01	Thanh Cong-Thuong Dinh 110kV Transmission Line: Design, supply, installation and commissioning of 110kV underground cable	7,649,510.00	ICB	Prior	IS1E	Q2 / 2016	Prequalification of Bidders: Y Domestic Preference Applicable: Y Bidding Document: Plant
EVN HANOI: ADB-HNP C-THD-G01	Rehabilitation and Upgrade of 110kV Tran Hung Dao Substation-E12: Supply of Materials and Equipment of Substation	4,988,911.00	ICB	Prior	IS1E	Q4 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods

EVN HANOI: ADB-HNP C-THD-W 01	Tran Hung Dao 110kV substation - E12	1,256,973.00	NCB	Post	IS1E	Q4 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
EVN HANOI: ADB-HNP C-THYP- W01	110kV Tay Ho-Yen Phu Underground Cable: Construction of cable trench system	2,629,565.00	NCB	Post	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
EVN HANOI: ADB-HNP C-THYP- W02	110kV Tay Ho-Yen Phu Underground Cable: Supply and installation	7,163,847.00	ICB	Prior	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
EVN HANOI: ADB-HNP C-TIA-G02	110kV Tia Substation: Supply of Materials and Equipment for Substation, Supply and installation of SCADA and telecommunication system	1,673,019.00	NCB	Post	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Goods
EVN HANOI: ADB-HNP C-TIA-W0 1	110kV Tia Substation: Construction and installation	1,537,469.00	NCB	Post	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works

EVN HCMC: ADB-EVN HCMC-CB BT-G01	Cau Bong Binh Tan 220-110kV Transmission Line: Supply and installation of underground cable	4,700,000.00	ICB	Prior	IS1E	Q3 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HCMC: ADB-EVN HCMC-CB BT-W03	Cau Bong Binh Tan 220-110kV Transmission Line: Construction of overhead line (from G3HC to G19)	5,794,000.00	ICB	Prior	IS1E	Q3 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works Comments: including supply of tubular steel and calibration test
EVN HCMC: ADB-EVN HCMC-CL TC-G01	220kV Cat Lai-Tan Cang Power Line: Supply and installation of underground cable	14,915,000.00	ICB	Prior	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HCMC: ADB-EVN HCMC-CL TC-W01	220kV Cat Lai-Tan Cang Power Line: Excavation and restoration of underground cable trench	2,001,000.00	NCB	Post	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
EVN HCMC: ADB-EVN HCMC-CL TC-W02	220kV Cat Lai-Tan Cang Power Line: Supply of materials & equipment (excluding conductors, ground wire, insulators and fittings) and construction of 220kV overhead line	8,004,000.00	ICB	Prior	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works

EVN HCMC: ADB-EVN HCMC-TC -P01	220kV Tan Cang Substation: Supply, installation, construction, commissioning and testing of materials and equipment for substation	15,528,000.00	ICB	Prior	IS1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Plant
EVN HCMC-PL-G01	Phuoc Long 110kV Substation and Connecting Line: Supply and installation of substation and connection line materials and equipment; construction, commissioning and testing (transformers supplied under Package EVNHCMC-PL-G01)	3,758,000.00	ICB	Prior	IS1E	Q2 / 2018	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HCMC-PL-W01	Phuoc Long 110kV Substation and Connecting Line: Construction buildings, foundations, steel poles, roads, lighting system, fire-fighting system, camera system and earthing system	1,465,000.00	NCB	Post	IS1E	Q2 / 2018	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works

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
None							

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table lists smaller-value goods, works and consulting services contracts for which the activity is

either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
ADB-EVN HCMC-CL TC-G02	220kV Cat Lai-Tan Cang Power Line: Supply of conductors, ground wire, insulators and fittings	707,000.00	1	NCB	Post	1S1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HA NOI: ADB-HNP C-BV-G01	110kV Ba Vi Substation: Supply of 110kV transformers	472,348.00	1	NCB	Post	1S1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HA NOI: ADB-HNP C-BV-G03	110kV Ba Vi Substation: Supply of steel towers	806,093.00	1	NCB	Post	1S1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HA NOI: ADB-HNP C-BV-W01	110kV Ba Vi Substation: Construction and installation of substation; supply and installation of SCADA and telecommunication systems	804,019.00	1	NCB	Post	1S1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
EVN HA NOI: ADB-HNP C-PL-W01	Rehabilitation and Upgrade of 110kV Phuong Liet Substation-E13: Construction and Installation of Substation	902,760.00	1	NCB	Post	1S1E	Q4 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works

EVN HA NOI: ADB-HNP C-TIA-G01	110kV Tia Substation: Supply of 110kV transformer	682,247.00	1	NCB	Post	1S1E	Q2 / 2017	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
--	--	------------	---	-----	------	------	-----------	---

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

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	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments
None							

C. List of Awarded and On-going, and Completed Contracts

The following tables list the awarded and on-going contracts, and completed contracts.

