



48189-002 VIE: Support to Border Areas Development Project

PROCUREMENT CAPACITY ASSESSMENT

May 2016

Consultants Quality Assurance Protocol

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ABBREVIATIONS

ACP	- Agricultural Competitiveness Project
ADB	- Asian Development Bank
ASEAN	- Association of South East Asian Nations
ASEC	- ASEAN Development and Management Consulting Ltd
CLV-DTA	- Cambodia-Lao-Vietnam Development Triangle Area
CSR	- Co-operative Social Responsibility
DARD	- Department of Agriculture and Rural Development
DPI	- Department of Planning and Investment
DTA	- Development Triangle Area
EA	- Executing agency
EWEC	- East West Economic Corridor
GMS	- Greater Mekong Sub-region
ICT	- Information Communications Technology
MPI	- Ministry of Planning and Investment
MOT	- The Ministry of Transport
MOF	- The Ministry of Finance
OSFMD	- Operations Services and Financial Management Department, ADB
PMU	- Project Management Unit
PPC	- Provincial People's Committees
PPU	- Project Preparation Unit (to later become PMU)
PPTA	- Project Preparation Technical Assistance
QSEAP	- Quality and Safety Enhancement of Agricultural Products
TECCO2	- Transport Engineering Consultant Joint Stock Company No.2
TOR	- Terms of Reference
USD	- United State Dollar
VND	- Viet Nam Dong
VDTA	- Vietnam Development Triangle Area
VnSAT	- Vietnam Sustainable Agriculture Transformation
WB	- World Bank

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EXECUTIVE SUMMARY

Overall of Procurement Risk Assessment

The procurement classification for this project is assessed as Moderate¹. Detailed questionnaire are presented in Appendix 1.

Summary of Identified Weaknesses and Risks

The Executing Agencies (Provincial People's Committees) and the Implementing Agencies (Provincial Departments of Planning & Investment) have relevant experience in procurement conducted using national competitive procedures applied within projects financed by ADB and WB being implemented in the region. However, personnel of Implementing Agencies are not familiar with the harmonized Standard Bidding Document and indicate that they are concerned by their complexity.

Contract management tasks have been performed but has not yet at the same level of practices among all five Implementing Agencies. Capacity building is needed to standardize at all five IAs to the same level of performance, i.e. monitoring of contract changes, management of deliverable milestones.

Lastly, there is a limitation in English capacity of personnel in five Implementing Agencies. Most of procurement personnel in these Implementing Agencies have very low capacity in English.

Summary of Mitigation and Management Measures to be adopted

The Executing Agencies and the Implementing Agencies and other involved agencies need to strengthen its overall fiduciary, procurement, and monitoring capacity through a capacity building campaign to be organized prior to loan project start-up with regular yearly updates. Although Executing Agencies and the Implementing Agencies demonstrated that they have some previous experience with ADB procurement, however, it may be out of date and/ or not a systematic manner to satisfy project' procurement requirements.

Use of the Harmonized Standard Bidding Documents for NCB and Standard Bidding Documents for ICB are complicated and required a certain level of professional knowledge to work on, training especially on the use of this Harmonized Standard Bidding Documents / Standard Bidding Documents for procurement personnel is critical. Together with training specifically focus on the use of Bidding Document, Consultants shall be mobilized to support Implementing Agencies over the bidding processes, this "learning by doing" practice has been assessed as very effective in other similar projects.

To support Implementing Agencies to be actively communicating with ADB and international consultant, English training courses for Implementing Agencies personnel are recommended.

¹ Rating scale: High/ Substantial/ Moderate/ Low

I. INTRODUCTION

1. This Procurement Capacity Assessment is prepared for the project preparation technical assistance (PPTA) TA 8849-VIE Support to Border Areas Development Project (the Project) contains the findings and observations of the procurement risk assessment for the project.
2. The assessment was undertaken by Dang Chien Thang, Procurement Consultant of Contrans Sweden AB in accordance with the *Procurement Capacity Assessment Guide – Assessing the Capacity of Agencies to Procure Goods, Works and Consulting Services in ADB-financed Projects*².
3. Since the Ministry of Planning and Investment (MPI) and the Department of Planning and Investment (DPI) in the five participating provinces (the Provinces) of Kon Tum, Gia Lai, Dak Lak, Dak Nong, and Binh Phuoc have substantial experience in implementing multilateral-financed projects, this paper will focus on the present status of the Executing Agencies/ Implementing Agencies in providing procurement of civil works and consulting services and necessary efforts to solve specific weaknesses.
4. The assessment included reviewing documents, collecting information on completed and ongoing projects on procurement performance, review of reports and information from available sources, meetings and discussions with related stakeholders.

II. OVERVIEW OF PROCUREMENT ENVIRONMENT, PRELIMINARY RISK ASSESSMENT AND PROJECT CLASSIFICATION

A. OVERVIEW OF THE NATIONAL PROCUREMENT ENVIRONMENT AND PRELIMINARY RISK RATING

5. The proposed Project supports the Cambodia–Lao–Viet Nam Development Triangle Area objectives within Viet Nam by improving connectivity within the Development Triangle Area economy through improved services and transport network infrastructure. It will enable the efficient provision of services, and the movement of goods and people, and help develop the Viet Nam provinces' under Development Triangle Area capacity for investment planning from a regional integration perspective.
6. The executing agency for this project are respective PPCs as represented by the current Project Preparation Units, which later to become Project Management Units, established in the Department of Planning & Investment (DPI) in each of five provinces. The Project Management Units will be responsible for implementing all activities under Project: procurement, financial management, disbursement, administration, and staffing and the current assessment focuses on their capabilities and procedures.
7. The 2013 Vietnam Law on Procurement is considered to be consistent with best international practices. Under the procurement law, the Government issued

² "Guide on Assessing Procurement Risks and Determining Project Procurement Classification, ADB, Manila, August 2014" has been removed from ADB web site.

Procurement Decree No, 63/2014/ND-CP providing detail guidance on the implementation of the law. Consequently, Ministry of Planning and Investment has issued different Circulars providing related standard procurement templates and the issuance of standard procurement templates to enable the implementation of the procurement legislative framework in compliance with the law.

8. Since the previous procurement law took effect on in 2006, bidders have become familiar with their right to file complaints on the bidding process. The EAs and IAs are all fully be aware that if they are not serious on procurement, they are at risk of being sued by the bidders anytime during the procurement process. In recent years the number of complaints has increased, which may suggest enhanced integrity of bidding activities.
9. Country and sector procurement risk assessments exist for different agencies but use a range of differing methodologies for example, Organization for Economic Cooperation and Development (OECD) in 2006; Development Assistance Committee's (DAC's) in 2006; Methodology for Assessment of National Procurement Systems (MAPS) in 2008, Asia-Pacific Economic Cooperation (APEC) in 2011, Public Expenditure and Financial Accountability (PEFA) assessment in 2013.
10. Vietnam first piloted a macro-level MAPS-based assessment in 2006³ and repeated the assessment in 2008⁴. The 2008 MAPS-based assessment gave the overall quality of Government procurement system a C rating, on a scale from A (best) to D (worst), and reported significant progress since the 2006 assessment (which gave an overall D rating). Based on discussions with the MPI, there appears to have been significant progress since the 2008 MAPS assessment, such that the overall quality of Government procurement system is improved.
11. In 2011, Transparency International has conducted an assessment on Vietnam's implementation of APEC Procurement Transparency Standards⁵ (both in law and in practice). The Report has assessed the national procurement system was generally satisfactory, however the Report noted shortcomings in the legal framework relating (i) to the independent review of procurement decisions; (ii) transparency and integrity in the public procurement system; (iii) applying procurement rules inconsistently at the provincial and local levels; (iv) absence of a common code of conduct for procurement officials; and (v) the absence of civil society organizations with the mandate and expertise to monitor procurements...
12. PEFA indicator PI-19 "Competition, value for money and controls in procurement" relates to government procurement⁶. PEFA assesses the extent to which applicable laws and regulations are followed in the public procurement system, whether the general principle in favor of open competitive tendering is properly respected, whether tendering opportunities and contract awards are effectively publicized, and whether there is satisfactory machinery for dealing with complaints by tenderers about the behavior of spending units in letting contracts.

³ Vietnam National Public Procurement System Assessment Report 2006

⁴ Vietnam National Public Procurement System Assessment Report – BLI 2008

⁵ The Report can be found at: www.transparency-usa.org/documents/TI-Report-Vietnam_FINAL.pdf

⁶ The Report can be found at: www.pefa.org/en/assessment/files/1205/rpt/9497

13. The latest PEFA national procurement assessment concluded as satisfactory, based on detail assessment of four major indicators⁷:
 - Transparency, comprehensiveness and competition in the legal and regulatory framework: C+
 - Use of competitive procurement methods as default: B
 - Public access to complete, reliable and timely procurement information: B
 - Existence of an independent administrative procurement complaints system: B
14. Generally, the assessment of the procurement risk is rated **Medium**⁸. In setting prior/post review thresholds this rating will be considered together with risk factors.

B. PROJECT PROCUREMENT CLASSIFICATION

15. There are several agricultural and rural development projects are under implementation in the VDTA region, of which, there are two ADB financed projects, three World Bank (WB) financed projects, and two National Target Programs: New Rural Development Program and the Strategic Poverty Reduction Program. The EA's has been dealing with donor-funded loans for many years, where there were no major issues reported during procurement stage of each project in the past to date. EAs/ IAs are capable to manage and implement this project.
16. Taking into account that the provincial executing agencies in the VDTA region already has capacity to implement Projects financed by ADB and WB, and National Target Programs, it is proposed to classify the project in **Category B**.
17. Based on the proposed categorization, OSFMD's support, technically on procurement procedure, will not be required for project implementation.

III. PROJECT PROCUREMENT RISK ASSESSMENT

III.1. KON TUM PPMU

A. PROCUREMENT ARRANGEMENTS & STAFF CAPACITY

18. The current 4 seconded procurement staff involved in this preparation phase of ADB project are mobilized from a WB financed project that under implementation in Kon Tum due to EA has no budget allocated for the project preparation.
19. During the interview, EA confirm they will appoint at least 1 more fulltime government staff, and recruit 1-2 more fulltime external staffs with 7 to 10 years of procurement experience if necessary once the ADB project started.
20. Staff from EAs are familiar with procurement as they are acting as appraisal agency in province for government procurement. It is confirmed that once the project is started and budget for staffing is allocated, DPI will mobilize relevant staffs from its internal units and recruit external resources to fulfill staffing requirements for this project.

