

Project Administration Manual

Project Number: 46391
Loan Numbers: {LXXXX; LXXXX}
August 2014

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	6
	C. Project Organisation Structure	8
IV.	COSTS AND FINANCING	9
	A. Detailed Cost Estimates by Expenditure Category	11
	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	25
	D. Procurement Plan (Draft)	25
	E. Methods, Thresholds, Review and 18-Month Procurement Plan	25
	F. Indicative List of Packages Required Under the Project	32
	G. Non-ADB Financing	33
	H. National Competitive Bidding	33
	I. 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 and EVN HCMC has indicatively proposed nine noncore subprojects.

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 are expected to be 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 organisations 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 Organisations	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 authorised 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 are conducted; 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; Finalising 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

Project Organisations	Implementation	Management Roles and Responsibilities
• ADB		<p>statement of expenditure applications;</p> <ul style="list-style-type: none"> • Managing the imprest accounts; • 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. <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>Mr. Nguyen Vinh Hung Deputy Director General, International Relations Department Tel: +84 4 39386318; Email: Hung.Nguyenvinh@sbv.gov.vn Office Address: 47-49 Ly Thai To Street, Ha Noi, Vietnam</p>
MOF	<p>Mr. Nguyen Manh Hoang Deputy Director General, Department of Debt Management and External Finance Tel: + 84 4 22202828; Email: nguyenmanhhoang@mof.gov.vn Office Address: 28 Tran Hung Dao Street, Ha Noi, Vietnam</p>

Oversight Bodies

MOIT

Mr. Le Tuan Phong
Deputy Director General, General Directorate of Energy
Tel: +84 4 22202433; Email: phonglt@moit.gov.vn
Office Address: 23 Ngo Quyen Street, Ha Noi, Vietnam

EVN

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

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

Executing Agencies

EVN HANOI

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

EVN HCMC

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

ADB

Energy Division

Mr. Chong Chi Nai
Director
Energy Division, Southeast Asia Department
Tel: +632 632 6409; Email: cnchong@adb.org
Office Address: 6 ADB Avenue, Mandaluyong, Metro Manila,
Philippines

Mission Leader

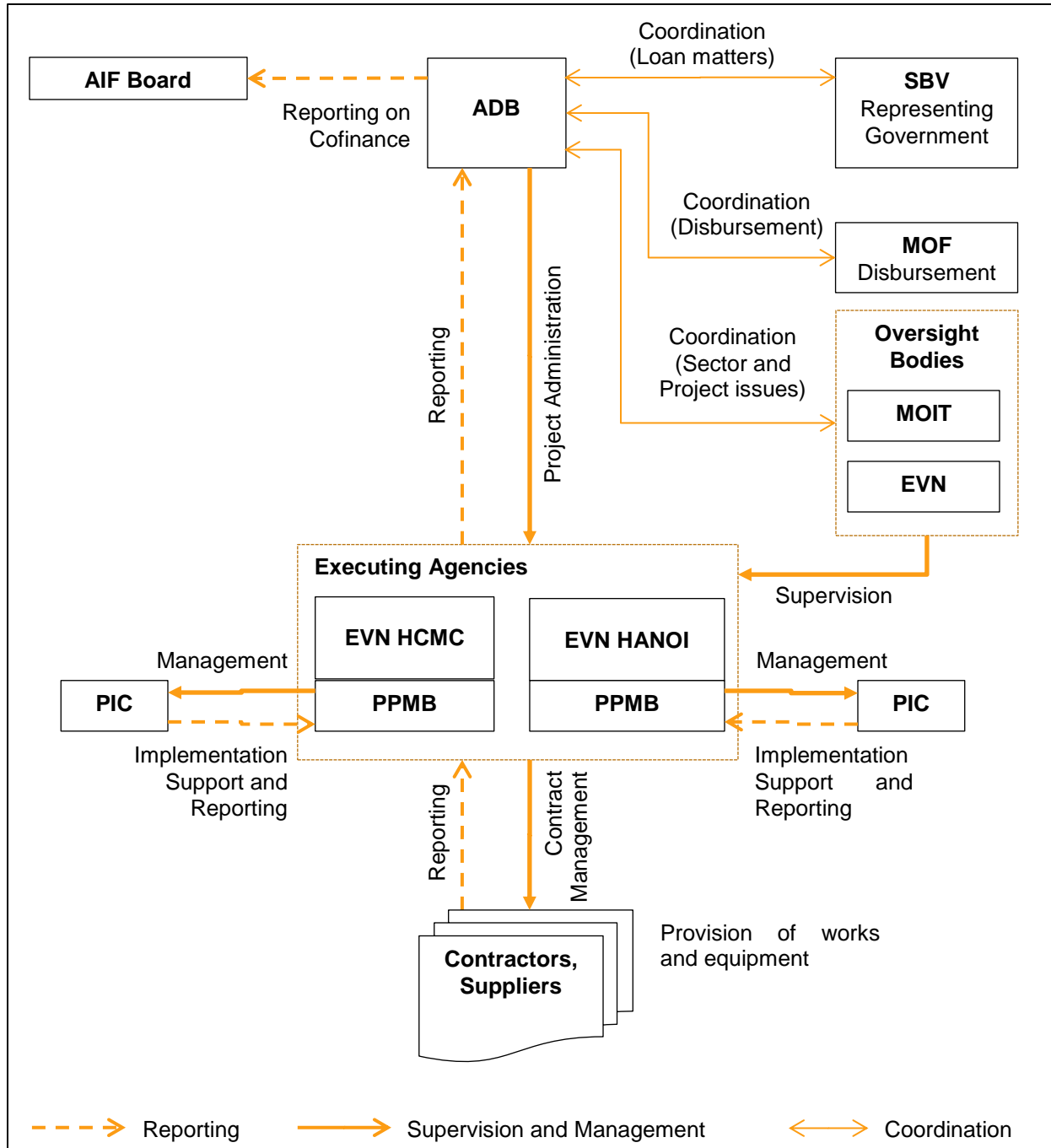
Mr. Takafumi Kadono
Energy Specialist
Energy Division, Southeast Asia Department
Tel: +84 4 39331374-#117; Email: tkadono@adb.org
Office Address: 7th Floor, Sun Red River Building, 23 Phan Chu
Trinh, Ha Noi, Viet Nam