1. Awarded and Ongoing Contracts

Goods and Works

Package Number	General Description	Estimated Value	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
EVN HA NOI: ADB-HNPC -NRST-G01	110kV Branch Connections to 220kV Son Tay Substation: Supply of steel towers	456,321.00	418,233.93	NCB	Q2 / 2017	14-DEC-16	
EVN HCMC:	Cau Bong Binh Tan 220-110kV	3,452,000.00	3,238,616.34	ICB	Q3 / 2016	30-DEC-16	
ADB-EVNH CMC-CBBT -G02	Transmission Line: Supply of conductor wire,						

	lightning protection rods, insulator and accessories						
EVN HCMC:	District 8 220 kV Substation:	13,559,000.00	10,218,160.74	ICB	Q2 / 2016	05-SEP-16	
Package B							
	Supply and install materials and equipment; construction and testing (transformers supplied under Package A)						
EVN HANOI: ADB-HNPC -TD-G01	Expanded 110kV Thuong Dinh Substation - E1.5: Supply of materials and equipment for 110kV substation	2,724,447.30	2,624,901.74	NCB	Q2 / 2016		
EVN HCMC: Package D1	Nam Sai Gon - District 8 220 kV Transmission Line: Supply, install, connect, commission and test 220kV underground cable	11,510,000.00	4,924,095.13	ICB	Q1 / 2016	29-AUG-16	
EVN HANOI: ADB-HNPC -PN-G01	Phu Nghia 110kV Substation and 110kV Transmission Line	2,934,546.00	2,364,440.30	NCB	Q2 / 2016		
EVN HANOI: ADB-HNPC -ST-G01	Rehabilitation of 110kV Son Tay Substation E1.7: Supply of materials and equipment	1,147,840.00	770,323.51	NCB	Q4 / 2015	05-AUG-16	
EVN HCMC: Package L	Tan Hung 110kV Substation and Connecting Line: Supply and installation of substation materials and equipment - Construction, Commissioning and Testing (transformers supplied under Package J)	4,682,000.00	3,518,493.08	ICB	Q2 / 2016	21-SEP-16	
EVN HANOI: ADB-HNPC -TX-G01	Thanh Xuan 110kV Substation - E1.20: Supply for materials and	1,034,601.00	1,133,332.00	NCB	Q4 / 2015	17-MAY-16	

	equipment						
EVN HCMC: ADB-EVNH CM-NMN-G	Thu Duc Water Plan 110kV Substation and Connection Line: supplied under another package)	2,501,098.61	1,882,598.93	NCB	Q2 / 2016	30-DEC-16	
EVN HA NOI: ADB-HNPC -TTTO-G01	Thuong Tin-Thanh Oai 110kV Transmission Line: Supply of Conductors, Earthwires, Insulators, OPGW, Fittings for 110kV Overhead Line and Primary Equipment for Bay Extension at Thuong Tin 500/220kV and Thanh Oai 110kV Substations	663,783.00	385,375.79	NCB	Q3 / 2016	20-SEP-16	
EVN HA NOI: ADB-HNPC -NRST-W0 1	110kV Branch Connections to 220kV Son Tay substation: Construction, supply and installation material for 110kV overhead line	2,050,689.00	971,516.89	NCB	Q2 / 2017	11-JAN-17	
EVN HCMC: ADB-EVNH CMC-CBBT -W02	Cau Bong Binh Tan 220-110kV Transmission Line: Construction of overhead line	9,820,000.00	10,581,591.82	ICB	Q2 / 2016	17-OCT-16	
EVN HCMC: ADB-EVNH CMC-CBBT -W01	Cau Bong Binh Tan 220-110kV Transmission Line: Excavation and restoration of cable trench	2,356,000.00	1,847,115.15	NCB	Q4 / 2015	02-FEB-16	
EVN HA NOI: ADB-HNPC -TD-W01	Expanded 110kV Thuong Dinh Substation - E1.5:Constructio n of 110kV Substation	871,972.00	947,991.54	NCB	Q2 / 2016	09-JAN-17	
EVN HCMC: Package D2	Nam Sai Gon - District 8 220 kV Transmission Line: Supply materials and equipment and construct 220kV overhead line	6,953,000.00	4,062,815.73	ICB	Q3 / 2016	27-OCT-16	
EVN HCMC:	Nam Sai Gon-District 8	3,093,000.00	2,217,219.83	NCB	Q4 / 2015	02-FEB-16	
Package G	220kV transmission line						

EVN HA NOI: ADB-HNPC -PN-W01	Phu Nghia 110kV Substation and 110kV Transmission Line	4,846,661.00	1,533,960.45	NCB	Q2 / 2016		
EVN HA NOI: ADB-HNPC -ST-W01	Rehabilitation of 110kV Son Tay Substation E1.7: Construction of substation E1.7 110kV	1,000,000.00	868,413.81	NCB	Q4 / 2015	01-APR-16	
EVN HA NOI: ADB-HNPC -TX-W01	Thanh Xuan 110kV Substation - E1.20: Civil works for 110kV substation	645,570.00	484,221.92	NCB	Q4 / 2015	01-FEB-16	
EVN HCMC: ADB-EVNH CM-NMN- W01	Thu Duc Water Plant 110kV Substation and Connection Line: Construction of substation, equipment foundation and steel tower, internal roads, lighting system, fire protection system, camera system, grounding system	1,137,659.78	1,694,321.60	NCB	Q2 / 2016	30-DEC-16	
EVN HA NOI: ADB-HNPC -TTTO-W01	Thuong Tin-Thanh Oai 110kV Transmission Line: Supply of Steel Towers and Construction of Overhead Line and Bay Extension	1,799,047.00	1,041,470.01	NCB	Q3 / 2016	08-SEP-16	

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
2	PIC-Financial and Economic Analysis Expert	124,000.00	100,110.00	ICS	Q3 / 2014	30-JUN-15	
1	PIC-Procurement Expert	111,000.00	99,000.00	ICS	Q3 / 2014	12-JUL-15	
3	PIC-Environmental Safeguards Expert	110,000.00	89,880.00	ICS	Q3 / 2014	30-JUN-15	
4	PIC-Social Safeguards Expert	155,000.00	105,095.00	ICS	Q3 / 2014	30-JUN-15	

D. National Competitive Bidding

1. General

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Law on Procurement No. 43/2013/QH13 dated November 26, 2013 ("Law on Procurement") and (b) Decree No. 63/2014/ND-CP dated June 26, 2014 (collectively, "National Procurement Laws"). Whenever any procedure in the National Procurement Laws is inconsistent with the ADB Procurement Guidelines (March 2013, as amended from time to time), the ADB Procurement Guidelines shall prevail, amongst others on the following.