⁷ Rating A: 94% to 100%, Rating B: 70% to 93%; Rating C: 55% to 69%; and Rating D: less than 55%

⁸ Rating scale: High/ Medium/ Low

21. Project Management Units (PMUs) to be established under Implementing Agency (Department of Planning and Investment) will organize, manage, coordinate and supervise all procurement under this ADB financed project. Some training in ADB procurement guidelines must be implemented in advance of/ or right after loan effectiveness to strengthen their capacity.
22. Once the Financing Agreement is signed, the PPMU will be established following tradition model comprising of permanent functional units at the approximately of 12 to 15 staffs: procurement and contracts administration unit, construction/ engineering technical unit, accounting and finance unit, economics unit, administration and translation unit. Based on performance requirements, government staffs will be appointed by EAs and contractual staffs to be recruited externally by IAs.
23. Personnel involved in procurement process must be trained including but not limited to PMUs, member of Bids Evaluation Specialists who are participated in the procurement process, personnel from relevant Agencies who will participate into the appraisal of bidding documents and bid evaluation reports...

B. PROCUREMENT OPERATIONS

B.1. Information Management

24. It is observed that comprehensive procurement records are kept and warranty periods are tracked at moderate satisfactory level. All relevant documents in the procurement process (original bidding documents, received original bids/ proposals, original contracts, evaluation reports, contract administration papers...) are retained in secure storage for minimum periods as specified by government regulations, from 5 to 10 years depend on specific procurement. Risk assessment is Low.

B.2. Procurement Practices

25. There is already an awareness of PMUs and EA that the ADB guidelines will be followed in full. Although there is a concern on the use of standard Harmonization Bidding Document, it can be solve by the support from Project Implementation Consultants and capacity building for EAs/IAs during project implementation. Risk assessment is Low.

Procurement of Goods and Works

26. Technical specifications for construction works will be prepared by professional engineering expertise through an appropriate consultant selection process. However, this is not mandatory for preparation of technical specification for popular goods.
27. The preparation and finalization of the bidding documents and drafting of advertisement, generally, to be performed by the PMUs. However, it is possible to hire professional procurement expertise to support the PMUs.
28. EA will approve bidding documents once any required ADB review/no objection has been provided. Approval process also applied to the Bid Evaluation Report.
29. Bids Evaluation Committee will include PMUs personnel, and it is possible to hire professional procurement expertise to perform bids evaluation task.

Procurement of Consulting Services

30. PMUs will also be in charge of performing all tasks related to consultant selection processes. However, it is possible to hire professional procurement expertise to support the PMUs.
31. TORs will be prepared during the PPTA and will be reviewed and finalized by the respective PMU's during the implementation. ADB will review draft RFPs including the final TORs, evaluation reports, and draft contracts. EA will approve these documents after required ADB review/no objection has been provided.

B.3. Effectiveness

32. Procurement effectiveness will be enhanced with the involvement of
 - procurement professionals in procurement planning and coordination;
 - procurement training in advance of/ or right after loan effectivenessThe main risk to effective procurement will be the delay caused by the Vietnamese procedures in annual activities approval by Ministry of Planning & Investment and annual budget allocation by the Ministry of Finance. Practically, it takes up to the end of the first quarter of the year to complete these procedures. Risk assessment is Moderate.

B.4. Accountability Measures

33. Accountabilities and the allocation of responsibilities are clearly defined. The EA will be accountable for ensuring project implementation which will be carried out in a timely manner in accordance with all legal, policy, and procedural requirements. The IAs is accountable for the appropriateness of developing requirements, procurement activities, contract negotiation and contract management. The coordination and procedural workload on the IA is acceptable and can be mitigated in part by the support from related consulting services. Risk assessment is Low.

C. STRENGTHS

34. The loan project to be implemented by PMUs established by the Provincial Department of Planning & Investments, the agencies in charge of managing and monitoring all ODA projects implementing in all five provinces. So there are number of their personnel are already at sufficient level of knowledge and practical skills collected from similar previous complex projects, such as:
 - Integrated Rural Development Sector Project in the Central Provinces (ADB, ongoing);
 - Productivity Rural Infrastructure Sector Project in the Central Highlands (ADB, ongoing);
 - Forestry Livelihood Improvement Project (ADB, completed);
 - Vietnam Sustainable Agriculture Transformation Project (WB, ongoing);
 - Central Highlands Poverty Reduction Project (WB, ongoing);
 - Agricultural Competitiveness Project (WB, completed).
35. Key procurement/ financial personnel in the PMUs under EAs have more/less than 5 years of experience with previous completed projects. Most of them have participated in different training sessions and could be able deal with their daily tasks at acceptable level. It is confirmed that IAs will appoint their staffs to work part

time and recruit more staffs to work fulltime for the project as needed once project started.

36. Staffing in each of the PMU's has not been fully established but current PMUs are committed to appointing/ recruiting additional staff to meet future needs after the Financial Agreement is signed. Staffing will be based on the individual qualification and experience to meet job's requirements, however, the skills and experience of these are not known and may provide a capacity risk to implementation.
37. Inherited a legacy procurement filing and storage system from previous completed projects, it is observed that documentations is filed and stored at acceptable level: easy to locate and access to the required documents in less than 10 minutes.
38. It is confirmed that the capacity of construction bidders in the country and region is satisfied in order to implement contracts under NCB threshold. In the country and region, there are different projects and program focus on the construction of road at various monetary ceilings; hence, the construction bidders are quite familiar with bidding process regulated by the Government as well as multilateral Donors.
39. In addition, related agencies to be involved on procurement process, such as Appraisal Units, are all aware of procurement procedure regulated by ADB shall be fully applied in the Project. These Agencies will provide a separated procurement oversight and procurement governance functions with best practices in procurement collected from previous implemented Projects. Embedded supervision during project implementation will help ensuring that at each stage of the procurement cycle there is adequate supervision and oversight aimed at minimizing the risk of fraud and corruption and ensure transparency, fairness and due process at each stage.

D. WEAKNESSES

40. Although EAs and IAs confirmed they will mobilize more staff to fulfill staffing requirements for the project, however, these staffs have not yet been trained to be equipped with the latest/ current ADB procurement regulations. Procurement and contract administration knowledge and practical skills of the PMU personnel in accordance with current ADB procurement procedures need to be strengthen to ensure its sufficient performance. It shall be improved through relevant training courses prior to and during project implementation. Relevant trainings is recommended not only for the government appointed personnel but also the outsource resources (i.e. individual consultant working fulltime at the PMUs).
41. Taking into account the ADB & WB Harmonized Standard Bidding Documents are complicated documents and required a certain level of professional knowledge to work on; it is observed from other projects in practical, procurement personnel deal with difficulties during the bidding document preparation and bidding phases (i.e. they may not understand or incorrectly understood the imply of articles/ clauses as stated in the standard bidding documents). Training especially on the use of Standard Bidding Documents is extreme urgent for any procurement personnel in the project.
42. It is noted that PMU personnel in general has limited English language skills which may limit PMU in communicating with ADB and international consultant;
43. In addition, a common issue in long-term projects implementing outside Hanoi and Ho Chi Minh city is the cost norm for local individual consultants as regulated by the

Ministry of Finance is not attractive the high quality procurement resources from these cities to apply to work for the project. However, this issue is beyond the Project' control.

III.2. GIA LAI PPMU

A. PROCUREMENT ARRANGEMENTS & STAFF CAPACITY

44. Its current 5 staffs have limited experience in procurement. They are assigned on the part-time and seconded basis due to EA has no budget allocated for the project preparation.
45. During the interview, EA confirm they will appoint at least 1 more fulltime government staff, 1 more seconded government staff and recruit 1-2 more external fulltime staffs with at least of 10 years of procurement experience if necessary once the ADB project started.
46. Staff from EAs are familiar with procurement as they are acting as appraisal agency in province for government procurement. It is confirmed that once the project is started and budget for staffing is allocated, DPI will mobilize relevant staffs from its internal units and recruit external resources to fulfill staffing requirements for this project.
47. Project Management Units (PMUs) to be established under Implementing Agency (Department of Planning and Investment) will organize, manage, coordinate and supervise all procurement under this ADB financed project. Some training in ADB procurement guidelines must be implemented in advance of/ or right after loan effectiveness to strengthen their capacity.
48. Once the Financing Agreement is signed, the PPMU will be established following tradition model comprising of permanent functional units at the approximately of 12 to 15 staffs: procurement and contracts administration unit, construction/ engineering technical unit, accounting and finance unit, economics unit, administration and translation unit. Based on performance requirements, government staffs will be appointed by EAs and contractual staffs to be recruited externally by IAs.
49. Personnel involved in procurement process must be trained including but not limited to PMUs, member of Bids Evaluation Specialists who are participated in the procurement process, personnel from relevant Agencies who will participate into the appraisal of bidding documents and bid evaluation reports...

B. PROCUREMENT OPERATIONS

B.1. Information Management

50. It is observed that comprehensive procurement records are kept and warranty periods are tracked at moderate satisfactory level. All relevant documents in the procurement process (original bidding documents, received original bids/ proposals, original contracts, evaluation reports, contract administration papers...) are retained in secure storage for minimum periods as specified by government regulations, from 5 to 10 years depend on specific procurement. Risk assessment is Low.

B.2. Procurement Practices

51. There is already an awareness of PMUs and EA that the ADB guidelines will be followed in full. Although there is a concern on the use of standard Harmonization Bidding Document, it can be solve by the support from Project Implementation Consultants and capacity building for EAs/IAs during project implementation. Risk assessment is Low.

Procurement of Goods and Works

52. Technical specifications for construction works will be prepared by professional engineering expertise through an appropriate consultant selection process. However, this is not mandatory for preparation of technical specification for popular goods.
53. The preparation and finalization of the bidding documents and drafting of advertisement, generally, to be performed by the PMUs. However, it is possible to hire professional procurement expertise to support the PMUs.
54. EA will approve bidding documents once any required ADB review/no objection has been provided. Approval process also applied to the Bid Evaluation Report.
55. Bids Evaluation Committee will include PMUs personnel, and it is possible to hire professional procurement expertise to perform bids evaluation task.

