

Project Administration Manual

Project Number: 47274
Loan and Grant Number(s):
October 2017

Socialist Republic of Viet Nam: Secondary Green
Cities Development Project

ABBREVIATIONS

ADB	–	Asian Development Bank
CDTA	–	capacity development technical assistance
CMG	–	Community Management Group
CPC	–	City People’s Committee
CSB	–	Community Supervision Board
EMP	–	environment management plan
GDP	–	gross domestic product
HAPPC	–	Ha Giang Provincial People’s Committee
HCPC	–	Ha Giang City People’s Committee
HDPI	–	Thua Thien Hue Provincial Department of Planning and Investment
HUPPC	–	Thua Thien Hue Provincial People’s Committee
O&M	–	operation and maintenance
PAM	–	project administration manual
PRC	–	People’s Republic of China
SEDP	–	Socio-Economic Development Plan
UCCRTF	–	Urban Climate Change Resilient Trust Fund
UFPF	–	Urban Financial Partnership Facility
VPMO	–	Vinh Phuc Foreign Concessional Loan Project Management Office
VPPC	–	Vinh Phuc Provincial People’s Committee

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Project Administration Manual Purpose and Process

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

The Vinh Phuc Provincial People's Committee (VPPC), the Thua Thien Hue Provincial People's Committee (HUPPC) and Ha Giang Provincial People's Committee (HAPPC), as executing agencies; and the Vinh Phuc Foreign Concessional Loan Project Management Office (VPMO), the Thua Thien Hue Provincial Department of Planning and Investment (HDPI), and Ha Giang City People's Committee (HCPC) as implementing agencies are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by the executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan and grant negotiations, the Government and ADB shall agree to the PAM and ensure consistency with the loan and grant agreements. Such agreements shall be reflected in the minutes of the loan and grant negotiations. In the event of any discrepancy or contradiction between the PAM and the loan and grant agreements, the provisions of the loan and grant agreements shall prevail.

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

I. PROJECT DESCRIPTION

A. Rationale

1. **Development constraints.** Due to rapid urbanization, 31.1 million people live in Vietnamese cities, and contributed about 70% of the country's gross domestic product in 2015 (\$2,109 per capita).¹ Although rapid growth is continuously driven by a structural shift from agriculture to industry and services, country's urbanization is uneven. Unlike the five centrally administered cities, development of secondary cities is lagging significantly.² In these cities, less than 60% of households are connected to the water supply system. Only 10% of their urban wastewater is treated by a centralized system, and domestic wastewater treatment relies heavily on poorly maintained household septic tanks. The lack of proper stormwater management has reduced the capacity of drainage systems and causes frequent flooding. Many urban road networks have difficulty accommodating an increasing number of vehicles. Climate change also severely impacts secondary cities regardless of their location. By 2100, a projected sea-level rise of 100 centimeters could flood a 40,000-square-kilometer area and affect an estimated 9 million–11 million people. Meanwhile, inland cities will suffer from water stress because of the reduced annual flow of major rivers.³ Due to the government's financial decentralized policy, secondary cities are constrained by the lack of financial resources and local investment because of insufficient basic urban infrastructure and services.⁴ Infrastructure development in these cities relies heavily on public investment as their limited size and coverage cannot support economies of scale or cost recovery. Yet, their weak institutional capacity to plan, design, and prioritize investments prevents the efficient use of public funds and application of innovative ideas.

2. **Government effort and challenges.** Viet Nam's Socio-Economic Development Strategy, 2011–2020 and its Socio-Economic Development Plan, 2016–2020 aim to sustain economic growth rates while achieving social inclusiveness and environmental protection.⁵ This has led the government to issue the specific sector policies: the National Orientation Master Plan to 2025 and the National Program on Urban Development to provide future visions, and guide efficient, sustainable, and equitable urbanization.⁶ However, secondary cities' slow development prevents them from contributing to the national socioeconomic growth, especially through (i) providing job opportunities and livable environments for locals and migrant workers; and (ii) minimizing income disparities by supporting the growth of middle-income groups

3. The government requested Asian Development Bank (ADB) because it has been supporting the comprehensive basic urban infrastructure development in secondary cities since 2003.⁷ ADB's experience suggests that responding to city's complex socioeconomic and financial

¹ Government of Viet Nam, General Statistics Office of Viet Nam. 2016. *Statistical Yearbook of Vietnam 2015*. Ha Noi. Urbanization is increasing at a rate of 4.0% per year, much faster than the national population growth rate of 1.1%.

² The five centrally administered cities are Can Tho, Da Nang, Hai Phong, Ha Noi, and Ho Chi Minh City. A secondary city generally has a population of 50,000–300,000.

³ Asian Development Bank (ADB). 2009. *The Economics of Climate Change in Southeast Asia: A Regional Review*. Manila; Sub-Institute of Hydrometeorology and Climate Change. 2011. *Development and Implementation of Climate Change Adaptation Measures in Coastal Areas in Vietnam*. Ho Chi Minh City.

⁴ Due to the government's financial decentralization policy, many local governments have had to confront large financial deficits stemming from reduced fiscal budget transfers and limited sources of own fiscal revenue.

⁵ Government of Viet Nam, Ministry of Planning and Investment. 2011. *Socio-Economic Development Strategy, 2011–2020*. Ha Noi; Government of Viet Nam, Ministry of Planning and Investment. 2015. *Socio-Economic Development Plan, 2016–2020*. Ha Noi.

⁶ Government of Viet Nam. 2009. *Orientation Master Plan for Viet Nam Urban System Development to 2025 with a Vision to 2050*. Ha Noi (Prime Minister's Decision 445/2009).

⁷ ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Central Region Urban Environmental Improvement Project*. Manila.

constraints requires strategic support in upstream city planning, and the identification of effective investments. The government and ADB jointly selected Vinh Yen, Hue, and Ha Giang as demonstration cities because they represent different socioeconomic characteristics, development constraints, and geographic locations. ADB supported the preparation of a GrEEEn city action plan (GCAP) for each city, that piloted integrated planning and prioritized investment approach to boost the cities' economic competitiveness, while incorporating social inclusiveness, climate resilience, and environmental sustainability in infrastructure planning and development.⁸

4. Vinh Yen, the capital of Vinh Phuc province with a population of 105,800 as of 2016, is one of the satellite cities forming the greater Ha Noi cluster. Given its strategic location, the city is experiencing relatively high economic growth led by foreign direct investment in automobile manufacturing.⁹ However, the city has failed to take full advantage of its industrial structure and provide a better quality of life for local people. The GCAP identified the following priorities: (i) regain economic competitiveness by linking local industries to emerging opportunities and developing academic institutions that will support skilled labor to attract industries that will diversify its value chain;¹⁰ (ii) expand the limited sanitation coverage and upgrade the combined sewerage system that currently serves only 30% of households; and (iii) improve livability for locals and migrant workers by increasing public green spaces from 4.8 square meters per person to the government's target of 5.0–7.0 square meters per person.

5. As the capital of Thua Thien Hue province, Hue is a historic tourism city with a population of 355,095 as of 2016. The city struggles to balance historical asset conservation and urban development.¹¹ Despite a rapid increase in the number of tourist arrivals, the provincial per capita gross regional product of about \$1,881 remains lower than the national average. Hue's GCAP targets the continued development of the tourism industry, while ensuring better quality of life for local people, by (i) improving the environment in and around the Hue Citadel, where an insufficient wastewater and drainage system (with only 30% coverage) causes frequent flooding; (ii) developing a new urban area on the east bank of the Huong River to reduce development pressures on the historical conservation areas on the west bank; and (iii) mitigating the impacts of rapidly increasing road traffic and fragmented road connections, as well as associated concerns relating to traffic safety.

6. Ha Giang, the capital of Ha Giang province with a population of 55,900 as of 2016, is located on the country's northern border with the People's Republic of China (PRC) at the confluence of the Mien and Lo Rivers. The landlocked city remains economically isolated because it fails in capturing its economic growth potential as a border city to the PRC.¹² The GCAP proposes (i) constructing wastewater and drainage systems in the city center to mitigate seasonal flooding and water pollution; (ii) strengthening the river embankment against erosion and annual flooding, which causes an average economic loss of \$0.6 million per year; and (iii) improving the capacity and connectivity of the urban road network to support increasing cross-border trade with the PRC and over 489,000 tourists per year to the Dong Van Karst Plateau, a member of the United Nations Educational, Scientific and Cultural Organization Global Geoparks Network.

⁸ ADB. 2012. *Technical Assistance for Green Cities—A Sustainable Urban Future in Southeast Asia*. Manila. The TA applied the GrEEEn city concept that enables cities to be economically competitive, environmentally sustainable, socially equitable, and resilient to climate change and natural disasters. The GCAP was agreed upon and published in 2014: ADB. 2014. *Hue GrEEEn City Action Plan*. Manila; ADB. 2014. *Vinh Yen GrEEEn City Action Plan*. Manila. ADB provided project preparatory TA for the Secondary Cities Development Program (Green Cities) (TA 8671-VIE).

⁹ In 2015, the per capita gross regional product in Vinh Phuc was \$4,410.

¹⁰ In Vinh Phuc, local industries support less than 10% of the automobile manufacturing supply chain.

¹¹ The Hue Citadel and other physical cultural resources were recognized as World Heritage Sites in 1993.

¹² In 2015, the per capita gross regional product in Ha Giang province was \$1,712.

7. **ADB's value addition.** ADB added value based on its lengthy experience in supporting secondary cities in various geographic areas of Viet Nam. ADB's proposed solution builds on knowledge work and addresses complex secondary city development issues through TA and loan projects. The project components were selected based on ADB's capacity development TA¹³ that conceptualized, analyzed, and integrated green and climate-resilient development approaches in cities. A project preparatory TA¹⁴ refined the GCAPs and prioritized investment for city development. Parallel to the project implementation, the attached TA will leverage the project impact to (i) mainstream green and climate-resilient development through national policy and regulatory reform, (ii) update the GCAPs and improve project cities' master plans, and (iii) replicate the approach in other Vietnamese secondary cities. The project also incorporates lessons from previous ADB projects in Viet Nam, including the need to (i) apply project readiness filters to minimize start-up delays; (ii) show strong commitment on tariff reform to recover operation and maintenance (O&M) costs and ensure the financial sustainability; (iii) promote provincial government agencies' strong ownership and early involvement in project design and the management; and (iv) provide loan and grant resources for operationalizing a revolving fund.¹⁵

8. **Special features and strategic fit.** The project will help the three cities consider design alternatives and demonstrate innovative green infrastructure solutions by (i) adopting an ecological and climate-resilient design for embankments and urban drainage channels that will minimize concrete structures, balance engineering measures with river ecosystem conservation, and enhance public amenities; (ii) including green functions in road designs to allow water filtration and retention for stormwater runoff; and (iii) implementing flagship GEF and UCCRTF grant investments will effectively raise people's awareness and demonstrate the government's commitment to greener and more inclusive city development. For example, replacing 1,900 streetlights with energy-efficient lighting in Ha Giang will significantly change the ambience of the city center at night. Activities directly supporting communities vulnerable to climate risk in Hue and Vinh Yen will enable the project to directly reach the people in need through a participatory approach. The attached TA will demonstrate an innovative financial mechanism for Hue to protect its infrastructure assets against climate change and disaster risk. The project aligns with ADB's country partnership strategy, 2016–2020 for Viet Nam. It is consistent with ADB's Midterm Review of Strategy 2020, Urban Operational Plan, and Environment Operational Directions as it promotes (i) knowledge solutions and the scaling up of climate adaptation; and (ii) competitive, inclusive, and green city development and better quality of life through a climate-resilient city.¹⁶

B. Impact and Outcome

9. The project is aligned with the following impacts: improved efficiency, sustainability, and equitability of secondary cities development in Viet Nam (footnote 6). The project will have the

¹³ ADB. 2012. *Technical Assistance for Green Cities—A Sustainable Urban Future in Southeast Asia*. Manila.

¹⁴ ADB. 2014. *Concept Paper: Proposed Results-Based Loan and Administration of Grant to the Socialist Republic of Viet Nam for the Secondary Cities Development Program (Green Cities)*. Manila.

¹⁵ Independent Evaluation Department. 2009. *Sector Assistance Program Evaluation: Urban Services and Water Supply and Sanitation Sector in Viet Nam*. Manila; ADB. 2011. *Completion Report: Third Provincial Towns Water Supply and Sanitation Project in Viet Nam*. Manila; ADB. 2013. *Completion Report: Central Region Urban Environmental Improvement Project in Viet Nam*. Manila.

¹⁶ ADB. 2016. *Country Partnership Strategy: Viet Nam, 2016–2020—Fostering More Inclusive and Environmentally Sustainable Growth*. Manila; ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila; ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila; ADB. 2013. *Environment Operational Directions 2013–2020: Promoting Transitions to Green Growth in Asia and the Pacific*. Manila.

following outcome: the strengthened environmental sustainability, inclusiveness, and climate resilience of Vinh Yen, Hue, and Ha Giang.¹⁷

C. Outputs

10. **Output 1: Green and resilient urban infrastructure services in Vinh Yen improved** (Vinh Yen subproject). This output will have three components. The green and resilient urban space improvement component includes (i) a new wastewater treatment system with a 6,000-cubic-meter-per-day plant and 66.1 kilometers (km) of new and upgraded pipelines for drainage and pollution control; (ii) the dredging of the Dam Vac lake to increase its stormwater retention capacity; (iii) 3.5 km of embankment protection and improved public access to the waterfront; and (iv) 44.5 hectares (ha) of new public green space. The competitive city development component will finance the construction of an industrial promotion and exhibition center to attract investments and a 5.6 km road connecting the city center to the developing university area. The green flagship grant component includes (i) community-led activities for climate-vulnerable communities to enhance their level of adaptation; and (ii) a government-managed revolving fund to promote household connections to a project-financed centralized wastewater treatment system.

11. **Output 2: Green and resilient urban infrastructure services in Hue improved** (Hue subproject). This output will have three components. The green and resilient urban development component includes (i) improving the drainage capacity, water environment, and livability of the inner and surrounding areas of the Citadel by upgrading 21.9 km of drainage pipelines, rehabilitating 15.9 km of road pavement and drainage, and dredging 6.2 ha of water-retention ponds; (ii) protecting 9.0 km of river embankments with environment-friendly materials and improved public access; (iii) enhancing 17.2 ha of green spaces and landscaping for public amenities; and (iv) extending access to a clean water supply to the poor Phu Son communes through two booster pump stations, 30.8 km pipelines, and 469 household connections. The urban road connectivity and tourist access improvement component will connect missing links of the urban road network to a 7.2 km road and three bridges to reduce traffic congestion and improve access for increasing numbers of tourists. The green flagship grant component will involve consultations with climate-vulnerable communities to identify their needs, and will fund the required equipment procurements, small works, and activities.

12. **Output 3: Green and resilient urban infrastructure services in Ha Giang improved** (Ha Giang subproject). This output will have three components. The green and resilient urban development component will improve the capacity of 7.0 km of urban drainage by incorporating green features, and protect 5.6 km of river embankments with environment-friendly materials to prevent flood and soil erosion. The integrated road network development component will enhance the urban road network with a 6.2 km road and a 150-meter bridge to divert increasing numbers of tourists and cross-border logistic-related traffic. The green flagship grant component will replace 1,900 streetlights in the city with energy-efficient streetlights.

13. For all subprojects, the provincial people's committees (PPCs), the executing agencies, will strengthen institutional capacity by engaging consulting services for construction supervision, safeguards and social compliance monitoring, detailed engineering design, and auditing. Detailed project outputs and components are in Table 1.1.

¹⁷ The design and monitoring framework is in Appendix 1.

Table 1.1: Detailed Project Outputs and Components

Project Component	Subcomponent	Deliverables
Output 1: Green and Resilient Urban Infrastructure services in Vinh Yen improved		
1. Green and Resilient Urban Space Improvement	1.1. Dredging and Landscape Protection of Dam Vac Lake	1.1.1 Dredging 60 ha of Dam Vac Lake, 1.1.2 3.5 km embankment protection of Dam Vac lake, 1.1.3 3.2 km pedestrian walkaway, pavement, 1.1.4 Landscaping and lighting
	1.2. A New Wastewater Treatment System in Three Wards: Dong Tam, Hoi Hop and Tich Son	1.2.1. A plant with treatment capacity of 6,000 m ³ /d, 1.2.2. 17.5km primary and secondary network DN200–500mm 1.2.3. 9.7 km pressure pipeline network D90–300 mm 1.2.4. 30 km tertiary network DN200 1.2.5. 7 booster pumping stations with capacities of 62–185 m ³ /h 1.2.6. 10 small pumping stations with capacities of 6–9 m ³ /h
	1.3. Upgrading Drainage and Wastewater System in Four Wards: Dong Da, Ngo Quyen, Khai Quang and Lien Bao	1.3.1. 4.7 km open ditches 1.3.2. Gravity and pressure wastewater pipes, 8.9 km tertiary network DN200–DN250 1.3.3. 4 small pumping station with capacities of 6–9 m ³ /h
	1.4. Green Park Development in Southern part of Dam Vac Lake	1.4.1. 44.5 ha area landscaping with hills, green spaces, pedestrian walkways 1.4.2. Water supply and drainage pipelines inside the park 1.4.3. Street & park lighting
2. Competitive City Development	2.1. Infrastructure for University Area	2.1.1. 5.6 km arterial road with bicycle lanes and pedestrian walkaways 2.1.2. 5.6 km stormwater drainage 2.1.3. Streetlights, pavement and sidewalk
	2.2. Center for Supporting Industrial Linkage	2.2.1. 2 stories buildings with total floor space of 1,600m ² , and auxiliary facilities.
3. Green Flagship Grant	3.1. Local communities support	3.1.1. Community-led activities 3.1.2. Revolving fund for promoting household connections to the centralized wastewater treatment system
Output 2: Green and Resilient Urban Infrastructure services in Hue improved		
1. Green and Resilient Urban Development	1.1 Citadel Protection and Environmental Improvement	1.1.1 21.9 km drainage pipelines in 4 inner city wards 1.1.2 15.9 km road rehabilitation, streetlight, landscaping in 4 inner city wards 1.1.3 Dredging with total area of 6.2 ha 1.1.4 3.3km embankment protection around 6 urban ponds
	1.2 Resilient Water Environment and Infrastructure Development	1.2.1 2.6 km embankment protection, canal dredging and landscaping of Ke Van River 1.2.2 2.8 km embankment protection, canal dredging and landscaping of An Hoa River 1.2.3 1.7 km embankment protection, canal dredging and landscaping of Dong Ba River 1.2.4 1.0 km embankment protection, canal dredging and landscaping of Lap River 1.2.5 0.2 km water course rehabilitation, 0.5 km embankment protection, landscaping and streetlight, 1 water wharf of An Cuu River 1.2.6 0.2 km water course rehabilitation, 0.4 km embankment protection, landscaping and streetlight, 8 water wharf of Nhu Y River 1.2.7 2 booster pumping stations with capacity of 1,000 m ³ /day each

		1.2.8	30.8 km water supply pipelines HDPE DN75-225, treated water reservoir 1,000 m ³ , elevated tank 100 m ³ , and 530 household connections
	1.3 Landscaping and Public Green Space	1.3.1.	4.4 km Park, Path, Drainage and Lighting
		1.3.2.	17.2 ha public park and square
2. Integrated Urban Road Network and Tourist Access Improvement	2.1 Tourist Access Improvement	2.1.1	3.0 km Bui Thi Xuan Road upgrading with a 31-m bridge
		2.1.2	4.2 km Huyen Tran Cong Chua Road upgrading
	2.2 Road Connectivity Improvement	2.2.1	175-m Vy Da bridge and 0.3 km access road
		2.2.2	An Van Duong Development Areas 95-m bridges and 0.4 km access road
3. Green Flagship Grant	3.1 Local communities support	3.1.1.	Community-led activities
Output 3: Green and Resilient Urban Infrastructure services in Ha Giang improved			
1. Green and Resilient Urban Development	1.1 Drainage Channel Improvement and Environmental Rehabilitation	1.1.1	2.9 km drainage rehabilitation and upgrading in Minh Khai ward
		1.1.2	1.5 km drainage rehabilitation and upgrading in Tran Phu Ward
		1.1.3	1.2 km drainage rehabilitation and upgrading in Quang Trung Ward
		1.1.4	1.4 km drainage rehabilitation and upgrading in Nguyen Trai Ward
	1.2 River Embankment Protection and Ecological Upgrading	1.2.1	1.0-km Western Embankment protection and landscaping of Lo River
		1.2.2	3.0-km embankment protection and landscaping of Mien River
		1.2.3	1.6-km Southern Embankment protection and landscaping of Me Stream
2. Integrated Urban Road Network Development	2.1 Urban Road Connectivity Improvement	2.1.1	2.1-km new Phung Hung road on the East bank of Mien River
		2.1.2	2.9-km southern ring road
		2.1.3	150-m bridge between the National Road No.2 and the Southern Ring Road
		2.1.4	1.2-km national road No.2 upgrading
3. Green Flagship Grant	3.1 Greenhouse Gas Mitigation	3.1.1	1,900 streetlights replacements to energy-efficiency street lights

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 2.1: Project Readiness Table

Indicative Activities	2017							2018							Responsible Agency/ Government
	6	7	8	9	10	11	12	1	2	3	4	5	6	7	
Establish project implementation arrangements															VPPC, HUPPC, HAPPC, VPMO, HDPI, HCPC, MONRE
Detailed engineering design consultant mobilization for the first works contract in each city															VPMO, HDPI, HCPC
Advertisement of construction supervision consulting service															ADB, VPMO, HDPI, HCPC
Loan negotiations															ADB, SBV, VPPC, HUPPC, HAPPC
ADB board approval															ADB
Completion of the first works contract bidding document and onset of bidding process															VPMO, HDPI, HCPC
Loan and Grant signing															ADB, SBV
Onset of detailed engineering design of other works contracts in each city															VPMO, HDPI, HCPC
Government legal opinion provided															SBV
Government budget inclusion															VPPC, HUPPC, HAPPC
Loan and Grant effectiveness															ADB, MOF, SBV
Award of the first works contract in each city															ADB, VPMO, HDPI, HCPC

ADB = Asian Development Bank, HAPPC = Ha Giang Provincial People's Committee, HCPC = Ha Giang City People's Committee, HDPI = Thua Thien Hue Provincial Department of Planning and Investment, HUPPC = Thua Thien Hue Provincial People's Committee, MOF = Ministry of Finance, SBV = State Bank of Viet Nam, VPMO = Vinh Phuc Foreign Concessional Loan Project Management Office, VPPC = Vinh Phuc Provincial People's Committee.

Source: Asian Development Bank.

[illegible]

Source: Asian Development Bank.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Table 3.1: Project Implementation Organization

Project implementation organizations				Management roles and responsibilities
Executing agency				
Vinh Phuc Provincial Committee /	People's			Headed by the vice-chairman in-charge, each executing agency is responsible for project coordination with their implementing agency and:
Thua Thien Hue Provincial Committee /	People's			<ul style="list-style-type: none"> Oversee project preparation and implementation Provide policy guidance during implementation Facilitate interagency coordination of all day-to-day management work during project preparation and implementation period Supervise communication with ADB for project management and implementation, reporting project implementation progress, safeguards and social compliance monitoring
Ha Giang Provincial Committee	People's			
Implementing agency				
Vinh Phuc Foreign Concessional Loan Project Management Office /				<ul style="list-style-type: none"> In-charge of all day-to-day management and coordination work during project preparation and implementation Engage detailed engineering design consulting services and prepare for bidding documents in appropriate format Engage a construction supervision consulting service, external resettlement monitor and auditor Update IEE (as needed) and EMPs, and submit to ADB for appraisal and disclosure With the support of the construction supervision consultants, design and procure goods and works under the subproject and administer and monitor suppliers Undertake contract management, construction supervision and quality control, with the support of supervision companies Develop project management procedures, implementation plan, and financial management Maintain separate project accounts for the project Coordinate public consultation and disclosure activities Submit bidding documents, bid evaluation reports, and other necessary documentations to ADB for necessary approval Coordinate implementation of land acquisition and resettlement activities with relevant departments under the city's people's committee and wad governments Coordinate implementation of environmental management, supervision and monitoring activities with DONRE, HMCC (Hue), DOLISA Coordinate project grievance redress mechanism Coordinate implementation and monitoring of SDAP and GAP Submit withdrawal applications through Provincial Finance Department Submit required annual audit reports and financial statements of project account to ADB Submit required periodic project related reports (i.e. progress report and completion report), and safeguards and social monitoring reports
Thua Thien Hue Provincial Department of Planning and Investment /				
Ha Giang City People's Committee				
ADB				Responsible for administering the project including, procurement review and support, public financial management, safeguards and social monitoring and supervision.

ADB = Asian Development Bank, DOLISA = Department of Labor, Invalids and Social Affairs, DONRE = Provincial Department of Environment and Natural Resources, HMCC = Hue Monuments Conservation Center, ODA = overseas development assistance

Source: Asian Development Bank.