2. Eligibility

- (i) The eligibility of bidders shall be defined under section I of the ADB Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the ADB Procurement Guidelines, as amended from time to time. Conditions of bidders' participation shall be limited to those that are essential to ensure bidders' capability to fulfill the contract in question. Foreign bidders shall be eligible to participate under the same conditions as national bidders. Foreign bidders shall not be asked or required to form joint ventures with, or be subcontractors to, national bidders in order to submit a bid.
- (ii) A firm declared ineligible by ADB cannot participate in bidding for an ADB-financed contract during the period of time determined by ADB.
- (iii) A bidder shall not have a conflict of interest, which term shall be defined in accordance with section 1 of ADB Procurement Guidelines.¹ Any bidder found to have a conflict of interest shall be ineligible for contract award.
- (iv) Government-owned enterprises in the Borrower's country shall be eligible to participate as a bidder only if they can establish that they are legally and financially autonomous, operate under commercial law and are not dependent agencies of the Borrower or Sub-Borrower.
- (v) National sanction lists may only be applied with approval of ADB².

3. Preferences

No preference of any kind shall be given to domestic bidders over foreign bidders or for domestically manufactured goods over foreign manufactured goods. Unless otherwise stated in the applicable financing agreement, preferences among domestic bidders set forth in Article 14(3) of the Law on Procurement shall not be applied.

¹ Detailed guidance on how to apply conflict of interest test is available under section 1 of ADB's standard bidding documents for goods and works (as amended from time to time).

² For fraud and corruption cases, Section 50 of ADB's Integrity Principles and Guidelines provides that ADB may decide that another international financial institution's or legal or regulatory body's determination that a party has failed to adhere to appropriate ethical standards, as defined by any established system of principles, rules, or duties, including the laws or regulations of a state, constitutes that party's failure to maintain the highest ethical standards as required by ADB's Anticorruption Policy. The party may be subject to remedial action in accordance with the Integrity Principles and Guidelines (<http://www.adb.org/sites/default/files/integrity-principles-guidelines.pdf>)

4. Bidding Procedure

Single stage-single envelope shall be the default bidding procedure and application of other bidding procedures shall require ADB's prior approval.

5. Time for Bid Preparation

The time allowed for the preparation and submission of bids for large and/or complex packages shall not be less than thirty (30) days from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later.

6. Standard bidding documents

The Borrower's standard bidding documents, acceptable to ADB, shall be used. Bidders shall be allowed to submit bids by hand or by mail/ courier.

7. Bid Opening and Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.
- (ii) Except with prior approval of ADB, merit points shall not be used in bid evaluation.
- (iii) No price adjustments shall be made for evaluation purposes in accordance with Article 117(6) of Decree 63 when unit rates offered by the bidder are determined to be abnormally low.
- (iv) Bidders shall be given commercially reasonable time period to respond to clarification requests.
- (v) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations³.
- (vi) Except with the prior approval of ADB, negotiations contemplated under paragraphs 7 and 8 of Article 117 of Decree No. 63/2014/ND-CP shall not take place with any bidder prior to contract award.
- (vii) A bidder shall not be required, as a condition for award of contract, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

8. Rejection of All Bids and Rebidding

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

³ A minor, non-substantial deviation is one that, if accepted, would not affect in any substantial way the scope, quality, or performance specified in the contract; or limit in any substantial way, the Contracting entity rights or the Bidder's obligations under the proposed contract or if rectified, would not unfairly affect the competitive position of other bidders presenting substantially responsive bids.

9. Publication of the Award of Contract. Debriefing.

- (i) For contracts subject to prior review, within 2 weeks of receiving ADB's "No—objection to the recommendation of contract award, the borrower shall publish in the Government Public Procurement Gazette, or well-known and freely-accessible website the results of the bid evaluation, identifying the bid and lot numbers, and providing information on: i) name of each bidder who submitted a bid; ii) bid prices as read out at bid opening; iii) name and evaluated prices of each bid that was evaluated; iv) name of bidders whose bids were rejected and the reasons for their rejection; and v) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.
- (ii) For contracts subject to post review, the procuring entity shall publish the bid evaluation results no later than the date of contract award.
- (iii) In the publication of the bid evaluation results, the Borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, may request an explanation from the Borrower. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing.

10. Contract Administration

The Contract Agreement, as such term is defined in the relevant bidding document, shall be applied without any modification during implementation except as otherwise agreed by ADB.

11. Fraud and Corruption

A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will sanction a party or its related parties, including declaring ineligible, either indefinitely or for a stated period of time, to participate in ADB-financed, administered or supported activities if it at any time determines that the party has, directly or indirectly through an agent, engaged in integrity violations as defined under ADB's Integrity Principles and Guidelines, including corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, an ADB-financed, administered or supported contract.

12. Right to Inspect/ Audit

Each bidding document and contract financed by ADB shall include a provision requiring bidders, contractors, agents (whether declared or not), sub-contractors, sub-consultants, service providers, or suppliers and any personnel thereof, to permit ADB to inspect all accounts, records and other documents relating to any prequalification process, bid submission, and contract performance (in the case of award), and to have them audited by auditors appointed by ADB.