Procurement of Consulting Services

56. PMUs will also be in charge of performing all tasks related to consultant selection processes. However, it is possible to hire professional procurement expertise to support the PMUs.
57. TORs will be prepared during the PPTA and will be reviewed and finalized by the respective PMU's during the implementation. ADB will review draft RFPs including the final TORs, evaluation reports, and draft contracts. EA will approve these documents after required ADB review/no objection has been provided.

B.3. Effectiveness

58. Procurement effectiveness will be enhanced with the involvement of
- procurement professionals in procurement planning and coordination;
 - procurement training in advance of/ or right after loan effectiveness
- The main risk to effective procurement will be the delay caused by the Vietnamese procedures in annual activities approval by Ministry of Planning & Investment and annual budget allocation by the Ministry of Finance. Practically, it takes up to the end of the first quarter of the year to complete these procedures. Risk assessment is Moderate.

B.4. Accountability Measures

59. Accountabilities and the allocation of responsibilities are clearly defined. The EA will be accountable for ensuring project implementation which will be carried out in a timely manner in accordance with all legal, policy, and procedural requirements. The IAs is accountable for the appropriateness of developing requirements, procurement activities, contract negotiation and contract management. The coordination and

procedural workload on the IA is acceptable and can be mitigated in part by the support from related consulting services. Risk assessment is Low.

C. STRENGTHS

60. The loan project to be implemented by PMUs established by the Provincial Department of Planning & Investments, the agencies in charge of managing and monitoring all ODA projects implementing in all five provinces. So there are number of their personnel are already at sufficient level of knowledge and practical skills collected from similar previous complex projects, such as:
 - Productivity Rural Infrastructure Sector Project in the Central Highlands (ADB, ongoing);
 - Forestry Livelihood Improvement Project (ADB, completed);
 - Vietnam Sustainable Agriculture Transformation Project (WB, ongoing);
 - Central Highlands Poverty Reduction Project (WB, ongoing);
 - Agricultural Competitiveness Project (WB, completed).
61. Key procurement/ financial personnel in the PMUs under EAs have more/less than 5 years of experience with previous completed projects. Most of them have participated in different training sessions and could be able deal with their daily tasks at acceptable level. It is confirmed that IAs will appoint their staffs to work part time and recruit more staffs to work fulltime for the project as needed once project started.
62. Staffing in each of the PMU's has not been fully established but current PMUs are committed to appointing/ recruiting additional staff to meet future needs after the Financial Agreement is signed. Staffing will be based on the individual qualification and experience to meet job's requirements, however, the skills and experience of these are not known and may provide a capacity risk to implementation.
63. Inherited a legacy procurement filing and storage system from previous completed projects, it is observed that documentations is filed and stored at acceptable level: easy to locate and access to the required documents in less than 10 minutes.
64. It is confirmed that the capacity of construction bidders in the country and region is satisfied in order to implement contracts under NCB threshold. In the country and region, there are different projects and program focus on the construction of road at various monetary ceilings; hence, the construction bidders are quite familiar with bidding process regulated by the Government as well as multilateral Donors.
65. In addition, related agencies to be involved on procurement process, such as Appraisal Units, are all aware of procurement procedure regulated by ADB shall be fully applied in the Project. These Agencies will provide a separated procurement oversight and procurement governance functions with best practices in procurement collected from previous implemented Projects. Embedded supervision during project implementation will help ensuring that at each stage of the procurement cycle there is adequate supervision and oversight aimed at minimizing the risk of fraud and corruption and ensure transparency, fairness and due process at each stage.

D. WEAKNESSES

66. Although EAs and IAs confirmed they will mobilize more staff to fulfill staffing requirements for the project, however, these staffs have not yet been trained to be

equipped with the latest/ current ADB procurement regulations. Procurement and contract administration knowledge and practical skills of the PMU personnel in accordance with current ADB procurement procedures need to be strengthened to ensure its sufficient performance. It shall be improved through relevant training courses prior to and during project implementation. Relevant trainings is recommended not only for the government appointed personnel but also the outsource resources (i.e. individual consultant working fulltime at the PMUs).

67. Taking into account the ADB & WB Harmonized Standard Bidding Documents are complicated documents and required a certain level of professional knowledge to work on; it is observed from other projects in practical, procurement personnel deal with difficulties during the bidding document preparation and bidding phases (i.e. they may not understand or incorrectly understood the imply of articles/ clauses as stated in the standard bidding documents). Training especially on the use of Standard Bidding Documents is extreme urgent for any procurement personnel in the project.
68. It is noted that PMU personnel in general has limited English language skills which may limit PMU in communicating with ADB and international consultant;
69. In addition, a common issue in long-term projects implementing outside Hanoi and Ho Chi Minh city is the cost norm for local individual consultants as regulated by the Ministry of Finance is not attractive the high quality procurement resources from these cities to apply to work for the project. However, this issue is beyond the Project' control.

III.3. DAK LAK PPMU

A. PROCUREMENT ARRANGEMENTS & STAFF CAPACITY

70. PPMU structure is well defined by EA following the current model of a WB financed project under implementation. Staffs involved in the preparation are mobilized from a WB financed project due to EA has no budget allocated for preparation staffs.
71. PPMU staff had prior experience in undertaking procurement of goods, works, and recruitment of consultants following WB and national procurement law and procedures, but not under current ADB Guidelines. Level of skills and knowledge are generally accepted but would need training to achieve in-depth knowledge of ADB's Guidelines.
72. Once started, new staffing for the ADB project will be appointed and recruited by EA and IA.
73. Staff from EAs are familiar with procurement as they are acting as appraisal agency in province for government procurement. It is confirmed that once the project is started and budget for staffing is allocated, DPI will mobilize relevant staffs from its internal units and recruit external resources to fulfill staffing requirements for this project.
74. Project Management Units (PMUs) to be established under Implementing Agency (Department of Planning and Investment) will organize, manage, coordinate and supervise all procurement under this ADB financed project. Some training in ADB procurement guidelines must be implemented in advance of/ or right after loan effectiveness to strengthen their capacity.

75. Once the Financing Agreement is signed, the PPMU will be established following tradition model comprising of permanent functional units at the approximately of 12 to 15 staffs: procurement and contracts administration unit, construction/engineering technical unit, accounting and finance unit, economics unit, administration and translation unit. Based on performance requirements, government staffs will be appointed by EAs and contractual staffs to be recruited externally by IAs.
76. Personnel involved in procurement process must be trained including but not limited to PMUs, member of Bids Evaluation Specialists who are participated in the procurement process, personnel from relevant Agencies who will participate into the appraisal of bidding documents and bid evaluation reports...

B. PROCUREMENT OPERATIONS

B.1. Information Management

77. It is observed that comprehensive procurement records are kept and warranty periods are tracked at moderate satisfactory level. All relevant documents in the procurement process (original bidding documents, received original bids/ proposals, original contracts, evaluation reports, contract administration papers...) are retained in secure storage for minimum periods as specified by government regulations, from 5 to 10 years depend on specific procurement. Risk assessment is Low.

B.2. Procurement Practices

78. There is already an awareness of PMUs and EA that the ADB guidelines will be followed in full. Although there is a concern on the use of standard Harmonization Bidding Document, it can be solve by the support from Project Implementation Consultants and capacity building for EAs/IAs during project implementation. Risk assessment is Low.

Procurement of Goods and Works

79. Technical specifications for construction works will be prepared by professional engineering expertise through an appropriate consultant selection process. However, this is not mandatory for preparation of technical specification for popular goods.
80. The preparation and finalization of the bidding documents and drafting of advertisement, generally, to be performed by the PMUs. However, it is possible to hire professional procurement expertise to support the PMUs.
81. EA will approve bidding documents once any required ADB review/no objection has been provided. Approval process also applied to the Bid Evaluation Report.
82. Bids Evaluation Committee will include PMUs personnel, and it is possible to hire professional procurement expertise to perform bids evaluation task.

Procurement of Consulting Services

83. PMUs will also be in charge of performing all tasks related to consultant selection processes. However, it is possible to hire professional procurement expertise to support the PMUs.
84. TORs will be prepared during the PPTA and will be reviewed and finalized by the respective PMU's during the implementation. ADB will review draft RFPs including the final TORs, evaluation reports, and draft contracts. EA will approve these documents after required ADB review/no objection has been provided.

B.3. Effectiveness

85. Procurement effectiveness will be enhanced with the involvement of
 - procurement professionals in procurement planning and coordination;
 - procurement training in advance of/ or right after loan effectivenessThe main risk to effective procurement will be the delay caused by the Vietnamese procedures in annual activities approval by Ministry of Planning & Investment and annual budget allocation by the Ministry of Finance. Practically, it takes up to the end of the first quarter of the year to complete these procedures. Risk assessment is Moderate.

B.4. Accountability Measures

86. Accountabilities and the allocation of responsibilities are clearly defined. The EA will be accountable for ensuring project implementation which will be carried out in a timely manner in accordance with all legal, policy, and procedural requirements. The IAs is accountable for the appropriateness of developing requirements, procurement activities, contract negotiation and contract management. The coordination and procedural workload on the IA is acceptable and can be mitigated in part by the support from related consulting services. Risk assessment is Low.

C. STRENGTHS

87. The loan project to be implemented by PMUs established by the Provincial Department of Planning & Investments, the agencies in charge of managing and monitoring all ODA projects implementing in all five provinces. So there are number of their personnel are already at sufficient level of knowledge and practical skills collected from similar previous complex projects, such as:
 - Productivity Rural Infrastructure Sector Project in the Central Highlands (ADB, ongoing);
 - Forestry Livelihood Improvement Project (ADB, completed);
 - Vietnam Sustainable Agriculture Transformation Project (WB, ongoing);
 - Central Highlands Poverty Reduction Project (WB, ongoing);
 - Agricultural Competitiveness Project (WB, completed).
88. Key procurement/ financial personnel in the PMUs under EAs have more/less than 5 years of experience with previous completed projects. Most of them have participated in different training sessions and could be able deal with their daily tasks at acceptable level. It is confirmed that IAs will appoint their staffs to work part time and recruit more staffs to work fulltime for the project as needed once project started.
89. The Project Coordinator, Mr. Dzung, PMU Dak Lak, is currently acting as Part-time Deputy Project Director of a WB financed Central Highland Poverty Reduction

Project who previously working in the Provincial Department of Transport and has more than 15 year of experience in transport sector and ODA projects.