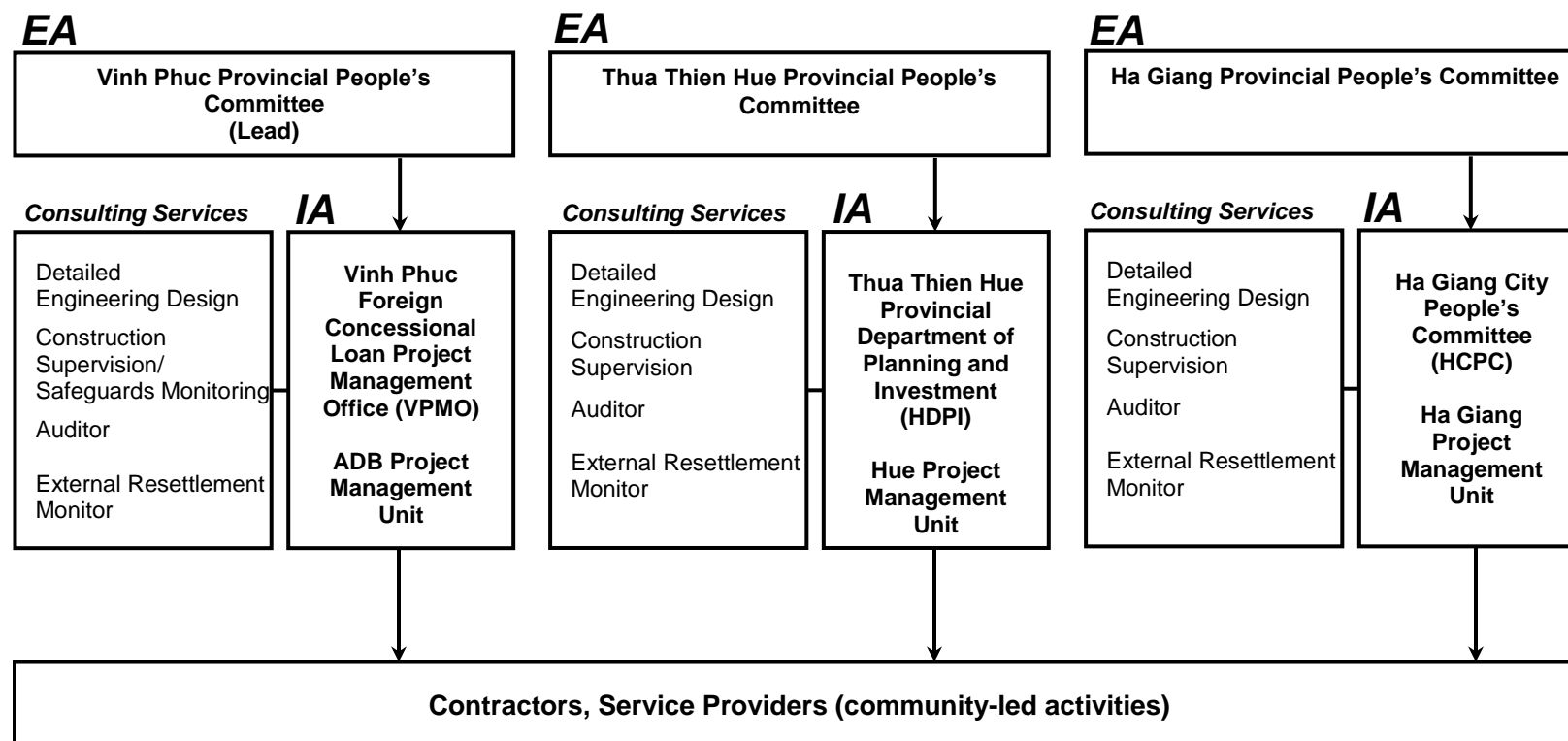
B. Key Persons Involved in Implementation

15. Key persons involve in implementation of the project is as follows:

Executing Agency		
Vinh Phuc Provincial People's Committee /	Officer's Name:	Mr. Vu Chi Giang
	Position:	Vice-Chairman
	Telephone(Fax):	+84 211 3861743
	Email Address:	giangvc@vinhphuc.gov.vn
	Office Address:	38–40 Nguyen Trai road, Dong Da ward, Vinh Yen city
Thua Thien Hue Provincial People's Committee /	Officer's Name:	Mr. Nguyen Van Phuong
	Position:	Vice-Chairman
	Telephone(Fax):	+84 234 3822803
	Email Address:	pntho.ubnd@thuathienhue.gov.vn
	Office Address:	16 Le Loi, Hue city
Ha Giang Provincial People's Committee	Officer's Name:	Mr. Nguyen Van Son
	Position:	Chairman
	Telephone(Fax):	+84 219 3866420
	Email Address:	nvson.vpubnd@hagiang.gov.vn
	Office Address:	01 Doi Can, Nguyen Trai ward, Ha Giang city
<hr/> Implementing Agencies		
Vinh Phuc Foreign Concessional Loan Project Management Office / ADB Project Management Unit	Officer's Name:	Mr. Nguyen Duc Tai
	Position:	Director
	Telephone No.:	+84 211 3842743
	Email address:	ductaikhdt@gmail.com
Thua Thien Hue Provincial Department of Planning and Investment / Hue Project Management Unit	Officer's Name:	Mr. Le Dinh Khanh
	Position:	Deputy Director General
	Telephone No.:	+84 54 3822538
	Email address:	ledinhkhanh1959@gmail.com
Ha Giang City People's Committee / Ha Giang Project Management Unit	Officer's Name:	Mrs. Nguyen Thi Phuong Lan
	Position:	Chairwoman
	Telephone No.:	+84 219 3868599
	Email address:	lanhagiang@gmail.com
<hr/> Asian Development Bank		
Southeast Asia Department Urban Development and Water Division	Staff Name:	Eri Honda (Ms.)
	Position:	Officer-in-Charge, Urban Development and Water Sector, Southeast Asia Department
	Telephone No.:	+63 632 4444
	Email Address:	ehonda@adb.org
	Staff Name:	Satoshi Ishii (Mr.)
	Position:	Senior Urban Development Specialist
	Telephone No.:	+84 4 3933 1374
	Email Address:	sishii@adb.org

C. Project Organization Structure

16. Project's organization structure is as follows.



IV. COSTS AND FINANCING

A. Cost Estimates Preparation and Revisions

17. The cost estimate was prepared jointly by Asian Development Bank and implementing agencies using end-2016 prices. The cost estimate will be revised at the loan midterm review stage (planned in 2020).

B. Key Assumptions

18. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: VND22,300 = \$1.00 (2 August 2016)
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 4.1: Escalation Rates for Price Contingency Calculation

Item	2018	2019	2020	2021	2022	Average
Foreign rate of price inflation	2.9%	4.5%	6.0%	7.6%	9.2%	6.1%
Domestic rate of price inflation	6.0%	11.3%	16.9%	22.7%	28.8%	17.1%

Source: Asian Development Bank

B. Detailed Cost Estimates by Expenditure Category

Table 4.2: Detailed Cost Estimates by Expenditure Category

Item	VND (billion)			\$ (million)			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost ^a	Foreign Exchange	Local Currency	Total Cost	
A. Investment Cost^b							
1. Civil works	606.82	2,269.93	2,876.75	27.21	101.79	129.00	77
2. Mechanical and equipment	0.00	0.00	0.00	0.00	0.00	0.00	0
3. Environment and social mitigation	0.00	561.73	561.73	0.00	25.19	25.19	15
4. Consultants							
a. Detailed engineering design	0.00	70.60	70.60	0.00	3.17	3.17	2
b. Construction supervision	21.94	73.57	95.51	0.98	3.30	4.28	3
c. External resettlement monitor	0.00	3.35	3.35	0.00	0.15	0.15	0
d. Auditor	0.00	12.85	12.85	0.00	0.58	0.58	0
e. Community-led activities	0.00	98.12	98.12	0.00	4.40	4.40	3
Subtotal (A)	628.76	3,090.15	3,718.91	28.20	138.57	166.77	99
B. Recurrent Cost							
1. Salary	0.00	37.35	37.35	0.00	1.68	1.68	1
Subtotal (B)	0.00	37.35	37.35	0.00	1.68	1.68	1
C. Contingencies^c							
1. Physical	57.86	302.72	360.57	2.59	13.57	16.17	10
2. Price	37.50	675.20	712.69	1.68	30.28	31.96	19
Subtotal (C)	95.35	977.91	1,073.26	4.28	43.85	48.13	29
D. Financing Charges During Implementation^d							
1. Interest	157.22	0.00	157.22	7.05	0.00	7.05	4
2. Commitment charges	5.58	0.00	5.58	0.25	0.00	0.25	0
Subtotal (D)	162.79	0.00	162.79	7.30	0.00	7.30	4
Total Project Cost (A+B+C+D)	886.90	4,105.41	4,992.31	39.77	184.10	223.87	133

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$13.47 million that will be financed by the counterpart fund.

^b In end-2016 prices as of 2017.

^c Physical contingencies computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies computed at average of 1.5% on foreign exchange costs and 5.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Interest during construction for the OCR loan(s) has been computed at the 5-year LIBOR US dollar fixed swap rate plus an effective contractual spread of 0.50% and maturity premium of 0.10%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

C. Allocation and Withdrawal of Loan and Grant Proceeds

Allocation and Withdrawal of Loan Proceeds OCR (Regular Loan)

CATEGORY				ADB FINANCING BASIS
No.	Item	Amount allocated		Percentage and Basis for Withdrawal of ADB Financing from the Loan Account
		(\$)		
		Category	Subcategory	
1	Works	45,399,000		
1A	Vinh Yen: Civil Works ^{+, *}		27,972,000	100% of total expenditure claimed
1B	Hue: Civil Works ^{++, *}		17,427,000	100% of total expenditure claimed
2	Consulting Services	1,971,000		
2A	Hue: Construction Supervision and Auditor ⁺⁺		1,971,000	100% of total expenditure claimed
3	Interest and Commitment Charge	2,630,000		100% of amounts due
	Total	50,000,000		

+ Subject to disbursement condition under paragraph 6(a), Schedule 3 of OCR Regular Loan Agreement (relating to PPC of Vinh Phuc).

++ Subject to disbursement condition under paragraph 6(b), Schedule 3 of OCR Regular Loan Agreement (relating to PPC of Thua Thien Hue).

*Financing allocated to Categories 1A and 1B under the Ordinary Operations [Concessional] Loan Agreement will be utilized first at 100% of every claim until it has been disbursed in full. Thereafter, financing allocated to Categories 1A and 1B under this Loan Agreement will be utilized at 100% of every claim.

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

Allocation and Withdrawal of Loan Proceeds OCR (Concessional Loan)

CATEGORY				ADB FINANCING BASIS
No.	Item	Amount allocated		Percentage and Basis for Withdrawal of ADB Financing from the Loan Account
		(\$)		
		Category	Subcategory	
1	Works	112,358,000		
1A	Vinh Yen: Civil Works ^{+, *}		39,908,000	100% of total expenditure claimed
1B	Hue: Civil Works ^{++, *}		36,729,000	100% of total expenditure claimed
1C	Ha Giang: Civil Works ⁺⁺⁺		35,721,000	100% of total expenditure claimed
2	Consulting Services	2,972,000		
2A	Vinh Yen: Construction Supervision ⁺		623,000	100% of total expenditure claimed
2B	Ha Giang: Construction Supervision and Auditor ⁺⁺⁺		2,349,000	100% of total expenditure claimed
3	Interest Charge	4,670,000		100% of amounts due
	Total	120,000,000		

+ Subject to disbursement condition under paragraph 6(a), Schedule 3 of COL Loan Agreement (relating to PPC of Vinh Phuc).

++ Subject to disbursement condition under paragraph 6(b), Schedule 3 of COL Loan Agreement (relating to PPC of Thua Thien Hue).

+++ Subject to disbursement condition under paragraph 6(c), Schedule 3 of COL Loan Agreement (relating to PPC of Ha Giang).

*Financing allocated to Categories 1A and 1B under this Loan Agreement will be utilized first at 100% of every claim until it has been disbursed in full. Thereafter, financing allocated to Categories 1A and 1B under the OCR Loan Agreement will be utilized at 100% of every claim.

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

Allocation and Withdrawal of Grant Proceeds (GEF)

CATEGORY				ADB FINANCING BASIS
No.	Item	Amount allocated		Percentage and Basis for Withdrawal of ADB Financing from the Grant Account
		(\$)		
		Category	Subcategory	
1	Works	2,000,000		
1A	Ha Giang: Streetlight Replacement		2,000,000	100% of total expenditure claimed
	Total	2,000,000		

Allocation and Withdrawal of Grant Proceeds (UCCRTF-UPPF)

CATEGORY				ADB FINANCING BASIS
No.	Item	Amount allocated		Percentage and Basis for Withdrawal of ADB Financing from the Grant Account
		(\$)		
		Category	Subcategory	
1	Consulting Services	4,000,000		
1A	Hue: Community-led Activities		2,000,000	100% of total expenditure claimed
1B	Vinh Yen: Community-led Activities and Household Connection		2,000,000	100% of total expenditure claimed
	Total	4,000,000		

E. Detailed Cost Estimates by Financier

Table 4.3: Detailed Cost Estimates by Financier

Item	(\$ million) ^a							
	ADB (COL)		ADB (Regular Loan)		UCCRTF		GEF	
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Cost^b								
1. Civil works								
a. Vinh Yen	29.80	59.0%	20.73	41.0%	0.00	0.0%	0.00	0.0%
b. Hue	25.75	69.9%	11.10	30.1%	0.00	0.0%	0.00	0.0%
c. Ha Giang (loan)	27.91	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
d. Ha Giang (grant: streetlight replacement)	0.00	0.0%	0.00	0.0%	0.00	0.0%	2.00	100.0%
2. Mechanical and equipment	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
3. Environment and social mitigation	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
4. Consultants								
a. Detailed engineering design	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
b. Construction supervision (engineering) (Vinh Yen)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
c. Construction supervision (safeguards monitoring) (Vinh Yen)	0.46	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
d. Construction supervision (Hue)	0.00	0.0%	1.17	100.0%	0.00	0.0%	0.00	0.0%
e. Construction supervision (Ha Giang)	1.74	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
f. External resettlement monitor	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
g. Auditor (Hue)	0.00	0.0%	0.09	100.0%	0.00	0.0%	0.00	0.0%
h. Auditor (Ha Giang)	0.09	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
i. Auditor (Vinh Yen)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
j. Community-led activities and household connection (Vinh Yen)	0.00	0.0%	0.00	0.0%	2.00	100.0%	0.00	0.0%
k. Community-led activities (Hue)	0.00	0.0%	0.00	0.0%	2.00	100.0%	0.00	0.0%
Subtotal (A)	85.75	55.9%	33.08	21.6%	4.00	2.6%	2.00	1.3%
B. Recurrent Cost								
1. Salary	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
Subtotal (B)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
C. Tax and Duties								
Subtotal (C)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
D. Contingencies^c								
1. Physical								
a. Vinh Yen	3.33	100.0%	2.28	100.0%	0.00	0.0%	0.00	0.0%
b. Hue	2.83	100.0%	2.13	100.0%	0.00	0.0%	0.00	0.0%
c. Ha Giang	3.87	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
2. Price								
a. Vinh Yen	6.94	100.0%	4.96	100.0%	0.00	0.0%	0.00	0.0%
b. Hue	8.15	100.0%	4.92	100.0%	0.00	0.0%	0.00	0.0%
c. Ha Giang	4.46	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%

Subtotal (D)	29.59	61.5%	14.29	29.7%	0.00	0.0%	0.00	0.0%
E. Financing Charges During Implementation^d								
1. Interest during construction	4.67	66.2%	2.38	33.8%	0.00	0.0%	0.00	0.0%
2. Commitment charges	0.00	0.0%	0.25	100.0%	0.00	0.0%	0.00	0.0%
Subtotal (E)	4.67	64.0%	2.63	36.0%	0.00	0.0%	0.00	0.0%
Total Project Cost (A+B+C+D+E)	120.00	53.6%	50.00	22.3%	4.00	1.8%	2.00	0.9%

Detailed Cost Estimates by Financier (Continued)

(\$ million)

Item	Vinh Phuc		T.T. Hue		Ha Giang		Total
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount
A. Investment Cost^a							
1. Civil works							
a. Vinh Yen	0.00	0.0%	0.00	0.0%	0.00	0.0%	50.53
b. Hue	0.00	0.0%	0.00	0.0%	0.00	0.0%	36.84
c. Ha Giang (loan)	0.00	0.0%	0.00	0.0%	0.00	0.0%	27.91
d. Ha Giang (grant: streetlight replacement)	0.00	0.0%	0.00	0.0%	0.00	0.0%	2.00
2. Mechanical and equipment	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00
3. Environment and social mitigation	13.24	53.7%	6.52	26.5%	4.89	19.8%	24.65
4. Consultants							
a. Detailed engineering design	1.53	55.0%	0.71	26.0%	0.54	19.0%	2.77
b. Construction supervision (engineering) (Vinh Yen)	0.62	100.0%	0.00	0.0%	0.00	0.0%	0.62
c. Construction supervision (safeguards monitoring) (Vinh Yen)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.46
d. Construction supervision (Hue)	0.00	0.0%	0.00	0.0%	0.00	0.0%	1.17
e. Construction supervision (Ha Giang)	0.00	0.0%	0.00	0.0%	0.00	0.0%	1.74
f. External resettlement monitor	0.05	33.3%	0.05	33.3%	0.05	33.3%	0.15
g. Auditor (Hue)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.09
h. Auditor (Ha Giang)	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.09
i. Auditor (Vinh Yen)	0.34	100.0%	0.00	0.0%	0.00	0.0%	0.34
j. Community-led activities and household connection (Vinh Yen)	0.00	0.0%	0.00	0.0%	0.00	0.0%	2.00
k. Community-led activities (Hue)	0.00	0.0%	0.00	0.0%	0.00	0.0%	2.00
Subtotal (A)	15.77	10.3%	7.28	4.7%	5.48	3.6%	153.36
B. Recurrent Cost							
1. Salary	0.95	59.0%	0.36	22.2%	0.30	18.8%	1.61
Subtotal (B)	0.95	59.0%	0.36	22.2%	0.30	18.8%	1.61
C. Tax and Duties							
Subtotal (C)	5.92	43.9%	4.19	31.1%	3.36	24.9%	13.47

D. Contingencies^b							
1. Physical							
a. Vinh Yen	1.73	100.0%	0.00	0.0%	0.00	0.0%	7.34
b. Hue	0.00	0.0%	0.00	0.0%	0.00	0.0%	4.96
c. Ha Giang	0.00	0.0%	0.00	0.0%	0.00	0.0%	3.87
2. Price							
a. Vinh Yen	2.53	100.0%	0.00	0.0%	0.00	0.0%	14.43
b. Hue	0.00	0.0%	0.00	0.0%	0.00	0.0%	13.07
c. Ha Giang	0.00	0.0%	0.00	0.0%	0.00	0.0%	4.46
Subtotal (D)	4.26	8.8%	0.00	0.0%	0.00	0.0%	48.13
E. Financing Charges During Implementation^c							
1. Interest during construction	0.00	0.0%	0.00	0.0%	0.00	0.0%	7.05
2. Commitment charges	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.25
Subtotal (E)	0.00	0.0%	0.00	0.0%	0.00	0.0%	7.30
Total Project Cost (A+B+C+D+E)	26.90	12.0%	11.83	5.3%	9.14	4.1%	223.87

Note: Numbers may not sum precisely because of rounding.

^a In end-2016 prices as of 2017.

^b Physical contingencies computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies computed at average of 1.5% on foreign exchange costs and 5.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for the OCR loan(s) has been computed at the 5-year LIBOR US dollar fixed swap rate plus an effective contractual spread of 0.50% and maturity premium of 0.10%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

F. Detailed Cost Estimates by Outputs

Table 4.4: Detailed Cost Estimates by Outputs
(\$ million)

Item	Total	Green and Resilient Urban Space Improvement in Vinh Yen improved		Green and Resilient Urban Space Improvement in Hue improved		Green and Resilient Urban Space Improvement in Ha Giang improved	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Cost^b							
1. Civil works	129.00	55.58	43.1%	40.53	31.4%	32.89	25.5%
2. Mechanical and equipment	0.00	0.00	0.0%	0.00	0.0%	0.00	0.0%
3. Environment and social mitigation	25.19	13.60	54.0%	6.60	26.2%	4.99	19.8%
4. Consultants							
a. Detailed engineering design	3.05	1.68	55.1%	0.77	25.2%	0.60	19.7%
b. Construction supervision	4.38	1.19	27.8%	1.28	29.2%	1.91	43.6%
c. External resettlement monitor	0.17	0.06	33.3%	0.06	33.3%	0.06	33.3%
d. Auditor	0.58	0.38	65.3%	0.10	17.4%	0.10	17.4%
e. Community-led activities and household connection	4.40	2.20	50.0%	2.20	50.0%	0.00	0.0%
Subtotal (A)	166.77	74.69	44.8%	51.53	30.9%	40.55	24.3%
B. Recurrent Cost							
1. Salary	1.68	0.95	56.7%	0.39	23.5%	0.33	19.9%
Subtotal (B)	1.68	0.95	56.7%	0.39	23.5%	0.33	19.9%
C. Contingencies^c							
1. Physical	16.17	7.34	45.4%	4.96	30.7%	3.87	23.9%
2. Price	31.96	14.43	45.1%	13.07	40.9%	4.46	13.9%
Subtotal (D)	48.13	21.76	45.2%	18.03	37.5%	8.33	17.3%
D. Financing Charges During Implementation^d							
1. Interest during construction	7.05	2.66	37.7%	2.46	34.9%	1.93	27.4%
2. Commitment charges	0.25	0.15	60.0%	0.10	40.0%	0.00	0.0%
Subtotal (E)	7.30	2.81	38.5%	2.56	35.1%	1.93	26.4%
Total Project Cost (A+B+C+D)	223.87	100.21	44.8%	72.52	32.4%	51.14	22.8%

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$13.47 million that will be financed by the counterpart fund.

^b In end-2016 prices as of 2017.

^c Physical contingencies computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies computed at average of 1.5% on foreign exchange costs and 5.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Interest during construction for the OCR loan(s) has been computed at the 5-year LIBOR US dollar fixed swap rate plus an effective contractual spread of 0.50% and maturity premium of 0.10%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

G. Detailed Cost Estimates by Year

Table 4.5: Detailed Cost Estimates by Year
(\$ million)

Item	Total	2018	2019	2020	2021	2022
A. Investment Cost^a						
1. Civil works	117.28	2.99	17.95	34.17	36.84	25.32
2. Mechanical and equipment	0.00	0.00	0.00	0.00	0.00	0.00
3. Environment and social mitigation	24.65	10.18	5.61	5.70	2.58	0.58
4. Consultants						
a. Detailed engineering design	2.77	0.89	0.59	0.53	0.43	0.33
b. Construction supervision	4.00	0.67	0.87	0.86	0.82	0.78
c. External resettlement monitor	0.15	0.03	0.03	0.03	0.03	0.03
d. Auditor	0.52	0.10	0.12	0.12	0.10	0.07
e. Community-led activities and household connection	4.00	0.40	0.40	0.80	1.20	1.20
Subtotal (A)	153.36	15.26	25.58	42.22	42.00	28.31
B. Recurrent Cost						
1. Salary	1.61	0.17	0.42	0.42	0.34	0.26
Subtotal (B)	1.61	0.17	0.42	0.42	0.34	0.26
C. Tax and Duties						
1. VAT tax	13.47	0.93	3.25	4.04	3.49	1.77
Subtotal (C)	13.47	0.93	3.25	4.04	3.49	1.77
D. Contingencies^b						
1. Physical	16.17	1.58	2.71	4.48	4.40	3.00
2. Price	31.96	1.03	3.31	8.04	10.60	8.99
Subtotal (D)	48.13	2.61	6.02	12.52	15.00	11.99
E. Financing Charges During Implementation^c						
1. Interest during construction	7.05	0.05	0.37	1.13	2.22	3.28
2. Commitment charges	0.25	0.07	0.07	0.07	0.03	0.01
Subtotal (E)	7.30	0.12	0.44	1.20	2.25	3.29
Total Project Cost (A+B+C+D+E)	223.87	19.08	35.70	60.40	63.09	45.62
	100%	8.5%	15.9%	27.0%	28.2%	20.4%

Note: Numbers may not sum precisely because of rounding.

^a In end-2016 prices as of 2017.