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) Equipment – 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.

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.

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) Equipment – 30.7% of total expenditure claimed; and
- (iii) Consulting Services and other eligible expenditures – 33.3% of total expenditure claimed.
- (iv) (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.

C. Detailed Cost Estimates by Financier

Table 5: Cost Estimates by Financier^a

Item	ADB OCR		AIF		Counterpart Financing				Total Cost	
	Amount	Financing % of Cost Category	Amount	Financing % of Cost Category	Amount (Costs)	Amount (Taxes and Duties)	Amount (Total)	Financing % of Cost Category		
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.

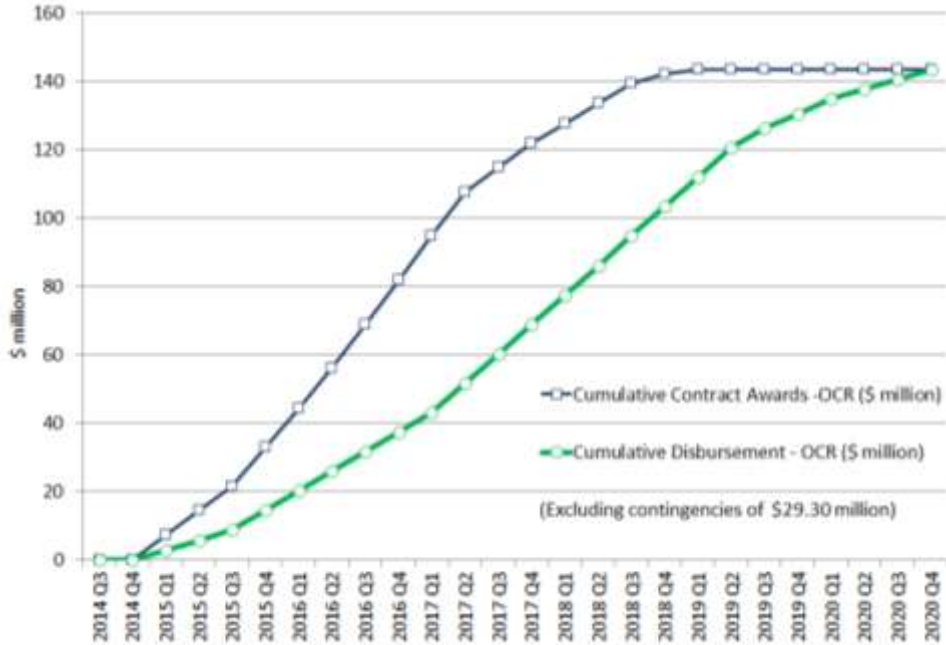
Note: Taxes and duties estimated indicatively at \$39.32 million to be financed by the executing agencies through cash contributions.

Source: ADB estimates.