90. Staffing in each of the PMU's has not been fully established but current PMUs are committed to appointing/ recruiting additional staff to meet future needs after the Financial Agreement is signed. Staffing will be based on the individual qualification and experience to meet job's requirements, however, the skills and experience of these are not known and may provide a capacity risk to implementation.
91. Inherited a legacy procurement filing and storage system from previous completed projects, it is observed that documentations is filed and stored at acceptable level: easy to locate and access to the required documents in less than 10 minutes.
92. It is confirmed that the capacity of construction bidders in the country and region is satisfied in order to implement contracts under NCB threshold. In the country and region, there are different projects and program focus on the construction of road at various monetary ceilings; hence, the construction bidders are quite familiar with bidding process regulated by the Government as well as multilateral Donors.
93. In addition, related agencies to be involved on procurement process, such as Appraisal Units, are all aware of procurement procedure regulated by ADB shall be fully applied in the Project. These Agencies will provide a separated procurement oversight and procurement governance functions with best practices in procurement collected from previous implemented Projects. Embedded supervision during project implementation will help ensuring that at each stage of the procurement cycle there is adequate supervision and oversight aimed at minimizing the risk of fraud and corruption and ensure transparency, fairness and due process at each stage.

D. WEAKNESSES

94. Although EAs and IAs confirmed they will mobilize more staff to fulfill staffing requirements for the project, however, these staffs have not yet been trained to be equipped with the latest/ current ADB procurement regulations. Procurement and contract administration knowledge and practical skills of the PMU personnel in accordance with current ADB procurement procedures need to be strengthen to ensure its sufficient performance. It shall be improved through relevant training courses prior to and during project implementation. Relevant trainings is recommended not only for the government appointed personnel but also the outsource resources (i.e. individual consultant working fulltime at the PMUs).
95. Taking into account the ADB & WB Harmonized Standard Bidding Documents are complicated documents and required a certain level of professional knowledge to work on; it is observed from other projects in practical, procurement personnel deal with difficulties during the bidding document preparation and bidding phases (i.e. they may not understand or incorrectly understood the imply of articles/ clauses as stated in the standard bidding documents). Training especially on the use of Standard Bidding Documents is extreme urgent for any procurement personnel in the project.
96. It is noted that PMU personnel in general has limited English language skills which may limit PMU in communicating with ADB and international consultant;
97. In addition, a common issue in long-term projects implementing outside Hanoi and Ho Chi Minh city is the cost norm for local individual consultants as regulated by the

Ministry of Finance is not attractive the high quality procurement resources from these cities to apply to work for the project. However, this issue is beyond the Project' control.

III.4. DAK NONG PPMU

A. PROCUREMENT ARRANGEMENTS & STAFF CAPACITY

98. The current 3 procurement staff involved in this preparation phase of ADB project are mobilized from a WB financed project that under implementation in Dak Nong due to EA has no budget allocated for the project preparation.
99. During the interview, EA confirm they will appoint at least 1 more fulltime government staff, and recruit 1-2 more fulltime external staffs with 7 to 10 years of procurement experience if necessary once the ADB project started.
100. Staff from EAs are familiar with procurement as they are acting as appraisal agency in province for government procurement. It is confirmed that once the project is started and budget for staffing is allocated, DPI will mobilize relevant staffs from its internal units and recruit external resources to fulfill staffing requirements for this project.
101. Project Management Units (PMUs) to be established under Implementing Agency (Department of Planning and Investment) will organize, manage, coordinate and supervise all procurement under this ADB financed project. Some training in ADB procurement guidelines must be implemented in advance of/ or right after loan effectiveness to strengthen their capacity.
102. Once the Financing Agreement is signed, the PPMU will be established following tradition model comprising of permanent functional units at the approximately of 12 to 15 staffs: procurement and contracts administration unit, construction/ engineering technical unit, accounting and finance unit, economics unit, administration and translation unit. Based on performance requirements, government staffs will be appointed by EAs and contractual staffs to be recruited externally by IAs.
103. Personnel involved in procurement process must be trained including but not limited to PMUs, member of Bids Evaluation Specialists who are participated in the procurement process, personnel from relevant Agencies who will participate into the appraisal of bidding documents and bid evaluation reports...

B. PROCUREMENT OPERATIONS

B.1. Information Management

104. It is observed that comprehensive procurement records are kept and warranty periods are tracked at moderate satisfactory level. All relevant documents in the procurement process (original bidding documents, received original bids/ proposals, original contracts, evaluation reports, contract administration papers...) are retained in secure storage for minimum periods as specified by government regulations, from 5 to 10 years depend on specific procurement. Risk assessment is Low.

B.2. Procurement Practices

105. There is already an awareness of PMUs and EA that the ADB guidelines will be followed in full. Although there is a concern on the use of standard Harmonization Bidding Document, it can be solve by the support from Project Implementation Consultants and capacity building for EAs/IAs during project implementation. Risk assessment is Low.

Procurement of Goods and Works

106. Technical specifications for construction works will be prepared by professional engineering expertise through an appropriate consultant selection process. However, this is not mandatory for preparation of technical specification for popular goods.
107. The preparation and finalization of the bidding documents and drafting of advertisement, generally, to be performed by the PMUs. However, it is possible to hire professional procurement expertise to support the PMUs.
108. EA will approve bidding documents once any required ADB review/no objection has been provided. Approval process also applied to the Bid Evaluation Report.
109. Bids Evaluation Committee will include PMUs personnel, and it is possible to hire professional procurement expertise to perform bids evaluation task.

Procurement of Consulting Services

110. PMUs will also be in charge of performing all tasks related to consultant selection processes. However, it is possible to hire professional procurement expertise to support the PMUs.
111. TORs will be prepared during the PPTA and will be reviewed and finalized by the respective PMU's during the implementation. ADB will review draft RFPs including the final TORs, evaluation reports, and draft contracts. EA will approve these documents after required ADB review/no objection has been provided.

B.3. Effectiveness

112. Procurement effectiveness will be enhanced with the involvement of
- procurement professionals in procurement planning and coordination;
 - procurement training in advance of/ or right after loan effectiveness
- The main risk to effective procurement will be the delay caused by the Vietnamese procedures in annual activities approval by Ministry of Planning & Investment and annual budget allocation by the Ministry of Finance. Practically, it takes up to the end of the first quarter of the year to complete these procedures. Risk assessment is Moderate.

B.4. Accountability Measures

113. Accountabilities and the allocation of responsibilities are clearly defined. The EA will be accountable for ensuring project implementation which will be carried out in a timely manner in accordance with all legal, policy, and procedural requirements. The IAs is accountable for the appropriateness of developing requirements, procurement activities, contract negotiation and contract management. The coordination and

procedural workload on the IA is acceptable and can be mitigated in part by the support from related consulting services. Risk assessment is Low.

C. STRENGTHS

114. The loan project to be implemented by PMUs established by the Provincial Department of Planning & Investments, the agencies in charge of managing and monitoring all ODA projects implementing in all five provinces. So there are number of their personnel are already at sufficient level of knowledge and practical skills collected from similar previous complex projects, such as:
 - Productivity Rural Infrastructure Sector Project in the Central Highlands (ADB, ongoing);
 - Forestry Livelihood Improvement Project (ADB, completed);
 - Vietnam Sustainable Agriculture Transformation Project (WB, ongoing);
 - Central Highlands Poverty Reduction Project (WB, ongoing);
 - Agricultural Competitiveness Project (WB, completed).
115. Key procurement/ financial personnel in the PMUs under EAs have more/less than 5 years of experience with previous completed projects. Most of them have participated in different training sessions and could be able deal with their daily tasks at acceptable level. It is confirmed that IAs will appoint their staffs to work part time and recruit more staffs to work fulltime for the project as needed once project started.
116. Staffing in each of the PMU's has not been fully established but current PMUs are committed to appointing/ recruiting additional staff to meet future needs after the Financial Agreement is signed. Staffing will be based on the individual qualification and experience to meet job's requirements, however, the skills and experience of these are not known and may provide a capacity risk to implementation.
117. Inherited a legacy procurement filing and storage system from previous completed projects, it is observed that documentations is filed and stored at acceptable level: easy to locate and access to the required documents in less than 10 minutes.
118. It is confirmed that the capacity of construction bidders in the country and region is satisfied in order to implement contracts under NCB threshold. In the country and region, there are different projects and program focus on the construction of road at various monetary ceilings; hence, the construction bidders are quite familiar with bidding process regulated by the Government as well as multilateral Donors.
119. In addition, related agencies to be involved on procurement process, such as Appraisal Units, are all aware of procurement procedure regulated by ADB shall be fully applied in the Project. These Agencies will provide a separated procurement oversight and procurement governance functions with best practices in procurement collected from previous implemented Projects. Embedded supervision during project implementation will help ensuring that at each stage of the procurement cycle there is adequate supervision and oversight aimed at minimizing the risk of fraud and corruption and ensure transparency, fairness and due process at each stage.

D. WEAKNESSES

120. Although EAs and IAs confirmed they will mobilize more staff to fulfill staffing requirements for the project, however, these staffs have not yet been trained to be

equipped with the latest/ current ADB procurement regulations. Procurement and contract administration knowledge and practical skills of the PMU personnel in accordance with current ADB procurement procedures need to be strengthened to ensure its sufficient performance. It shall be improved through relevant training courses prior to and during project implementation. Relevant trainings is recommended not only for the government appointed personnel but also the outsource resources (i.e. individual consultant working fulltime at the PMUs).

121. Taking into account the ADB & WB Harmonized Standard Bidding Documents are complicated documents and required a certain level of professional knowledge to work on; it is observed from other projects in practical, procurement personnel deal with difficulties during the bidding document preparation and bidding phases (i.e. they may not understand or incorrectly understood the imply of articles/ clauses as stated in the standard bidding documents). Training especially on the use of Standard Bidding Documents is extreme urgent for any procurement personnel in the project.
122. It is noted that PMU personnel in general has limited English language skills which may limit PMU in communicating with ADB and international consultant;
123. In addition, a common issue in long-term projects implementing outside Hanoi and Ho Chi Minh city is the cost norm for local individual consultants as regulated by the Ministry of Finance is not attractive the high quality procurement resources from these cities to apply to work for the project. However, this issue is beyond the Project' control.