^b Physical contingencies computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies computed at average of 1.5% on foreign exchange costs and 5.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for the OCR loan(s) has been computed at the 5-year LIBOR US dollar fixed swap rate plus an effective contractual spread of 0.50% and maturity premium of 0.10%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

H. Contract and Disbursement S-Curve

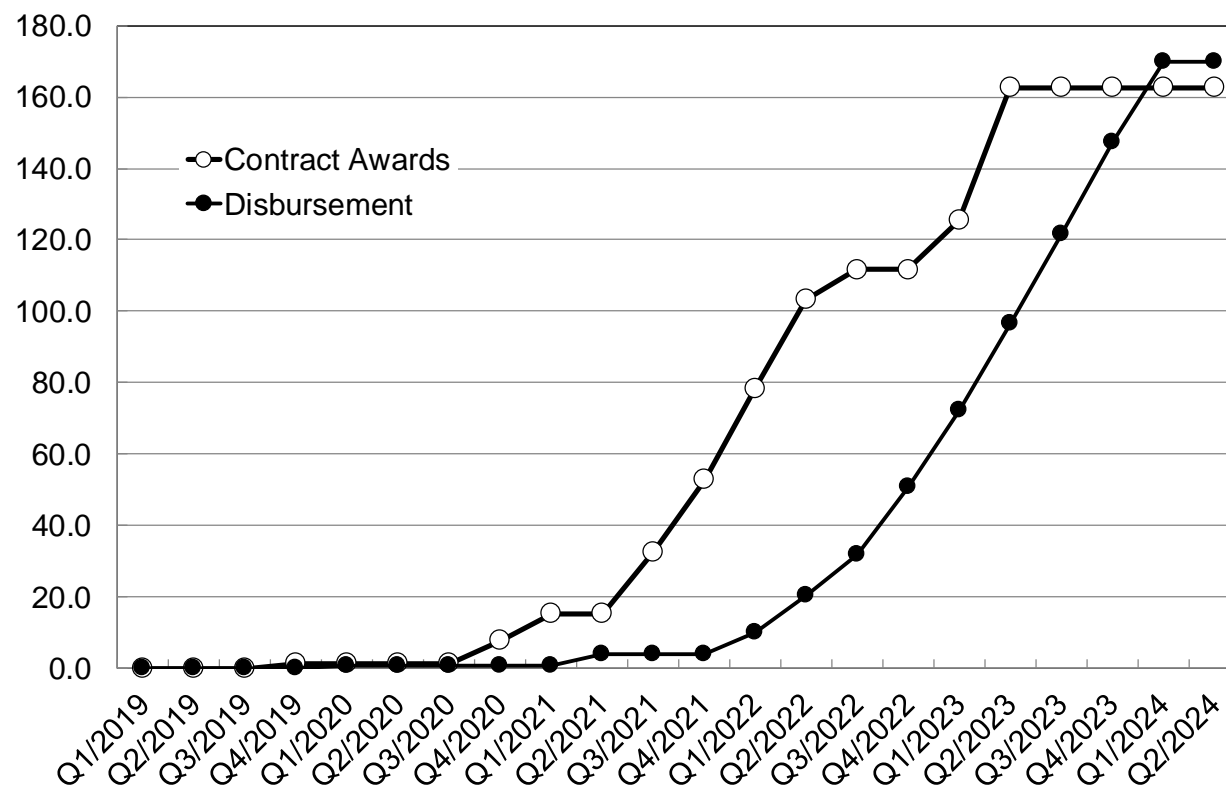


Figure 4.1: S-curve for Loan

Table 4.6: Contract Awards for Loan

	Contract Awards (in USD million)				
	Q1	Q2	Q3	Q4	Total
2018	0.00	0.00	0.00	0.00	0.00
2019	0.00	0.00	0.00	1.30	1.30
2020	0.00	0.00	0.00	6.49	6.49
2021	7.51	0.00	17.38	20.14	45.03
2022	25.42	25.06	8.42	0.00	58.90
2023	13.74	37.25	0.00	0.00	50.98
2024	0.00	0.00	0.00	0.00	0.00

Table 4.7: Disbursement for Loan

	Contract Awards (in USD million)				
	Q1	Q2	Q3	Q4	Total
2018	0.00	0.00	0.00	0.00	0.00
2019	0.00	0.00	0.00	0.00	0.00
2020	0.72	0.00	0.00	0.00	0.72
2021	0.00	3.11	0.00	0.00	3.11
2022	6.26	10.25	11.51	18.86	46.87
2023	21.61	24.22	25.16	25.77	96.77
2024	22.52	0.00	0.00	0.00	22.52

Table 4.8: Contract Awards for Grant

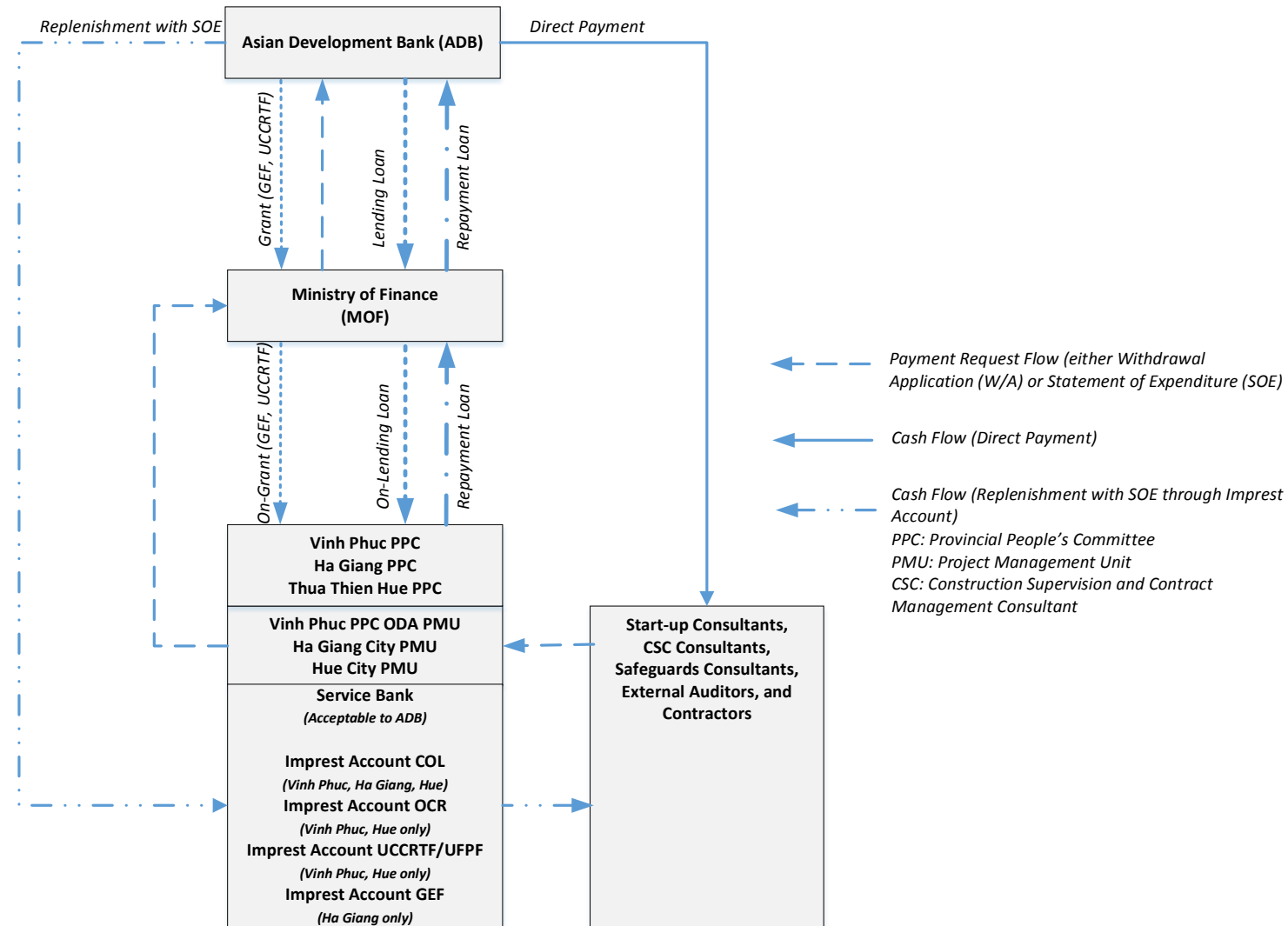
	Contract Awards (in USD million)				
	Q1	Q2	Q3	Q4	Total
2018	0.00	0.00	0.00	0.00	0.00
2019	0.00	0.00	0.00	0.00	0.00
2020	0.00	0.20	0.30	1.50	2.00
2021	0.00	2.00	0.00	2.00	4.00
2022	0.30	0.00	0.00	0.00	0.30
2023	0.30	0.00	0.00	0.00	0.30
2024	0.00	0.00			0.00

Table 4.9: Disbursement for Grant

	Contract Awards (in USD million)				
	Q1	Q2	Q3	Q4	Total
2018	0.00	0.00	0.00	0.00	0.00
2019	0.00	0.00	0.00	0.00	0.00
2020	0.00	0.00	0.00	0.00	0.00
2021	0.20	0.20	0.20	1.40	2.00
2022	0.00	0.00	1.00	1.60	2.60
2023	0.30	0.30	0.30	0.30	1.20
2024	0.20	0.00	0.00	0.00	0.20

I. Fund Flow Diagram

19. The fund flow diagram is as follows.



V. FINANCIAL MANAGEMENT¹⁸

A. Financial Management Assessment

20. The financial management assessment (FMA) was conducted in April 2017 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note (Attachment 1). The FMA considered the capacity of the VPPC, HUPPC and HAPPC, as executing agencies of the project; and the VPMO/VPMU, the HDPI/HUPMU, and the HCPC/HAPMU, as implementation agencies of the project; and Ministry of Natural Resources and Environment (MONRE) PMU, the executing/implementing agencies of one of the attached technical assistance (TA) outputs including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. Based on the assessment, the key financial management risks (rated substantial risk and above) are: (i) inefficient public resource allocation and inadequate domestic resource mobilization, which limits funds available for public expenditure and costs associated with maintaining public assets; (ii) weak oversight and evaluation of expenditure, which erode accountability for results; (iii) Incidence of non-compliance with the government's procedural framework for public financial management (iv) Weak capacity of PMUs' staffs to mismanage ADB' funds and report; (v) Mixture of OCR, COL, Grant and TA grant components require careful management, monitoring and reporting. It is concluded that the overall pre-mitigation financial management risk of the executing agencies and implementing agencies is substantial risk. The risk will be mitigated by (i) strict compliance to the government's procedural framework for public financial management; (ii) loan covenants for the project and agreements in the Memorandum of Understanding for the attached TA on, (a) appropriation of counterpart funds and O&M cost for financial sustainability of the project facilities, (b) general public financial management, (c) cost recovery and tariff reform in Vinh Yen and (d) governance and anti-corruption; (iii) PFM training organized by ADB; (iv) hands-on training provided by the financial specialist under the construction supervision consulting services; (v) engagement of appropriate external audit and reporting; and (vi) information exchange and cross-learning among the executing agencies and implementing agencies. For the project, the ADB loan proceeds and counterpart funds will be handled directly by the provincial level governments for the Vinh Yen subproject and the Hue subproject, and City People's Committee for the Ha Giang subproject (the counterpart fund will be appropriated by the Ha Giang Provincial People's Committee). For the attached TA, the GEF TA grant amount for the TA output 1 (delegated TA portion) will be handled by the PMU under the MONRE. Understanding of, and adherence to, ADB's financial management policies and procedures and strengthened internal audit system can be enhanced during project implementation.

21. The VPPC, HUPPC and HAPPC, and MONRE PMU are required to maintain a separate project account which is in line with the Vietnamese accounting standards and these are subject to independent external audit by qualified commercial or government auditors (that are accepted by ADB). The VPPC, HUPPC, HAPPC, VPMO/VPMU, HDPI/HUPMU, and HCPC/HAPMU have agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided in Table 5.1. Financial management risks and risk-mitigation measures should be reviewed time-to-time and updated throughout the life of the project. The loan midterm review will re-assess and update the FMA with key measures to address the deficiencies.

¹⁸ The attached TA is subject to the separate government approval from the loan-grant project. The TA will be administered by ADB and Ministry of Natural Resources and Environment (MONRE). The section includes necessary due diligence analysis, assessment and information for the MONRE, that is required for ADB approval.

Table 5.1: Risk Assessment and Financial Management Action Plan

Risk description	Impact	likelihood	Overall Risk Assessment	Mitigation measures/ Responsibility	Timeline
Inherent Risk					
Country specific– inefficient public resource allocation and inadequate domestic resource mobilization, which limits funds available for public expenditure and costs associated with maintaining public assets	High	Unlikely	Substantial	<ul style="list-style-type: none"> - Loan covenants indicated that the PPCs will ensure to allocate funds for counterpart funds and operation and maintenance. - PFM training organized by VRM for MONRE, project EAs and IAs.^a 	<ul style="list-style-type: none"> - Throughout the project - By 2018 (training)^a
Country specific–weak oversight and evaluation of expenditure, which erode accountability for results	Low	Unlikely	Low	<ul style="list-style-type: none"> - A financial specialist is recruited under the project management consulting services to provide hands-on training - PFM training organized by VRM for MONRE, project EAs and IAs.^a - Capacity development plan for provincial government finalized in 2016 under the Improving Public Expenditure Quality Program.^b 	<ul style="list-style-type: none"> - By Q2 2018 - By 2018 (training)^a - Throughout the project
Total Inherent Risk			Substantial		
Control Risk					
Implementing entity– Incidence of non-compliance with the government's procedural framework for public financial management	Low	Unlikely	Low	<ul style="list-style-type: none"> - Vinh Phuc provincial DOF and VPMD shares their experience and knowledge to HDPI and HCPC. - ADB will hold a dialogue with the State Auditor for the project, identifying the weakness and strengthen through the training. 	<ul style="list-style-type: none"> - Throughout the project - Throughout the project
Staffing–Weak capacity of PMU staffs to mismanage ADB' funds and report	High	Unlikely	Substantial	<ul style="list-style-type: none"> - PFM training organized by VRM for MONRE, project EAs and IAs - A financial specialist is recruited under the construction supervision consulting services to provide hands-on training 	<ul style="list-style-type: none"> - By Q4 2018 - By Q2 2018
Accounting policies and procedures– Accountability and transparency in financial reports due to aggregation of budget line	Low	Likely	Moderate	<ul style="list-style-type: none"> - ADB and the PMUs ensure all necessary budget items will be reported in the financial audit - ADB and the PMUs will closely monitor the annual financial statement and audit report. 	<ul style="list-style-type: none"> - By Q2 2019 (first report) - By Q2 2019 (first report)
Internal audit–Lack of internal audit system in the executing and implementing agencies	Low	Likely	Moderate	<ul style="list-style-type: none"> - ADB promotes benefit of internal audit system through the PFM training by VRM.^a - ADB and the PMUs ensure to engage the qualified audit company (from the long list used in the ADB projects) under the project 	<ul style="list-style-type: none"> - By 2018 (training)^a - By Q4 2018
Reporting and monitoring–Mixture of OCR, COL and Grant components require	High	Unlikely	Substantial	<ul style="list-style-type: none"> - The PMUs will establish separate project accounts for OCR/COL and grant component and 	<ul style="list-style-type: none"> - By Q1 2018

careful management, monitoring and reporting				separate audit reports are prepared for the loan and grant. - The PFM training and capacity building support by VRM. ^a	- By Q4 2019
Information systems—Improper record keeping or mistakes because of the excel-based financial management system in HDPI and HCPC	Low	Likely	Moderate	- HDPI and HCPC learns from the VPMO to consider installation of MISA in their financial management system. - ADB and the PMUs ensure to engage the qualified audit company (from the long list used in the ADB projects) under the project	- By Q2 2019 - By Q4 2018
Total Control Risk			Substantial		
Overall Risk			Substantial		

ADB = Asian Development Bank, H = high, HCPC = Ha Giang City People's Committee, HDPI = Thua Thien Hue Provincial Department of Planning and Investment, L = low, M = moderate, MONRE = Ministry of Natural Resources and Environment, PMU = project management unit, PPC = Provincial People's Committee, S = substantial, VPMO = Vinh Phuc Foreign Concessional Loan Project Management Office, VRM = ADB Viet Nam Resident Mission.

^a The training for public financial management are being conducted under the TA8902–VIE: Socialist Republic of Viet Nam: Capacity Building for Project Management Unit Professionalization.

^b ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy-Based Loans, and Technical Assistance Grant for Subprogram 1 Socialist Republic of Viet Nam: Improving Public Expenditure Quality Program*. Manila

Source. Asian Development Bank

B. Disbursement

1. Disbursement Arrangements for ADB, ADB-administered GEF and UCCRTF Funds for Grant Component, and Delegated GEF TA Grant

22. The loan and grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. The TA grant proceeds will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). Online training for project staff on disbursement policies and procedures is available.¹⁹ The PMU staffs under the VPMO, HDPI, HCPC and MONRE will take this training to help ensure efficient disbursement and fiduciary control.

23. Under the guidance of the VPPC, HUPPC, and HAPPC, the VPMO, HDPI, and HCPC will be responsible for all disbursement arrangements, including (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. At the end of each year, realistic projections of contract awards/commitments and disbursement for the next year will be made for an assessment and projection of ADB funds.

24. For the attached TA, the MONRE PMU will receive GEF fund transfers from ADB based on a quarterly disbursement plan agreed upon between MONRE and ADB. Payment will be based on review, acceptance and no objection from ADB of the PMU's quarterly invoice. The invoice will include: (i) claim(s) from the consultant(s); and (ii) office, workshops and other miscellaneous items directly paid by the PMU. Advance Payment Facility (APF) will be used to facilitate the smooth implementation of the delegated TA Output 1.

¹⁹ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

25. **Disbursement conditions.** A loan disbursement condition has been added to the loan agreements requiring the signing of the relevant subsidiary loan agreements for each relevant PPC. OCR LA Schedule 2 Para. 6 and COL LA Schedule 3 para. 6 stipulate that no withdrawals shall be made from the Loan Account for particular categories (associated to each PPC) until the Subsidiary Loan Agreement between the Borrower and each PPC, in form and substance satisfactory to ADB, has been duly authorized by, and executed and delivered on behalf of, the Borrower (or its authorized government entity) and the PPCs, and is legally binding upon the parties thereto in accordance with its terms. For the avoidance of doubt, the above condition for withdrawals from the Loan Account required to be met by each PPC shall not be conditional or dependent on the other PPC meeting its relevant condition and if one PPC meets its relevant condition for withdrawals, then withdrawals from the Loan Account shall be permitted as to that relevant PPC.

26. **Front-loading of COL.** For the civil works of VPPC and HUPPC, the government will use the OCR concessional loan fund (COL) will be used up until 100% and then OCR regular loan fund (OCR) will be used for disbursement.

27. **Imprest fund procedure/Advance payment facility.** SBV will designate the bank(s) which meet ADB's requirements to open the Imprest Account under the name of the province PMUs for project implementation purpose. A separate imprest account for financial sources (i.e. a regular loan, concessional loan, GEF grant, UCCRTF/UFPF grant, GEF TA grant) for each PPC and MONRE should be established in service banks and maintained by respective PMUs on behalf of the VPPC, HUPPC, HAPPC and MONRE for each funding source. The total number of the account will be eight for the project: VPPC (3 accounts), HUPPC (3 accounts) and HAPPC (2 accounts) and one for the attached TA: MONRE (1 account). The currency of the imprest accounts is the US dollar. The imprest accounts are to be used exclusively for ADB's, GEF's and UCCRTF's share of eligible expenditures. The PMUs on behalf of the VPPC, HUPPC, HAPPC and MONRE who established the imprest account in its name are accountable and responsible for proper use of advances to the imprest account.

28. The total outstanding advance to the respective imprest account should not exceed the estimate of ADB's share of expenditures to be paid through the respective imprest account for the forthcoming 6 months. The VPMO, HDPI, HCPC and MONRE PMU may request for initial and additional advance to the respective imprest account based on an Estimate of Expenditure Sheet²⁰ setting out the estimated expenditures to be financed through the respective imprest account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the borrower, VPMO, HDPI, and HCPC on behalf of the VPPC, HUPPC, HAPPC, and MONRE in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the imprest accounts.

29. **Statement of expenditure procedure.**²¹ The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the imprest accounts for the project and the attached TA (delegated portion). Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

²⁰ ADB. 2017. *Loan Disbursement Handbook*. Manila. (<https://www.adb.org/documents/loan-disbursement-handbook>)

²¹ SOE forms are available in Appendix 9B and 9C of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

30. Before the submission of the first withdrawal application, the borrower for the project and MONRE for the attached TA (delegated portion) should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is set in accordance with the ADB's *Loan Disbursement Handbook* and ADB's *TA Disbursement Handbook*. Individual payments below this amount should be paid (i) by the VPMO, HDPI, and HCPC (through respective PMUs and on behalf of the VPPC, HUPPC, HAPPC) and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure for the project and the APF for the attached TA, unless otherwise accepted by ADB.

2. Disbursement Arrangements for Counterpart Fund

31. The VPPC, HUPPC, HAPPC and MONRE will annually allocate counterpart fund for the project. The VPMO, HDPI, HCPC and MONRE PMU will be responsible for preparing disbursement projections, and requesting budgetary allocations for counterpart funds. The government will finance local tax and duties; value-added tax (VAT) and other similar types of taxes and duties that are identifiable and determinable as the final tax amount at the time of transaction.

C. Accounting

32. The VPPC, HUPPC, HAPPC and MONRE will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following accrual-based accounting following the Viet Nam's national accounting standards. The VPPC, HUPPC, HAPPC and MONRE will prepare respective project financial statements in accordance with the government's accounting laws and regulations (Vietnamese Accounting Standards) which are based on International Financial Reporting Standards.

D. Auditing and Public Disclosure

33. The VPPC, HUPPC, HAPPC and MONRE will cause the detailed project financial statements to be audited in accordance with international standards on auditing and in accordance with the Vietnamese government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion(s) on the financial statements and the use of the proceeds of the Loans, Grants and TA Grant, and a management letter will be presented in the English language to ADB within 6 months from the end of the fiscal year by the VPMO, HDPI, HCPC and MONRE PMU on behalf of VPPC, HUPPC, HAPPC and MONRE.

34. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan and grant were used only for the purposes of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements.

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

36. The government, VPPC, HUPPC, and HAPPC, and the VPMO, HDPI, and HCPC, and MONRE have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.²² ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

37. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.²³ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.²⁴

²² ADB's approach and procedures regarding delayed submission of audited project financial statements:

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

²³ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

²⁴ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

38. All advance contracting will be undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower, the VPPC, HUPPC, and HAPPC, and the VPMO, HDPI, and HCPC have been advised that approval of advance contracting does not commit ADB to finance the project.

39. The advance contracting packages include selected civil works and consulting service. The steps to be concluded in advance for procurement of civil works will include: preparation of bidding documents, bidding, and bid evaluation. The steps to be conducted in advance for recruitment of consultants will include: soliciting and evaluating expressions of interest, shortlisting and (for firms) preparation of and evaluation of proposals. Contracts for civil works and consultants will only be awarded after the loan becomes effective.

B. Procurement of Goods, Works, and Consulting Services

40. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). International competitive bidding (ICB) will be used for works contracts estimated to cost \$10 million and above. National competitive bidding (NCB) will be used for works contracts estimated to cost over \$100,000 equivalent up to below \$10 million. For NCB, the first draft English language of the procurement documents (bidding documents, and draft contract) should be submitted for ADB approval regardless of the estimated contract amount. Subsequent procurements are subject to post review. All ICB packages (bidding document, bid evaluation report, and draft contract) are subject to ADB prior review and approval.

41. Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time).

42. All consultants, including nongovernment organizations (NGOs), financed by ADB will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

43. All consultants financed by ADB will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).²⁵ The outline terms of reference for construction supervision consulting service, safeguards and social monitoring consulting service, external resettlement monitor, and auditors are detailed in Section D.

²⁵ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

C. Procurement Plan

Basic Data

Project Name: Secondary Green Cities Development Project	
Project Number:	Approval Number:
Country: Viet Nam	Executing Agency: <ul style="list-style-type: none"> Vinh Phuc Provincial People's Committee Ha Giang Provincial People's Committee Thua Thien Hue Provincial People's Committee
Project Procurement Classification: B	Implementing Agency: <ul style="list-style-type: none"> Vinh Phuc Foreign Concessional Loan Project Management Office Ha Giang City People's Committee Department of Planning and Investment of Thua Thien Hue Province.
Procurement Risk: Moderate	
Project Financing Amount: US\$ 223.87 million ADB Financing: \$170 million <ul style="list-style-type: none"> COL: \$120 million OCR: \$50 million Co-financing (ADB Administered): \$6.0 million: <ul style="list-style-type: none"> GEF: \$2.0 million UCCRTF: \$4.0 million Non-ADB Financing: \$47.87 million <ul style="list-style-type: none"> Vinh Phuc PPC: \$26.90 million Ha Giang PPC: \$9.14 million Thua Thien Hue PPC: \$11.83 million 	Project Closing Date:
Date of First Procurement Plan: 31 March 2017	Date of this Procurement Plan: 27 September 2017

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

1. Procurement and Consulting Methods and Thresholds

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

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$10,000,000 ¹ and above	
International Competitive Bidding for Goods	\$2,000,000 and above	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	The first NCB is subject to prior review, thereafter post review.
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	The first NCB is subject to prior review, thereafter post review.
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	90:10, FTP
Quality Based Selection	NA
Individual Consultant Selection	NA
Least Cost Selection	Audit

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

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

Package Number ⁶	General Description	Estimated Value (incl. taxes/contingencies) (\$m)	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Vinh Yen City Sub-project							
VY-CW01	Dredging and Landscape Protection of Dam Vac Lake	9.80	NCB	Post	1S1E	Q2/2019	
VY-CW02	Supply, Installation of Equipment and Construction of Wastewater Lifting Pumping Stations and Collection Network in Catchments of Tich Son and Dong Tam	9.24	NCB	Post	1S1E	Q4/2018	
VY-CW03	Supply, Installation of Equipment and Construction of Wastewater Lifting Pumping Stations and Collection Network in Catchments of Dong Tam and Hoi Hop	9.24	NCB	Post	1S1E	Q4/2018	
VY-CW04	Supply, Installation of Equipment and Construction of Wastewater Treatment Plant Capacity 6,000m3/d	7.92	NCB	Prior	1S1E	Q4/2018	
VY-CW05	Strengthening Collection of Efficiency of Existing Wastewater System in Four Wards of Dong Da, Ngo Quyen, Khai Quang and Lien Bao	7.80	NCB	Post	1S1E	Q4/2018	
VY-CW06	Infrastructure Construction for Green Park South of Dam Vac Lake	15.98	ICB	Prior	1S1E	Q1/2020	
VY-CW07	Landscaping for Green Park South of Dam Vac Lake	6.95	NCB	Post	1S1E	Q1/2020	
VY-CW08	Infrastructure for University Area	9.71	NCB	Post	1S1E	Q1/2020	

VY-CW09	Exhibition/Linkage Center for Business Support	2.54	NCB	Post	1S1E	Q1/2020	
Ha Giang City Sub-project							
HG-CW01	Rehabilitation of Main Drainage Lines in Tran Phu, Minh Khai, Quang Trung and Nguyen Trai Wards	7.97	NCB	Post	1S1E	Q4/2019	
HG-CW02	Upgrading National Road No.2 and new Bridge passing Lo river	7.23	NCB	Post	1S1E	Q2/2019	
HG-CW03	Southern Ring Road	5.75	NCB	Post	1S1E	Q2/2019	
HG-CW04	Embankment of West of Lo River	3.23	NCB	Post	1S1E	Q4/2017	The bid document ready for bidding out in Q3/2017 through advance action, and contract awarded in Q4/2017 after loan effectiveness
HG-CW05	Embankment of Me Stream	1.55	NCB	Post	1S1E	Q3/2018	
HG-CW06	Embankment of each side of Mien River,	9.62	NCB	Post	1S1E	Q4/2020	
HG-CW07	Phung Hung Road	2.66	NCB	Post	1S1E	Q4/2017	The bid document ready for bidding out in Q3/2017 through advance action, and contract awarded in Q4/2017 after loan effectiveness
HG-CW08	Energy Efficiency for Street Lighting System	2.20	ICB	Prior	1S1E	Q1/2019	GEF Grant
Hue City Sub-project							
HU-CW01	Water Supply to Pho Son Villages and Municipal Solid Waste Treatment Facility	1.20	NCB	Post	1S1E	Q4/2017	The bid document ready for bidding out in Q3/2017 through advance action, and contract awarded in Q4/2017 after loan effectiveness
HU-CW02	Dredging and Embankment of Ke Van, An Hoa, An Cuu and Nhu Y rivers	9.38	NCB	Post	1S1E	Q3/2018	
HU-CW03	Dredging, Drainage, Pavement and Lake in 4 Inner City Wards,	18.83	ICB	Prior	1S1E	Q3/2018	

	and Embankment of Lap and Dong Ba rivers						
HU-CW04	Park, Path, and Square of Provincial Administration Center	6.99	NCB	Post	1S1E	Q4/2017	The bid document ready for bidding out in Q3/2017 through advance action, and contract awarded in Q4/2017 after loan effectiveness
HU-CW05	Pavement, Drainage and Lighting in An Van Duong New Urban Area	8.10	NCB	Post	1S1E	Q4/2017	The bid document ready for bidding out in Q3/2017 through advance action, and contract awarded in Q4/2017 after loan effectiveness
HU-CW06	Bui Thi Xuan and Huyen Tran Cong Chua Roads	6.96	NCB	Post	1S1E	Q3/2018	
HU-CW07	Vy Da Bridge Expansion, and 100m Access Road	7.09	NCB	Post	1S1E	Q3/2019	

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

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

Package Number	General Description	Estimated Value (incl. taxes/contingencies) (\$m)	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
Vinh Yen City Sub-project							
VY-CS01	Construction Supervision (Safeguards Monitoring)	0.4	QCBS	Prior	Q2/2018	STP	
VY-CS02	Community-led Initiative on Climate Change Adaptation / Revolving Sanitation Fund	2.2	QCBS		Q3/2018	Q3/2018	UCCRTF financed and administered by ADB. Procurement Method TBD
Ha Giang City Sub-project							
HG-CS01	Construction Supervision	2.39	QCBS	Prior	Q4/2017	FTP	Submission 0 to be approved during negotiations

HG-CS02	Audit	0.10	LCS	Prior	Q1/2019		ADB provides standardized TOR
Hue City Sub-project							
HU-CS01	Construction Supervision	1.88	QCBS	Prior	Q4/2017	FTP	Submission 0 to be approved during Negotiations
HU-CS02	Audit	0.10	LCS	Prior	Q3/2018		ADB provides standardized TOR
HU-CS03	Community led Activities	2.20	QCBS	Prior		FTP	UCCRTF financed and administered by ADB. Procurement Methods TBD

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

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number⁶	General Description	Estimated Value	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure⁷	Advertisement Date (quarter/year)	Comments⁸

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal⁹	Comments¹⁰

B. Indicative List of Packages Required Under the Project

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

Goods and Works							
Package Number⁶	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure⁷	Comments⁸

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal ⁹	Comments ¹⁰

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

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

1. Awarded and On-going Contracts

Goods and Works							
Package Number	General Description	Estimated Value	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ¹¹	Comments ¹²

¹¹ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

¹² Indicate the Contractor's name and the contract signing date.