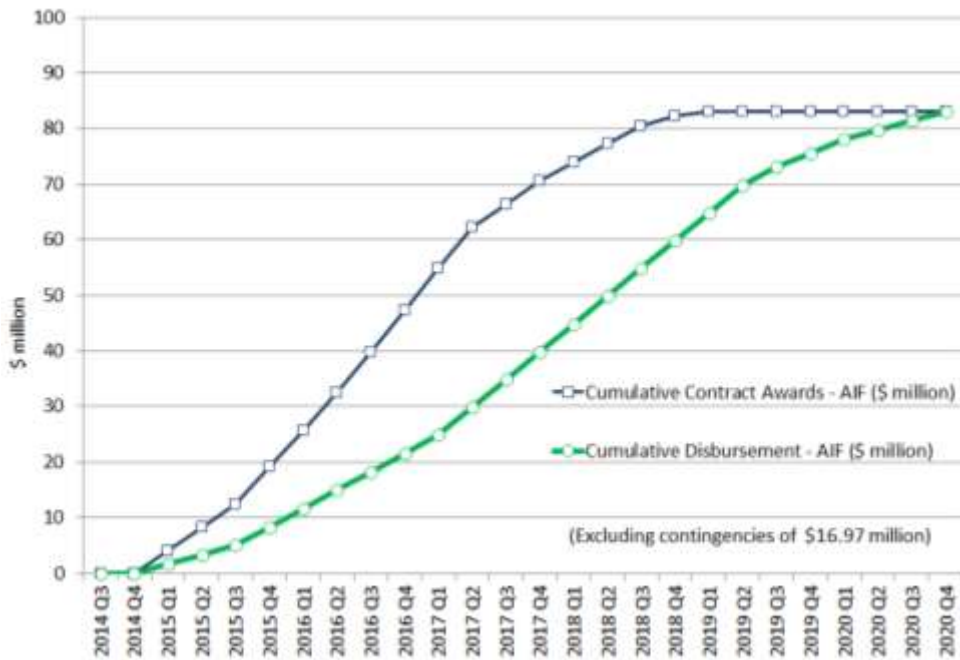
F. Contract Awards and Disbursement S-curve

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

ADB OCR Loan



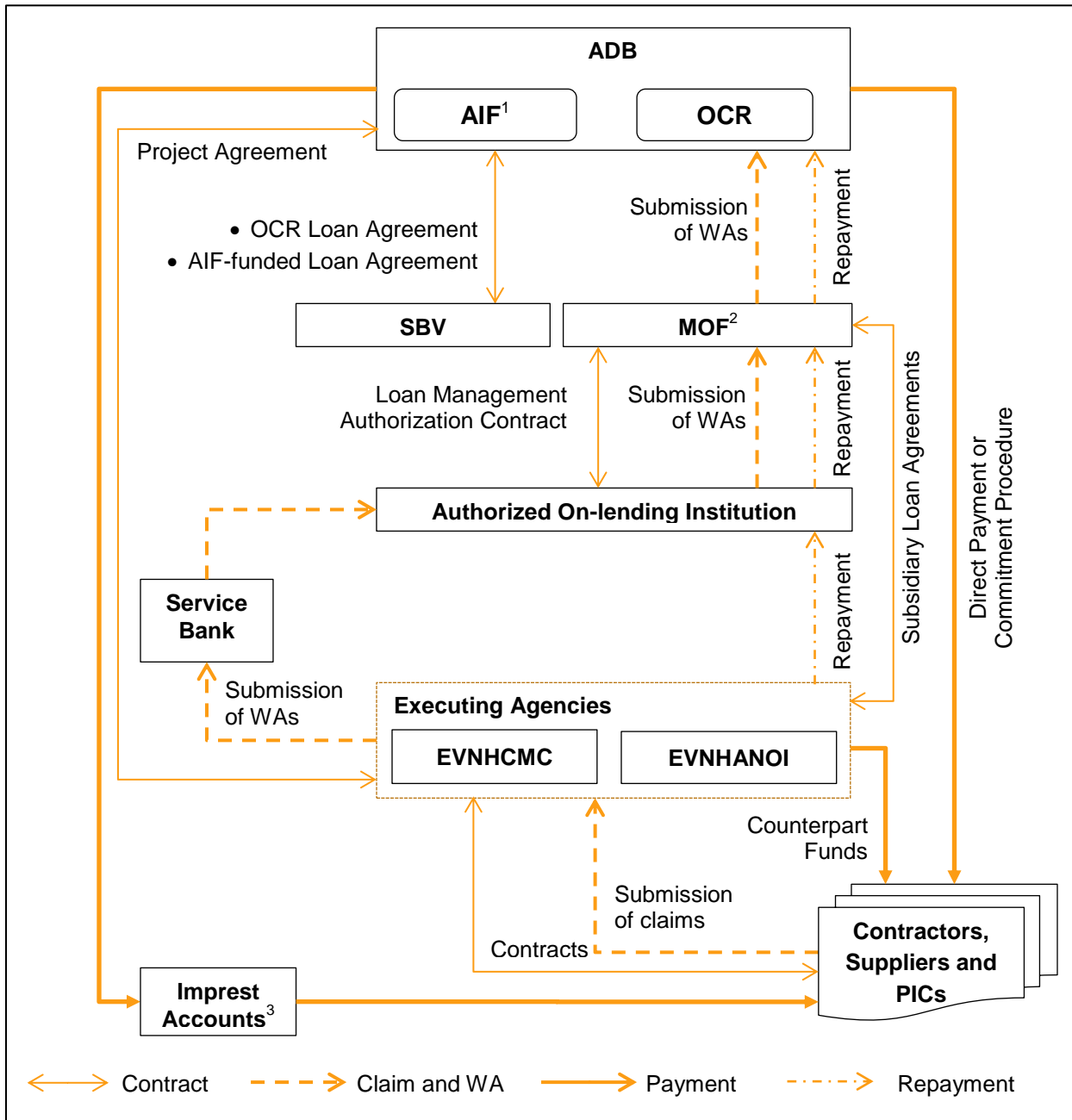
ASEAN Infrastructure Fund Loan



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,

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

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 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 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. 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* (2012, as amended from time to time),⁵ and detailed arrangements agreed upon

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

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).