III.5. BINH PHUOC PPMU

A. PROCUREMENT ARRANGEMENTS & STAFF CAPACITY

124. Proposed PPMU structure is following a model from other implemented project. Staffs involved in the preparation are mobilized as seconded from a various units due to EA has no budget allocated for preparation staffs.
125. During the interview, EA confirm they will appoint current mobilized staff and recruit 1-2 more fulltime external staffs with 7 to 10 years of procurement experience if necessary to work on this ADB project as soon as the project approved and started.
126. Staff from EAs are familiar with procurement as they are acting as appraisal agency in province for government procurement. It is confirmed that once the project is started and budget for staffing is allocated, DPI will mobilize relevant staffs from its internal units and recruit external resources to fulfill staffing requirements for this project.
127. Project Management Units (PMUs) to be established under Implementing Agency (Department of Planning and Investment) will organize, manage, coordinate and supervise all procurement under this ADB financed project. Some training in ADB procurement guidelines must be implemented in advance of/ or right after loan effectiveness to strengthen their capacity.
128. Once the Financing Agreement is signed, the PPMU will be established following tradition model comprising of permanent functional units at the approximately of 12 to 15 staffs: procurement and contracts administration unit, construction/ engineering technical unit, accounting and finance unit, economics unit,

administration and translation unit. Based on performance requirements, government staffs will be appointed by EAs and contractual staffs to be recruited externally by IAs.

129. Personnel involved in procurement process must be trained including but not limited to PMUs, member of Bids Evaluation Specialists who are participated in the procurement process, personnel from relevant Agencies who will participate into the appraisal of bidding documents and bid evaluation reports...

B. PROCUREMENT OPERATIONS

B.1. Information Management

130. It is observed that comprehensive procurement records are kept and warranty periods are tracked at moderate satisfactory level. All relevant documents in the procurement process (original bidding documents, received original bids/ proposals, original contracts, evaluation reports, contract administration papers...) are retained in secure storage for minimum periods as specified by government regulations, from 5 to 10 years depend on specific procurement. Risk assessment is Low.

B.2. Procurement Practices

131. There is already an awareness of PMUs and EA that the ADB guidelines will be followed in full. Although there is a concern on the use of standard Harmonization Bidding Document, it can be solve by the support from Project Implementation Consultants and capacity building for EAs/IAs during project implementation. Risk assessment is Low.

Procurement of Goods and Works

132. Technical specifications for construction works will be prepared by professional engineering expertise through an appropriate consultant selection process. However, this is not mandatory for preparation of technical specification for popular goods.
133. The preparation and finalization of the bidding documents and drafting of advertisement, generally, to be performed by the PMUs. However, it is possible to hire professional procurement expertise to support the PMUs.
134. EA will approve bidding documents once any required ADB review/no objection has been provided. Approval process also applied to the Bid Evaluation Report.
135. Bids Evaluation Committee will include PMUs personnel, and it is possible to hire professional procurement expertise to perform bids evaluation task.

Procurement of Consulting Services

136. PMUs will also be in charge of performing all tasks related to consultant selection processes. However, it is possible to hire professional procurement expertise to support the PMUs.
137. TORs will be prepared during the PPTA and will be reviewed and finalized by the respective PMU's during the implementation. ADB will review draft RFPs including

the final TORs, evaluation reports, and draft contracts. EA will approve these documents after required ADB review/no objection has been provided.

B.3. Effectiveness

138. Procurement effectiveness will be enhanced with the involvement of

- procurement professionals in procurement planning and coordination;
- procurement training in advance of/ or right after loan effectiveness

The main risk to effective procurement will be the delay caused by the Vietnamese procedures in annual activities approval by Ministry of Planning & Investment and annual budget allocation by the Ministry of Finance. Practically, it takes up to the end of the first quarter of the year to complete these procedures. Risk assessment is Moderate.

B.4. Accountability Measures

139. Accountabilities and the allocation of responsibilities are clearly defined. The EA will be accountable for ensuring project implementation which will be carried out in a timely manner in accordance with all legal, policy, and procedural requirements. The IAs is accountable for the appropriateness of developing requirements, procurement activities, contract negotiation and contract management. The coordination and procedural workload on the IA is acceptable and can be mitigated in part by the support from related consulting services. Risk assessment is Low.

C. STRENGTHS

140. Key procurement/ financial personnel in the PMUs under EAs have more/less than 5 years of experience with previous completed projects. Most of them have participated in different training sessions and could be able deal with their daily tasks at acceptable level. It is confirmed that IAs will appoint their staffs to work part time and recruit more staffs to work fulltime for the project as needed once project started.

141. Staffing in each of the PMU's has not been fully established but current PMUs are committed to appointing/ recruiting additional staff to meet future needs after the Financial Agreement is signed. Staffing will be based on the individual qualification and experience to meet job's requirements, however, the skills and experience of these are not known and may provide a capacity risk to implementation.

142. Inherited a legacy procurement filing and storage system from previous completed projects, it is observed that documentations is filed and stored at acceptable level: easy to locate and access to the required documents in less than 10 minutes.

143. It is confirmed that the capacity of construction bidders in the country and region is satisfied in order to implement contracts under NCB threshold. In the country and region, there are different projects and program focus on the construction of road at various monetary ceilings; hence, the construction bidders are quite familiar with bidding process regulated by the Government as well as multilateral Donors.

144. In addition, related agencies to be involved on procurement process, such as Appraisal Units, are all aware of procurement procedure regulated by ADB shall be fully applied in the Project. These Agencies will provide a separated procurement oversight and procurement governance functions with best practices in procurement

collected from previous implemented Projects. Embedded supervision during project implementation will help ensuring that at each stage of the procurement cycle there is adequate supervision and oversight aimed at minimizing the risk of fraud and corruption and ensure transparency, fairness and due process at each stage.

D. WEAKNESSES

145. Although EAs and IAs confirmed they will mobilize more staff to fulfill staffing requirements for the project, however, these staffs have not yet been trained to be equipped with the latest/ current ADB procurement regulations. Procurement and contract administration knowledge and practical skills of the PMU personnel in accordance with current ADB procurement procedures need to be strengthened to ensure its sufficient performance. It shall be improved through relevant training courses prior to and during project implementation. Relevant trainings is recommended not only for the government appointed personnel but also the outsource resources (i.e. individual consultant working fulltime at the PMUs).
146. Taking into account the ADB & WB Harmonized Standard Bidding Documents are complicated documents and required a certain level of professional knowledge to work on; it is observed from other projects in practical, procurement personnel deal with difficulties during the bidding document preparation and bidding phases (i.e. they may not understand or incorrectly understood the imply of articles/ clauses as stated in the standard bidding documents). Training especially on the use of Standard Bidding Documents is extreme urgent for any procurement personnel in the project.
147. It is noted that PMU personnel in general has limited English language skills which may limit PMU in communicating with ADB and international consultant;
148. In addition, a common issue in long-term projects implementing outside Hanoi and Ho Chi Minh city is the cost norm for local individual consultants as regulated by the Ministry of Finance is not attractive the high quality procurement resources from these cities to apply to work for the project. However, this issue is beyond the Project' control.

IV. PROCUREMENT RISK ASSESSMENT AND MANAGEMENT PLAN

149. The project Procurement Risk Assessment and Management Plan (P-RAMP) in Table 1 below is prepared in consideration of weaknesses identified above through the Procurement Capacity Assessment Questionnaire and based on the discussions with various agencies involved in procurement.
150. The Procurement Capacity Assessment Questionnaire is attached as Appendix 1 of this Report.

Table 1.1: Project Procurement Risk Assessment and Management Plan (P-RAMP)

No.	RISK	IMPACT	LIKELIHOOD	STRATEGY
A6, A7, A9, A16, A17, A23, C1, C2, C14, C22, C23	Procurement Department and/or PMU have insufficient qualified staff to efficiently undertake the procurements required to implement the project.	High	Likely	Mitigation: <ul style="list-style-type: none"> • Recruitment of individual Start-up Procurement Consultant for quick mobilization to assist with procurement preparation actions/ early procurement actions. This individual consultant(s) will also support IAs in the recruitment of Project Implementation Consultants. • Project Implementation Consultants provide technical support during project implementation.
A19, A20	The Agency uses practices inconsistent with national procurement law or bidding documents unsuitable for ADB-funded procurement.	High	Unlikely	Mitigation: <ul style="list-style-type: none"> • Technical support from Start-up Procurement Consultant(s) and Project Implementation Consultants to ensure IAs are strictly follow ADB guidelines, instructions; and use only ADB approved templates.
B2, B3	Record-keeping is inadequate to enable internal or external audit of procurement processes.	High	Likely	Mitigation: <ul style="list-style-type: none"> • Project Implementation Consultants provide technical support to establish a common system at the same level of standard among five IAs.
A25, C4-C12, C24-C44, C47, D5, E7	Agency does not promote non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?	High	Unlikely	Mitigation: <ul style="list-style-type: none"> • Technical support from Start-up Procurement Consultant(s) and Project Implementation Consultants to ensure IAs are strictly follow ADB guidelines, instructions;

Procurement Capacity Assessment

48189-002 VIE: Support to Border Areas Development Project

No.	RISK	IMPACT	LIKELIHOOD	STRATEGY
C15, E1-E6	The Agency has inadequate ethics and anticorruption measures in place	High	Likely	Mitigation: <ul style="list-style-type: none">• Procurement personnel have to sign the “Procurement Code of Conduct” to be developed for the project.• Clear separation of duties within the procurement functional personnel.• Use of IA’ internal audit system.• Strong involvement of Provincial Inspectorate Unit.

Table 1.2: Other related Project Procurement Risk Assessment and Management Plan

RISK	IMPACT	LIKELIHOOD	STRATEGY
Insufficient/ out of date in procurement knowledge and practical skills of the PMU personnel	Low	Likely	Actions: <ul style="list-style-type: none"> • Providing initial and annual training for procurement personnel and staffs from related Agencies. • Enhance professionalism for procurement personnel through “Learning by doing” with consultants in the loan project implementation
Use of Standard Bidding Documents	Low	Likely	Actions: <ul style="list-style-type: none"> • Providing initial and annual training for procurement personnel and staffs from related Agencies. • Use of outsource procurement consultants to support PMUs for bidding document preparation and bid evaluations in the loan project implementation.
Limited English language skills of the PMU personnel	Low	Likely	Actions: <ul style="list-style-type: none"> • Providing English training for PMUs personnel. • Employing of high quality interpreters
Use of cost norm for local individual consultants (as regulated by Ministry of Finance)	Low	Likely	Actions: <ul style="list-style-type: none"> • No mitigation action is required as this issue is out of PMU control.
Enhance of monitoring mechanisms to oversee the procurement process	Low	Likely	Actions: <ul style="list-style-type: none"> • Effective supervisory and monitoring arrangements will be put in place in advance of loan effectiveness. This shall be performed by internal auditors and/or employing of external consultants.