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ¹¹	Comments ¹³

¹¹ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

¹³ Indicate the Consulting Firm's name and the contract signing date.

2. Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ¹¹	Date of Completion ¹⁴	Comments

¹¹ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

¹⁴ The Date of Completion is the physical completion date of the contract.

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisem ent Date (quarter/ year)	Date of ADB Approval of Contract Award ¹¹	Date of Completi on ¹⁴	Comments

¹¹ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

¹⁴ The Date of Completion is the physical completion date of the contract.

D. Non-ADB Financing

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

Goods and Works				
General Description	Estimated Value (cumulative) \$US million	Estimated Number of Contracts	Procurement Method	Comments
Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
Vinh Yen Subproject				
VY-CS03: External Resettlement Monitor	0.05	01	GoV	Q2/2018
VY-CS04: Survey, Detailed Engineering Design Consultant, Bidding Documents Preparation, Bids Evaluation and Construction Supervision for Wastewater Collection and Treatment of Vinh Yen City	0.15	01	GoV	Contract to be Awarded in Q2/2018 as advance actions required. Also, Bidding Documents of VY-CW04 is ready for bidding out in Q2/2018 after Loan Agreement effectiveness
VY-CS05: Survey, detailed Engineering Design Consultant, Bidding Document Preparation, Bids Evaluation for Infrastructure of Exhibition/Linkage Center for Business Support	0.11	01	GoV	
VY-CS06: Survey, Detailed Engineering Design Consultant, Bidding Documents Preparation, Bids Evaluation and Construction Supervision for Dredging and Landscape Protection of Dam Vac Lake	0.29	01	GoV	
VY-CS07: Survey, detailed Engineering Design Consultant, Bidding Document Preparation, Bids Evaluation for Infrastructure of University Area	0.13	01	GoV	
VY-CS08a: Auditing for phases 2018-2020	0.20	01	GoV	
VY-CS08b: Auditing for phases 2021-2023	0.20	01	GoV	
VY-CS09: Survey, detailed engineering design consultant, bidding documents preparation, bids evaluation and construction supervision for Green Park South of Dam Vac Lake	0.67	01	GoV	
Ha Giang Subproject				
HG-CS3: External Resettlement Monitor	0.05	01	GoV	
HG-CS04: Survey, Detailed Design and Bidding Documents Preparation for Rehabilitation of Main Drainage Lines in Tran Phu, Minh Khai, Quang Trung and Nguyen Trai Wards	0.13	01	GoV	

HG-CS05: Survey, Detailed Design and Bidding Documents Preparation for Upgrading National Road No.2 and new Bridge passing Lo river	0.11	01	GoV	
HG-CS06: Survey, Detailed Design and Bidding Documents Preparation for Southern Ring Road	0.10	01	GoV	
HG-CS07: Survey, Detailed Design and Bidding Documents Preparation for Embankment of West of Lo River	0.05	01	GoV	
HG-CS08: Survey, Detailed Design and Bidding Documents Preparation for Embankment of Me Stream	0.03	01	GoV	
HG-CS09: Survey, Detailed Design and Bidding Documents Preparation for Embankment of each side of Mien River,	0.16	01	GoV	
HG-CS10: Survey, Detailed Design and Bidding Documents Preparation for Phung Hung Road	0.04	01	GoV	Contract to be Awarded in Q2/2017 as advance actions required. Also, Bidding Documents of HG-CW07 is ready for bidding out in Q3/2017 and contract awarded in Q4/2017
HG-CS11: Survey, Detailed Design and Bidding Documents Preparation for Energy Efficiency for Street Lighting System	0.12	01	GoV	
Hue Subproject				
HU-CS4: External Resettlement Monitor	0.05	01	GoV	
HU-CS05: Survey, Detailed Design and Cost Estimate, for Water Supply to Pho Son Villages	0.035	01	GoV	Contract to be Awarded in Q2/2017 as advance actions required. Also, Bidding Documents of HU-CW01 is ready for bidding out in Q4/2017 and contract awarded in Q1/2018
HU-CS06: Survey, Detailed Design and Cost Estimate, for Dredging and Embankment of Ke Van, An Hoa, An Cuu and Nhu Y rivers	0.114	01	GoV	
HU-CS07: Survey, Detailed Design and Cost Estimate for dredging, Drainage, Pavement and Lake in 4 Inner City Wards, and Embankment of Lap and Dong Ba rivers	0.183	01	GoV	
HU-CS08: Survey, Detailed Design and Cost Estimate for Park, Path, and Square of Provincial Administration Center	0.052	01	GoV	Contract to be Awarded in Q2/2017 as advance actions required. Also, Bidding Documents of HU-CW04 is ready for bidding out in Q3/2017 and contract awarded in Q4/2017

HU-CS09: Survey, Detailed Design and Cost Estimate for Pavement, Drainage and Lighting in An Van Duong New Urban Area	0.075	01	GoV	Contract to be Awarded in Q2/2017 as advance actions required. Also, Bidding Documents of HU-CW05 is ready for bidding out in Q3/2017 and contract awarded in Q4/2017
HU-CS10: Survey, Detailed Design and Cost Estimate for Bui Thi Xuan and Huyen Tran Cong Chua Roads	0.067	01	GoV	
HU-CS11: Survey, Detailed Design and Cost Estimate for Vy Da Bridge Expansion, and 100m Access Road	0.134	01	GoV	

E. National Competitive Bidding

1. General

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

2. Eligibility

(i) The eligibility of bidders shall be as defined under section I of the ADB Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the ADB Procurement Guidelines, as amended from time to time. Conditions of bidders' participation shall be limited to those that are essential to ensure bidders' capability to fulfill the contract in question. Foreign bidders shall be eligible to participate under the same conditions as national bidders. Foreign bidders shall not be asked or required to form joint ventures with, or be subcontractors to, national bidders in order to submit a bid.

(ii) A firm declared ineligible by ADB cannot participate in bidding for an ADB-financed contract during the period of time determined by ADB.

(iii) A bidder shall not have a conflict of interest, which term shall be defined in accordance with section 1 of ADB Procurement Guidelines.²⁶ Any bidder found to have a conflict of interest shall be ineligible for contract award.

(iv) Government-owned enterprises in the Borrower's country shall be eligible to participate as a bidder only if they can establish that they are legally and financially autonomous, operate under commercial law and are not dependent agencies of the Borrower or Sub-Borrower.

(v) National sanction lists may only be applied with approval of ADB²⁷.

²⁶ Detailed guidance on how to apply conflict of interest test is available under section 1 of ADB's standard bidding documents for goods and works (as amended from time to time).

²⁷ For fraud and corruption cases, Section 50 of ADB's Integrity Principles and Guidelines provides that ADB may decide that another international financial institution's or legal or regulatory body's determination that a party has failed to adhere to appropriate ethical standards, as defined by any established system of principles, rules, or duties, including the laws or regulations of a state,

3. Preferences

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

4. Bidding Procedure

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

5. Time for Bid Preparation

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

6. Standard bidding documents

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

7. Bid Opening and Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.
- (ii) Except with the prior approval of ADB, merit points shall not be used in bid evaluation.
- (iii) No price adjustments shall be made for evaluation purposes in accordance with Article 117(6) of Decree 63 when unit rates offered by the bidder are determined to be abnormally low.
- (iv) Bidders shall be given commercially reasonable time period to respond to clarification requests.
- (v) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations²⁸.
- (vi) Except with the prior approval of ADB, negotiations contemplated under paragraphs 7 and 8 of Article 117 of Decree No. 63/2014/ND-CP shall not take place with any bidder prior to contract award.
- (vii) A bidder shall not be required, as a condition for award of contract, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

8. Rejection of All Bids and Rebidding

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

9. Publication of the Award of Contract. Debriefing.

- (i) For contracts subject to prior review, within 2 weeks of receiving ADB's "No-objection" to the recommendation of contract award, the borrower shall publish in the Government Public Procurement Gazette, or well-known and freely-accessible website the results of the bid evaluation, identifying the bid

constitutes that party's failure to maintain the highest ethical standards as required by ADB's Anticorruption Policy. The party may be subject to remedial action in accordance with the Integrity Principles and Guidelines. <http://www.adb.org/sites/default/files/integrity-principles-guidelines.pdf>

²⁸ A minor, non-substantial deviation is one that, if accepted, would not affect in any substantial way the scope, quality, or performance specified in the contract; or limit in any substantial way, the Contracting entity rights or the Bidder's obligations under the proposed contract or if rectified, would not unfairly affect the competitive position of other bidders presenting substantially responsive bids.

and lot numbers, and providing information on: i) name of each bidder who submitted a bid; ii) bid prices as read out at bid opening; iii) name and evaluated prices of each bid that was evaluated; iv) name of bidders whose bids were rejected and the reasons for their rejection; and v) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.

(ii) For contracts subject to post review, the procuring entity shall publish the bid evaluation results no later than the date of contract award.

(iii) In the publication of the bid evaluation results, the Borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, may request an explanation from the Borrower. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing.

10. Contract Administration

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

11. Fraud and Corruption

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

12. Right to Inspect/ Audit

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

D. Consultant's Outline Terms of Reference and Cost Estimates

1. Introduction

44. The project will have 21 consulting services packages, of which nine packages will be financed by ADB. The consulting services are to support the VPMO, the HDPI, and the HCPC in project implementation and capacity development. Construction supervision consulting service for the HDPI and the HCPC, safeguards and social monitoring consulting service for VPMO, and auditors for HDPI and HCPC will be recruited for project management and capacity development. All ADB-financed consultant recruitments will be engaged in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The VPMO, HDPI and HCPC on behalf of the VPPC, HUPPC and HAPPC will engage consultants through quality- and cost-based selection (QCBS) for construction supervision consulting service, and safeguards and social monitoring consulting service, individual consultant selection (ICS) for the external resettlement monitor, and least cost selection (LCS) for auditors.

2. External Resettlement Monitor (for VPMO, HDPI and HCPC)

a. Outline Terms of References

45. External resettlement monitor will assist VPMO, HDPI and HCPC to comply with the agreed resettlement plans for the VPMO and HDPI, and resettlement and ethnic minority development plan (REMDP) for HCPC.

- (i) check consistency of the approved draft resettlement plans and REMDP based on detailed measurement survey as a result of the detailed engineering design to finalize the resettlement plan for the subproject and submit to ADB for review and approval;
- (ii) collect additional information and conduct additional consultation, if necessary, to ensure that the revised resettlement plans and REMDP are informed and implemented fully as well as complying with ADB's safeguard policy;
- (iii) after onset of the land acquisition and resettlement to examine and verify the project's social and resettlement safeguards performance by:
 - conducting baseline survey of affected persons and monitoring to ensure implementation of resettlement plans for the VPMO and HDPI and REMDP for HCPC;
 - making recommendations to resolve any issues or problems on implementation of the plans (as specified above), and providing advice to the local PMUs;
 - checking whether PMUs are paying special attention to vulnerable groups, including women, the poor, and the ethnic minority groups, to assess whether they have participated and fully regained their standard of living; and
 - submitting English and Vietnamese external resettlement monitoring reports to PPCs and ADB with quality acceptable to ADB every six months during until the completion of resettlement plan and REMDP activities

b. Expert Inputs

External Resettlement Monitor		International	National
	Resettlement and social specialist		10.0
	Subtotal		10.0

3. Construction Supervision (for HDPI and HCPC)

a. Outline Terms of References

46. For construction supervision consultants, the consulting firms will be engaged by QCBS method, with a standard quality:cost ratio of 90:10 and full technical proposal procedure. The outline terms of reference is in the following paragraphs. The construction supervision consultant team will assist the HDPI and HCPC to:

Construction Supervision

- (i) on behalf of HDPI/HCPC, supervise construction and installation of works and equipment, and ensure their works are: (a) fully compliance with the necessary national regulations, guidelines and engineering standards as well as the engineering drawings, (b) progressing along with the agreed schedule; and (c) quality stipulated and agreed in the contract;

- (ii) Regularly inspect the project construction sites (covering all sites), identify any engineering, safeguards, social and gender risks, and report to HDPI/HCPC for corrective actions;
- (iii) establish effective reporting/communication channels between HDPI/HCPC and relevant government agencies and the contractors thereby any incompliances against the national regulations, guidelines and engineering standards will be detected at early stage, and avoid serious damages;

Project management and technical audit

- a. set up (a) institutional framework, (b) operational procedure, (c) document filing system, and (d) work plan to guide and facilitate project implementation;
- b. set up project performance management system (PPMS) based on the design monitoring framework, GAP and other relevant loan documents in accordance with ADB's policy requirements, including establishing baseline and operation mechanism for data collection, analysis, and reporting;
- c. upgrade and improve the project management information system (MIS) to: (a) ensure efficient and effective information sharing and coordination on project management (e.g., procurement, disbursement, construction, safeguard compliance); and (b) monitor the project's design and monitoring framework through the use of the PPMS;
- d. conduct design; technical, environmental, and social review and audit; and provide expert comments on engineering detailed design in accordance with required design codes and standards;
- e. conduct routine site visits and provide technical inputs to construction planning, supervision, and monitoring for quality control of the subproject construction;
- f. provide expert inputs, review and provide justification for contract variations, and prepare necessary documents (e.g., a due diligence report) in accordance with government and ADB requirements;
- g. review procurement documents including technical specifications, bill of quantity, bidding documents, bid evaluation procedures, and contract negotiations;
- h. conduct contract management during project implementation, to include monitoring of construction progress, preparing quarterly and annual progress reports, reviewing and certifying contractors' claims for payments, coordinating project implementation among contractors and various stakeholders, and coordinating daily operational tasks;

Financial management

- (i) establish an efficient and effective financial management system for the project implementation (e.g., fund disbursement management, withdrawal application review, use of loan proceeds and counterpart funds) in accordance with ADB policy and procedural requirements;
- (ii) assist HDPI/HCPC in preparing financial statements and consolidated financial statements and information according to relevant project financial covenants, and make necessary arrangement with auditing units to supervise the financial management of HDPI/HCPC;
- (iii) Provide training on public financial management especially strengthen the identified weaknesses of (a) incidence of non-compliance with the government's procedural framework for public financial management despite such procedural frameworks are in place at the provincial and city levels; and (b) low accountability

and transparency in financial reporting due to aggregation of budget/expenditure items;

Support for compliance with ADB safeguard policies and social and gender requirements

- (i) review and update as needed the initial environmental examination (IEE), environmental management plans (EMPs), gender action plan (GAP), resettlement plan for Hue and ethnic minority and resettlement plan (REMDP) for Ha Giang based on the detailed engineering design;
- (ii) advise works contractors on site-specific construction EMP (CEMP) requirements (in accordance with the IEE/EMP and environment safeguards requirements), review and clear CEMPs of works contractors before start of construction;
- (iii) conduct environmental effect monitoring in accordance to the monitoring plan defined in the EMP, or engage local environmental monitoring center/agency who has a capacity to monitor quality of environment as agreed under the EMP, as a subcontractor and manage the contract in accordance with the national and ADB requirements;
- (iv) assist HDPI/HCPC to implement, coordinate and establish management supervision mechanisms for implementation, monitoring and reporting of the project safeguards and social-gender issues based on the relevant ADB documentation (e.g., EMP, GAP, resettlement plan, and REMDP) and provide support for their implementation;
- (v) provide technical inputs and support implementation of GAP through alignment and integration with overall project work plan; design of training materials; providing training, workshops, and orientation briefings to PMUs and relevant stakeholders.
- (vi) assist HDPI/HCPC to ensure implementation of GAP requirements by conducting necessary workshops and focus group discussions;
- (vii) conduct compliance monitoring of social and safeguards issues, assist HDPI/HCPC to formulate corrective actions where necessary, and help HDPI/HCPC to prepare safeguards and social development section in the periodic progress report and relevant semiannual/annual safeguards monitoring reports;
- (viii) assist in establishing and managing a project-level grievance redress mechanism (GRM), including assistance to HDPI/HCPC to establish a project public complaint unit, and to provide training for project public complaint members and grievance redress mechanism access points;
- (ix) assist HDPI/HCPC and other relevant agencies to develop reporting formats and establish mechanisms to prepare and submit the environment safeguards monitoring reports as specified in the loan and project agreements;
- (x) assist HDPI/HCPC and other relevant agencies in local safeguards documentation disclosure, including updated IEE/EMP and monitoring report information;
- (xi) assist HDPI/HCPC and other relevant agencies to develop sex-disaggregated monitoring indicators in PPMS and assist HDPI/HCPC and other relevant agencies to develop reporting formats and establish mechanisms to prepare reports as specified in the loan and project agreements;
- (xii) develop capacity of staff(s) in-charge of social development and gender aspects in the HDPI/HCPC on gender mainstreaming, and GAP implementation, monitoring and reporting.

Institutional strengthening and reporting

- (i) collect all necessary information, edit, draft, and submit on time the reports required under loan and project agreements with quality acceptable to HDPI/HCPC and ADB;
- (ii) create and refine a plan for public communication and awareness campaigns identified under the EMP, GAP and conduct them by making necessary coordination with HDPI/HCPC and relevant local stakeholders;
- (iii) conduct critical assessment on the capacity of project facility O&M entities and provide expert opinions and recommendations to strengthen its institutional settings to ensure the capacity of O&M entities will be further improved before project completion;
- (iv) conduct a training needs assessment and discuss with HDPI/HCPC to finalize a training plan, organize appropriate training according to the plan and prepare required documents for ADB's approval;
- (v) organize and provide training on the skills necessary for construction supervision, project management, implementation of GAP and EMP and resettlement plans for ADB requirements in accordance with the training plans outlined in the GAP and EMP;
- (vi) provide training on prevention and control of transmissible diseases and HIV/AIDS, and community disturbance to contractors;

HDPI/HCPC and ADB project administration support

- (i) prepare basic project information including updated project scope, implementing schedule, contract management, procurement plan, social and safeguards compliance, and PPMS monitoring for ADB's loan administration missions;
- (ii) support HDPI/HCPC in processing minor and major changes in project scope, including conducting detailed technical and safeguards audits and preparing necessary documents (e.g., a due diligence report);
- (iii) conduct a detailed project review by updating project financial status, project cost tables, financing plan, financial and economic analysis, and prepare for safeguard reviews for ADB's loan midterm review; and
- (iv) collect and consolidate all necessary project information, prepare for project completion report, and ADB's project completion mission.

b. Experts Inputs

Construction supervision	International	National
Thua Thien Hue Subproject / Ha Giang Subproject		
Chief Engineer	15	
Civil and Construction Engineer		36
Civil and Construction Engineer (Road and Bridge)		36
Civil Engineer (water supply and pipelines)		12
Environment		12
National Heritage Specialist (Hue Only)		2
Resettlement		8
Social and Gender		12
Financial Management		3
Site Inspector (Non-Key)		108
Health, Labor Safety Engineer (Non-Key)		30
BOQ / Cost Engineer (Non-Key)		36
Administrative Assistant (Non-Key)		36
Interpreter/Translator (Non-Key)		36
Total	15	355

4. Safeguards and Social Monitoring (for VPMO)

a. Outline Terms of References

47. Safeguards and social monitoring consultants for VPMO are estimated 10 person-months of international and 24 person-months of national consultants. The consulting firms will be engaged by QCBS method, with a standard quality:cost ratio of 90:10 and full technical proposal procedure. The outline terms of reference is in the following paragraphs. The project safeguards and social monitoring team will assist the VPMO to:

Support for Compliance with ADB Safeguard Policies Requirements

- (i) review and update as needed the initial environmental examination (IEE), environmental management plan (EMP), gender action plan (GAP), and resettlement plan based on the detailed engineering design; updated IEE/EMP should be cleared by ADB before contract bid;
- (ii) advise works contractors on site-specific construction EMP (CEMP) requirements (in accordance with the IEE/EMP and environment safeguards requirements), review and clear CEMPs of works contractors before start of construction;
- (iii) conduct environmental effect monitoring in accordance to the monitoring plan defined in the EMP, or engage local environmental monitoring center/agency who has a capacity to monitor quality of environment as agreed under the EMP, as a subcontractor and manage the contract in accordance with the national and ADB requirements;
- (iv) assist VPMO to implement, coordinate and establish management supervision mechanisms for implementation, monitoring and reporting of the project safeguards and social-gender issues based on the relevant ADB documentation (e.g., EMP and resettlement plan) and provide support for their implementation;
- (v) conduct compliance monitoring of social and safeguards issues, assist VPMO to formulate corrective actions where necessary, and help VPMO to prepare safeguards and social development section in the periodic progress report and relevant semiannual/annual safeguards monitoring reports;
- (vi) assist in establishing and managing a project-level grievance redress mechanism (GRM), including assistance to VPMO to establish a project public complaint unit, and to provide training for project public complaint members and grievance redress mechanism access points;
- (vii) assist VPMO and other relevant agencies to develop reporting formats and establish mechanisms to prepare and submit the environment safeguards monitoring reports as specified in the loan and project agreements;
- (viii) assist VPMO and other relevant agencies in local safeguards documentation disclosure, including updated IEE/EMP, uRPs and monitoring report information;

Support for implementation of the Gender Action Plan

- (i) provide technical inputs and support implementation of gender action plan (GAP) through alignment and integration with overall project work plan; design of training materials; and conduct of training, workshops and orientation briefings for VPMO PMU, PIUS and other relevant stakeholders.

- (ii) assist VPMO to implement, coordinate and establish management supervision mechanisms for implementation, monitoring and reporting of GAP implementation status semi-annually in periodic project progress reports.
- (iii) develop capacity on gender mainstreaming for the VPMO gender focal to implement, monitor and report on GAP implementation.
- (iv) develop sex-disaggregated monitoring indicators and ensure integration in PPMIS and assist VPMO and other relevant agencies to develop reporting formats and establish mechanisms to prepare reports specified in the loan and project agreements.

Institutional strengthening and reporting

- (i) collect all necessary information, edit, draft, and submit on time the reports required under loan and project agreements with quality acceptable to VPMO and ADB;
- (ii) create and refine a plan for public awareness campaigns identified under the EMP, GAP, and conduct them by making necessary coordination with VPMO and relevant local stakeholders;
- (iii) organize and provide training on the skills necessary for construction supervision, project management, implementation of GAP and EMP and resettlement plans for ADB requirements;
- (iv) discuss with VPMO to finalize a training plan, organize appropriate training according to the plan, and prepare required documents for ADB's approval;
- (v) provide training on prevention and control of transmissible diseases and HIV/AIDS, and community disturbance to contractors;

VPMO and ADB project administration support

- (i) prepare basic project information of social and safeguards compliance, and PPMS monitoring for ADB's loan administration missions;
- (ii) support VPMO, in safeguards and social aspects, in processing minor and major changes in project scope, including conducting safeguards audits and preparing necessary documents (e.g., a due diligence report);
- (iii) conduct a detailed assessment and prepare for safeguard and social development actions reviews for ADB's loan midterm review; and
- (iv) collect and consolidate all necessary safeguards, and social development and gender related information, prepare for necessary safeguards completion reports and provide necessary inputs to the ADB's project completion mission.

b. Experts Inputs

Safeguard and Social Monitoring		International	National
	Environment	3	8
	Resettlement	3	8
	Social and Gender	4	8
	Total	10	24

5. External resettlement monitor (for VPMO)

a. Outline Terms of References

48. An external resettlement monitor will be an individual engaged for the whole duration of project implementation. The external resettlement will examine and verify the project's social and resettlement safeguards performance by:

- (i) conducting baseline survey of affected persons and monitoring to ensure implementation of resettlement plan for Vinh Yen in compliance with ADB's safeguard and other relevant policies;
- (ii) making recommendations to resolve any issues or problems on implementation of the plans (as specified above), and providing advice to the VPMD;
- (iii) checking whether responsible agencies are paying special attention to vulnerable groups, including women, the poor, and the ethnic minority groups, to assess whether they have participated and fully regained their standard of living; and
- (iv) submitting English and Vietnamese external resettlement monitoring reports to PPC and ADB with quality acceptable to ADB every six months during until the completion of resettlement plan activities.

a. Experts Inputs

External Monitor		International	National
	Resettlement	0	5
	Total	0	5

6. Auditor (for HDPI and HCPC)

b. Outline Terms of References

49. Auditors for HUPPC and HAPPC are estimated: 6 person-months of national consultants each for HDPI and HCPC. The consulting firms/individual consultant will be engaged by LCS method. The outline terms of reference is in the following paragraphs. The auditor will assist the HDPI and HCPC to:

- a. conduct annual audit on project account and prepare the auditor's report on the project financial statements in accordance with Circular No. 195/2012/TT-BTC issued by Ministry of Finance on 15 November 2012 on the accounting regimes applicable to investing units and the Standards promulgated by the International Auditing and Assurance Standards Board (IAASB), including: (a) International Standards on Auditing (ISA) and (b) International Standards on Assurance Engagements (ISAE);
- b. prepare and sign a Statement of Compliance;
- c. provide auditor's opinion on the project financial statements in a form of management letter especially demonstrating: (i) the proceeds of the loan were used only for the purpose(s) of the project; and (ii) HUPPC and HAPPC, and HDPI and HCPC comply with the financial conditions and covenants of the legal agreements.

c. Experts Inputs

Auditor		International	National
	Chief Auditor	0	1
	Senior Auditor	0	2.5
	Assistant Auditor	0	2.5
	Total	0	6

E. Procurement Guidelines and Resources

Procurement Documents Page:

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

Procurement Guidelines

<https://www.adb.org/documents/procurement-guidelines>

Procurement Guidelines (in Vietnamese)

<https://www.adb.org/vi/documents/procurement-guidelines>

Guidelines on Use of Consultants by ADB and Its Borrowers

<https://www.adb.org/documents/guidelines-use-consultants-asian-development-bank-and-its-borrowers>

Guidelines on Use of Consultants by ADB and Its Borrowers (in Vietnamese)

<https://www.adb.org/vi/documents/guidelines-use-consultants-asian-development-bank-and-its-borrowers>

Project Procurement: Goods, Works and Related Services

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

Project Procurement: Consulting Service

<https://www.adb.org/site/business-opportunities/operational-procurement/consulting>

User's Guide to Procurement of Works

<https://www.adb.org/documents/users-guide-procurement-works>

User's Guide to Procurement of Works—Small Civil Works (below \$10 million)

<https://www.adb.org/documents/users-guide-procurement-works-small-contracts>

Guide on Bid Evaluation

<https://www.adb.org/documents/guide-bid-evaluation>

Operations Manual

<https://www.adb.org/documents/operations-manual>

Project Administration Instructions

<https://www.adb.org/documents/project-administration-instructions>

Anticorruption and Integrity

<https://www.adb.org/site/integrity/main>

Sanctions

<https://www.adb.org/site/integrity/sanctions>

Anticorruption Sanction List

<https://lnadbq4.adb.org/oga0009p.nsf/alldocs/AANA-AAFBDE?OpenDocument>

How to report fraud and corruption

<https://www.adb.org/site/integrity/how-to-report-fraud-old>

VII. SAFEGUARDS

50. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement (2009).