33. **Payment Procedures.** Loan proceeds will mainly be disbursed through direct payment, commitment and reimbursement procedures. For AIF financing, the commitment procedure in the Loan Disbursement Handbook shall be applied in accordance with, and be subject to, Section 5.02 of the AIF General Conditions. A sample of a SWIFT-based Commitment Letter for loans funded through participation of AIF is attached as an annex to this PAM (Annex 1).

34. To facilitate project implementation and funds flow, the executing agencies will 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 above mentioned 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. **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

⁶ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

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: <http://lfis.adb.org>.

C. Accounting

38. 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

39. 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 the English language to ADB within six months of the end of the fiscal year by the EVN HANOI and EVN HCMC.

40. 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 the English language to ADB within one month after their approval by the competent authority.

41. 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.

42. 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.

43. 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

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

(in 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.

44. 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.

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- 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.
 - 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

45. 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.

46. 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

47. **Advance Action.** All advance action for procurement and consultant recruitment will be undertaken in conformity with ADB's *Procurement Guidelines* (2013, 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.

48. **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.

⁹ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

¹⁰ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

C. Procurement of Goods, Works and Consulting Services

49. 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.

50. To ensure competitive bidding, international competitive bidding contract packages will be adopted. International competitive bidding will be used for Goods over \$0.5 million and for Works over \$5 million. 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).

51. 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 (Draft)

Basic Data

Project Name: Ha Noi and Ho Chi Minh City Power Grid Development Sector Project (formerly Ha Noi and Ho Chi Minh City Power Transmission Development Sector Project)	
Project Number: 46391-001	Approval Number:
Country: Viet Nam, Socialist Republic of	Executing Agency: Ha Noi Power Corporation, Ho Chi Minh City Power Corporation
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	Implementing Agency: N/A
Date of First Procurement Plan: 24 June 2014	Date of this Procurement Plan: 24 June 2014

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

1. Procurement and Consulting Methods and Thresholds

52. 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\$ 500,000 and Above	
National Competitive Bidding for Goods	Between US\$ 100,000 and US\$ 499,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Goods	Up to US\$ 99,999	
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	

Consulting Services	
Method	Comments
Individual Consultants Selection for Individual Consultant	

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

53. 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: Package A	Noi Bai 110 kV substation and associated 110 kV transmission line - Supply of Materials and Equipment	\$2,566,000.00	ICB	Prior	1S1E	Q2 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
	Lot 1: Lot A1: 110/22 kV transformer, remote control cubicle, 22 kV surge arrestors	\$854,000.00					
	Lot 2: Lot A2: Substation materials and equipment, including switchgear, isolators, busbars, etc.	\$1,159,000.00					
	Lot 3: Lot A3: 110 kV overhead transmission line	\$553,000.00					

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
EVN HANOI: Package B	Noi Bai 110 kV Underground Transmission - Supply and Equipment (Supply, cable trench civil works, install & commission 110 kV cable, joints and terminations)	\$4,240,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HANOI: Package E	Upgrade 3 N° 110 kV Substations - Supply of Equipment and Materials Lot 1: Lot E1: for Son Tay 110 kV substation Lot 2: Lot E2: for Tran Hung Dao 110 kV substation Lot 3: Lot E3: for Phuong Liet 110 kV substation	\$8,367,000.00 \$1,284,000.00 \$1,467,000.00 \$5,616,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HCMC Package B	District 8 220 kV Substation	\$15,499,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods Comments: Supply and install contract for 220 kV substation (transformers supplied under Package A)

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
EVN HCMC Package C	Tham Luong 110 kV Substation	\$4,654,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods Comments: Supply and install contract for 110 kV substation (transformers supplied under Package A)
EVN HCMC Package D	Nam Sai Gon - District 8 220 kV Transmission Line Lot 1: Lot D1: Supply, install, connect, commission and test 220 kV underground cable Lot 2: Lot D2: Supply materials and equipment and construct 220 kV overhead line	\$21,208,000.00 \$13,729,000.00 \$7,479,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods
EVN HCMC Package E	Underground Cable Connecting to Tham Luong Substation	\$4,601,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: Y Bidding Document: Goods Comments: Supply install, connect, commission and test 110 kV