V. PROCUREMENT THRESHOLDS

151. Some of the PMUs and EAs have different levels of prior experience in ADB/WB procurement. Taking into account the nature of contracts under loan project are not complicated and project procurement is classified as Category B, the applicable thresholds and prior review thresholds are:

Table 2: Procurement Thresholds

Method	Threshold (US\$)	Prior Review
Works		
International Competitive Bidding (ICB)	Greater than \$10 million	All contract
National Competitive Bidding (NCB)	From \$0.2 up to \$10 million	1 st contract
Shopping	Less than \$0.2 million	1 st contract
Goods		
International Competitive Bidding (ICB)	Greater than \$2 million	All contract
National Competitive Bidding (NCB)	From \$0.1 up to \$2 million	1 st contract
Shopping (SHP)	Less than \$0.1 million	1 st contract
Consulting services		
Quality and Cost Based Selection (QCBS)	Greater than \$0.3 million	All contract
Consultant Qualification Selection (CQS)	Up to \$0.3 million	1 st contract

152. Prior review will apply to all packages under advance contracting (if any) regardless of value of contract

VI. CONCLUSION

153. PMUs and EAs have substantial experience in implementing large scale development projects. The risk mitigation and management measures have been identified and addressed, there is no high risk identified. Hence, based on the assessment above, it is concluded that the procurement arrangement is satisfactory.

APPENDIX 1: PROJECT CAPACITY ASSESSMENT QUESTIONNAIRE

**PPTA 8849-VIE: Support to Border Areas Development
Project Preparatory Technical Assistance**

PROCUREMENT CAPACITY ASSESSMENT

Implementing Agency Questionnaire

Risk Ratings	High (H)	Substantial (S)	Moderate (M)	Low (L)
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I. Specific Assessment and Ratings

Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
A. ORGANIZATIONAL AND STAFF CAPACITY							
A.1. How many years of experience does the head of the procurement department/unit have in a direct procurement role?	> 12 years	> 3 years	> 10 years	> 2 years	> 7 years	M	IAs confirm more staff with higher qualification will be mobilized if required
A.2. How many staff in the procurement department/unit are:	4	5	10	3	7	L	IAs confirm more will be mobilized if required
Full Time?	0	1	3	1	3		
Part Time?	0	1	5	1	2		
Seconded?	4	3	2	1	2		
A.3. Does the procurement staff have English language proficiency?	No 0/1	Yes 3/5	Yes 2/10	Yes 2/3	No 0/7	S	Training is needed. Fulltime interpreter required.
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	To be mobilized later if required	Yes	Yes	Yes	Yes	L	After FA is signed, PMU will officially be established and have approx. 10-15 staffs at its full capacity.
A.5. Does the unit have adequate facilities, such as personal computers, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	To be mobilized later if required	Yes	Yes	Yes	Yes	L	
A.6. Does the agency have a procurement	Not yet	Yes	Yes. From other	Yes	Not yet	L	Training on current

Procurement Capacity Assessment

48189-002 VIE: Support to Border Areas Development Project

Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
training program?			Projects				ADB procurement is needed
A.7. Does the agency have a Procurement Committee that is independent from the head of the agency?	Yes	Yes	Yes	Yes	Yes	L	Normally, a Procurement Committee to be established by the IA, having from 3 to 5 staffs with relevant qualifications from related divisions in the IA
A.8. Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?	Not yet	Not yet	Not yet. Currently using resources from related units in DPI	Not yet	Not yet	M	To be established after Financing Agreement signed
A.9. If yes, what type of procurement does it undertake?	-	-	All procurement	-	-	L	Once established as said above, it covers all procurement
A.10. At what level does the department/unit report (to the head of agency, deputy, etc.)?	-	Director of IA	Director of IA	Director of IA	Director of IA	L	
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Yes	Yes	Yes	To be specified	L	
A.12. Is there a procurement process manual for goods and works?	Yes	Yes	Yes. Depending on each project	Yes	Not yet	M	To be reviewed and re-developed if necessary
A.13. If there is a manual, is it up-to-date and does it cover foreign-assisted projects?	Yes. Each project has its own manual	Yes. Each project has its own manual	Yes. Each project has its own manual	Yes. Each project has its own manual	-	M	To be reviewed and re-developed if necessary
A.14. Is there a procurement process manual for consulting services?	Yes.	Yes.	Yes.	Yes.	Not yet	M	To be reviewed and re-developed if necessary
A.15. If there is a manual, is it up-to-date and does it cover foreign-assisted projects?	Yes.	Yes.	Yes.	Yes.	-	M	To be reviewed and re-developed if necessary
A.16. Are there standard documents in use, such as Standard Procurement Documents/ Forms, and have they been approved for use on ADB funded projects?	Yes	Not yet.	Yes, but depend on each project.	Not yet.	Not yet.	L	Issued by the Government and WB, not yet approved for use in ADB funded

Procurement Capacity Assessment

48189-002 VIE: Support to Border Areas Development Project

Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
							project. ADB standard documents will be used under this Project
A.17. Does the TOR follow a standard format such as background, tasks, inputs, objectives, and outputs?	Yes.	Yes.	Yes, templated regulated by each project	Yes.	Yes.	L	
A.18. Who drafts the procurement specifications?	Deputy manager of Appraisal Unit of DPI. Or hire independent consultants	Procurement team	Procurement team	Procurement team	Procurement team	L	For works/ complex goods: outsource consultants. For simpler goods: relevant divisions and procurement team.
A.19. Who approves the procurement specifications?	As regulated	Director of IA	Director of DPI/ Director of IA	Director of IA	Director of IA	L	
A.20. Who drafts the bidding documents?	Deputy manager of Appraisal Unit of DPI. Or hire independent consultants	Procurement team	Procurement team and external specialists if required	Procurement team	Procurement team	L	For complex works/ goods: outsource consultants. For simpler works/ goods: procurement team.
A.21. Who manages the sale of the bidding documents?	Aa appointed by Director	PMU	PMU	PMU	Procurement team	L	
A.22. Who identifies the need for consulting services requirements?	Deputy manager of Appraisal Unit of DPI. Or hire independent consultants	Procurement team	Planning team and Procurement team	Procurement team	Procurement team	L	Normally by the relevant agencies. Not yet identified under this project.
A.23. Who drafts the TOR?	Deputy manager of Appraisal Unit of DPI. Or hire independent consultants	Procurement team	Procurement team and external specialists if required	Procurement team	Procurement team	L	Specialists from relevant agencies, and/ or outsource consultants. No TOR is drafted under this project to date
A.24. Who prepares the RFPs?	Deputy manager of Appraisal Unit of DPI. Or hire independent consultants	Procurement team	Procurement team and external specialists if required	Procurement team	Procurement team	L	
B. INFORMATION MANAGEMENT							
B.1. Is there a referencing system for procurement files?	No	Yes.	Yes. Inherited form other project implemented.	Yes.	Yes.	M.	Training on a common system for all IA is needed.

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	To be allocated if required	Yes.	No. DPI is currently at its full capacity of human resource, working space, storage system.	Yes.	Yes.	L	
B.3. For what period are records kept?	As regulated	From 5 to 10 years as regulated in Article 28, Circular 10/BXD	10 years from the project completion	From 5 to 10 years as regulated in Article 28, Circular 10/BXD	Depending	L	
B.4. Are copies of bids or proposals retained with the evaluation?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
B.7. Are copies of invoices included with the contract papers?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
C. PROCUREMENT PRACTICES							
Goods and Works							
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. WB financed project.	Yes. WB financed project.	Yes. WB financed project.	Yes. WB financed project.	No	L	Training is needed. Besides, external Consultants are required
C.2. If the above answer is yes, what were the major challenges?	-	No	Gap/ conflict of regulations between Government and Donor increasing the workload.	No	-	M	Common issue is the timing to get the NOL is taking too long
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	Not yet	-	Yes. Planning starts from June of the previous year.	-	-	M	Training is needed to extend Dak Lak good practices.

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
C.4. Is there a minimum period for preparation of bids? If yes, how long?	Yes. Depending on each procurement	Yes. Depending on each procurement	Yes. Depending on each procurement	Yes. Depending on each procurement	Yes. Depending on each procurement	L	It takes 0.25 up to 2 months after detail design/ specification approved
C.5. Are all queries from bidders replied to in writing?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
C.6. Does the bidding document state the date and time of bid opening?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
C.7. Is the opening of bids done in public?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
C.8. Can late bids be accepted?	No	No	No	No	No	L	
C.9. Can bids be rejected at bid opening?	No	No	No	No	No	L	
C.10. Are minutes of the bid opening taken?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
C.11. Who may have a copy of the minutes?	Bidders and IA.	Bidders attending the opening	All bidders submitted their bids and IA.	Bidders attending the opening	Participation in the opening	M	Training is needed.
C.12. Are the minutes free of charge?	Yes.	Yes.	Yes.	Yes.	Yes.	L	
C.13. Who undertakes the evaluation of bids (individual/s, permanent committee, ad-hoc committee)?	Procurement Specialist Team	Procurement Specialist Team	Procurement Specialist Team	Procurement Specialist Team	Procurement Specialist Team	L	Normally, Procurement Specialist Team is established on case by case basis depending on specific procurement
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	University degree	Procurement certificate and relevant qualifications	Depend on each procurement to set up a team with relevant qualification	Procurement certificate and relevant qualifications	Responsive to the requirements	L	
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	No. Then the independent Appraisal Unit in PDI have to review the evaluation report prior to submit to Director for approval.	No. Then the independent Appraisal Unit in PDI have to review the evaluation report prior to submit to Director for approval.	No. Then the independent Appraisal Unit in PDI have to review the evaluation report prior to submit to Director for approval.	No. Then the independent Appraisal Unit in PDI have to review the evaluation report prior to submit to Director for approval.	No. Then the independent Appraisal Unit in PDI have to review the evaluation report prior to submit to Director for approval.	L	