A. Environment

51. The project is classified as category B in accordance with ADB's Safeguard Policy Statement (2009). An initial environmental examination (IEE) was conducted for the three cities²⁹. The IEE includes 3 city-level environmental management plans (EMPs). Domestic environmental impact assessments were prepared for all project components and approved by relevant provincial environmental protection authorities. A description of city-specific environmental sensitivities and domestic environmental assessments are described below.

52. **Vinh Yen subproject.** In Vinh Yen, the proposed urban infrastructure components of the subproject trigger ADB's and Vietnamese environmental safeguards because the components consist of lake dredging and riverbank improvements, a new 6-km urban road, secondary and tertiary sewer system upgrading, and a new 6,000 m³ wastewater treatment plant. Vinh Yen Province Department of Natural Resources and Environment (DONRE) and Department of Agriculture and Rural Development (DARD) confirmed that components are not near, and will not affect environmental and cultural sensitive areas. The most sensitive environments are the Dam Vac Lake (affected by dredging activities and embankment rehabilitation works, and receiving treated effluent from the proposed WWTP); and households adjacent to sewer installation works and road construction works. Five domestic environmental impact assessments (EIA) and one environmental protection plan (EPP, for the Industry Linkage Center) were prepared by a national EIA institute and approved by the Vinh Phuc Department of Natural Resources and Environment (DONRE) in August 2016. The EIA for the new urban park was approved by MONRE in September 2016.

53. **Hue subproject.** In Hue, the proposed infrastructure components trigger ADB's environmental safeguards, as these will involve urban infrastructure for flood management; urban connectivity improvements and water supply. Except for the proposed channel dredging, drainage, pond and pavement rehabilitation works within and around the Hue Citadel³⁰, all components are outside environmentally sensitive areas. None of the components will encroach on any of the heritage sites listed in the Complex of Hue Monuments. Components in and around the Citadel target the rehabilitation and preservation of key environmental assets (riverfront, ponds, and lakes). Components classifying as category A for environment were excluded from the project scope.³¹ For other components, the most sensitive sites are the rivers and canals that will be dredged and/or whose banks will be stabilized and/or crossed by bridge and road works. A domestic environmental impact assessment was prepared by a national EIA institute and approved by the Hue Provincial Department of Natural Resources and Environment (DONRE).

54. **Ha Giang subproject.** In Ha Giang, the proposed urban infrastructure components of the subproject trigger ADB's environmental safeguards because the components consist of drainage

²⁹ Initial Environmental Examination. Available from list of linked documents. The IEE was posted on ADB's website in May 2017.

³⁰ Hue Citadel, the Imperial City, and other monuments were collectively recognized as the Hue Complex of Monuments by UNESCO in 1993 as a World Cultural Heritage.

³¹ The originally proposed component to dredge the Citadel moat which would trigger category A as it encroaches on the core zone of the Hue Citadel was excluded from Hue subproject.

upgrades, riverbank improvements, and new and upgraded roads including a new bridge across the Lo river. All components are not near, and will not affect environmental and cultural sensitive areas. The most sensitive environments are the Lo, Mien, and Me rivers, and adjacent homes. A domestic environmental impact assessment was prepared by a national EIA institute and approved by the Ha Giang Department of Natural Resources and Environment (DONRE).

55. **Impacts during construction.** The potential adverse impacts during construction will be temporary, short-term, and likely to occur during the peak construction period. The IEE identified the lakes, rivers and canals that will be dredged and/or whose banks will be stabilized, as well as homes adjacent to project facilities as the most sensitive sites. No sub-component will encroach on legally protected sites. Impacts are anticipated to be confined within the components' immediate areas of influence, dredged material and waste disposal sites, and the routes to and from these sites. Construction phase impacts will likely include dust, air emissions and noise; temporary deterioration of surface water quality and livelihood impacts on few informal fishermen during dredging and river embankment rehabilitation works; temporary traffic disturbance with impacts on community safety. The impacts are unlikely to significantly affect ecological, social and physical cultural resources.

56. **Impacts during operation.** The project is not anticipated to generate significant adverse environmental impacts during operation. Cumulative greenhouse gas emissions generated from traffic on the subproject's roads are not expected to exceed ADB's threshold of 100,000 tons per year. The proposed wastewater treatment plant in Vinh Yen will reduce total pollution load to the Dam Vac Lake. The discharge of treated effluent is a new point-source of pollution, but is not expected to significantly affect overall lake water quality. Regular monitoring of WWTP effluent and lake water quality within the mixing zone will be conducted. Cumulative greenhouse gas emissions generated from traffic on all subproject's roads will be significantly lower than ADB's threshold of 100,000 tons per year.

57. **Environmental management plan.** Mitigation measures for identified impacts are included in the environment management plans (EMPs). The EMPs define mitigation measures; supervision, monitoring and reporting requirements; public consultation and grievance redress procedures; and institutional strengthening and EMP training requirements. The EMPs include an environmental monitoring program. The monitoring results will be used to evaluate (i) the extent and severity of actual environmental impacts against the predicted impacts, (ii) the performance of the environmental protection measures and compliance with relevant Vietnamese laws and regulations as well as internationally accepted standards as defined in the IFC Environment, Health and Safety Guidelines, (iii) trends of impacts, and (iv) overall effectiveness of the EMPs. The finalized EMPs based on the detailed engineering design and cleared by ADB will form part of the bidding documents. Adherence to the EMPs will reduce residual impact significance to acceptable levels. VPMO, the HDPI, the HCPC, through their PMUs, are responsible for overseeing the implementation of the EMPs. The capacity of the PMUs in Hue, Vinh Yen and Ha Giang to coordinate EMP implementation will be strengthened (see below).

58. Provincial Peoples Committees (PPC) of Ha Giang, Vinh Phuc and Thua Thien Hue are the Executing Agencies (EA) of the subprojects. The EAs will be responsible for the overall implementation and compliance with loan assurances including the successful implementation of the EMP. The PPCs assigned the Vinh Phuc Foreign Concessional Loan Project Management Office; the Thua Thien Hue Provincial Department of Planning and Investment; and the Ha Giang City People's as the subproject Implementation Agencies (IA) who on behalf of the EAs will, inter alia, supervise all communications with the ADB for EMP implementation, and reporting on EMP implementation progress including environmental compliance monitoring.

59. All three IAs have established Project Management Units (PMUs) who will be responsible for day-to-day management of the EMP. The PMU will be responsible to supervise the implementation of environment mitigation and monitoring measures of the EMP, ensure contractors' compliance with environmental management requirements, and coordinate the Grievance Redress Mechanism (GRM), and reporting to ADB. The PMUs will engage and work with the Construction Supervision consultants or the safeguards monitoring consultants (see below) to ensure bidding documents include the EMP, and detailed instructions to bidders on required impact mitigation and monitoring requirements for construction package-specific contractor EMPs (CEMP). The PMUs will appoint one full-time Safeguards Officer (SO) to coordinate the daily activities of EMP and to manage the implementation of the EMP.

60. The full-time Safeguards Officer (SO) with logistical support from the PMUs will: a) coordinate the updating of the IEE (as needed) and the city EMP, and submit these to ADB for review, clearance and disclosure; (b) review CEMPs submitted by the contractors; (c) supervise contractors and their compliance with their CEMPs; (d) conduct regular site inspections; (e) coordinate and act as local entry point for the grievance redress mechanism (GRM); (f) coordinate implementation of the capacity building and training program related to environment; (g) prepare inputs to the quarterly project progress reports and (h) coordinate the preparation of the semi-annual environment monitoring reports and submit them to ADB for appraisal and disclosure.

61. Qualified environment specialists will be recruited as part of the construction supervision consultants (Hue, Ha Giang) and the safeguards and social monitoring consultants (Vinh Yen) to (a) provide training to the PMUs and contractors and establish city-level environmental management systems; (b) supervise the implementation of EMPs and CEMPs; (c) conduct environmental effect monitoring in compliance with the monitoring plan defined in the EMPs; (d) prepare semi-annual environment monitoring reports for the provincial DONREs and ADB, as well as EIA completion reports for provincial DONREs; and (e) support the PMUs in addressing any environment related complaint in accordance with the grievance redress mechanism (GRM) defined in the EMP.

62. The contractors will be required to develop site-specific construction EMPs in accordance with the IEE/EMP and environment safeguards requirements.³² These shall be reviewed, cleared and monitored by the construction supervision consultants and submitted to ADB for appraisal and disclosure. The contractors will be responsible for implementing the impact mitigation measures of their respective CEMPs during the construction phase of the subproject under the supervision of the SO and the PMSC. In their bids, contractors will be required to develop site specific construction EMPs (CEMP) from the EMP, and will assign an environmental officer (EO) responsible for CEMP implementation supervision and monitoring, and one qualified person responsible for construction and occupational health and safety officer (OHS). The OHS will ensure worker and public safety regulations prescribed by the department of Labour, Invalids, and Social Assistance (DOLISA). Contractors involved within or nearby the Hue Citadel or other cultural sites listed in the Hue Complex of Monuments will also assign a cultural heritage conservation specialist to ensure that no works will encroach on or affect any legally protected site. Contractors will conduct noise, air and surface water quality monitoring at construction site boundaries and nearby sensitive receptors to confirm compliance with relevant Vietnamese ambient quality standards as well as the IFC (2007) standard for noise and air quality. Each works

³² The need to comply with the EMP and to develop a construction EMP shall be defined in the bidding documents for all works packages.

contractor will submit monthly progress reports to the PMSC or SSMC. These reports will include reporting on EMP implementation performance.

63. The Provincial Department of Natural Resources and Environment (DONRE) will implement their following mandated duties during project implementation: (i) periodically monitor (compliance) the implementation of mitigation measures identified in the IEE to ensure subproject impacts during the construction and operation phases are minimized; (ii) investigate environmental incidents (e.g., pollution and damages to natural resources); (iii) resolve environmental issues generated by the subproject as part of the GRM established for the project.

64. The Hue Monuments Conservation Centre (HMCC), member of the Thua Thien Hue PPC (the EA of the Hue City component), will be directly involved in the oversight of project preparation and implementation. HPCC will provide policy guidance during detailed design and implementation in relation to cultural heritage conservation and protection. HPCC will be directly involved in the review and appraisal of detailed design. Designs will also be submitted to the Vietnam National Commission for UNESCO in advance of decision-making to demonstrate accordance with the Management Plan of the Complex of Hue Monuments (2015). HMCC will also be involved in day-to-day supervision of construction disturbances such as traffic, noise, and dust, and scheduling construction activities.

65. ADB will review and supervise project performance against the commitments of the EAs, as described in the legal agreements. Project review missions will visit project sites to ascertain the status of implementing the EMPs. ADB will review periodic environment monitoring reports submitted by the EAs/IAs. If any of the safeguard requirements that are covenanted in the legal agreements are found not to be satisfactorily met, ADB will require the EAs/IAs to develop and implement an appropriate corrective action plan (CAP) agreed upon with ADB to rectify unsatisfactory safeguard compliance. ADB may also consider exercising its legal remedies, including suspension, cancellation, or acceleration of maturity, specified in the legal agreements. If any unanticipated environmental impacts become apparent during project implementation, ADB will advise and require the EAs and IAs to (i) assess the significance of such unanticipated impacts; (ii) evaluate the options available to address them; and (iii) prepare or update the IEE and EMPs.

66. The Project's **climate risk** without mitigation is classified as high. Key climate risks that the project cities face include sea level rise and increased precipitation intensity and unpredictability. The project will significantly contribute to the cities' climate resilience by implementing key urban climate resilience priorities identified in the Green City Action Plans (2014), the Climate Adaptation Action Plan for Vinh Phuc Province (2011–2020) and the Climate Action Plan for Hue City (2014–2020). Community-led climate resilience initiatives will be supported through the UCCRTF grant component of the project, targeting most vulnerable wards and communities in the three project cities.

B. Involuntary Resettlement

67. The project is classified as category A in accordance with ADB's Safeguard Policy Statement (2009). Surveys were conducted to enable the quantification of resettlement impacts and baseline data for the preparation of the draft RPs and REMDP. They included the inventory of losses (IOL) to estimate resettlement impacts and a socioeconomic survey to assess pre-project living standards as well as likely social impacts resulting from land acquisition. The project will acquire 58.4 hectares of land, of which 43.39 ha is agricultural land. 2014 households with

10,099 people shall experience impact at varying degrees. 610 households (3058 people) will be significantly affected by the land acquisition and house relocation. Two resettlement plans (RP), one each for the Vinh Yen subproject and the Hue subproject, and a resettlement and ethnic minority development plan (REMDP) for the Ha Giang subproject have been prepared in line with ADB's Safeguard Policy Statement, approved by ADB, disclosed to the affected people, and uploaded to the ADB website in April 2017. For the overall project, the safeguard category for involuntary resettlement is A. The nature and scale of displacement are specified in the RPs of Vinh Yen and Hue City and the REMDP of Ha Giang City, which guide the implementation of the 24 subprojects identified during project preparation.

68. The RPs and REMDP will be finalized based on the detailed measurement survey (DMS) at the detailed engineering design stage, disclosed to affected people, and submitted to ADB for approval. Compensation for lost assets and resettlement allowances will be paid to affected people, and livelihood rehabilitation will be arranged in accordance with the resettlement plan. Implementation of the resettlement plan will be monitored and evaluated internally. The PPCs and the project PMUs (VPMO, HDPI and HCPC) will ensure that the updated RPs and REMDP based on the detailed designs and DMS; census of affected people; entitlement matrix; replacement costs and details of consultations and will be submitted to ADB for review and concurrence before awarding bid of civil works. The project PMUs will have full-time staff members responsible for land acquisition and resettlement who will ensure compliance with ADB safeguards requirements and regularly report implementation progress through periodic progress reports to ADB. Monitoring and evaluation reports will be prepared semiannually during implementation and annually for 2 years after resettlement of each subproject has been completed. The project has also established a transparent grievance redress mechanism that will provide meaningful consultation and trigger remedial action.

69. Public consultations will be conducted with stakeholders comprising of government entities, private sector interests and affected households. Meaningful consultations will continue during the updating and implementation of the RPs and REMDP. The draft and updated RP and REMDP are to be disclosed to affected households and their communities;

70. The baseline objective of the project resettlement policy is to replace and compensate lost assets based on the principle of replacement cost. Compensation and various forms of assistance will be provided. Once land acquisition is completed, income restoration measures will be put in place in a way that will ensure that standards of living of the project affected persons are at least restored to their pre-project levels, and that those in the category of vulnerable groups (i.e., poor households.) are assisted to help improve their socioeconomic status;

71. The PMUs and/or Center for Land Fund Development (CLFD), the wards/communes, and relevant mass organizations (particularly the Women's Union (WUs)) will have primary responsibility for the updating and implementation of the RPs/REMDP with the support of the consultants. As such the capacity of these bodies is of critical importance and the project must ensure appropriate capacity building assistance in the form of information, training, and consultation and mentoring.

72. The PPCs and the PMUs will ensure that any involuntary resettlement is carried out in accordance with the agreed RPs/REMDP, ADB's Safeguard Policy Statement (2009), and the Vietnamese laws and regulations on involuntary resettlement. In case of discrepancies between the Government's laws, regulations, and procedures, and ADB's Safeguards Policy Statement (2009), the more stringent regulations will apply.

73. The PPCs and the PMUs shall ensure that a site possession notice to a civil works contract to commence construction activities for a specific section is issued only when the resettlement specialist of construction supervision consultants has officially confirmed in writing that (i) payment has been fully disbursed to the displaced persons and rehabilitation measures are in place for that specific section as per Updated RPs/REMDP agreed between the EAs and ADB; (ii) already compensated APs for that specific section have been cleared the area in a timely manner; and (iii) that the specific section is free from any encumbrances.

74. The PPCs shall timely provide counterpart funds for land acquisition, resettlement and monitoring activities specified in the agreed RPs/REMDP, and will meet any unforeseen obligations in excess of the RPs/REMDP budget estimate to satisfy resettlement objectives. PMUs are responsible for internal monitoring with assistance from the resettlement specialist of construction supervision consultants. PMUs will submit semi-annual safeguards monitoring reports to ADB. Final monitoring and evaluation need to be conducted after completion of all resettlement activities 6 months to assess (i) achievement of resettlement objectives; (ii) changes in living standards and livelihoods; (iii) restoration of the economic and social base of the affected people; (iv) effectiveness and sustainability of entitlements; and (v) the need for further support as required. Findings and monitoring reports will be submitted to the ADB and PMU.

C. Indigenous Peoples

75. The project is classified as category B in accordance with ADB's Safeguard Policy Statement (2009). ADB's Indigenous People's policy requires that under an ADB loan, the borrower will undertake meaningful consultation with affected Indigenous Peoples, herein referred to in the Vietnamese context as "Ethnic Minorities" to ensure their informed participation in (i) designing, implementing, and monitoring measures to avoid adverse impacts on them or, when avoidance is not possible, to minimize, mitigate, and compensate for such effects; and (ii) tailoring project benefits that accrue to them in a culturally appropriate manner. Consultation will be carried out in a manner commensurate with the impacts on affected communities. The consultation process and its results are documented and reflected in the REMDP of Ha Giang City.

76. In Ha Giang, ethnic minorities represent 41% of the population, mainly Tay (27%), Dao (6%), and Hoa (3%). Nung, Mong, and Giay are also present. Ethnic minorities are well-integrated socially and economically in the cities and do not live in distinct communities in the project areas. A REMDP that outlines the issues and actions for ethnic minority integration for the Ha Giang subproject will be approved, disclosed to the affected persons, and uploaded to the ADB website in April 2017. The project has no negative impact in Vinh Yen and Hue as there is no concentrated area of ethnic minorities.

77. Meaningful and culturally appropriate participation and consultation with the ethnic minority communities will be ensured and fully documented by the PMU. It will also be closely monitored for compliance by the Ha Giang PPC and ADB during project implementation. The Ha Giang PMU shall ensure that (i) full participation of ethnic minorities is promoted in Project activities, including, among other things, the capacity development and training activities, and; (ii) the WSUG board has reasonable representation from the ethnic and religious minority groups; and (iii) all activities are consistent with ADB's SPS (2009).

78. The Ha Giang PMU shall ensure that monitoring reports include a specific section on ethnic minority related activities in Ha Giang and provide evidence of meaningful consultation and specific culturally sensitive and appropriate actions that were implemented. Internal monitoring and progress reporting will be the responsibility of the PMU. At the local level, the commune

supervision board (CSB) with representatives of ethnic minority people will monitor on a regular basis. The process of establishing participatory monitoring must begin with the identification of monitoring criteria by the beneficiaries themselves, against which they will judge the success of the project.

VIII. GENDER AND SOCIAL DIMENSIONS

A. Summary Poverty Reduction and Social Strategy

79. A social, poverty, and gender analysis was undertaken in accordance guidelines of the ADB. The analysis collected information to assist in the design of the project by identifying the poor, examining causes of poverty and vulnerability, and recommending poverty reduction and social inclusion measures within the scope of the project.

B. Gender Action Plan

80. Gender Action Plan (GAP) will promote gender equity in the project activities and will improve resilience of vulnerable groups and alleviate poverty through improvements in access to climate resilient infrastructure and urban services; strengthen and formalize green city (i.e., GCAP) planning, implementation and monitoring processes; and enable community-level groups to participate in wider community and city-level planning processes. Implementation and monitoring of the GAP is included in the loan assurances.

81. The GAP will address gender mainstreaming in all project components and under training and capacity building. Implementation and monitoring of GAP is included in the loan assurances. The GAP will include features to promote women's equal opportunities to participate in and benefit from the project, increased women's representation in decision making and reduced risks through: (i) ensuring 30%-50% (progressive annual targets, appropriate for each city) of PMU staff are women, of which 10% are in management or supervisory positions; (ii) ensuring 30% of the members of both Community Supervision Boards (CSBs) and Community Management Groups (CMGs) are women who are trained in all activities meant to be undertaken by these bodies; (iii) strengthening the capacities of at least 200 professionals from both city and local governments with at least 33% participation of women, to integrate gender responsiveness and gender sensitive principles into green city planning and budgeting processes; and (iv) gender responsive and pro-poor features in (a) all the GCAPs that are approved & implemented; (b) 80% of proposed sub-projects; (c) all community-led initiatives; and (d) IEC campaigns led by Women's Unions, which further require that at least 80% of local residents attend or are reached, of whom 40% are men.

82. The key social inclusion features include: (i) strengthening and enabling CSBs and CMGs to be active participants in the GCAP processes; (ii) community-led initiatives for delivery of climate resilient infrastructure in wards and communes with a high incidence of vulnerable groups; (iii) infrastructure design features to support local livelihood enhancement of marginalized groups; (iv) ensuring equitable and safe access of vulnerable groups to urban service improvements (e.g. affordable household water or wastewater connections and tariffs); and (v) preference given to poor, women-headed and/or project-affected households in civil works employment.

83. The overall GAP budget provisionally amounts to \$497,000. The VPMO, the HDPI and the HCPC will be responsible for the implementation. Each PMU under the VPMO, the HDPI and the HCPC will assign a social development and gender focal point to be responsible for coordinating with stakeholders, and for GAP implementation, monitoring and reporting. In addition, the PMUs will engage a national social development and gender consultants, as a part of the construction supervision consulting service (for the HDPI and HCPC) or safeguards and social monitoring consulting service (for the VPMO), to provide technical support on GAP implementation and support capacity development on gender mainstreaming for PMU staff, including monitoring and reporting on GAP. The GAP is presented in Table 8.1.

Table 8.1: Gender Action Plan (GAP)

Proposed Actions and Targets^{a, b}	
Output 1: Green and Resilient Urban Infrastructure services in Vinh Yen improved^c	
<ul style="list-style-type: none"> At least 1,718 vulnerable HHs (disaggregated by sex) are among the 25,000 or more HHs in Vinh Yen City that will benefit from improved urban infrastructure services, including wastewater connections and improved drainage, which cover only about 70% of HHs in the city At least 20% of unskilled civil works employment opportunities created by the project prioritize women through the local WUs and NGOs for all civil works contract Park development and landscaping components include kiosk areas for small enterprises to enhance livelihood opportunities for poor and vulnerable HHs, with minimum 50% trading space prioritized for female vendors At least 80% of poor female-headed HHs (383 in 2016) benefit from the revolving fund for wastewater network connection Gender-responsive and pro-poor design features integrated in proposed subprojects and any community-led initiatives CSBs established per subproject ward or commune with at least 30% women members, are trained in effective supervision of civil works Wastewater tariff roadmaps integrate gender and affordability concerns informed by local WU and NGO participation in roadmap planning exercises Separate men's and women's latrines and living quarters, available at all construction sites where workers' camps are established IEC campaigns led by WUs, targeting local residents, of which minimum 40% are male participants Gender-responsive IEC materials integrating women's issues and needs produced and disseminated through channels accessible by women and men CMG—with at least 30% women members—established for each community-led initiative to facilitate participation in design and implementation 	
Output 2: Green and Resilient Urban Infrastructure services in Hue improved^c	
<ul style="list-style-type: none"> At least 4,056 vulnerable HHs (disaggregated by sex) are among the 78,500 or more HHs in Hue City and Phu Son Commune that will benefit from improved urban infrastructure services and improved water supply, respectively At least 20% of unskilled civil works employment opportunities created by the project prioritize women through the matching support by local WUs and NGOs for all civil works contract Gender-responsive and pro-poor design features integrated in proposed subprojects and any community-led initiatives CSBs established per subproject ward or commune with at least 30% women members are trained in effective supervision of civil works Water tariff roadmaps integrate gender and affordability concerns informed by local WU and NGO participation in roadmap planning exercises Separate men's and women's latrines and living quarters, available at all construction sites where workers' camps are established IEC campaigns led by WUs, targeting local residents, of which minimum 40% are male participants Gender-responsive IEC materials integrating women's issues and needs produced and disseminated through channels accessible by women and men CMG—with at least 30% women members—established for each community-led initiative to facilitate participation in design and implementation 	
Output 3: Green and Resilient Urban Infrastructure services in Ha Giang improved^c	
<ul style="list-style-type: none"> At least 322 vulnerable HHs (disaggregated by sex) are among the 12,300 or more HHs in Ha Giang City that will benefit from improved urban infrastructure services At least 20% of unskilled civil works employment opportunities created by the project prioritize women, through the matching support by local WUs and NGOs for all civil works contract Gender-responsive and pro-poor design features integrated in proposed subprojects CSBs established per subproject ward or commune with at least 30% women members, are trained in effective supervision of civil works Separate men's and women's latrines and living quarters, available at all construction sites where workers' camps are established IEC campaigns led by WUs targeting local residents, of which minimum 40% are male participants. Gender-responsive IEC materials integrating women's issues and needs produced and disseminated through channels accessible by women and men 	
Project management and green and resilient city planning capacities enhanced	

- At least 80 trained in project management, procurement, safeguards and social and gender aspects, public finance and anti-corruption (of which at least 33% of participants are women)
- At least 200 professionals from both city and local governments in urban management, strengthen knowledge and skills in green and resilient city concept, environmental protection, climate change adaptation and community-level support, integrating gender responsive planning principles (of which at least 33% of participants are women)³³
- Engage social development and gender specialists to provide support to PMUs in implementing, monitoring and reporting GAP performance
- Project management information systems and tools established include sex-disaggregated data collection for monitoring and reporting on GAP and DMF gender related targets
- Ensure that a social development and gender focal person is appointed in each PMU
- Ensure 10% of female PMU staff in each city are in technical or managerial positions
- Capacity development on gender mainstreaming for PMU staff and 40% of EA and IA staff responsible for GCAP planning and implementation.
- All GCAPs that are approved and implemented include gender-responsive and pro-poor features
- Ensure at least progressive increases in female representation of PMU staff hired in Vinh Yen = Year 1: 20%, Year 3: 30%, Year 5: 40% (baseline 18% in 2017) and Hue = Year 1: 15%, Year 3: 25%, Year 5: 35% (baseline 10% in 2017), and retain minimum 50% in Ha Giang (baseline 67% in 2017) by 2023

ADB = Asian Development Bank, CMG = Community Management Group, CSB = Community Supervision Board, DMF = Design and Monitoring Framework, DOLISA = Department of Labor, Invalids and Social Affairs, DONRE = Department of Natural Resources and the Environment, EA = Executing Agency, GAP = Gender Action Plan, GCAP = GrEEEn City Action Plan, HH = Household, IA = Implementing Agency, IEC = Information, Education and Communication, NGO = Non-Government Organization, PC = People's Committee, PMU = Project Monitoring Unit, PWD = Persons With Disabilities, WU = Women's Union

^a The estimated budget for GAP implementation and monitoring is \$497,000 (Detailed in the PAM).