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							underground cable
EVN HCMC Package F	110 kV Underground Cable Civil Works Lot 1: Lot F1: Excavate and restore underground cable trench 220 kV Nam Sai Gon - District 8 transmission line Lot 2: Lot F2: Excavate and restore underground cable trench connecting to Tham Luong 110 kV Substation	\$6,131,000.00 \$4,282,000.00 \$1,849,000.00	ICB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works

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

54. 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
1	PIC-Procurement Expert	\$111,000.00	ICS	Prior	Q3 / 2014		Assignment: International Expertise: Procurement
2	PIC-Financial and Economic Analysis Expert	\$124,000.00	ICS	Prior	Q3 / 2014		Assignment: International Expertise:

							Financial and Economic Analysis
3	PIC-Environmental Safeguards Expert	\$110,000.00	ICS	Prior	Q3 / 2014		Assignment: National Expertise: Environmental Safeguards
4	PIC-Social Safeguards Expert	\$155,000.00	ICS	Prior	Q3 / 2014		Assignment: National Expertise: Social Safeguards

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

55. The following table groups 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
EVN HANOI Package C	New Noi Bai 110 kV Substation	\$1,227,000.00	2	NCB	Prior	1S1E	Q3 / 2014	Prequalification of Bidders: N Bidding Document: Works Comments: Prior review, if first NCB

	<p>Lot 1: Lot C1: Construction, commissioning & testing of substation and power transformer</p> <p>Lot 2: Lot C2: Construction, commissioning & testing of overhead lines</p>	<p>\$680,000.00</p> <p>\$547,000.00</p>						by EVN HANOI
EVN HANOI Package D	New Noi Bai 110 kV Substation	\$134,000.00	1	NCB	Prior	1S1E	Q3 / 2014	<p>Prequalification of Bidders: N</p> <p>Bidding Document: Goods</p> <p>Comments: Supply and Install Information Systems, Telecoms & SCADA; Prior review, if first NCB by EVN HANOI</p>
EVN HANOI Package F	<p>Construction, Commissioning & Testing</p> <p>Lot 1: Lot F1: Upgrade Son Tay 110 kV Substation</p> <p>Lot 2: Lot F2: Upgrade Tran Hung Dao 110 kV</p>	<p>\$1,596,000.00</p> <p>\$556,000.00</p> <p>\$500,000.00</p>	3	NCB	Post	1S1E	Q4 / 2014	<p>Prequalification of Bidders: N</p> <p>Bidding Document: Goods</p> <p>Comments: Prior review, if first NCB by EVN HANOI</p>

	Lot 3: Lot F3: Upgrade Phoung Liet 110 kV Substation	\$540,000.00						
EVN HANOI Package G	Supply and install information systems, telecoms & SCADA	\$202,000.00	3	NCB	Post	1S1E	Q4 / 2014	Prequalification of Bidders: N Bidding Document: Goods Comments: prior review, if first NCB by EVN HANOI
	Lot 1: Lot G1: Son Tay 110 kV Substation	\$24,000.00						
	Lot 2: Lot G2: Tran Hung Dao 110 kV Substation	\$36,000.00						
	Lot 3: Lot G3: Phoung Liet 110 kV Substation	\$142,000.00						

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								

F. Indicative List of Packages Required Under the Project

56. 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							

G. Non-ADB Financing

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

Goods and Works					
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments	
Power Transformers Power Transformers for District 8 220 kV Substation and Tham Luong 110 kV Substation	\$7,285,000.00	1	NCB	Procurement Method - to be determined; to be financed by EVN HCMC	

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
None				

H. National Competitive Bidding

1. General

58. The laws to be followed for national competitive bidding are set forth in (i) the Law on Procurement No. 61/2005/QH11 of 29 November 2005, (ii) the Construction Law no. 16/2003/QH11 of 26 November 2003, (iii) the Amendment Law No. 38/2009/QH12 of 19 June 2009 amending and supplementing key articles of the above-mentioned two laws, and (iv) the processes described in Decree No. 85/2009/ND-CP of 15 October 2009 on "Guiding Implementation of Procurement Law and Selection of Construction Contractors under the Construction Law". 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 (March 2013, as amended from time to time) shall prevail, amongst others on the following.

2. Registration

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

- (iii) Foreign bidders shall not be required to register as a condition for submitting bids.
- (iv) Bidder's qualification shall be verified through pre- or post-qualification process.

3. Eligibility

- (i) National sanction lists may only be applied with approval of ADB.¹¹
- (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 firm which has been engaged by the borrower to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods, works, or services, resulting from or directly related to the firm's consulting services for such preparation or implementation.