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	30 to 90 days depend on specific procurement	Shopping: 2-3 weeks CQS: 3-4 weeks ICS: 3-4 weeks	Shopping: 30 days CQS: 100 days	Shopping: 2-3 weeks CQS: 3-4 weeks ICS: 3-4 weeks	-	M	No answer for the previous NCB Works contract. Capacity building and Implementation Consultants support are required.
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	-	No	No	No	Yes	L	No large goods contract in this project
C.18. Are there established goods receiving procedures?	-	No	Acceptance procedure for good provided	No	Yes	L	No large goods contract in this project
C.19. Are all goods that are received recorded as assets or inventory in a register?	-	Yes.	Yes.	Yes.	Yes.	L	Vietnam has regulation on management of public assets
C.20. Is the agency and/or procurement department familiar with letters of credit?	No	Yes	No	No	No	L	No large goods contract in this project
C.21. Does the procurement department register and track warranty and latent defects liability periods?	-	Yes	Yes	Yes	Yes	L	
Consulting Services							
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes	Yes, ICS under a WB project	Yes, ICS under a WB project	Yes, ICS under a WB project	No	L	Capacity building and Implementation Consultants support are required
C.23. If the above answer is yes, what were the major challenges?	-	Source of individual consultant is very limited in the region	Source of individual consultant is very limited in the region	Source of individual consultant is very limited in the region	-	M	Cost norms for national consultants is not attract consultants from other region to come.
C.24. Are assignments and requests for EOIs advertised?	Yes	Yes	Yes, depending on specific recruitment	Yes	Yes	L	
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes	Yes	Yes, personnel have relevant qualification	Yes	Yes	L	
C.26. What criteria is used to evaluate EOIs?	Qualification; Experience	Technical Proposal;	Relevant experience on ODA projects,	Technical Proposal;	Eligibility	M	Capacity building and Implementation Consultants support

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
		Financial Proposal	general qualification, relevant degree and certifications.	Financial Proposal			are required
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS, CQS	CQS, ICS	CQS, ICS	CQS, ICS	QCBS	L	
C.28. Do firms have to pay for the RFP document?	No	No	Depending on the each contract	No	No	L	
C.29. Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Yes	Yes	Yes	Yes	L	
C.30. Are pre-proposal visits and meetings arranged?	Not yet doing this	Not yet doing this	Not yet doing this	Not yet doing this	Not yet doing this	M	IA has not yet done any contract requires pre-proposal visits and meetings.
C.31. Are minutes prepared and circulated after pre-proposal meetings?	Not yet doing this	Not yet doing this	Not yet doing this	Not yet doing this	Not yet doing this	M	IA has not yet done any contract requires pre-proposal visits and meetings.
C.32. To whom are the minutes distributed?	Not yet doing this	Not yet doing this	Not yet doing this	Not yet doing this	Not yet doing this	M	IA has not yet done any contract requires pre-proposal visits and meetings.
C.33. Are all queries from consultants answered/ addressed in writing?	Yes	Yes, for the questions received in writing	Yes, for the questions received in writing	Yes, for the questions received in writing	Yes	L	
C.34. Are the technical and financial proposals required to be in separate envelopes?	Yes	No	Depending on the selection method.	No	Yes	L	Capacity building and Implementation Consultants support are required
C.35. Are proposal securities required?	No	No	Yes	No	No	L	Capacity building and Implementation Consultants support are required
C.36. Are technical proposals opened in public?	Yes	No (previous experience with CQS only)	Yes	No (previous experience with CQS only)	Yes	M	Capacity building and Implementation Consultants support are required
C.37. Are minutes of the technical opening distributed?	Yes	No	To be recorded in the Minutes	No	No	L	Capacity building and Implementation Consultants support

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
							are required
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	2 Proposals in 1 envelope (CQS)	Yes	2 Proposals in 1 envelope (CQS)	Yes	L	Capacity building and Implementation Consultants support are required
C.39. Who determines the final technical ranking and how?	Lead of Procurement Specialist team based on the given technical score	Procurement Specialist team based on the given technical score	IA Director based on recommendation of Procurement Specialist team	Procurement Specialist team based on the given technical score	EA based on the given technical score	L	Capacity building and Implementation Consultants support are required
C.40. Are the technical scores sent to all firms?	Yes	No	No	No	Yes	M	Capacity building and Implementation Consultants support are required
C.41. Are the financial proposal opened in public?	Yes	Yes	Yes	Yes	Yes	L	
C.42. Are minutes of the financial opening distributed?	Yes	Yes	Yes to all participants	Yes	No	L	Capacity building and Implementation Consultants support are required
C.43. How is the financial evaluation completed?	After Technical Evaluation	The bidders with lowest price will be evaluated the technical and qualification.	The lowest price	The bidders with lowest price will be evaluated the technical and qualification.	After Technical Evaluation	L	Capacity building and Implementation Consultants support are required
C.44. Are face to face contract negotiations held?	Yes	Yes	Yes	Yes	Yes	L	
C.45. How long after financial evaluation is negotiation held with the selected firm?	Approx. 10 days	Approx. 1 week	Approx. 1 week	Approx. 1 week	Approx. 1 week	L	
C.46. What is the usual basis for negotiation?	Any unclear contents, deviations, misstatements...	Implementation schedule and payment conditions	Price, Personnel, progress...	Implementation schedule and payment conditions	Authorization, scope of services, personnel, contract management..	L	Capacity building and Implementation Consultants support are required
C.47. Are minutes of negotiation taken and	Yes	Yes	Yes	Yes	Yes	L	

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
signed?							
C.48. How long after negotiation is the contract signed?	5 days	Agreed by both Parties	Max 30 days after completed negotiation	Agreed by both Parties	After negotiation	L	
C.49. Is there an evaluation system for measuring the outputs of consultants?	No	Supervision consultant	Only for the quantitative outputs. Not yet for qualitative outputs.	Supervision consultant	Yes	S	This need to be develop as currently there is no common best practices
Payments							
C.50. Are advance payments made?	Yes	Yes	Yes. After receiving the Guarantee	Yes	Yes	L	
C.51. What is the standard period for payment included in contracts?	Yes	Yes	Yes.	Yes	Yes	L	As regulated in the contract
C.52. On average, how long is it between receiving a firm's invoice and making payment?	Approx. 15 days	Approx. 1 week	Approx. 10 days	Approx. 1 week	Approx. 15 days	L	
C.53. When late payment is made, are the beneficiaries paid interest?	As agreed in the contract	-	No	-	Yes	L	
D. EFFECTIVENESS							
D.1. Is contractual performance systematically monitored and reported?	Yes, by supervision consultant	Yes, by supervision consultant	Yes, upon the completion of each outputs	Yes, by supervision consultant	Yes	S	This need to be develop as currently there is no common best practices
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Yes	Yes.	Yes	Yes	M	This need to be develop as currently there is no common best practices
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Not yet	Yes.	Not yet	Yes	L	Already regulated in Procurement regulations
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes	Yes	Yes. By commercial arbitration	Yes	Yes	L	
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	-	Yes	-	No	L	
E. ACCOUNTABILITY MEASURES							
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	No	No	Mentioned by the Decision of appointment	No	Yes	S	Currently, there is no mandatory Code of Conduct. Should consider to apply in the Project

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Question	Responses/ Findings					Risk	Comments
	Kon Tum	Gia Lai	Dak Lak	Dak Nong	Binh Phuoc		
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Yes	Yes	Yes	Yes	M	This need to be develop as currently there is no common best practices
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	No	No	No	No	L	
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	IA Director. Yes	IA Director. Yes	IA Director. Yes	IA Director. Yes	ADB	L	
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?						M	Capacity building and Implementation Consultants support are required
Bidding document, invitation to pre-qualify or RFP	IA Director	IA Director	IA Director	IA Director	ADB	-	
Advertisement of an invitation for bids, pre-qualification or call for EOIs	No	IA Director	No	IA Director	ADB	-	
Evaluation reports	IA Director		IA Director		ADB	-	
Notice of award	No	IA Director	No	IA Director	No	-	
Invitation to consultants to negotiate	No	IA Director	No	IA Director	No	-	
Contracts	No	IA Director	No	IA Director	No	-	
E.6. Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	IA	IA	IA Management Board and: i) Procurement Unit (ii) Accounting Unit (iii) Administration Unit (iv) Accounting/ Administration Units	IA	IA	L	Wrong response. However, Local regulations are not allow same official to perform all these tasks.
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Regulated in National Procurement regulations	Regulated in National Procurement regulations	Regulated in National Procurement regulations	Regulated in National Procurement regulations	Regulated in National Procurement regulations	L	

ADB = Asian Development Bank, EOI = expression of interest, QCBS = quality- and cost-based services, QBS = quality-based selection, RFP = request for proposal, TOR = terms of reference.