^b For the three cities, gender-responsive and pro-poor design features might include:

- For roads, pavements, and river embankments: (a) access ramps for PWDs and tactile paths for the visually impaired; (b) railings along paved embankments for improved security; (c) separate toilet facilities for men and women; (d) landscaped areas with benches and tables; (e) children's play areas; (f) exercise areas for the elderly; (g) cost-effective lighting fixtures for improved security; (h) small platform/open area for community activities and public performances; and (i) marked bicycle paths, especially along the university road in Vinh Yen City.
- For park development and landscaping: (a) separate toilet facilities for women and men; (b) public taps supplying treated drinking water; (c) access ramps for PWDs in all areas and tactile paths for the visually impaired; (d) children's play areas; (e) exercise areas for the elderly; (f) lighting fixtures for improved security; (g) landscaped/green areas with benches, tables and gazebos/other kinds of shelters; (h) kiosk areas for small enterprises that can provide livelihood opportunities for poor and vulnerable HHs selling souvenirs and food and drink items; (i) small platform/open area for community activities and public performances, (j) stairs to access the lake or river along any embankments; and (k) parking areas.
- For the industrial promotion and linkage center in Vinh Yen: (a) separate toilet facilities for women and men; (b) access ramps for PWDs in all areas, including tactile pavements for the visually impaired; (c) tactile sign boards for the visually impaired to understand displays; and (d) public water fountains supplying treated drinking water.

^c General IEC campaign topics might include (i) improved household sanitation and hygiene practices; (ii) 3Rs—"reduce, reuse, recycle" in solid waste segregation and disposal; and (iii) community-based disaster risk management. In addition, specifically for the revolving fund for HH sanitation in Vinh Yen, IEC will include improved HH and environmental sanitation, and for Phu Son Commune (Hue Province), IEC will cover improved water conservation and management, cost recovery, etc.

Source: Asian Development Bank.

³³ Agencies or entities targeted may include PMU/City PC, CSB, CMG, Commune or Ward PCs, Women's Union, Fatherland Front, Youth Union, Farmers' Association, DOLISA and DONRE, among others.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is Aligned with Efficiency, sustainability, and equitability of secondary cities development in Viet Nam improved (Orientation Master Plan for Viet Nam Urban System Development to 2025 with a Vision to 2050) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Environmental sustainability, inclusiveness, and climate resilience of Ha Giang, Hue, and Vinh Yen strengthened	By 2024 a. The quality of green infrastructure rated satisfactory (4 of 5) or highly satisfactory (5 of 5) by more than 80% of respondents to user satisfaction surveys on urban environment and infrastructure services (2016 baseline: not applicable) b. 20% of employment opportunities from the O&M of project facilities created for the poor and near-poor (2016 baseline: 0) ^b c. 11,000 m ³ of wastewater collected and treated per day in Vinh Yen (2016 baseline: 5,000 m ³ per day) d. The frequency of flood events in the Hue Citadel reduced to once in 5 years (2016 baseline: once in 2 years) e. Five central wards in Ha Giang (Minh Khai, Nguyen Trai, Quang Trung, and Tran Phu) protected by once-in-15-year rainfall (2016 baseline: 0)	a. User satisfaction survey report on urban environment and infrastructure services b–e. Ha Giang, Hue, and Vinh Yen project progress reports	Slow formulation of wastewater tariff roadmaps and local regulations in compliance with the Decree on Water Drainage and Wastewater Treatment in Vinh Phuc province
Outputs 1. Green and resilient urban infrastructure services in Vinh Yen improved	By 2023 1a. 3.5 km of embankments along the Dam Vac lake protected (2016 baseline: 0) 1b. 44.5 ha of green public park space built with green landscaping and auxiliary facilities (2016 baseline: 0) 1c. 5.6 km of arterial roads with bicycle lanes and pedestrian walkways constructed (2016 baseline: 0) 1d. 3,800 households connected to a centralized wastewater treatment system, benefiting 80% of women-headed households (2016 baseline: not applicable) 1e. Climate change resilience projects including gender-responsive and pro-poor features completed in at least two climate-vulnerable communities (2016 baseline: 0) 1f. At least 75 government professionals (at least 33% women) gained new skills in green and resilient city concept and integrated planning (2016 baseline: 0)	1a–g. Vinh Yen project progress report	Inefficient public resource allocation and domestic resource mobilization for counterpart funds

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
2. Green and resilient urban infrastructure services in Hue improved	<p>1g. At least 30 government staff (at least 33% women) in the executing and implementing agencies gained new project management skills on procurement, safeguards, social and gender, public finance, and anticorruption measures (2016 baseline: 0)</p> <p>2a. 21.9 km of drainage pipelines completed inside the Citadel (2016 baseline: 0)</p> <p>2b. 9.0 km of embankment along the An Cuu, An Hoa, Dong Ba, Ke Van, Lap, and Nhu Y rivers protected; and their river courses rehabilitated (2016 baseline: 0)</p> <p>2c. 469 households in Pho Son village connected to the existing water supply system (2016 baseline: 0)</p> <p>2d. 17.2 ha of green public park space built with auxiliary facilities (2016 baseline: 0)</p> <p>2e. 7.2 km of urban roads and three bridges constructed (2016 baseline: 0)</p> <p>2f. Climate change resilience projects including gender-responsive and pro-poor features completed in at least two climate-vulnerable communities (2016 baseline: 0)</p> <p>2g. At least 75 government professionals (at least 33% women) gained new skills in green and resilient city concept and integrated planning (2016 baseline: 0)</p> <p>2h. At least 30 government staff (at least 33% women) in the executing and implementing agencies gained new project management skills on procurement, safeguards, social and gender, public finance, and anticorruption measures (2016 baseline: 0)</p>	2a–h. Hue project progress report	Inefficient public resource allocation and domestic resource mobilization for counterpart funds
3. Green and resilient urban infrastructure services in Ha Giang improved	<p>3a. 7.0 km of urban drainage channels in the Minh Khai, Nguyen Trai, Quang Trung, and Tran Phu wards upgraded or rehabilitated</p> <p>3b. 5.6 km of embankments along the Lo and Mien rivers and Me stream protected, and the river courses rehabilitated (2016 baseline: 0)</p> <p>3c. 6.2 km of urban roads constructed (2016 baseline: 0)</p> <p>3d. 1,900 streetlights replaced with energy-efficient streetlights (2016 baseline: 0)</p> <p>3e. At least 50 government professionals (at</p>	3a–f. Ha Giang project progress report	Inefficient public resource allocation and domestic resource mobilization for counterpart funds

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>least 33% women) gained new skills in green and resilient city concept and integrated planning (2016 baseline: 0)</p> <p>3f. At least 20 government staff (at least 33% women) in the executing and implementing agencies gained new project management skills on procurement, safeguards, social and gender, public finance, and anticorruption measures (2016 baseline: 0)</p>		
Key Activities with Milestones <p>1. Green and resilient urban infrastructure services in Vinh Yen improved</p> <p>1.1. Complete detailed design and approval of the updated EMP and resettlement plan by Q3 2019</p> <p>1.2. Complete procurement of consulting services by Q1 2020</p> <p>1.3. Complete land acquisition and resettlement activities by Q4 2021</p> <p>1.4. Complete procurement of works by Q1 2022</p> <p>1.5. Complete training on procurement, safeguards, social and gender, public finance, and anticorruption measures by Q1 2022</p> <p>1.6. Complete works, consulting services, and community-led activities by Q4 2023</p> <p>1.7. Complete training on green and resilient city concept and integrated planning by Q4 2023</p> <p>2. Green and resilient urban infrastructure services in Hue improved</p> <p>2.1. Complete detailed design and approval of the updated EMP and resettlement plan by Q1 2020</p> <p>2.2. Complete procurement of consulting services by Q2 2020</p> <p>2.3. Complete land acquisition and resettlement activities by Q2 2022</p> <p>2.4. Complete procurement of works by Q3 2022</p> <p>2.5. Complete training on procurement, safeguards, social and gender, public finance, and anticorruption measures by Q1 2022</p> <p>2.6. Complete works, consulting services, and community-led activities by Q4 2023</p> <p>2.7. Complete training on green and resilient city concept and integrated planning by Q4 2023</p> <p>3. Green and resilient urban infrastructure services in Ha Giang improved</p> <p>3.1. Complete detailed design and approval of the updated EMP and resettlement and ethnic minority development plan by Q2 2019</p> <p>3.2. Complete procurement of consulting services by Q1 2020</p> <p>3.3. Complete land acquisition and resettlement activities by Q4 2021</p> <p>3.4. Complete procurement of works by Q1 2022</p> <p>3.5. Complete training on procurement, safeguards, social and gender, public finance, and anticorruption measures by Q1 2022</p> <p>3.6. Complete works and consulting services by Q4 2023</p> <p>3.7. Complete training on green and resilient city concept and integrated planning by Q4 2023</p>			
Project Management Activities Engage consulting services for construction supervision, environment and social compliance monitoring, construction supervision, detailed engineering design, and auditing by Q4 2019			
Inputs Asian Development Bank (OCR): \$50,000,000 (regular loan) Asian Development Bank (OCR): \$120,000,000 (concessional loan) Government: \$47,870,000 Global Environment Facility: \$2,000,000 (grant) Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility: \$4,000,000 (grant) Global Environment Facility: \$10,823,091 (TA grant) Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility: \$2,000,000 (TA grant)			
Assumptions for Partner Financing Not applicable			

EMP = environmental management plan, ha = hectare, km = kilometer, m³ = cubic meter, O&M = operation and maintenance, OCR = ordinary capital resources, Q = quarter, TA = technical assistance.

^a Government of Viet Nam. 2009. *Orientation Master Plan for Viet Nam Urban System Development to 2025 with a Vision to 2050*. Ha Noi (Prime Minister's Decision 445/2009).

^b Poor and near-poor are defined as people with incomes below the near-poor line defined by the Ministry of Labour, Invalids and Social Affairs. The 2010 near-poor threshold is D653,000 per person per month. Source: Asian Development Bank.

B. Monitoring

1. Project Performance Monitoring

84. The project performance management system (PPMS) indicators, their relevance, and monitoring practicalities will be discussed again with the VPPC, HUPPC and HAPPC, the executing agency and the VPMO, HDPI, HCPC, the implementing agencies in the loan inception and loan midterm review stages.

85. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported through the periodic progress reports submitted by the VPMO, the HDPI, the HCPC and after each ADB project administration mission (e.g. loan review). These periodic reports will provide information necessary to update ADB's project performance reporting system.³⁴ At the start of project implementation, the VPPC, HUPPC and HAPPC, and the VPMO, HDPI, HCPC, with their construction supervision consulting services, will develop integrated PPMS procedures to systematically generate data on the inputs and outputs of the components, as well as the indicators to be used to measure the project's impact and outcome taking into account the components' scope. The VPMO, HDPI, HCPC, through their PMUs, will be responsible for monitoring and reporting on project performance. The basis for performance monitoring will be (i) the design and monitoring framework (DMF), which identifies performance targets for the impact, outcomes, and outputs of the project and (ii) SDAP and GAP which identified performance target for social and gender targets. By collecting data from sources identified in the DMF, SDAP and GAP, the VPMO, HDPI and HCPC will be able to report on an annual basis the performance of the project.

86. Specific reporting requirements will be set out in the agreement between ADB and the Government. The VPMO, HDPI, and HCPC will collect the data, calculate the indicators, analyze the results, and prepare a brief report describing the extent to which the project is generating the intended outputs and outcomes, as well as the overall impact on the project cities. The relevance and practicability of data collection for indicators was confirmed with the VPMO, HDPI, and HCPC. Meanwhile, the agreed socioeconomic and environmental indicators to be used will be further enhanced to measure project impacts. The VPMO, HDPI, and HCPC agreed and confirmed that they will (i) refine and integrate the PPMS framework at the start of project implementation; (ii) confirm that targets are achievable; (iii) develop recording, monitoring, and reporting arrangements; and (iv) establish systems and procedures no later than six months after project inception.

87. **Compliance monitoring.** The VPMO, HDPI, and HCPC, with assistance of the construction supervision consultants will conduct compliance monitoring, and submit reports and information to ADB concerning (i) the use of the loan proceeds, (ii) project implementation, (iii) project performance, and (iv) compliance with loan and project covenants. These reports will include (i) periodic progress reports on project implementation and (ii) a project completion report which should be submitted not later than three months after the completion of the project facilities. ADB review missions will verify status

³⁴ ADB's project performance reporting system is available at:
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

2. Safeguards Monitoring

a. Environment

88. Environment safeguards monitoring will include (i) project readiness monitoring, to be conducted by the construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO); (ii) environmental effect monitoring, to be conducted by construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO); and (iii) EMP compliance verification during project implementation and project operation, to be conducted by the VPMO, the HDPI, and the HCPC PMUs and LIEC. Monitoring and reporting arrangements defined for this project are described below.

89. **Assessment of project readiness.** Before construction, construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO) will assess the project's readiness in terms of environmental management based on a set of indicators defined in the city-level EMPs and report it to the ADB, the VPMO, the HDPI, and the HCPC. This assessment will demonstrate that environmental commitments are being carried out and environmental management systems are in place before construction starts, or suggest corrective actions to ensure that all requirements are met.

90. **Environmental effect monitoring.** During construction, regular environmental effect monitoring (covering noise, air and water quality monitoring) will be conducted by the construction supervision consulting service for HDPI and HCPC, and the safeguards and social monitoring consulting service for VPMO.³⁵ Monitoring results will be reported in the framework of semi-annual integrated safeguards monitoring reports to the VPMO, the HDPI, the HCPC and ADB. Effect monitoring shall cover the entire construction period as well as the first year of operation. Monitoring will also be periodically conducted by the provincial Departments of Natural Resources and Environment (DONRE) in the framework of their legal mandate to check compliance with applicable environmental regulations. They will be responsible for undertaking regular and random environmental monitoring and inspection activities before, during, and after construction as well as in the event of emergencies.

91. **Environmental management plan (EMP) compliance verification and reporting.** EMP and CEMP compliance monitoring will be undertaken by the VPMO, the HDPI, and the HCPC, through their PMUs and with support of their consultant teams. The VPMO, the HDPI, and the HCPC will report to ADB the project's adherence to the EMP, information on project implementation, environmental performance of the contractors, and environmental compliance through the quarterly project progress reports and the semi-annual integrated safeguards monitoring reports (Table 1). The quarterly progress reports by the VPMO, the HDPI, and the HCPC to ADB will include a summary of EMP implementation progress. The consulting services assisting the VPMO, the HDPI, and the HCPC will support in developing the integrated safeguards monitoring reports (template provided in Attachment 3). The reports should confirm the project's compliance with the EMP, local legislation such as environmental impact assessment (EIA) requirements in Viet Nam, and identify any environment related implementation issues and necessary corrective actions, and reflect these in a corrective action plan. The performance of the contractors will also be reported on with respect to environmental protection and impact mitigation. The operation and performance of the project grievance redress mechanism,

³⁵ The construction supervision consulting service for HDPI and HCPC, and the safeguards and social monitoring consulting service for VODA may decide to sub-contract, at their own expenses, a licensed environment monitoring agency to conduct environmental effect monitoring.

environmental institutional strengthening and training, and compliance with all covenants under the project will also be included in the report.

92. **ADB monitoring and supervision** will include (i) regular review missions including site visits of construction sites (including regular trips to Hue during construction works within the Hue Citadel); (ii) review of the semi-annual monitoring reports, ensuring that these are locally disclosed as well on the ADB website. If any unanticipated environmental impacts become apparent during project implementation, ADB will advise and require the EAs and IAs to (i) assess the significance of such unanticipated impacts; (ii) evaluate the options available to address them; and (iii) prepare or update the IEE and EMPs. ADB may consider exercising its legal remedies, including suspension, cancellation, or acceleration of maturity, specified in the legal agreements, in case of continuous non-compliance.

b. Involuntary Resettlement

93. VPMO, HDPI and HCPC will ensure that the RPs and REMDP will be updated following completion of detailed designs and will be submitted to ADB for review and concurrence. No land acquisition or site clearing will be done until and after the Final RPs and REMDP have been agreed by ADB and those provisions in the Final RPs have been implemented satisfactorily. In case of differences between the Borrower's laws and regulations and ADB's Safeguard Policy Statement (2009), the more stringent policy shall prevail.

94. The VPMO, HDPI and HCPC will submit periodic monitoring reports to VPPC, HUPPC, HAPPC and ADB starting from the commencement of RP finalization, which coincides with the conduct of the census, detailed measurement survey and implementation activities. An external monitoring agency (EMA) will also be engaged by VPPC, HUPPC and HAPPC to carry out its independent monitoring and assessment. The external monitoring agency will submit periodic monitoring reports to the PPCs and ADB. The budget provided to the EMA will include funds sufficient, in the opinion of ADB, for the EMA to adequately perform its functions. All monitoring reports will be uploaded on the ADB website. The PPCs will provide to the EMA, at no cost, all documents required to monitor the resettlement process, specifically including the RPs and REMDP, detailed measurement survey documents, and all associated documents which may be reasonably requested by the EMA.

95. VPPC, HUPPC and HAPPC will not issue a notice of possession of site for any depot works until the head of District Compensation and Site Clearance Committee has officially confirmed in writing that (i) payment has been fully disbursed to the affected persons and rehabilitation measures are in place as per updated RP/REMDP agreed between VPPC, HUPPC and HAPPC and ADB; (ii) already-compensated affected persons have cleared the area in a timely manner; and (iii) the area is free from any encumbrances.

96. VPPC, HUPPC and HAPPC will timely provide counterpart funds for land acquisition, resettlement and monitoring activities specified in the agreed upon RP/REMDP, and will meet any unforeseen obligations in excess of the RP budget estimate to satisfy resettlement objectives. HPC will ensure that counterpart funds for compensation and entitlements under the agreed upon RP are fully provided directly to affected persons prior to their displacement from housing and prior to loss of land, livelihood, income or other assets.

97. Internal monitoring of resettlement plan implementation will be conducted. The construction supervision consulting service for HDPI and HCPC and safeguards and social monitoring specialist for the VPMO will carry out internal supervision and monitoring and reporting

to ensure compliance with the provisions of the resettlement plan. All parties will agree to a set of supervision milestones with ADB, to ensure timely and effective implementation of resettlement activities.

c. Indigenous Peoples

98. Reporting for the indigenous people's safeguards will be consolidated in the approved resettlement and ethnic minority development plan (the Ha Giang subproject).

3. Gender and social dimensions monitoring

99. Monitoring of the Gender Action Plan (GAP) will be incorporated into the PPMS and periodic progress report. The PMUs under the VPMO, the HDPI, and the HCPC will develop a Project Performance Monitoring System (PPMS), establishing sex-disaggregated indicators for project performance, monitoring and evaluation including DMF outcome indicators. The PPMS will include monitoring tools, reporting templates (including ADB GAP progress report template) and output indicators, assisted by construction supervision consultants (International and National Social Development and Gender specialists). The VPMO, the HDPI, and the HCPC, through their PMUs, will report semi-annually to the VPPC, HUPPC, HAPPC, and ADB using these tools, templates and indicators in periodic project progress reports. Monitoring of the social inclusion design measures, indicated in the GAP, SPRSS, Participation Plan (PP) and Stakeholder Communications Strategy (SCS), will be the responsibility of the PMUs. Activities should be reported in periodic project progress reports. Construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultants (for VPMO) will assist the PMUs in devising the monitoring indicators and reporting templates in assessing progress of the GAP.

C. Evaluation

100. ADB, the VPPC, the HUPPC, the HAPPC, the VPMO, the HDPI, and the HCPC will undertake a semiannual project administration mission (e.g., loan and grant review) to evaluate the progress of project implementation. All parties will undertake a comprehensive midterm review two years after the start of project implementation to have a detailed evaluation of the scope, implementation arrangements, resettlement, achievement of scheduled targets, and progress on the agenda for policy reform and capacity building measures (planned in 2020). Feedback from the PPMS activities will be analyzed. Within three months of physical completion of the project, the VPMO, the HDPI, and the HCPC will submit project completion reports for their respective subproject to ADB.

D. Reporting

101. The VPMO, the HDPI and HCPC on behalf of the VPPC, the HUPPC and the HAPPC have agreed on the following reporting commitments: (i) submission of periodic progress reports during project implementation; (ii) submission of report on the progress of safeguards monitoring, i.e., resettlement activities (semiannually), EMP implementation (annually), GAP (semiannually); (iii) submission of project completion report three months after completion of the project; and (iv) submission of audited project accounts and financial statements six months after the end of fiscal year. PPMS data will be incorporated in the periodic progress reports. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed.

102. The Table 9.1 summarizes the key reporting requirements during project implementation.

Table 9.1: Key Reporting Requirements for Each Subproject

Report	Reference	Timing of Reporting	Responsible Agency
Project Performance Management System			
- Develop comprehensive project performance management system procedures - Reporting of baseline and progress data including DMF, GAP, EMP, RP/REMDP and other relevant targets	Project Agreement, Schedule, paragraphs	- No later than 6 months after loan effectiveness - Semiannual, included in the periodic project progress reports	- The VPMO, the HDPI and HCPC (and the CSCs)
Project Progress Report			
- Reporting of baseline and progress data including environmental management plan	Project Agreement, Schedule, Article	- Semiannual (January–June and July–December) in July and January	- The VPMO, the HDPI and HCPC (and the CSCs)
Audited Project Accounts and Financial Statements with Auditor's Opinion			
- Reporting on project account and financial management	Project Agreement, Schedule, Article	- Not later than six months after the closure of fiscal year (end of June)	- The VPMO, the HDPI and HCPC (and auditor)
Environmental Report			
- Periodic safeguards report including environment monitoring and EMP during the construction and operation phase (until PCR is issued)	Project Agreement, Schedule, Article	- Semiannual (January–June and July–December) in July and January	- The VPMO, the HDPI and HCPC (and the CSCs and SSM)
Resettlement Monitoring Report			
- Periodic social safeguards monitoring reports	Project Agreement, Schedule, Article	- Semiannual (January–June and July–December) in July and January	- The VPMO, the HDPI and HCPC (and the CSCs and SSM)
- Resettlement completion report	Project Agreement, Schedule, Article	- Within three months after completion of the subproject (each RP/REMDP)	- The VPMO, the HDPI and HCPC (and the CSCs and SSM)
Social Development and Gender Monitoring Report			
- Reporting on GAP implementation	Project Agreement, Schedule, Article	- Semiannually in the project progress report (January and July)	- The VPMO, the HDPI and HCPC (and the CSCs and SSM)
Project Completion Report			
- Reporting on overall implementation after the subproject completion	Project Agreement, Schedule, Article	- Not later than three months after the physical completion of the sub project	- The VPMO, the HDPI and HCPC (and the CSCs and SSM)

CSC = construction supervision consultant, DMF = design and monitoring framework, EMP = environmental management plan, GAP = gender action plan, HCPC = Ha Giang City People's Committee, HDPI = Thua Thien Hue Provincial Department of Planning and Investment, PCR = project completion report, REMDP = resettlement and ethnic minority development plan, RP = resettlement plan, VPMO = Vinh Phuc Concessional Loan Project Management Office.

E. Stakeholder Communications Strategy

103. Project information will be communicated to various stakeholder entities and groups through public consultation, information disclosure mechanism in ADB's and government's website, meetings, interviews, focus group discussions, and community consultation meetings, in accordance with the requirements of ADB's information disclosure policy. The Stakeholder

Communications Strategy (SCS) provides guidelines whereby such communications can be carried out, specifying the messages, the entities to be targeted, the means of communication to be used, the timeline and resources available for imparting these messages, and the entities or agencies responsible.

104. **Environment.** Section V of the project initial environmental examination (IEE) report has described the meaningful public participation and consultation implemented during project preparation. Plans for public involvement during construction and operation stages have been developed during project preparation. The VPMO, the HDPI, and the HCPC, and their construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO) are responsible for public participation during project implementation. These plans include public participation in (i) monitoring impacts and mitigation measures during the construction and operation stages; (ii) evaluating environmental and economic benefits and social impacts; and (iii) interviewing the public after the project is completed. These plans will include several types of public involvement, including site visits, workshops, investigation of specific issues, interviews, and public hearings. The cost for public consultation and participation during project implementation will be borne by the construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO). The budget for public consultation is estimated at approximately \$3,000 per city. Information disclosure relating to environment safeguards will continue throughout project implementation. All local safeguards documentation, updated IEE/EMPs and safeguards monitoring reports during project implementation will be available on the project websites and at www.adb.org.

105. **Involuntary resettlement.** All the affected households, ward/commune leaders and district governments will be involved in the project impact and socioeconomic survey. Through meetings, interviews, focus group discussions, public consultation workshops, and community consultation meetings; local representatives have participated in the planning and concerns have been integrated into the resettlement plan. Before implementation, the VPMO, the HDPI, and the HCPC, and their construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO) will further discuss and consult with the affected persons' representatives the impacts and the detailed compensation plan to ensure affected persons' interests are protected and to provide employment opportunities for the affected persons' livelihoods as a result of project implementation. The VPMO, the HDPI, and the HCPC, and their construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO) will disclose the resettlement plans (for the Vinh Phuc and Hue subprojects) and resettlement and ethnic minority development plan (for the Ha Giang subproject) in the offices as well as the community offices and to affected people in the local language. The resettlement and resettlement and ethnic minority development plans are also posted on the ADB website. The construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO) will supervise implementation, conduct continued public consultation, monitor progress, and response to grievances. The grievance redress procedures will be established.