4. Prequalification and Post qualification

- (i) Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.
- (ii) In the event where pre-qualification is used, interested firms shall be given no less than 42 days to prepare their pre-qualification submission.
- (iii) When pre-qualification is required, the evaluation methodology shall be based on pass/ fail criteria relating to the firm's experience, technical and financial capacities.
- (iv) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid.
- (v) In carrying out the post-qualification assessment, the Employer/ Purchaser shall exercise reasonable judgment in requesting, in writing, from a bidder missing

¹¹ Section 52 of the Integrity Principles and Guidelines allows ADB to sanction parties who fail to meet ADB's high ethical standards based on the decisions of third parties, such a decision can only be made by the Integrity Oversight Committee on the basis of ADB's own independent examination of the evidence. As such, the process should follow the normal assessment and investigative processes prescribed by the Integrity Principles and Guidelines. <http://www.adb.org/Documents/Guidelines/Integrity-Guidelines-Procedures/integrity-guidelines-procedures-2006.pdf>

factual or historical supporting information related to the bidder's qualifications and shall provide reasonable time period (a minimum of 7 days) to the bidder to provide response.

5. Preferences

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Regulations issued by a sectoral ministry, provincial regulations and local regulations which restrict national competitive bidding procedures to a class of contractors or a class of suppliers shall not be applicable.
- (iii) Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders, and local bidders shall be given no preference (either in bidding process or in bid evaluation) over foreign bidders, nor shall bidders located in the same province or city as the procuring entity be given any such preference over bidders located outside that city or province

6. Advertising

- (i) Invitations to bid (or prequalify, where prequalification is used) shall be advertised in Government Public Procurement Bulletin. In addition, the procuring agency should publish the advertisement in at least one widely circulated national daily newspaper or freely accessible, nationally-known website allowing a minimum of twenty-eight (28) days for the preparation and submission of bids and allowing potential bidders to purchase bidding documents up to at least twenty-four (24) hours prior the deadline for the submission of bids. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.
- (ii) Bidding documents shall be made available by mail, or in person, to all who are willing to pay the required fee, if any.
- (iii) The fee for the bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and their delivery to the bidder. (Currently set at 1 Mln VND, increase subject to approval of ADB)

7. Standard bidding documents

- (i) The Borrower's standard bidding documents, acceptable to ADB, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids.
- (ii) Bidders shall be allowed to submit bids by hand or by mail/ courier.

8. Bid Opening

- (i) All bids received after the deadline for submission indicated in the bidding documents will be rejected.
- (ii) All bids received before the bid submission deadline shall be opened except those with proper notice of withdrawal.
- (iii) A copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

9. Bid Evaluation

- (i) Merit points shall not be used in bid evaluation.
- (ii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.¹²
- (iii) Except with the prior approval of ADB, no negotiations shall take place with any bidder prior to the award, even when all bids exceed the cost estimates.
- (iv) 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.
- (v) Bids shall not be rejected on account of arithmetic corrections of any amount. However, if the Bidder that submitted the lowest evaluated bid does not accept the arithmetical corrections made by the evaluating committee during the evaluation stage, its bid shall be disqualified and its bid security shall be forfeited.

10. Rejection of All Bids and Rebidding

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

¹² 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.

11. Participation by Government-owned enterprises

59. Government-owned enterprises shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under Enterprise law and are not a dependent agency the contracting entity. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

12. Participation by Foreign contractors and suppliers. Joint Ventures and Associations

- (i) Foreign suppliers and contractors from eligible countries shall, if they are interested, be allowed to participate without being required to associate or form joint ventures with local suppliers or contractors, or to subcontract part of their contract to a local bidder.
- (ii) A bidder declared the lowest evaluated responsive bidder shall not be required to form a joint venture or to sub-contract part of the supply of goods as a condition of award of the contract.
- (iii) License for foreign contractors operation in Vietnam would be provided in a timely manner and will not be arbitrarily withheld.

13. 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 Bulletin, 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, should request an explanation from the procuring entity. The procuring entity 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 as debriefing. In this discussion, only the bidder's bid can be discussed and not the bids of competitors.

14. Handling of Complaints

60. The national competitive bidding documents shall contain provisions acceptable to ADB describing the handling of complaints in accordance with Chapter X of Decree No. 85/2009/ND-CP, read with Articles 72 and 73 of the Law on Procurement No. 61/2005/QH11.

15. ADB Member Country Restrictions

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

16. Fraud and Corruption

62. ADB will sanction a party or its successor, including declaring ineligible, either indefinitely or for a stated period of time, to participate in ADB-financed activities if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, an ADB-financed contract.

17. Right to Inspect/ Audit

63. Each bidding document and contract financed from by ADB shall include a provision requiring bidders, suppliers, contractors to permit ADB or its representative to inspect their accounts and records relating to the bid submission and contract performance of the contract and to have them audited by auditors appointed by ADB.

I. Consultants' Terms of Reference

64. 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

65. 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 20 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

66. 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

67. 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 20 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

68. 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

69. 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 20 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

70. 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

71. 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 (2013, as amended from time to time). There are 4 core subprojects each prepared by EVN HANOI and EVN HCMC. There are indicatively 20 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 (2013, 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 (2013, 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

72. 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 (2013, 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

73. **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.

74. **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).¹³ 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.

75. **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.

76. **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

77. **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.

78. **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.

79. **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

¹³ Available at: <http://www.adb.org/documents/safeguard-policy-statement>.