F. Consultants' Terms of Reference

53. The outline terms of reference of the consultants are provided below. Assignments are all intermittent.

PIC (OCR and AIF-funded Loans):

Expertise: Financial and Economic Analysis Expert (International, 4.0 person-months)

A. Scope of Works

54. The Expert will review and assist the executing agencies to execute the financial and economic analysis for each of the noncore subprojects in accordance with ADB's Financial Management and Analysis of Projects (2005) and ADB's Handbook for Integrating Poverty Impact Assessment in the Economic Analysis of the Projects (2001). As per the subproject selection criteria, the expert shall confirm that the subprojects are economically viable with economic internal rate of return (EIRR) equal to or greater than 12%, or with EIRR of not less than 10% for subprojects with significant unquantifiable benefits. There are indicatively 19 noncore subprojects proposed by EVN HANOI and 9 noncore subprojects by EVN HCMC. Detailed tasks include the following:

- (i) Review the project costing and financial and economic analyses conducted for the core subprojects during the project preparatory technical assistance (PPTA), and become familiar with the financial and economic analysis model prepared during the PPTA.
- (ii) Provide training to the executing agencies on the use of the financial and economic analysis model.
- (iii) Review the noncore subprojects' cost estimates and their financial and economic analyses (to be prepared in English by the executing agencies); and ensure that they are conducted in accordance with ADB's *Financial Management and Analysis of Projects* (2005) and ADB's Handbook for *Integrating Poverty Impact Assessment in the Economic Analysis of the Projects* (2001).
- (iv) As it is expected that the executing agencies cannot be fully trained to execute the analyses by themselves, particularly for the first few noncore subprojects, the Expert shall assist the executing agencies to finalize the analyses. The Expert shall also discuss with the executing agencies and propose adequate calculations of costs, benefits and other input variables to ensure that all costs and benefits are adequately captured, and that the other variables and assumptions are logical.
- (v) Assist EVN Hanoi and EVN HCMC in the annual preparation of their respective 5-year financial plans comprising forecast balance sheets, income statements, and cash flow statements ("the financial projections") for the ongoing fiscal year and the following four fiscal years. The Expert will assist the executing agencies in reviewing whether they would meet the financial covenants in the loan agreement on the basis of the financial projections.
- (vi) The Expert will review the financial and economic analyses of the noncore subprojects, and the financial projections prepared by the executing agencies, prior to submission to ADB by the executing agencies, and provide comments and guidance to the executing

agencies to ensure quality submissions.

B. Minimum Qualification Requirements

55. The candidate should have: (i) at least a master's degree in finance, economics and/or business administration and/or membership of a professional association such as Certified Professional Accountant; (ii) at least fifteen years of relevant experience; (iii) have strong skills in financial and economic modelling of electricity transmission and/or distribution projects; (iv) have prior experience working on similar ADB projects with full understanding on ADB's *Financial Management and Analysis of Projects* (2005) and ADB's Handbook for *Integrating Poverty Impact Assessment in the Economic Analysis of the Projects* (2001); and (v) preferably experience working in Viet Nam's power sector.

Expertise: Environmental Safeguards Expert (National, 20.0 person-months)

A. Scope of Works

56. The Expert will review and assist the executing agencies to prepare IEE reports for the noncore subprojects in accordance to ADB's SPS (2009) and the environmental assessment and review framework (EARF) prepared for the project. As per the noncore subproject selection criteria, the Expert shall also confirm that each noncore subproject is not classified as Category A. There are 4 core subprojects each prepared by EVN HANOI and EVN HCMC. There are indicatively 19 noncore subprojects proposed by EVN HANOI and 9 noncore subprojects by EVN HCMC. Detailed tasks include the following:

- (i) Review the IEEs prepared for the core subprojects and the EARF prepared under the PPTA, and become familiar with the safeguard requirements.
- (ii) Provide training to the executing agencies on the preparation of the IEEs based on ADB's SPS (2009) and EARF.
- (iii) Assist the Executing Agencies in ensuring that all work contracts incorporate provisions and budgets to the effect that contractors will comply with applicable core labor standards, labor laws and incorporate applicable workplace occupational safety norms;
- (iv) Review the noncore subprojects' IEEs (to be prepared in English by the executing agencies) and ensure that they have been prepared in accordance with ADB's SPA, EARF and the national laws.
- (v) As it is expected that the executing agencies cannot be fully trained to prepare quality IEEs by themselves, particularly for the first few noncore subprojects, the Expert shall assist the executing agencies to finalize the IEEs. Although it is the responsibility of the expert to conduct spot checks on whether processes involving the affected peoples are conducted properly, it is the responsibility of the executing agency (and not the Expert) to organize and/or facilitate consultation sessions. The Expert shall advise the executing agencies to properly implement such procedures, and be responsible that they are appropriately documented in the IEEs.
- (vi) The Expert shall conduct annual random checks on the implementation of the environmental management plans (EMPs) for both the core and noncore subprojects. The number of subprojects to review will be 30% of each executing agency's ongoing

subprojects, preferably at different stages of construction, while all subprojects shall be reviewed at least once during the project. The review results shall be documented into a report in the English language and submitted to ADB.

- (vii) The Expert will review the IEEs of the noncore subprojects prepared by the executing agencies, prior to submission to ADB by the executing agencies, and provide comments and guidance to the executing agencies to ensure quality submissions.

B. Minimum Qualification Requirements

57. The candidate should have: (i) at least a master's degree in environmental sciences or similar; (ii) at least fifteen years of relevant experience; (iii) have sufficient experience in power projects; (iv) have prior experience working on similar ADB projects with full understanding of ADB's SPS (2009) and the national laws; and (v) have advanced communication and writing skills in English.