106. **Social development and gender.** Consultations with communities have taken place and will continue at different points in the preparation and implementation of the GAP within the components, and will be designed not only to inform people about the component or specific activities related to its preparation and implementation, but also to enable people in the community to ask questions, make suggestions, state preferences, and express concerns. Special attention will be paid to the participation of women and women-headed households and any other vulnerable groups, such as the poor, near poor, people with disabilities (PWDs) and the elderly. GAP indicators will be monitored and reported semiannually by the VPMO, the HDPI, and the

HCPC through their construction supervision consultants (for HDPI and HCPC) and safeguards and social monitoring consultant (for VPMO).

107. **Public disclosure.** Public disclosure of all project documents will be undertaken through the implementing agencies and on the ADB website including the project data sheet, design and monitoring framework, IEE/EMPs (and updates thereof), resettlement plans (for the Vinh Phuc and Hue subprojects) and resettlement and ethnic minority development plan (for the Ha Giang subproject), and the report and recommendation of the President. Semi-annual safeguards monitoring reports and the progress reports will be disclosed during project implementation.

X. ANTICORRUPTION POLICY

108. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.³⁶ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.³⁷ To support these efforts, relevant provisions are included in the loan agreement and grant agreements and the bidding documents for the project.

³⁶ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

³⁷ ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

109. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.³⁸

³⁸ Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

110. The PAM is a living document and is subject to change after ADB Board approval of the project's report and recommendation of the President. It is concise yet informative, providing checklists of all activities related to project implementation along with the necessary procedures for the project management office's to effectively implement and monitor the project.

No.	Changes/Updates	Date	Remarks
1	PAM initial draft agreed	17 March 2017	Agreed during the loan FF mission
2	PAM updated based on ADB's interdepartmental comments	20 August 2017	

Attachment 1: Financial Management Assessment

I. INTRODUCTION

1. This Financial Management Assessment (FMA) has been prepared in accordance with ADB's Financial Management Technical Guidance Note (May 2015) to determine the institutional capacity of each project EA and IA and MONRE the IA of delegated attached TA output 1, funds flow arrangements for loan and grant, and attached technical assistance (TA), staffing, accounting policies and procedures, internal and external auditing arrangements, reporting and monitoring aspects, and information system. The Financial Management Assessment Questionnaire (FMAQ), initially proposed and prepared by ADB, was slightly modified and translated into Vietnamese, where appropriate, to adapt to the specific conditions of the subprojects and formed the basis for the assessment. Issues or risks associated with each entity's financial management systems were identified and appropriate risk mitigation measures were recommended for adoption as part of the project design.

2. The results of the FMAQs were analyzed with particular focuses on the accounting and auditing procedures and staff expertise. In terms of accounting and auditing procedures, the existing financial information system (i.e., accounting, reporting, and internal control system) is complete and applicable for domestic construction entities. The FMAQs were completed in 2016 and are attached as appendices.

II. BRIEF PROJECT DESCRIPTION

3. The Secondary Green Cities Development Project (the project) will support economically competitive, environmentally sustainable and socially inclusive development for Vinh Yen city (Vinh Yen), Hue city (Hue) and Ha Giang city (Ha Giang) of Viet Nam. It will: (i) control urban stormwater runoff and reduce flood risks, (ii) improve sanitation for public health, (iii) enhance green landscaping and public amenities; (iv) upgrade urban road networks and its connectivity, and (v) promote public participation in city planning. The project will demonstrate green and climate resilient development approaches that be scaled up for nationwide green secondary city development in Viet Nam. The project outcome will be: competitiveness, environmental sustainability, inclusiveness and climate resilience of Vinh Yen, Hue and Ha Giang strengthened. Three project outputs are: (i) Green and Resilient Urban Infrastructure services in Vinh Yen improved (Vinh Yen subproject); (ii) Green and Resilient Urban Infrastructure services in Hue improved (Hue subproject); and (iii) Green and Resilient Urban Infrastructure services in Ha Giang improved (Ha Giang subproject).³⁹

4. The project is estimated to cost \$223.9 million, of which 91.1% of the base cost will finance works and 8.9% consultants. ADB will finance expenditures for works and consulting services related to project management, safeguards and social monitoring, and audit.¹ The project's implementation arrange is in Table 1. The borrower is the Socialist Republic of Viet Nam, which will make the loan and grant available to the Provincial People's Committees (PPCs) of Vinh Phuc, Thua Thien Hue and Ha Giang. The PPCs will assume the foreign exchange and interest variation risks of the ADB loan. The implementing agencies are Vinh Phuc Foreign Concessional Loan Project Management Office for the Vinh Yen subproject, Thua Thien Hue Provincial Department of Planning and Investment for the Hue subproject, and Ha Giang City People's Committee for the Ha Giang subproject.

³⁹ The detailed project outputs, implementation arrangements, and cost estimates are in the section I–IV of the project administration manual (PAM).

Table 1: Implementation Arrangements of the Project

Table 11 Implementation Arrangements of the Project			
Aspects	Arrangements		
Implementation period	January 2018–December 2023		
Estimated completion date	31 December 2023 (estimated loan/grant closing date: 30 June 2024)		
Management			
(i) Oversight body	Project leading groups chaired by respective vice-chairmen of the province		
(ii) Executing agency	Vinh Phuc PPC, Thua Thien Hue PPC and Ha Giang PPC		
(iii) Key implementing agencies	Project: Vinh Phuc Foreign Concessional Loan Project Management Office, Thua Thien Hue Provincial Department of Planning and Investment, and Ha Giang City People's Committee.		
(iv) Implementation unit	A project management unit comprised of technical, safeguards, social, and financial staffs is established under each implementing agency.		
Procurement	International competitive bidding	3 contracts	\$33.2 million
	National competitive bidding	21 contracts	\$126.9 million
Consulting services	Least cost selection	12 person-months	\$0.2 million
	Quality- and cost-based selection	270 person-months	\$8.4 million
Advance contracting	construction supervision consulting services.		
Disbursement	The loan and grant proceeds will be disbursed following ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

5. The TA attached to the project will leverage the project impact by (i) mainstreaming integrated green and climate-resilient development through national policy and regulatory reform (output 1); (ii) updating and refining the GCAPs and improving overall city master plans for Ha Giang, Hue, and Vinh Yen (output 2); (iii) piloting innovative climate risk finance to protect Hue city from climate-related natural disasters (output 3); and (iv) replicating the approach and applying the lessons learned to secondary city development elsewhere in Viet Nam (output 4).

6. The TA is estimated to cost \$14.1 million, of which \$10.8 million will be financed on a grant basis by the GEF⁴⁰ and \$2.0 million will be financed on a grant basis by the UCCRTF under the Urban Financing Partnership Facility.⁴¹ The attached TA's implementation arrange is in Table 2. The Ministry of Natural Resources and Environment (MONRE), as the executing agency for the TA, will closely coordinate with the implementing agencies as the project cities and provincial governments and their departments of natural resources and environment. ADB will administer the TA Outputs 2–4. Administration of the TA Output 1 will be delegated to MONRE. The MONRE pollution control department will establish a project management unit (PMU) with adequate number of qualified staffs to administer the TA Output 1. For this output, the MONRE selects and signs the contract with the consultant, disbursement through advance payment facility, and assumes primary responsibility for supervising the consultant. The results of the TA Output 1 will be evaluated both separately, and jointly with the other TA outputs for the overall TA outcome and outputs. Ineligible expenditure items under the GEF and the UCCRTF will align with those for ADB-funded TA. The government will provide counterpart funds to finance tax and duties under the delegated TA Output 1, and provide counterpart support in the form of access to data and information, counterpart staffs, stakeholder coordination and other in-kind contributions.

Table 2: Implementation Arrangements

spects	Arrangements
Implementation period	January 2018–December 2023
Executing agency	Ministry of Natural Resources and Environment (MONRE)
Implementing agencies	The MONRE International Cooperation Department will be the coordinating agency for all TA outputs. The implementing agencies are the pollution control department of MONRE for

⁴⁰ The GEF fund codes are 48 for the GEF Trust Fund and 5F for the GEF Special Climate Change Fund.

⁴¹ Financing partners are the Rockefeller Foundation and the governments of Switzerland, the United Kingdom, and the United States. The fund code is 5Z.

	TA Output 1; VPMO, HDPI, and HCPC for TA Output 2; HDPI for TA Output 3; and selected PPCs and their departments of natural resources and environments for TA Output 4. The MONRE will set up a working-level steering committee comprising Department of International Cooperation, Department of Climate Change and Department of Pollution Control.		
Consultants ^a	To be selected and engaged by ADB		
	Quality-and Cost-based Selection	365 person-months	\$8.6 million
	Individual Consulting Service	144 person-months	\$0.7 million
	To be selected and engaged by MONRE		
	Quality-and Cost-based Selection	211 person-months	\$3.0 million
	Individual Consulting Service	120 person-months	\$0.5 million
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time). For the MONRE administered Output 1, the advance payment facility will be used for the transfer of funds. The financial capacity assessment confirmed that MONRE has adequate capacity to manage APF. The disbursement arrangement will be cost-sharing fund usage rules linked to output at the contract commitment level.		
Asset turnover upon TA completion ^a	The consulting firms will purchase all equipment, that will be turned over to the executing and implementing agencies upon TA completion.		
Special features	The GEF will finance Outputs 1, 2, and 4, and the UCCRTF will finance Output 3. Administration of the GEF-funded Output 1 will be delegated to MONRE. MONRE will provide counterpart funds to finance taxes and duties. The ADB administered (non-delegated) Output 2–4, will be tax-exempted based on the TA framework agreement.		

^a Procurement and engagement will follow ADB's Procurement Guidelines (2015, as amended from time to time), and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

GEF = Global Environment Facility, HCPC = Ha Giang City People's Committee, HDPI = Thua Thien Hue Provincial Department of Planning and Investment, MONRE = Ministry of Natural Resources and Environment, PPC = provincial people's committee, TA = technical assistance, UCCRTF = Urban Climate Resilience Trust Fund, VPMO = Vinh Phuc Foreign Concessional Loan Project Management Office.

Source: Asian Development Bank.

III. COUNTRY AND SECTOR FINANCIAL MANAGEMENT ISSUES

7. Since 2007, the Six Banks Group (SBG) and the government of Vietnam have been implementing Joint Action Plans to improve the country's systems for project preparation, procurement, financial management, social safeguards, environment safeguards, monitoring and evaluation for ODA projects, in particular, disbursement and social safeguards which are yet to be in line with best international practices.⁴² An ADB TA approved in 2011 supports to create a well-structured, well-sequenced capacity building program in the executing agencies and project management units (PMUs) of ADB-financed projects in Vietnam, to help improve portfolio performance and aid effectiveness. The previous country partnership strategy (CPS), 2012–2015 identified that the public financial management issues include: (i) lack of a performance-based budgeting system; (ii) lack of budget comprehensiveness; and (iii) State Audit of Vietnam lacking sufficient capacity.⁴³

8. In 2013, the government completed and published its first Public Expenditure Financial Accountability assessment that provided a detailed review of the performance of existing PEFM systems.⁴⁴ Coupled with ongoing Asian Development Bank (ADB) policy dialogue, the findings of the review highlighted four broad binding constraints to more effective fiscal and budget management in Viet Nam. These include (i) inefficient public resource allocation, including a lack of longer-term expenditure planning and consideration of costs associated with maintaining public

⁴² The Six Banks Group consists of ADB, Japan International Cooperation Agency, German development bank, the Agence Francaise de Developpement, Export-Import Bank of Korea, and World Bank. The group advises government on public procurement, financial management, and social and environmental impact assessments.

⁴³ ADB. 2012. *Country Partnership Strategy, Viet Nam 2012–2015*. Manila

⁴⁴ Government of Viet Nam. 2013. *Public Expenditure and Financial Accountability (PEFA) Assessment*. Ha Noi.

assets; (ii) poor identification and management of fiscal risks, which lead to unplanned fiscal costs and challenges in tracking and mitigating risks; (iii) weak oversight and evaluation of expenditure, which erode accountability for results; and (iv) inadequate domestic resource mobilization, which limits funds available for public expenditure.⁴⁵

9. **The government public financial management strategy.**⁵ The government's Finance Development Strategy (FDS), 2011–2020 and its rolling 3-year medium-term action plan, 2015–2017 lay out a comprehensive reform plan to improve the impact of public expenditure on poverty reduction and sustainable growth.⁴⁶ The FDS aims to reduce financial waste, enhance the accountability and transparency of budget operations, and empower subnational governments to provide services more directly to the public. In line with the FDS, the government has approved PEFM reforms, including passing the Public Investment Law in 2014 and the State Budget Law in 2015. However, the government faces implementation challenges because numerous decrees are needed to clarify how the principles of the laws will be implemented. Capacity development is required to ensure officials can implement enhanced PEFM requirements. While reforms are focused on PEFM processes, they are expected to catalyze incremental institutional reforms over the medium-term. To ensure reforms are sustainable, support for these planned institutional changes is needed.

10. **ADB's experience.**⁵ ADB has long engagement in Viet Nam's PEFM reform through policy dialogue, loan programs, TA, and knowledge support. In 2008, ADB began supporting civil service reform, developing a standardized system for job analysis, job descriptions, and qualification standards in government agencies. Following this, ADB supported the preparation of the government's Socio-Economic Development Plan, 2011–2015 and followed this up with capacity building and TA activities aimed at (i) enhancing the efficiency of externally financed public investments, (ii) further improving civil service capacity and performance management, and (iii) strengthening monitoring and evaluation systems and their links to national strategies. Since 2014 ADB has stepped up its support for PEFM in Viet Nam, providing targeted support to the government for enhancing public asset management systems, strengthening public debt management, reducing risks associated with government guarantees, and working across central agencies and the National Assembly to strengthen oversight of budget implementation. In 2016, ADB approved the Improving Public Expenditure Quality Program (IPEQ): the program supports the government's commitment to improve the provision of infrastructure and service delivery to lift living standards and reduce poverty. The government's priority areas to improve service delivery include: (i) efficiently allocating public financial resources; (ii) strengthening the identification and management of fiscal risks; and (iii) improving the monitoring, evaluation, and oversight of budget expenditure. The program has three outputs: (i) a more productive allocation of public resources, (ii) strengthened identification and management of fiscal risks, and (iii) improved oversight and monitoring and evaluation of budget implementation.

11. The CPS 2016–2020, approved in September 2016 indicated that ADB will continue to address these risks through active policy dialogue in collaboration with SBG.⁴⁷ The public financial management risk will be addressed by expanding support for accountable and efficient public

⁴⁵ ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy-Based Loans, and Technical Assistance Grant for Subprogram 1 Socialist Republic of Viet Nam: Improving Public Expenditure Quality Program Distribution*. Manila

⁴⁶ Decision No. 450/QĐ-TTg of 18 April 2012 of the Prime Minister approving the Financial Strategy until 2020, and Decision No. 224/QĐ-BTC of 30 January 2013 of the Ministry of Finance approving the Action Plan of the Financial Sector to Implement the Finance Development Strategy until 2020. Ha Noi.

⁴⁷ ADB. 2016. *Country Partnership Strategy, Viet Nam, 2016–2020 Fostering More Inclusive and Environmentally Sustainable Growth*. Manila

expenditure (e.g. a programmatic approach under the IPEQ⁵). Attention will be paid to identifying and mitigating fiduciary risks by strengthening the capacity of agencies in procurement planning, budgeting, contract administration, and monitoring at all levels. ADB will also work with central government agencies to strengthen public asset management to reduce sustainability risks associated with infrastructure programs.

IV. PROJECT FINANCIAL MANAGEMENT SYSTEM

A. Overview

12. The FMAs considered MONRE, Vinh Phuc, Thua Thien Hue, and Ha Giang PPCs and their Department of Finance (DOF), executing agencies of the project; and MONRE Project Management Unit (PMU), Vinh Phuc Foreign Concessional Loan Project Management Office (VPMO), Thua Thien Hue Department of Planning and Investment (HDPI) and Ha Giang City People's Committee (HCPC), the implementing agencies. In each province, provincial DOF supervises the accounts and financial management of provincial entities which are controlled by the Provincial People's Committee (PPC). Each uses accrual-based Viet Nam accounting standards. Vinh Phuc and Thua Thien Hue DOF have computerized information systems. The VPMO and HDPI are a part of the provincial government so they strictly follow the DOF. HCPC has its own finance division that will closely coordinate with the provincial DOF.

13. The Provincial People's Committee, the executing agency, is the state management authority. The DOF is responsible for provincial financial management function, mainly budget planning and settlement for the entire province. The Budget Management division of the DOF provides annual budgetary estimates which is endorsed to the People's Council for final approval prior to elevation to the PPC and submission to the MOF. Quarterly, semi-annual and annual reports are prepared for budget settlement and these are submitted to the PPC for approval. The DOF is under the strict regulatory supervision of the MOF and works within the purview of the Vietnam Laws on Accounting, State Budget, Public Investment, ODA Investment, and State Audit.

14. MONRE is the central ministry and its budget and financial management is also under strict regulatory supervision of the MOF. The MONRE Department of Finance and Planning works under the Vietnam Laws on Accounting, State Budget, Public Investment, ODA Investment, and State Audit.

B. Strengths

15. Strengths of the financial management in the MONRE, PPCs and implementing agencies are:

- Viet Nam have basic accounting standards (aligned with International Public Sector Accounting Standards), organization structure, information system, policies and procedures, and accountability measures in place. Though each item needs to be further strengthened to great a robust financial management system.
- MONRE and all three executing agencies (PPCs) and their DOF have experience in external donor funded projects (i.e. the World Bank, Japan International Cooperation Agency/Japan Bank for International Cooperation).
- Vinh Phuc and Thua Thien Hue have the implementing agency attached to the PPC and their provincial government. This makes the project financial management smoother, less transaction cost, more transparent and more direct

improvement/strengthening under the PEFM reform programs at the national and sub-national levels.

- Information Sharing—Vinh Phuc Province and VPMO, who have the strongest experience in the international financial institutions and bilateral donors is acting as a leading project coordinating agency for the project. VPMO will share with knowledge and experience to HDPI and HCPC; and
- Staffing—A Financial Control and the manager of DOF will monitor the financial management activities in relation to the ADB funded project. All project management units have staffed and committed to the good public financial management.

C. Weaknesses

16. Weaknesses of the financial management in MONRE, the PPCs and implementing agencies are:

- Lack of internal audit in the financial system for MONRE and all three provinces;
- Implementation agency in Ha Giang is at the city people's committee (HCPC). Although the project management unit (HAPMU) under HCPC directly communicate/work with the Provincial DOF on the financial management, this require a good coordination mechanism with the Ha Giang PPC, executing agency of the project; and
- Limited familiarity with the latest ADB requirements and procedures for MONRE and all three provinces.

D. Personnel, accounting policies and procedures, internal control, internal and external audit

17. **Personnel.** The DOF is headed by a director, supported by 2–4 assistant directors, and 6–9 operating divisions (Table 2). Decision No. 127/2007 dated August 2, 2007 provides the comprehensive rules and regulations related to code of conduct for state administrative agencies including civil servants at all levels. The DOF in executing agencies have the following personnel. The DOF staffs will coordinate with the PMU staffs in-charge of financial matters in VPMO, HDPI and HCPC on a daily basis to guide, process, monitor and check, and report their financial management. For MONRE, the PMU staff in-charge of financial matters will directly coordinate with MONRE Department of Finance and Planning.

Table 2: Divisions and Staffs in DOFs and PMUs

	Vinh Phuc/Vinh Yen	Thua Thien Hue/Hue	Ha Giang/Ha Giang	MONRE
DOF Divisions	Budget Management Division Budget Administrative Division Investment Division Price Management Division Enterprise Management Division Inspection Division Legal Division Computerization Division	Budget Management Division Budget Administrative Division Investment Division Price Control Division Enterprise Management Division Inspection Division Legal Division Computerization division Organizational and Administration Division	Budget Management Division Budget Administrative Division Investment Division Price Control Division Enterprise Management Division Inspection Division	Department of Finance and Planning

	Organizational and Administration Division			
PMUs	2 staffs for financial management and disbursement	2 staffs for financial management and disbursement	1 staff for financial management and disbursement	1 staff for accounting and financial management

18. The financial staff of the PPC and their DOF, implementing agencies and MONRE PMU are government civil servants with permanent employee. They have at least a college degree or above and have obtained the basic accountant certificates or training. However, they will still need training to familiarize with ADB project-related disbursement guidelines and procedures, project accounting requirements, project and contract management, financial monitoring and report preparation.

19. **Accounting Policies and Procedures.** Accrual basis is prescribed by the State Accounting Law. Vietnam Accounting Standards which is within the International Financial Reporting Standards and International Public Sector Accounting Standards will be followed in records keeping, disbursements, and other transactions. The Accounting and State Budget directives of the government requires that all accounting records are retained for a minimum of 10 years from date of full reconciliation with records of the state treasury. The DOF has manual of policies and procedures covering provisions of Accounting Law and other regulations and guidelines issued by the MOF. DOF manual of accounting policies and procedures will be updated and distributed to appropriate personnel. For MONRE, their PMU will follow all guidelines and policies on accounting and financial management issued by the Minister and MONRE's Department of Finance and Planning. Audit and Inspection routines facilitate verification and monitoring of compliance with policies and procedures.

20. **Budgeting and Payment.** DOF financing plan focuses on financial targets and relies on Department of Planning and Investment (DPI) to add details of project physical targets and cost estimates for input to provincial financing plan. The budget process entails: (i) budget cost estimation, (ii) budget effectivity utilization, and (iii) budget settlement. The DOF follows all guidelines from MOF while it sets the parameters for the local government units and entities including PMUs. The DOF will prepare the provincial budget inclusive of recurrent expenditures. DOF Director will endorse the budget to the People's Council for final approval prior to submission to the MOF. Similarly, the MONRE PMU follows guidelines from its ministry which were developed on basis of the MOF's regulations.

21. Actual expenditures are monitored and compared to the budget monthly. In the event of budget variation/s, appropriate approval from a committee composed of relevant provincial department directors (for the PPCs) or MONRE's relevant departments (for MONRE) will be obtained prior to advances. Expenditure ceiling for variations from budget depends on revenue level as prescribed by State Budget Law. There has not been over-budgeting of expenditures in 2012–2015. Consistent with meeting approved budget expenditure estimates. For the project, the PMUs will prepare budget based on the guidelines and project financing plan.

22. **Internal and External Audit.** For the PPCs, Internal audit is not established as a regular function under the Accounting Law. Post audit system is in place and the usual practice is to contract services of independent auditor and for the state audit to perform separate audit of financial statements prepared by government entities. The DOF is audited annually by the State Audit. State Treasury does the random schedule of departments and this includes the DOF. For MONRE, similarly, it is also subject to periodic audit by State Audit. Audit is conducted in accordance to Vietnam State Audit Law which adheres to International Standards on Auditing. In 2012–2015, no major accountability issues were indicated by the audit reports. No significant

issues noted during the review of the audited financial statements of the DOF. The entity has not hired the services of external auditor for any non-audit engagements. External auditor and state audit will perform audit required. The PMUs in MONRE, VPMO, HDPI and HCPC will hire a separate independent auditor for their subproject. The qualified firm preferably selected from the long list of audit firms provided and updated regularly by ADB Viet Nam Resident Mission Finance and Accounting Team will be engaged for each subproject.

23. The Office of the General Inspectorate (OGI) exercises control over financial and technical concerns in the both government funded and ODA projects.⁴⁸ Project-level reporting of fraud, corruption, waste and misuse of project resources is managed by a grievance unit at the PMU level and escalated to the PPC or MONRE. The 2005 Anti-Corruption Law and the 2011 Laws on Complaints and on Denunciation entitle citizens to submit complaints on fraud and corruption (amongst others) to the People's Committee or MONRE Minister. A complaint handling system will receive, record, and provide necessary investigative actions where it is deemed legitimate. The assessment also identified a parallel complaint "system" in the OGI offices under line ministries and departments at the central and provincial level.

E. Financial reporting systems, including use of information technology

24. **Financial Reporting Systems.** Financial reports and statements are prepared for DOF in accordance with Vietnam Accounting Standards on a quarterly basis. For MONRE, the Department of Finance and Planning assists the Minister in receipt and review of financial reports and statements from various authorities and units, including the MONRE PMU.

25. All project assets will be owned by the government agencies. A Fixed Assets Register records ownership of assets maintained by the entity. Monthly update of records is done and annual inspection of records of ownership and liens is also conducted. Subsidiary records of stocks and fixed assets are kept at current and reconciled with control accounts. Annual physical inventories of fixed assets and stocks also ensure that assets are adequately labeled. Any discrepancies in records and reconciliation are also resolved. All government vehicles, equipment, and buildings are insured. Policies and procedures covering depreciation of assets are provided in: (i) MOF Circular No. 45/2013/TT-BTC dated April 25, 2013 -Guiding Regulation on Management, Use and Depreciation of Fixed Assets; and (ii) Decree No. 52/2009/ND-CP of June 3, 2009 - Law on Management and Use of State Property.

26. **Information Technology.** The MOF, MONRE, three project provincial DOFs and State Treasury, use the Treasury and Budget Management Information System (TABMIS).⁴⁹ The VPMO uses the MISA software which has compatibility with the TABMIS, specifically on recording revenues and expenditures.⁵⁰ This feature facilitates monitoring tasks of the DOF and validation of expenditures by the State Treasury. However, HDPI and HCPC are using customized excel-

⁴⁸ Office of the General Inspectorate exercises the function of state administration of inspection, citizen reception, complaint and denunciation settlement and anti-corruption throughout Vietnam.

⁴⁹ TABMIS is a component of the Public Finance Management Reform Project (PFMRP) funded by World Bank in 2003 to strengthen budget planning, execution, reporting and accountability. The system developed by International Business Machines NYSE (IBM NYSE) was installed at the Ministry of Finance, State Treasury, Ministry of Planning and Investment and already downloaded to the provincial departments and city divisions of finance and other state agencies

⁵⁰ MISA MIMOSA.NET is an accounting software developed by the MISA Joint Stock Company, with 20 years of experience in software development and IT support services. The tool is in accordance with the chart of accounts prescribed by the Accounting Law. Its services have reached approximately 40,000 administrative units and 10,000 communes/wards.

based financial management system, which requires manual uploading of figures to record revenues and expenditures. Every transaction at the DOF level is processed in the TABMIS software which entails several approval points. The approval starts with the particular division head, DOF director before entering the TABMIS electronic system of the DOF and State Treasury of the province. Project financial data will be assigned a specific code in the DOF system to enable automatic data transfer. In Vinh Phuc province, TABMIS and MISA can directly generate periodic financial statements and project financial reports. The MIS unit staff are adequately trained and maintain the system. Maximum of 2 staff members have been authorized to introduce revisions to inputs in the system with prior approval of higher level management to safeguard confidentiality, integrity, and availability of data. There is an online storage back-up system while the mainframe is located in the PPC office. In Thua Thien Hue and Ha Giang provinces, the staffs have to manually reconcile their excel-based accounting sheet with TABMIS. For the MONRE PMU, they are familiar with a customized excel-based financial management system used for its international financial institutes' funded projects (i.e. World Bank, JICA, UN agencies).