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.

80. **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

81. 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.

82. 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.

83. 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.

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

B. Social Dimensions

85. 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.

86. 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
<p>Impact Growth in national electricity demand is met in a sustainable manner</p>	<p>By 2030: Electricity supply increases to 700 TWh (2012 baseline: 120.3 TWh)</p> <p>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).</p>	<p>Annual reports of Vietnam Electricity</p> <p>Power development plans approved by the Prime Minister^a</p>	<p>Assumptions Macroeconomic performance remains stable</p> <p>Electricity demand continues to rise</p> <p>Risks Transfer tariffs (bulk supply tariffs) for the executing agencies and the retail tariff are not set at adequate levels</p> <p>System improvement delays caused by limited financing capacity of power utilities and lack of private sector interest</p>
<p>Outcome Improved reliability and efficiency of electricity supply in Ha Noi and HCMC</p>	<p>By 2020: 460,000 tCO₂-equiv/year reduced (2005 baseline: 205,000,000 tCO₂-equiv/year)^b</p> <p>EVN HANOI: By 2020: Combined technical and commercial loss reduced to 6.0% (2012 baseline: 7.1%)</p> <p>By 2020: System average interruption duration index reduced to 1,960 minutes (2012 baseline: 6,383 minutes)</p> <p>EVN HCMC: By 2020: Combined technical and commercial loss reduced to 5.0% (2012 baseline: 5.6%)</p> <p>By 2020: System average interruption duration index reduced to 997 minutes (2012 baseline: 2,988 minutes)</p>	<p>Annual reports of EVN HANOI and EVN HCMC</p> <p>ADB project completion report</p>	<p>Assumption System development investments by EVN HANOI and EVN HCMC implemented as per plan</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Outputs			Assumption
1. Four core substation and transmission line subprojects in Ha Noi 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	Annual reports of EVN HANOI and EVN HCMC ADB review missions	Government counterpart financing is timely
2. Four core substation and transmission line subprojects in HCMC developed and/or rehabilitated	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	Project completion report by EVN HANOI and EVN HCMC Quarterly progress reports by EVN HANOI and EVN HCMC	Risk Implementation delays due to slow construction of associated transmission line subprojects in Ha Noi and/or HCMC not financed by ADB
3. Up to 20 noncore substation and transmission line subprojects in Ha Noi developed and/or rehabilitated	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		
4. Up to nine noncore substation and transmission line subprojects in HCMC developed and/or rehabilitated	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		

Activities with Milestones	Inputs
1 Four core substation and transmission line subprojects in Ha Noi are developed and/or rehabilitated	Item Amount (\$ million)
1.1 Prepare core subprojects' bidding documents by December 2014 Complete bidding, evaluation, and approvals by September 2015	ADB (OCR) \$172.70
1.2 Complete installation works by December 2016	Civil works 56.21
	Equipment 72.26
	Consultants 0.32
2 Four core substation and transmission line subprojects in HCMC are developed and/or rehabilitated	Contingencies 29.30
2.1 Prepare core subprojects' bidding documents by December 2014	Financing charges 14.61
2.2 Complete bidding, evaluation, and approvals by September 2015	AIF loan \$100.00
2.3 Complete installation works by December 2016	Civil works 32.55
	Equipment 41.84
	Consultants 0.18
3 Up to 20 noncore substation and transmission line subprojects in Ha Noi are developed and/or rehabilitated	Contingencies 16.97
3.1 Prepare feasibility studies by March 2015	Financing charges 8.46

Activities with Milestones	Inputs
3.2 Prepare detailed design by September 2015	
3.3 Issue bidding documents by June 2016	
3.4 Complete bidding, evaluation, and approvals by March 2017	
3.5 Manufacture and deliver goods by March 2018	
3.6 Complete installation works by June 2019	
4 Up to nine noncore substation and transmission line subprojects in HCMC are developed and/or rehabilitated	
4.1 Prepare feasibility studies by June 2015	
4.2 Prepare detailed design by March 2016	
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	
	EVN HANOI and EVN HCMC \$121.57
	Civil works 28.43
	Equipment 19.29
	Project management 4.79
	Land acquisition and resettlement 14.24
	Taxes and duties 39.32
	Contingencies 15.50

B. Monitoring

87. **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.

88. **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.

89. **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 HCMCC (executing agencies) and overseen by EVN.

90. **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

91. 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 2017. 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.

92. Within 6 months of physical completion of the project, EVN HANOI and EVN HCMC will submit a project completion report to ADB.¹⁴

93. 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.

94. 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

95. 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 AFSs, together with the associated auditor's report, should be adequately reviewed.

96. 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

97. The Stakeholder Communications Strategy is summarised 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

¹⁴ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

project and physical progress. The project will also follow the ADB's *Public Communication Policy 2011*¹⁵ and its guidelines on the disclosure and exchange of information.