Expertise: Social Safeguards Expert (National, 30 person-months)

A. Scope of Works

58. The expert will review and assist the executing agencies to prepare resettlement plans for the noncore subproject in accordance to ADB's SPS (2009) and the resettlement framework prepared for the project. As per the noncore subproject selection criteria, the Expert shall also confirm that the noncore subproject is not classified as Category A. There are 4 core subprojects each prepared by EVN HANOI and EVN HCMC. There are indicatively 19 noncore subprojects proposed by EVN HANOI and 9 noncore subprojects by EVN HCMC. Detailed tasks include the following.

- (i) Review the resettlement plans prepared for the core subprojects and the EARF prepared under the PPTA, and familiarize oneself with the safeguard requirements.
- (ii) Provide training to the executing agencies on the preparation of resettlement plans based on ADB's SPS (2009) and resettlement framework.
- (iii) Assist the Executing Agencies in ensuring that all work contracts incorporate provisions and budgets to the effect that contractors will comply with applicable core labor standards, labor laws and incorporate applicable workplace occupational safety norms;
- (iv) Review the noncore subprojects' resettlement plans (to be prepared in English by the executing agencies) and ensure that they have been prepared in accordance with ADB's SPS (2009), resettlement framework and the national laws.
- (v) As it is expected that the executing agencies cannot be fully trained to prepare quality resettlement plans by themselves, particularly for the first few noncore subprojects, the expert shall assist the executing agencies to finalize the resettlement plans. Although it is the responsibility of the expert to conduct spot checks on whether processes involving the affected peoples are conducted properly, it is the responsibility of the executing agency (and not the Expert) to organize and/or facilitate consultations, detailed measurement surveys, preparation of compensation plans, and disclosure. The Expert shall advise the executing agencies to properly implement such procedures, and be responsible that they are appropriately documented in the resettlement plans.

- (vi) The Expert shall conduct annual random checks on the implementation of the resettlement plans for both the core and noncore subprojects. The number of subprojects to review will be 30% of each executing agency's ongoing subprojects, preferably at different stages of construction, while all subprojects shall be reviewed at least once during the project. The review results shall be documented into a report in the English language and submitted to ADB.
- (vii) The Expert will review the resettlement plans of the noncore subprojects prepared by the executing agencies, prior to submission to ADB by the executing agencies, and provide comments and guidance to the executing agencies to ensure quality submissions.

B. Minimum Qualification Requirements

59. The candidate should have: (i) at least a master's degree in sociology, anthropology or similar; (ii) at least fifteen years of relevant experience; (iii) have sufficient experience in power projects; (iv) have prior experience working on similar ADB projects with full understanding of ADB's SPS (2009) and the national laws; and (v) have advanced communication and writing skills in English.

Expertise: Procurement Expert (International, 4.0 person-months)

A. Scope of Works

60. The Expert will review and assist the executing agencies to prepare bidding documents, and, if requested, bid evaluation reports, for the procurements executed under the project for both core and noncore subprojects in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). There are 4 core subprojects each prepared by EVN HANOI and EVN HCMC. There are indicatively 19 noncore subprojects proposed by EVN HANOI and 9 noncore subprojects by EVN HCMC. Detailed tasks include the following.

- (i) Advise the executing agencies on procurement packaging with attention to consolidating the contracts into fewer numbers of larger packages as much as possible. Consolidation may be considered "vertically" within a subproject, or "horizontally" across several subprojects. Details can be found in the PPTA Final Report. For the latter approach in particular, advise the executing agencies on the sequencing and timing of the noncore subproject preparation in order for consolidation of contracts possible to the maximum extent.
- (ii) Assist the executing agencies to update procurement plans which shall be updated at least once a year.
- (iii) Provide training to the executing agencies on preparation of bidding documents in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).
- (iv) Review the bidding documents prepared by the executing agencies in English; and ensure that they are prepared in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). All international competitive biddings are for prior review, and the expert shall review and provide guidance in finalizing the bidding documents. It may be noted that since the first procurement by each executing agency using a certain modality shall be subject to ADB's prior review, the first procurement through national competitive bidding (NCB) by each executing agency is subject to ADB's prior review and

they are for the expert to review and finalize.

- (v) The Expert will review the bidding documents prepared by the executing agencies, prior to submission to ADB by the executing agencies, and provide comments and guidance to the executing agencies to ensure quality submissions.

B. Minimum Qualification Requirements

61. The candidate should have: (i) at least a master's degree in electrical, mechanical or civil engineering and/or procurement; (ii) at least fifteen years of relevant experience; (iii) have strong skills in procurement in electricity transmission and/or distribution projects; (iv) have prior experience working on similar ADB projects with full understanding on ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's standard bidding documents; and (v) preferably experience working in Viet Nam's power sector.

VII. SAFEGUARDS

A. Land Acquisition, Resettlement, Ethnic Minorities

62. **General.** The project is designed as a sector loan where the core subprojects are appraised during project preparation and the noncore subprojects are identified and appraised during project implementation.

63. **Core Subprojects.** Eight core subprojects were appraised and the involuntary resettlement impacts were confirmed to involve temporary and permanent land acquisition for the development and rehabilitation of transmission lines and substations. However, the impacts are not severe and do not involve physical displacement. The core subprojects have been classified as Category B for involuntary resettlement and Category C for indigenous peoples. Resettlement plans have been prepared for the eight core subprojects in accordance with ADB's SPS (2009).¹¹ The cost to implement the resettlement plan has been included in the project cost estimate and will be shouldered, respectively, by EVN HANOI and EVN HCMC.