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II. General Ratings

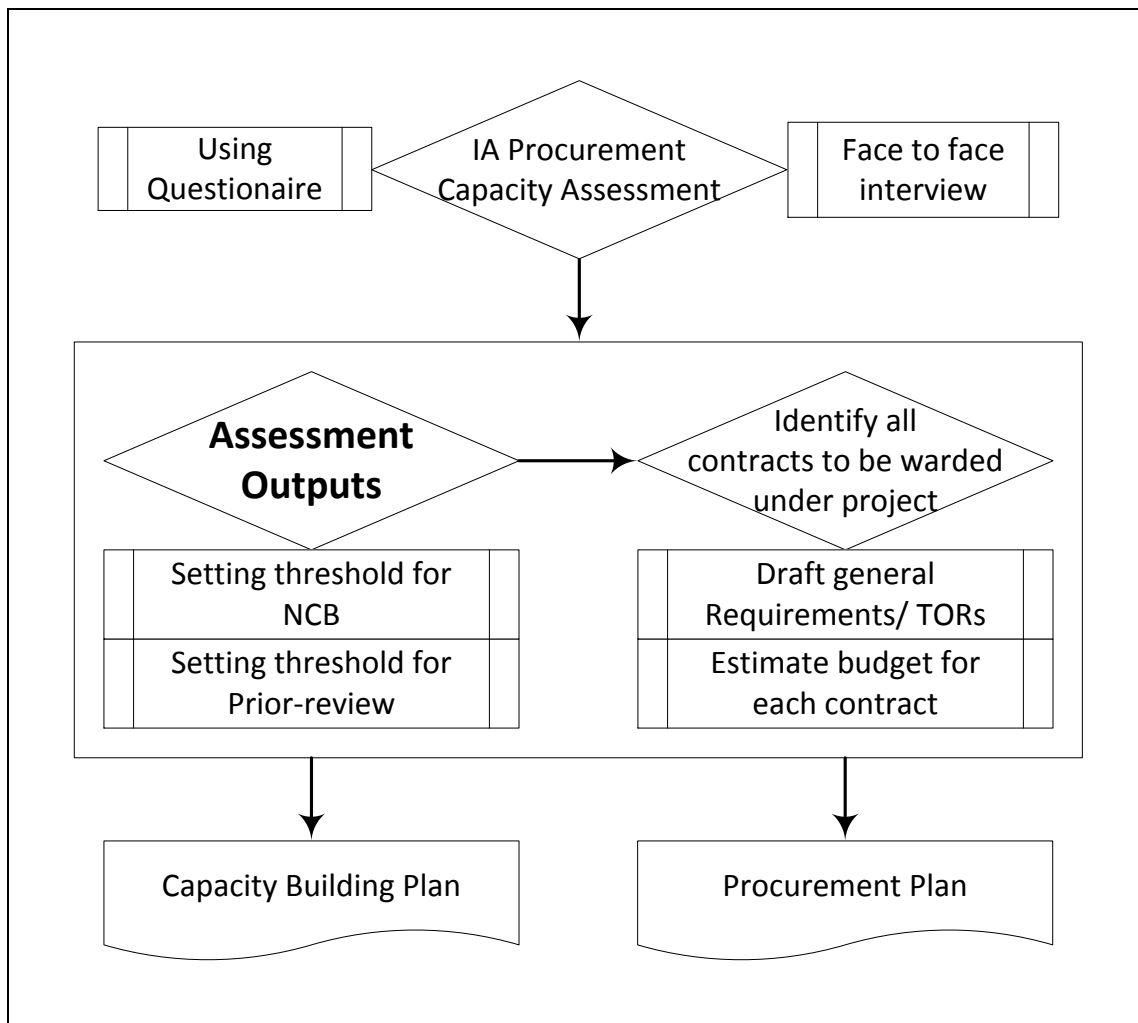
Criterion	Kon Tum: Risk assessment	Gia Lai: Risk assessment	Dak Lak: Risk assessment	Dak Nong: Risk assessment	Binh Phuoc: Risk assessment
a. Organizational and Staff Capacity	Low	Low	Low	Low	Low
b. Information Management	Moderate	Moderate	Moderate	Moderate	Moderate
c. Procurement Practices	Moderate	Moderate	Moderate	Moderate	Moderate
d. Effectiveness	Moderate	Moderate	Moderate	Moderate	Moderate
e. Accountability Measures	Moderate	Moderate	Moderate	Moderate	Moderate
OVERALL RISK RATING	Moderate	Moderate	Moderate	Moderate	Moderate

APPENDIX 2: PROCUREMENT STRATEGY

I. Overall

This procurement strategy is developed in order to establish the direction of how procurement should be organized in order to implement the procurement duty correctly and efficiently.

Figure: Procurement Strategy



Based on the output from Assessment in Appendix 1: Procurement Risk is assessed as Low. It is recommended to apply the below threshold for ICB/NCB and Prior-review:

Method	Threshold (US\$)	Comments
Works		
International Competitive Bidding	> 10 million	All contract subjected to prior review
National Competitive Bidding (NCB)	≤ 10 million and ≥ 0.2 million	Prior review the first contract of each province. Post review for the rest. Use of Harmonized Standard Bidding Documents for NCB.
Shopping	< \$0.2 million	Prior review the first contract of each

		province. Post review for the rest.
Goods		
International Competitive Bidding	> 2 million	All contract subjected to prior review
National Competitive Bidding (NCB)	≤ 2 million and ≥ 0.1 million	Prior review the first contract of each province. Post review for the rest. Use of Harmonized Standard Bidding Documents for NCB.
Shopping (SHP)	< 0.1 million	Prior review the first contract of each province. Post review for the rest.
Consulting services		
Quality and Cost Based Selection (QCBS)	≥ 0.3 million	All contract subjected to prior review
Consultant Qualification Selection (CQS)	≤ 0.3 million	Prior review the first contract of each province. Post review for the rest.

II. Procurement Plan.

Contracts in the Procurement Plan under the Project are identified in the final Feasibility Study (FS) prepared by provincial EAs and IAs. Based on the initial estimated scope of works/ scope of services, budget for each contract will be estimated and allocated.

Any advanced actions for the selection of Startup Consultants and Project Implementation Consultants (PIC), if any, will also be mutually agreed by ADB and EAs and to be incorporated into this Procurement Plan.

Taking into account that IAs and EAs already have particular experience in ADB procurement / selection of consultants under similar project implement in the region, it is recommended that the Procurement Plan shall consist of following procurement method:

- Procurement of goods and civil works: ICB, NCB and Shopping
- Selection of consultants: QCBS and CQS
- Other procurement/ selection methods may be applicable, however, not recommended.

III. Capacity Building Strategy and Planning**1. Strategy**

This strategy to be implemented through:

Phases:	Prior to the loan project implementation	During loan project implementation
For IAs:	Startup training for IAs prior to loan project implementation	Annual repeating/ advance trainings for IAs
For Business community:	Using mass media tools promoting project activities implementation to the community	
	Workshops to promote project to the business community	

2. Actions for IAs

The Procurement Capacity Assessment shows that IAs has some experience in procurement, however, their knowledge on procurement is not intensive at expected level:

- There may have misunderstandings of regulations/ articles/ clauses... that may risky affected to the procurement/selection processes and/ or contract implementation.
- Nature of requirements/ statements may not correctly understood and could not be explained by IAs, so in case of there are questions/ queries/ situations, those requirements/ statements are not explainable and clarify able.
- EAs/ IAs knowledge and practical on ADB procurement/ selection of consultants may be out of date in compare with the policies under operation, and/ or current standard procurement selection procedures.

The Capacity Building Plan is proposed to solve these above shortages in EAs/ IAs procurement capacity:

- Clearly describe/ perform each of procurement/ selection methods;
- Define activities to be performed at each steps
- Identify the deliverables/ outputs required;
- Understand the nature of each requirements;
- Mobilize the necessary resources;

So, the following targets are aimed and achieved:

- Correctly implementing of procurement/ selection process at high standard.
- Reach the efficiency in timing, costing, and resources mobilized.
- Best practices on procurement/ selection, contract management, filling and file keeping are on hand and be ready to use.

The Procurement Capacity Building campaign for each PPMU estimated as below:

ESTIMATED COST FOR PROCUREMENT TRAINING CAMPAIGN

Course: **Procurement Management Training**

Budget: **ADB Loan**

Number of participants: **30 participants (PPMU, DPI, DOT, DOF, Treasury, Provincial Inspectorate, and other relevant agencies)**

Location: **PPMU arrangement**

Schedule: **3 days course (minimum as regulated by MPI on procurement training)**

No	Item	Day/ Set	Quantity	Unit price	Total
I	Trainer				
1	Trainer's remuneration	3	1	200	600
2	Trainer's reimbursable	5	1	25	125
3	Trainer air-roundtrip travel	1	1	225	225
II	Trainees per diem and accommodation				
1	Per diem for participant		30	8	0
2	Lunch for the training day	1	30	8	240
4	Accommodation for participant		30	15	0
III	Training cost				
1	Training facility & supporting tools	3	1	350	1,050
2	Tea break	3	30	3	270
3	Stationery	1	30	3	90
4	Copy training documents	1	30	3	90
5	Contingency				110
	TOTAL: 1 year for 1 PPMU				2,800
	TOTAL: Repeating & advanced training during 5 years of project cycle for 1 PPMU				14,000
	GRAND TOTAL: 5 PPMUs				70,000

3. Actions for local business community

In order to help understand contractor capacity and prepare optimal qualification criteria, IA should organize several short workshop (i.e. half day) to promote project activities to the potential contractors.

- Consult with other Project Management Units under Department of Transport to make a survey on the current bidders/ contractors having its operation in the region.
- Together with announcement on the local mass-media tools (TV, Radio, Newspaper...), it is recommended to sent invitation directly to the above bidders/ contractors for the workshop.
- At the workshop, using questionnaire to collect data from these potential contractors, this will help to identify their qualification' range. Project Implementation Consultants will support preparing the questionnaire.
- Workshop contents, especially on the ADB regulations, the main difference between ADB procurement and Government procurement (the procedure, use of the standard templates), anti-corruption policy, best practices in participating in ADB procurement...etc will be presented.

The schedule:

- Q1 2017: 1 workshop;
- Q2 2017: 1 workshop;
- Q3 2017: 3 workshops;

Budget for this activity will not be set as the workshop is short and these workshops can utilize the current IA/PPMU' facilities.

In order to strengthen capacity for the national/ local business community in participating in ADB procurement procedure. It is important to:

- Widely announce on the project and the business opportunities prior to the project implementation. Any bids invitation, beside the advertisement on the National Procurement Newspaper, National Procurement Website, it is recommended to advertise on provincial TV, newspapers, EA websites, IA websites... to promote the opportunity to the national/ local business community.
- Pre-bid conference for large contract is encourage. This is to facilitate the potential bidders not only on the technical notes but also on ADB procurement requirements/ regulations.

IV. Applicable templates

- For International Competitive Bidding of Works:
 - Standard Bidding Document for Works, December 2015
- For National Competitive Bidding of Goods and Works:
 - Harmonized SBD for ADB-WB funded NCB Goods Contracts, July 2015
 - Harmonized SBD for ADB-WB funded NCB Goods Works Contracts, July 2015
- For Shopping of Goods and Works:
 - Sample document Shopping for Goods, June 2013
 - Sample document Shopping for Works, June 2013

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- For consulting services:
 - Expression of Interest for All Selection Methods (firm)
 - Expression of Interest for Individual Consultants
 - Request for Proposal, August 2013.

For other goods/ works templates:

<http://www.adb.org/site/business-opportunities/operational-procurement/goods-services>

For other consulting services templates:

<http://www.adb.org/site/business-opportunities/operational-procurement/consulting/documents#loans>

APPENDIX 3: PROCUREMENT PLAN