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	ADB website	ADB	Before project appraisal or MRM/SRM	General Public, Government

¹⁵ ADB. 2011. Public Communications Policy 2011, *Disclosure and Exchange of Information*. Manila.

No.	Document	Communication Tool	Responsible Entity	Frequency	Audience
	Documents				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-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

98. 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.¹⁶ 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.¹⁷

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

¹⁶ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁷ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

100. 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.¹⁸

¹⁸ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

XII. RECORD OF PAM CHANGES

101. 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.

(Sample of SWIFT-based Commitment Letter
for loans funded through participation of ASEAN Infrastructure Fund)
Asian Development Bank
Commitment Letter

Negotiating/Advising Bank Name
Address line1
Address line2
Address line3

Date: DD MONTH YEAR
ADB CL No.: XXXX-XXX(X)-XXX
LC No.: 1234567890 ABCDEFGHIJLMNOPQRSTUVWXYZ
LC Expiry Date: DD MONTH YEAR
Category or Subloan No.: XXX
Contract No.: XXXX

1. We issue this ADB Commitment Letter (CL) to make the above mentioned Letter of Credit (LC) issued in favor of (name of supplier) in the amount of (currency and CL amount)(equivalent to loan currency and amount) operative. Subject to 3 below, this is an irrevocable commitment to promptly (i) reimburse you for payments made to or on order of the beneficiary, and (ii) pay to you amounts that are due or to be made to the beneficiary under and in full compliance with the terms and conditions of the LC and its appropriately approved amendments, if any. In the latter case you agree to make prompt payment due or to be made to the beneficiary upon receipt of our remittance. We will accept the request for payment directly from the LC nominated commercial bank, and its affiliated branches, whom we issued this CL. The authenticated request for payment by SWIFT must be submitted in the following format:

Claim Sequence No.: _____
ADB CL No.: XXXX-XXX(X)-XXX
Condiment: (Currency and Amount of Claim)
LC No.: 1234567890 ABCDEFGHIJLMNOPQRSTUVWXYZ
LC Expiry Date: DD MONTH YEAR
Balance of LC After This Claim: (Currency and Amount in figures). (Please indicate if it has been cancelled or will be utilized.)
Payment Instructions: (Please indicate your correspondent bank in the country of the LC currency with whom you maintain a depository account)
Discrepancy, if any: Accepted and authorized by LC Issuing Bank
Other Instructions: _____

2. The word 'Condiment' should always be stated in your claim by authenticated SWIFT and it represents your certification on the following:

- A. Payment has been made or is due and will be promptly made to the beneficiary under and in full compliance with the terms and conditions of the LC;
- B. Documents were presented within the original or extended LC expiry date; and

C. Discrepancies, if any, have been referred to and accepted by LC Issuing Bank.

3. This CL is issued under the ADB Loan Agreement dated (insert date) (Loan Agreement) and is subject to the following terms and conditions:

- A. **Our obligation to make payment of any amount to you under this CL is subject to the prior receipt by us of an equivalent amount of funds from the ASEAN Infrastructure Fund (AIF), and there being no cancellation by ADB of the loan made under the Loan Agreement due to any change in any applicable legislation which shall make it unlawful for AIF to maintain or fund its participation in the loan.**
- B. You agree to negotiate the LC on the receipt of this CL. Your first request for payment under the CL constitutes your acceptance of the terms and conditions of the ADB Commitment.
- C. Amendments to the LC involving the terms of payment including currency and amount, description or quantity of goods, beneficiary, country of origin, and extension of the expiry date of the LC beyond the loan closing date will not be effective unless and until you receive our written approval thereof. All other LC amendments must be furnished to ADB for information.
- D. Our payment assurance is limited to the available LC Balance after this claim or amount of (loan currency) equivalent as determined by us at the time of the payment. Our obligation under this CL shall be terminated (DD MMM Year), the last day of the borrower's right to withdraw from the loan account including final payment of retention money, if any. Any extension beyond this date should be approved by ADB. This date may be extended by agreement between ADB and borrower, in which case you will be informed accordingly. We will bear any payment deficiency under the CL due to the relevant currency rate fluctuation rate or otherwise only if the loan amount is available for that purpose. Otherwise, it will be borne by the LC Accountee who will arrange to make such payment to you after receipt of our notification.
- E. We will not accept a letter of indemnity covering any discrepancy(ies) between the shipping documents and terms of the LC. Discrepancy(ies) should be referred to the LC Issuing Bank for its authorization for payment before your request for reimbursement is submitted to us. Such authorization for payment should be clearly indicated in your reimbursement claim. This should also apply to LC negotiations after LC expiry date.
- F. We are not obligated to you for the payment of any interest, commission, expenses or other charges in connection with the LC.
- G. You agree to promptly advise us of any cancellation in whole or in part, expiration or final payment of the LC including the amount of unused balance, if any.

ASIAN DEVELOPMENT BANK

BY: 1. Authorized CTLA-LGD IS1
2. Authorized CTLA-LGD IS2