64. **Noncore Subprojects.** Noncore subprojects are to be identified and appraised during project implementation. A resettlement framework has been prepared to guide the preparation of the resettlement plans for the noncore subprojects. EVN HANOI and EVN HCMC will prepare resettlement plans for submission to ADB for approval. The Subproject Eligibility Criteria includes a criterion that Category A subprojects are not eligible.

65. **Safeguards Implementation Arrangements.** EVN HANOI and EVN HCMC and their PPMBs are responsible for the preparation and implementation of the resettlement plans. Their responsibilities, procedures and tasks are detailed in the resettlement plans and the resettlement framework. EVN HANOI and EVN HCMC will be assisted by the safeguard PIC whose outline terms of reference is provided in the procurement section of this document.

B. Environmental Safeguards

66. **General.** The project is designed as a sector loan where the core subprojects are appraised during project preparation and the noncore subprojects are identified and appraised during project implementation.

67. **Core Subprojects.** Eight core subprojects were appraised and the potential environmental impacts of the core subprojects were confirmed to be short-term construction-phase related disturbances which can be mitigated and managed, and are not irreversible. The core subprojects have been classified as Category B for environment, and initial environmental examination (IEE) reports with environmental management plans have been prepared in accordance with ADB's SPS (2009). The environmental management plans will form part of the contracts and its cost is also included in the contracts.

68. **Noncore Subprojects.** Noncore subprojects are to be identified and appraised during project implementation. An environmental assessment and review framework has been prepared to guide the preparation of the IEEs and EMPs for the noncore subprojects. EVN HANOI and EVN HCMC will prepare IEEs and EMPs for submission to ADB for approval. The Subproject Eligibility Criteria includes a criterion that Category A subprojects are not eligible.

¹¹ Available at: <http://www.adb.org/documents/safeguard-policy-statement>.

69. **Safeguards Implementation Arrangements.** EVN HANOI and EVN HCMC and their PPMBs are responsible for the preparation of the IEEs and implementation of the EMPs. Their responsibilities, procedures and tasks are detailed in the IEEs, EMPs and the environmental assessment and review framework. EVN HANOI and EVN HCMC will be assisted by the safeguard PIC whose outline terms of reference is provided in the procurement section of this document.

VIII. GENDER AND SOCIAL DIMENSIONS

A. Gender

70. It is pivotal to involve women in consultations for land acquisition and resettlement. The Resettlement Planning Framework outlines specific actions to ensure gender-equal participation in the preparation and implementation of resettlement plans. The Resettlement Planning Framework provides guidance on social indicators that are to be considered in the preparation and implementation of resettlement and, if applicable, ethnic minority development plans. The social indicators include: (i) 100% of female headed and ethnic minority affected households consulted in preparing and implementing resettlement plan; (ii) the women unions participate actively in consultations and assume active roles compensation committees; (iii) fair compensation of all households irrespective of income level, ethnic group or headed by female/male; (iv) inclusion of occupational safety norms in all civil work contracts; (v) awareness campaign on prevention of HIV/AIDS and sexually transmitted infections in the project areas.

71. Women are present in EVN HCMC and EVN HANOI and the PPMBs at the execution and implementation of transmission projects and occupy key roles in accounting, finance, human resources, international cooperation, and safeguards. The PICs will provide training to EVN HCMC and EVN HANOI staff in the operational areas of accounting, finance, human resources and safeguards which will enhance the capacity of women occupying these roles.

72. The government will cause EVN HCMC and EVN HANOI to implement the noncore projects in accordance with ADB's Policy on Gender and Development (1998). In particular, the government will cause EVN HCMC and EVN HANOI to ensure that women shall have equal access to project information and benefits, including the opportunities to participate in project planning and implementation.

73. Further details are provided in the Summary Poverty Reduction and Social Strategy (Linked document of RRP).

B. Social Dimensions

74. The poverty and social analysis assessed impacts mainly at the sector level, since identifying specific consumers is challenging in the context of transmission network expansion. Although affordability and public welfare must be taken into consideration at Viet Nam's stage of development, gradual increase of electricity tariffs is inevitable to cover greater costs associated with expansion in power generation and transmission. Increases in basic living expenditures have a large impact especially on lower income groups by reducing the amount of disposable income and/or reducing the capacity of accessing the service.

75. Throughout the implementation of all subprojects financed by the Facility, the government will cause EVN HCMC and EVN HANOI to ensure monitoring of the social impacts, in consultation with local governments, local communities and non-government organizations. In this respect, EVN HCMC and EVN HANOI will ensure that all civil work contractors: (i) comply with applicable core labour standards, labour laws of Viet Nam and incorporate applicable workplace occupational safety norms; (ii) disseminate, or engage appropriate service providers to disseminate information on the risks of sexually transmittable infections, including HIV/AIDS, to the employees of contractors engaged under the projects and to members of the local communities surrounding the project facilities, particularly to females; (iii) not differentiate payment between men and women for work of equal value; (iv) do not employ child labour; (v)

eliminate any form of discrimination in respect of employment; and (vi) to the extent possible, maximize employment of women, local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Growth in national electricity demand is met in a sustainable manner	By 2030: Electricity supply increases to 700 TWh (2012 baseline: 120.3 TWh) By 2025: Electricity intensity as measured by the elasticity ratio of electricity consumption growth to gross domestic product growth is reduced to 1.0 (2010 baseline: 2.0).	Annual reports of Vietnam Electricity Power development plans approved by the Prime Minister ^a	Assumptions Macroeconomic performance remains stable Electricity demand continues to rise Risks Transfer tariffs (bulk supply tariffs) for the executing agencies and the retail tariff are not set at adequate levels System improvement delays caused by limited financing capacity of power utilities and lack of private sector interest
Outcome Improved reliability and efficiency of electricity supply in Ha Noi and HCMC	By 2020: 460,000 tCO ₂ -equiv/year reduced (2005 baseline: 205,000,000 tCO ₂ -equiv/year) ^b EVN HANOI: By 2020: Combined technical and commercial loss reduced to 6.0% (2012 baseline: 7.1%) By 2020: System average interruption duration index reduced to 1,960 minutes (2012 baseline: 6,383 minutes) EVN HCMC: By 2020: Combined technical and commercial loss reduced to 5.0% (2012 baseline: 5.6%) By 2020: System average interruption duration index reduced to 997 minutes (2012 baseline: 2,988 minutes)	Annual reports of EVN HANOI and EVN HCMC ADB project completion report	Assumption System development investments by EVN HANOI and EVN HCMC implemented as per plan

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Outputs 1. Four core substation and transmission line subprojects in Ha Noi developed and/or rehabilitated 2. Four core substation and transmission line subprojects in HCMC developed and/or rehabilitated 3. Up to 20 noncore substation and transmission line subprojects in Ha Noi developed and/or rehabilitated 4. Up to nine noncore substation and transmission line subprojects in HCMC developed and/or rehabilitated	By 2016: 50 MVA of 110 kV substations and 10 cct-km of 110 kV transmission lines developed or rehabilitated in Ha Noi By 2016: 250 MVA of 110 kV substations, 500 MVA of 220 kV substations, 17 cct-km of 110 kV transmission lines, and 13 cct-km of 220 kV transmission lines developed or rehabilitated in HCMC By 2019: 700 MVA of 110 kV substations, 195 cct-km of 110 kV transmission lines, and 7 cct-km of 220 kV transmission lines developed or rehabilitated in Ha Noi By 2019: 750 MVA of 110 kV substations, 500 MVA of 220 kV substations, 100 cct-km of 110 kV transmission lines, and 90 cct-km of 220 kV transmission lines developed or rehabilitated in HCMC	Annual reports of EVN HANOI and EVN HCMC ADB review missions Project completion report by EVN HANOI and EVN HCMC Quarterly progress reports by EVN HANOI and EVN HCMC	Assumption Government counterpart financing is timely Risk Implementation delays due to slow construction of associated transmission line subprojects in Ha Noi and/or HCMC not financed by ADB
Activities with Milestones		Inputs	
1 Four core substation and transmission line subprojects in Ha Noi are developed and/or rehabilitated 1.1 Prepare core subprojects' bidding documents by December 2014 Complete bidding, evaluation, and approvals by September 2015 1.2 Complete installation works by December 2016 2 Four core substation and transmission line subprojects in HCMC are developed and/or rehabilitated 2.1 Prepare core subprojects' bidding documents by December 2014 2.2 Complete bidding, evaluation, and approvals by September 2015 2.3 Complete installation works by December 2016 3 Up to 20 noncore substation and transmission line subprojects in Ha Noi are developed and/or rehabilitated 3.1 Prepare feasibility studies by March 2015 3.2 Prepare detailed design by September 2015 3.3 Issue bidding documents by June 2016		Item ADB (OCR) Civil works Equipment Consultants Contingencies Financing charges AIF loan Civil works Equipment Consultants Contingencies Financing charges EVN HANOI and EVN HCMC	Amount (\$ million) \$172.70 56.21 72.26 0.32 29.30 14.61 \$100.00 32.55 41.84 0.18 16.97 8.46 \$121.57

Activities with Milestones	Inputs
3.4 Complete bidding, evaluation, and approvals by March 2017	Civil works 28.43
3.5 Manufacture and deliver goods by March 2018	Equipment 19.29
3.6 Complete installation works by June 2019	Project management 4.79
4 Up to nine noncore substation and transmission line subprojects in HCMC are developed and/or rehabilitated	Land acquisition and resettlement 14.24
4.1 Prepare feasibility studies by June 2015	Taxes and duties 39.32
4.2 Prepare detailed design by March 2016	Contingencies 15.50
4.3 Issue bidding documents by September 2016	
4.4 Complete bidding, evaluation, and approvals by June 2017	
4.5 Manufacture and deliver goods by June 2018	
4.6 Complete installation works by June 2019	

B. Monitoring

76. **Project performance monitoring.** Disaggregated baseline data for output, outcome, and impact indicators gathered during the project processing will be updated and reported quarterly through the project's quarterly progress reports prepared by the project management unit and submitted by EVN, and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.

77. **Compliance monitoring.** The Loan, Financing and Project Agreements specify undertakings and covenants that will be monitored through regular review missions and on a quarterly basis in discussion with EVN, and MOIT, and reports and audited financial statements submitted by EVN to ADB.

78. **Safeguards monitoring.** As stipulated in the environmental assessment and review framework, the resettlement and ethnic minority development framework, internal monitoring reports will be prepared and submitted to ADB by the executing agencies on a quarterly basis for all projects together with the quarterly progress reports. However, semi-annual reports will need to be consolidated from two quarter reports in order to satisfy ADB's SPS (2009) for Category B project reporting and uploading to ADB web site. Monitoring and reporting of the implementation on safeguard requirements and procedures will be prepared by the EVN HANOI and EVN HCMC (executing agencies) and overseen by EVN.

79. **Gender and social dimensions monitoring.** The social indicators included in the preparation and implementation of resettlement plans will be monitored through independent monitoring and submission of the external monitoring reports on resettlement. The inclusion and compliance with labour standards, health and gender aspects will be monitored through review of bidding documents, contract awards, and progress reports. The involvement of women in training programs will be monitored through reports on conducted training seminars and staff participation provided by EVN.

C. Evaluation

80. ADB will conduct regular semi-annual review missions to review, discuss progress, and report on the project's performance. A midterm review will be carried out in 2018. During the midterm review, utilization of loan proceeds will be assessed, and, if necessary, to the extent feasible, initial loan allocation may be revised based on, but not limited to, the following

performance-related criteria: each Executing Agency's Loan utilization rate, and quality and timeliness of Subproject preparation.

81. Within 6 months of physical completion of the project, EVN HANOI and EVN HCMC will submit a project completion report to ADB.

82. A procurement review for effective implementation (PREI) will be undertaken at such point during implementation when around half of the contracts in the procurement plan have been procured, preferably as part of the midterm review to evaluate key indicators and risks that are associated with the executing agency's procurement performance. In such a case, the director, OSFMD, may carry out a PREI for a project, in consultation with the authorized director. The PREI will validate and reassess the results of the executing agency capacity assessment that was conducted during project processing, and will provide corresponding procurement risk ratings. Based on the findings and ratings of the PREI, ADB may: (i) require adjustments to be made in the executing agency's procurement plan, such as on the prior review thresholds and procurement methods; and (ii) agree with the executing agency on the adoption of an action plan to build capacity and mitigate risks within the prescribed period.

83. To ensure the project continues to be both viable and sustainable, project accounts and EVN HANOI and EVN HCMC's annual financial statements, together with the associated auditor's report, will be adequately reviewed.

D. Reporting

84. EVN will provide ADB with (i) quarterly 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 six months of physical completion of the project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSSs, together with the associated auditor's report, should be adequately reviewed.

85. All agreements will be in English and Vietnamese language. ADB recommends that all reports and supporting documents that require ADB's approval and review shall be submitted in English.

E. Stakeholder Communication Strategy

86. The Stakeholder Communications Strategy is summarized below. The executing agency will post all relevant information on its website. The website will include at minimum information regarding the bidding process, bidders, contract awards, use of funds disbursed under the project and physical progress. The project will also follow the ADB's *Public Communication Policy 2011*¹² and its guidelines on the disclosure and exchange of information.

¹² ADB. 2011. Public Communications Policy 2011, *Disclosure and Exchange of Information*. Manila.

No.	Document	Communication Tool	Responsible Entity	Frequency	Audience
1	Report and Recommendation of the President to the Board of Directors (RRP)	ADB website	ADB	Once, within 2 weeks of approval by ADB's Board of Directors	General Public
2	RRP Linked Documents	ADB website	ADB	Once, within 2 weeks of approval by ADB's Board of Directors	General Public
3	Project Administration Manuals	ADB website	ADB	Once, within 2 weeks of approval by ADB's Board of Directors	General Public
4	Loan and Financing Agreements	ADB website	ADB	Once, within 2 weeks of signing	General Public
5	Project Agreements	ADB website	ADB	Once, within 2 weeks of signing	General Public
6	Procurement plan	ADB website	ADB	Updated at least every 12 months	General public
7	Environment related Documents	ADB website	ADB	Within 120 days before approval by ADB's Board of Directors / ADB's President for safeguard category A; otherwise upon approval by ADB's Board of Directors / ADB's President	General Public, Government of Viet Nam, EVN, project-affected people
8	Draft Resettlement Planning Documents	ADB website	ADB	Before project appraisal or MRM/SRM	General Public, Government of Viet Nam, EVN, project-affected people
9	Final, updated or new Resettlement Plans	ADB website	ADB	Within 14 calendar days upon receipt by ADB from borrower/client	General Public, Government of Viet Nam, EVN, project-

No.	Document	Communication Tool	Responsible Entity	Frequency	Audience
					affected people
10	Project Information Document (PID)	ADB website	ADB	Quarterly update	General Public
11	Design and Monitoring Framework (DMF)	ADB website	ADB	Upon approval by ADB's Board of Directors / ADB's President	General Public Government of Viet Nam, EVN, project-affected people
12	Social and Environmental Monitoring Reports	ADB website	ADB	Semiannual update	General Public, Government of Viet Nam, EVN, project-affected people
13	Project Completion Reports	ADB website	ADB	Once, within 2 weeks of circulation to ADB's Board of Directors	General Public
14	Evaluation Reports	ADB website	ADB	Routinely disclosed	General Public
15	Major Change in Scope, amendments	ADB website	ADB	Once, within 2 weeks of approval by approving authority	General Public

X. ANTICORRUPTION POLICY

87. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy (1998, as amended to date) relating to the project.¹³ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹⁴

88. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the project.

¹³ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁴ ADB's Integrity Office web site is available at: <https://www.adb.org/site/integrity/main>

XI. ACCOUNTABILITY MECHANISM

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

XII. RECORD OF PAM CHANGES

90. 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.

- (i) The PAM was first drafted during the fact-finding mission during 10–19 December 2013.
- (ii) The PAM was updated and agreed during loan negotiations during 23–24 June 2014.
- (iii) The PAM was updated in July 2017 and the most salient revisions are the following:
 - a. removal of imprest account ceiling of 10% of the loan amount;
 - b. removal of statement of expenditures ceiling of \$100,000;
 - c. increase in the threshold of international competitive bidding for goods to \$3 million; and
 - d. updating of the procurement plan to reflect the next 18 months' activities.