F. Disbursement arrangements, funds flow mechanism

27. For the project, under the guidance of PPCs, the VPMO, HDPI and HCPC will be responsible for all disbursement arrangements, including (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. The VPMO, HDPI and HCPC will open a project imprest account in service banks and maintained. The currency of the imprest accounts is the US dollar. The imprest account is used exclusively for ADB's, GEF's and UCCRTF's share of eligible expenditures. For the counterpart fund, PPCc will annually allocate counterpart fund for the project.

28. For the attached TA output 1, the MONRE PMU will open a GEF project specific account in a service bank and maintain on behalf of MONRE. The PMU will receive GEF fund transfers from ADB based on a quarterly disbursement plan agreed upon between MONRE and ADB. Payment will be based on review, acceptance and no objection from ADB of the PMU's quarterly invoice. The invoice will include: (i) claim(s) from the consultant(s); and (ii) office, workshops and other miscellaneous items directly paid by the PMU. Advance Payment Facility (APF) will be used to facilitate the smooth implementation of the TA Output 1. The detailed fund flow diagram is in the linked-document to the RRP linked-document 9: Attached TA to the project. The MONRE PMU has rich experience with international financial institutions, and is currently managing three GEF funded TA projects with UN agencies (Table 3) and one GEF-funded on-going grant investment project with ADB.⁵¹

Table 3: Past and On-going TA Projects with the MONRE PMU

Project Name	Donors	Budget	Duration	Consulting Service Packages / Engagement methods
PCB Management in Vietnam Project	GEF/WB	\$17,000,000 - ODA: \$7,000,000 - MONRE: \$10,000,000	2009–2015 (Completed)	1 firm (competitive selection) 4 individual consultants (competitive selection)
Updating Vietnam's National Implementation Plan for the Stockholm	GEF/UNDP	- ODA: \$255,000 - MONRE: D308,000,000	2013–2015 (Completed)	1 firm (competitive selection) 6 individual consultants

⁵¹ In addition to the TA projects, the MONRE PMU is implementing the GEF-funded ADB grant investment project: ADB. 2015. *Greater Mekong Subregion Biodiversity Conservation Corridors Project - Additional Financing (Viet Nam Component)*. Manila.

Convention on Persistent Organic Pollutants Project				(competitive selection)
Vietnam POPs and Sound Harmful Chemicals Management Project	GEF/UNDP	\$10,600,000 - ODA: \$2,550,000 - MONRE: \$8,050,000	2015–2018 (Ongoing)	9 firms (competitive selection) 7 individual consultants (competitive selection)
Implementation of the POPs Monitoring Plan in the Asian Region Project	GEF/UNEP	\$17,155,900 - ODA: \$3,936,000 - MONRE: \$13,219,900	2015–2019 (Ongoing)	UNEP administers the TA
Demonstration of BAT and BEP in open burning activities in response to the Stockholm Convention on POPs Project	GEF/UNIDO	\$40,336,434 - ODA: \$7,560,000 - MONRE: \$32,776,434	2015–2020 (Ongoing)	UNIDO administers the TA

D = Vietnamese Dong, DONRE = Department of Natural Resources and Environment, GEF = Global Environment Facility, ODA = official development assistance, IC = individual consultants, PCB = Poly Chlorinated Biphenyl, POPs = persistent organic pollutants, UNDP = United Nations Development Program

V. RISK DESCRIPTION, RATING AND PROPOSED TIME-BOUND ACTION PLAN

29. A Financial Management Internal Control and Risk Management Assessment was conducted. Based on the weaknesses identified, fiduciary risks have been identified, assessed on the basis of likelihood of occurrence and degree of impact. Mitigation measures were also identified (Table 4).

Table 4: Risk Assessment, Mitigation Measures and Time-bound Action Plan

Risk description	Impact	likelihood	Overall Risk Assessment	Mitigation measures/ Responsibility	Timeline
Inherent Risk					
Country specific– inefficient public resource allocation and inadequate domestic resource mobilization, which limits funds available for public expenditure and costs associated with maintaining public assets	High	Unlikely	Substantial	<ul style="list-style-type: none"> - Loan covenants indicated that the PPCs will ensure to allocate funds for counterpart funds and operation and maintenance. - PFM training organized by VRM for MONRE, project EAs and IAs.^a 	<ul style="list-style-type: none"> - Throughout the project - By 2018 (training)^a
Country specific–weak oversight and evaluation of expenditure, which erode accountability for results	Low	Unlikely	Low	<ul style="list-style-type: none"> - A financial specialist is recruited under the project management consulting services to provide hands-on training - PFM training organized by VRM for MONRE, project EAs and IAs.^a - Capacity development plan for provincial government finalized in 2016 under the Improving Public Expenditure Quality Program.^b 	<ul style="list-style-type: none"> - By Q2 2018 - By 2018 (training)^a - Throughout the project
Total Inherent Risk			Substantial		
Control Risk					
Implementing entity– Incidence of non-compliance with the government's procedural framework for public financial management	Low	Unlikely	Low	<ul style="list-style-type: none"> - Vinh Phuc provincial DOF and VPMD shares their experience and knowledge to HDPI and HCPC. - ADB will hold a dialogue with the State Auditor for the project, identifying the weakness and strengthen through the training. 	<ul style="list-style-type: none"> - Throughout the project - Throughout the project

Staffing–Weak capacity of PMU staffs to mismanage ADB' funds and report	High	Unlikely	Substantial	- PFM training organized by VRM for MONRE, project EAs and IAs - A financial specialist is recruited under the construction supervision consulting services to provide hands-on training	- By Q4 2018 - By Q2 2018
Accounting policies and procedures– Accountability and transparency in financial reports due to aggregation of budget line	Low	Likely	Moderate	- ADB and the PMUs ensure all necessary budget items will be reported in the financial audit - ADB and the PMUs will closely monitor the annual financial statement and audit report.	- By Q2 2019 (first report) - By Q2 2019 (first report)
Internal audit–Lack of internal audit system in the executing and implementing agencies	Low	Likely	Moderate	- ADB promotes benefit of internal audit system through the PFM training by VRM. ^a - ADB and the PMUs ensure to engage the qualified audit company (from the long list used in the ADB projects) under the project	- By 2018 (training) ^a - By Q4 2018
Reporting and monitoring–Mixture of OCR, COL and Grant components require careful management, monitoring and reporting	High	Unlikely	Substantial	- The PMUs will establish separate project accounts for OCR/COL and grant component and separate audit reports are prepared for the loan and grant. - The PFM training and capacity building support by VRM. ^a	- By Q1 2018 - By Q4 2019
Information systems– Improper record keeping or mistakes because of the excel-based financial management system in HDPI and HCPC	Low	Likely	Moderate	- HDPI and HCPC learns from the VPMO to consider installation of MISA in their financial management system. - ADB and the PMUs ensure to engage the qualified audit company (from the long list used in the ADB projects) under the project	- By Q2 2019 - By Q4 2018
Total Control Risk			Substantial		
Overall Risk			Substantial		

ADB = Asian Development Bank, H = high, HCPC = Ha Giang City People's Committee, HDPI = Thua Thien Hue Provincial Department of Planning and Investment, L = low, M = moderate, MONRE = Ministry of Natural Resources and Environment, PMU = project management unit, PPC = Provincial People's Committee, S = substantial, VPMO = Vinh Phuc Foreign Concessional Loan Project Management Office, VRM = ADB Viet Nam Resident Mission.

^a The training for public financial management are being conducted under the TA8902–VIE: Socialist Republic of Viet Nam: Capacity Building for Project Management Unit Professionalization.

^b ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy-Based Loans, and Technical Assistance Grant for Subprogram 1 Socialist Republic of Viet Nam: Improving Public Expenditure Quality Program*. Manila

Source. Asian Development Bank

VI. LOAN COVENANTS

30. The following loan covenants are included under the loan and grant agreements.

Legal Agreement	Clause
Ordinary operations loan agreement / Ordinary operations concessional loan agreement / Global	Counterpart Fund. Operation and Maintenance. The Borrower shall ensure or cause the Project Executing Agencies to ensure that adequate funds are provided to sustain the operation and maintenance of all Project facilities in accordance with applicable engineering practices and in sound and functional order after Project completion.

<p>Environment Facility grant agreement / Urban Climate Change Resilient Trust Fund grant agreement</p>	<p>Financial Management. The Borrower shall ensure or cause the Project Executing Agencies to establish and maintain sound financial management systems in accordance with ADB's Financial Management and Analysis of Projects, including the establishment of separate project accounts and the maintenance of minimum balances to ensure smooth cash flow and the timely settlement of Project construction liabilities and future debt servicing.</p> <p>Vinh Yen Wastewater System Subproject – Cost Recovery and Tariff Reform. For the Vinh Yen wastewater treatment system subproject, the Borrower shall cause the PPC of Vinh Phuc to draft the (a) road maps and (b) local regulations in compliance with Decree 80/2014/ND-CP on the drainage and treatment of wastewater and any relevant circular, for the effective setting and collection of wastewater tariffs, and taking into account recovery of all costs associated with provided services and affordability for the poor and vulnerable people.</p> <p>Governance and Corruption. The Borrower, the Project Executing Agencies, and the Project Implementing Agencies shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.</p> <p>The Borrower, the Project Executing Agencies and the Project Implementing Agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.</p>
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Table: Summary of Completed Financial Management Assessment Questionnaires

	Vinh Phuc Provincial DOF / Vinh Phuc Foreign Concessional Loan Project Management Office (VPMO), ADB Project Unit (VPMU)	Thua Thien Hue Provincial DOF / Thua Thien Hue Provincial Department of Planning and Investment (HDPI), Project Management Unit (HUPMU)	Ha Giang Provincial DOF / Ha Giang City People's Committee (HCPC), Project Management Unit (HAPMU)
1. Executing / Implementing Agency			
1.1 What is the entity's legal status / registration?	DOF (on behalf of Provincial People's Committee)—Statutory financial management agency responsible for provincial financial management and budget (budget planning, estimates and final settlement) in support of the PPC. The VPMO was created by the Vinh Phuc PPC. The ADB project management PMU under the VPMO comprises mainly of DPI officers and staff and other board members from provincial departments.	DOF (on behalf of Provincial People's Committee)—Statutory financial management agency responsible for provincial financial management and budget (budget planning, estimates and final settlement) in support of the Thua Thien Hue PPC. The Hue PMU (HUPMU) under the HDPI comprises officers and staff from the Department of Planning and Investment (DPI).	DOF (on behalf of Provincial People's Committee)—Statutory financial management agency responsible for provincial financial management and budget (budget planning, estimates and final settlement) in support of the Ha Giang PPC. The Ha Giang PMU (HAPMU) under the Ha Giang City People's Committee) comprises officers from Department of Planning and Investment under the City Government.
1.2 How much equity (shareholding) is owned by the Government?	State management authority under Vinh Phuc Province People's Committee. and Vinh Yen City People's Committee.	State management authority under Thua Thien Hue Provincial People's Committee. PMU was established by PPC to manage project preparation and implementation	State management authority under Ha Giang Province People's Committee and Ha Giang City People's Committee
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any.2	NA	NA	NA
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	Yes. (i) World Bank funded Rural Energy II. PPC/DOF participated in the loan agreement process with the MOF. The loan funds were transferred to Cooperatives in the province after disbursement. These Cooperatives will service the loan to Provincial State Treasury on a monthly basis for remittance to the MOF as loan repayments; (2) JBIC/JICA funded Power Plant project	Yes. DOF and HDPI are involved in the ongoing Integrated Rural Development Project. Its role is limited to being a member of the Project Steering Committee and release of project counterpart funds.	Yes. DOF is involved with JICA funded rural road sector project. The HCPC has not directly implemented externally financed project.

1.5 Briefly describe the statutory reporting requirements for the entity.	<ul style="list-style-type: none"> - To PPC: after the PPC approves annual state budget estimates and final settlement. PPC sends these to MOF. - Final budget settlement report of DOF will be sent to PPC annually. - Quarterly reports - Main reports: periodic and annual income statements to PPC/MOF. - The Budget Planning Division of the DOF is in charge of providing reports on final budget settlement. 	Quarterly reports for ODA funded project/s indicating implementation status and release/s and utilization of counterpart funds.	<p>MOF—upon endorsement of the People's Council, the PPC passes an approval resolution on annual state budget estimates and final settlement</p> <ul style="list-style-type: none"> - Final budget settlement report of DOF (prepared by Budget Mgt. Division) will be sent to PPC on an annual basis. -Income Statements are submitted to the PPC on Quarterly, bi-annual, and annual basis by the DOF.
1.6 Describe the regulatory or supervisory agency of the entity.	<p>MOF—rules and regulations on accounting, budgeting, disbursement and receipt of funds through state treasury;</p> <p>PPC—on provincial financial management as well as VPMU/ VPMO.</p> <p>State Audit—audit of accounting records</p>	<p>MOF—rules and regulations on accounting, budgeting, disbursement and receipt of accounts through state treasury;</p> <p>PPC—on provincial financial management, HDPI/HUPMU</p> <p>State Treasury—validates utilization of funds;</p> <p>State Audit—Audit of accounting records</p>	<p>MOF—rules and regulations on accounting, budgeting, disbursement and receipt of accounts through state treasury;</p> <p>PPC—on provincial financial management, HCPC/HAPMU</p> <p>State Treasury—validates utilization of funds;</p> <p>State Audit—Audit of accounting records</p>
1.7 What is the governing body for the project? Is the governing body for the project independent?	PPC will be the executing agency. The Vinh Phuc PPC established the Foreign Concessional Loan Project Management Office as the implementing agency. The ADB project management unit (VPMU) is composed of directors from relevant provincial departments – DPI, DOF, DOC, DONRE, agencies involved in project implementation.	PPC established the HUPMU, which comprises of DPI officers and staff. There is a project steering committee chaired by the PPC with members from People's Council, DPI, DOC, DOF, DONRE, State Treasury, CPC Chairman, and the PMU Director.	PPC established the HAPMU under the HCPC, which comprises of DPI officers and staff. There is a project steering committee chaired by the PPC with members from People's Council, DPI, DOC, DOF, DONRE, State Treasury, CPC Chairman, and the PMU Director.
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	<p>Yes. Additional staff may be hired for the project. 4 managers (director and 4 vice- directors) and 9 divisions:</p> <ul style="list-style-type: none"> - Budget Management Division - Administrative Division - Investment Division - Price Management division - Enterprise Management Division - Inspection Division - Legal Division - Computerization division 	<p>Yes. Additional staff may be hired for the project.</p> <ul style="list-style-type: none"> - Budget Management Division - Budget Administrative Division - Investment Division - Price Control Division - Enterprise Management Division - Inspection Division - Legal Division - Computerization division 	<p>Yes. Majority of accounting Personnel are experienced accountants and accounting assistants in:</p> <ul style="list-style-type: none"> - Budget Management Division - Investments Division - Price Control Division - Enterprise Management division - Inspection division <p>These divisions can provide support to any accounting concerns for the</p>

	<p>- Organization and Administration Division</p> <p>The DOF Office is in charge of managing accounting activities of the province and its projects in coordination with PMU budget division, and districts, communes with 6 staffs. All of them have undergraduate (bachelor) and some even have postgraduate degree related to finance. The VPMO has its own finance unit to handle financial management of project.</p>	<p>- Organizational and Administration Division</p> <p>HDPI/HUPMU has Director, Vice Director, 1 Accountant, 1 Procurement Specialist, 1 Engineer, 1 contractual – administrative Officer, 1 contractual – Accounting Officer</p>	<p>project</p> <p>HCPC/HAPMU has Director, Vice Director, 1 Accountant, 1 Procurement Specialist, 1 Engineer, 1 contractual – administrative Officer</p>
1.9 Does the entity have a Code of Ethics in place?	Prime Minister's Decision No.127/2007/QĐ-TTg dated 02 August 2007 which is a comprehensive issuance on regulations covering office conduct in state administrative agencies—including civil servants in all levels.	Prime Minister's Decision No.127/2007/QĐ-TTg dated 02 August 2007 which is a comprehensive issuance on regulations covering office conduct in state administrative agencies—including civil servants in all levels.	Prime Minister's Decision No.127/2007/QĐ-TTg dated 02 August 2007 which is a comprehensive issuance on regulations covering office conduct in state administrative agencies—including civil servants in all levels.
1.10 Describe (if any) any historical issues reports of ethics violations involving the entity and management. How were they addressed?	Historical issues involving violation of good moral standards have been minor. Thus, only required preventive warnings were served.	None	No violations
2. Funds Flow Arrangements			
2.1 Describe the (proposed) project funds flow arrangements in detail, including a funds flow diagram and explanation of the flow of funds from ADB, government and other financiers, to the government, EA, IA, suppliers, contractors, ultimate beneficiaries, etc. as applicable.	Preferred disbursement is through commercial bank in US\$. Funds Flow Arrangements Chart is in the PAM main text.	Preferred disbursement is through commercial bank in US\$. Funds Flow Arrangements Chart is in the PAM main text.	Preferred disbursement is through commercial bank in US\$. Funds Flow Arrangements Chart is in the PAM main text.
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity and to the end-recipients satisfactory?	Yes	Yes	Yes
2.3 Are the disbursement methods appropriate?	Existing methods are applicable to normal standalone donor-lending project. Direct payments to contractor/s, supplier/s, consultants are allowed upon satisfactory	Existing methods are applicable to normal standalone donor-lending project. Direct payments to contractor/s, supplier/s, consultants are allowed upon satisfactory	Existing methods are applicable to normal standalone donor-lending project. Direct payments to contractor/s, supplier/s, consultants are allowed upon satisfactory

	delivery of goods and services. Appraisal report of accomplishments should support request for disbursements and these shall be validated by the Provincial State Treasury.	delivery of goods and services. Appraisal report of accomplishments should support request for disbursements and these shall be validated by the Provincial State Treasury.	delivery of goods and services. Appraisal report of accomplishments should support request for disbursements and these shall be validated by the Provincial State Treasury.
2.4 What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?	None	Delay in receipt of funds due to delayed release in past project.	None
2.5 In which bank will the Imprest Account (if applicable) be established?	Separate imprest accounts will be established for each financial source in the same bank designated for the project.	Separate imprest accounts will be established for each financial source in the same bank designated for the project.	Separate imprest accounts will be established for each financial source in the same bank designated for the project.
2.6 Is the bank in which the imprest account is established capable of – · Executing foreign and local currency transactions? · Issuing and administering letters of credit (LC)? · Handling a large volume of transaction? · Issuing detailed monthly bank statements promptly?	The bank must have those capacities for ADB funded project.	The bank must have those capacities for ADB funded project.	The bank must have those capacities for ADB funded project.
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	No	No	No
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	No	No	No
2.9 Does the PIU have adequate administrative and accounting capacity to manage the imprest fund and statement of expenditure (SOE) procedures in accordance with ADB's Loan Disbursement Handbook (LDH)? Identify any concern or uncertainty about the PIU's administrative and accounting capability which would support the establishment of a ceiling on the use of the SOE procedure.	Yes	Yes. But capacity building necessary. If needed, other accounting and project management staff will be transferred from the specialized units of various provincial departments	Yes. But capacity building necessary. If needed, other accounting and project management staff will be transferred from the specialized units of various provincial and city departments
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the	Yes. It will be handled by the VPMU in close coordination with the DOF.	Yes. Foreign exchange risk will be handled in close	Yes.

entity's policy and arrangements for managing foreign exchange risk.		coordination with the DOF and HDPI/HUPMU.	
2.11 How are the counterpart funds accessed?	PPC approval of the Feasibility Study upon validation of DPI will include the financing plan for the counterpart funds. The DOF will include the planned disbursements in the annual budget during the implementation period in close coordination with DPI. This is based on PPC Resolution 24/2010 of People's Council on allocation norms for counterpart funds.	PPC approval of the Feasibility Study upon validation of DPI will include the financing plan for the counterpart funds. The DOF will include the planned disbursements in the annual budget during the implementation period in close coordination with DPI for allocation. This is the usual procedure for counterpart fund release/s	Annually, at the same time of the preparation of provincial budget cost estimates as stipulated by the Law of State Budget, the PMU will prepare cost estimates for counterpart fund, submit to the DPI for approval of cost estimates, then endorse to DOF for inclusion in annual budget for approval of People's Committee and PPC. The counterpart fund will be provided to PMU in the form of Payment Order (directly managed by DOF) to promptly satisfy the project progress.
2.12 How are payments made from the counterpart funds?	The PMU will withdraw proceeds from provincial State Treasury as indicated in the financing plan approved by the PPC and as allocated by the DOF.	The PMU will withdraw proceeds from State Treasury as indicated in the financing plan approved by the PPC and as allocated by the DOF.	Request for disbursement against approved annual budget is forwarded by the HAPMU to the provincial state treasury as indicated in the financing plan approved by the PPC and as allocated by the DOF.
2.13 If project funds will flow to communities or NGOs, does the PIU have the necessary reporting and monitoring arrangements and features built into its systems to track the use of project proceeds by such entities?	Not at the provincial DOF level. The monitoring and reporting system will be established at PMU level and reports will be submitted to DOF, DPI, and PPC.	Not yet. Appropriate monitoring and evaluation mechanisms will be built.	No. HAPMU/HCPD will carefully monitor and supervise the utilization of project funds. Status Reports will be prepared for monitoring of DOF, DPI and PPC.
2.14 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor or material), are proper guidelines and arrangements formulated to record and value the labor or material contributions at appraisal and during implementation?	No.	The province encourages citizens to contribute if possible to enhance awareness and their responsibility. If beneficiaries contribute in kind (in the form of labor), proper guidelines should be formulated to record and value their contributions.	No.
3. Staffing			
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	Currently 2 accounting clerks with supervising accountant. No need to expand until after loan agreement is executed.	1 accountant from DPI has been detailed to work with PMU. An accounting assistant has been hired on contractual	1 accountant and a few additional staff will be allocated as necessary.

		basis. Additional staff will be hired as needed.	
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	Existing staff from the DPI and DOF have been assigned and new staff will be recruited as needed.	Both options may be considered depending on the project needs.	Both. Existing staffs have been assigned and new staffs will be recruited as needed.
3.3 Describe the existing or proposed project accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key existing accounting staff.	Accounting Personnel – 1 accountant and 2 accounting assistants; Additional support staff will be engaged from the DOF divisions of: (i) Budget Management Division; (ii) Price Control Division Enterprise Management division; (iii) Inspection Division.	College of accountancy, with minimum 5 years of work experience. Has experience in investments, construction and accountancy.	Existing–1 accountant and 1 assistant
3.4 Is the project finance and accounting function staffed adequately?	In the DOF's opinion, the PMU must assign experienced accounting staff to handle project finance and accounting at implementation stage. DOF will only provide technical support if needed (for example, revenue and expenditure records for provincial budget).	As of now, yes. But it might require additional staff upon project implementation.	Additional staff may be hired if required.
3.5 Are the project finance and accounting staff adequately qualified and experienced?	Adequately qualified and experienced with the assigned tasks since they were originally assigned to DPI and DOF.	Adequately qualified and experienced with the assigned tasks since they know project accounting.	Adequately qualified and experienced with the assigned tasks
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	Not yet.	Not yet.	Not yet.
3.7 What is the duration of the contract with the project finance and accounting staff?	All state employees (permanent)	The accountant is a permanent government employee.	The accountant is a permanent government employee.
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	If necessary, a staff should be engaged and/or seconded as need basis.	Not yet.	Not yet.
3.9 For new staff, describe the proposed project finance and accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions.	Qualification of new staff will be ensured by the DOF.	Budget assistant Price control assistant Inspector (from the DOF)	Qualification of new staff will be ensured by the DOF.

3.10 Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Standards provide administration guidelines, job description, duties and responsibilities, appropriate lines of supervision and limits of authority for all of the officers, managers, and staff in service.	Standards provide administration guidelines, job description, duties and responsibilities, appropriate lines of supervision and limits of authority for all of the officers, managers, and staff in service.	Standards provide administration guidelines, job description, duties and responsibilities, appropriate lines of supervision and limits of authority for all of the officers, managers, and staff in service.
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	At the DOF level, it is 3–5 years but only a few personnel changed, not all at one time.	At the DOF level, it is 3–5 years. Five persons in the PMU are on the State payroll. No turnover since establishment of HUPMU.	Very low. The HAPMU is composed of CPC employees rendering other tasks and are under the state payroll.
3.12 What is training policy for the finance and accounting staff?	Training program comprise of internal periodic training provided by the DOF officials who attend orientation or training on updates, orientation to new and revised provisions of relevant laws, circulars, directives affecting finance, audit, budget, ODA investments, PPP, and electronic accounting. DOF has incentives to encourage staff to attend short courses and training on their own.	They receive additional training when new circulars, laws, decrees affect their work.	No specific training policy but several training courses each year whenever there are new circulars or other legal documents issued
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	<ul style="list-style-type: none"> - ODA management capacity building. - MISA Mimosa.NET 2012 - Training on MOF Circular 200/TT-BTC 	<ul style="list-style-type: none"> - Training on MOF Circular 200/TT-BTC - Other sessions held by DOF officers 	<ul style="list-style-type: none"> - Training on MOF Circular 200/TT-BTC - Other sessions held by DOF officers
4. Accounting Policies and Procedures			
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds (in particular, the legal agreements with ADB)? Will the project use the entity accounting system? If not, what accounting system will be used for the project?	<p>Accrual accounting is prescribed by the State Accounting Law and the PPC/DOF and PMU will continue to comply. Vietnam Accounting Standards which is within the International Accounting Standards will be followed in records keeping and disbursements,</p> <p>The DOF and State Treasury are currently using TABMIS⁵² electronic</p>	<p>Accrual accounting is prescribed by the State Accounting Law. The project will use the accounting system of the PPC/DOF which follows the MOF guidelines. Vietnam Accounting Standards which is within the International Accounting Standards will be followed in records keeping, disbursements.</p> <p>The DOF and State Treasury are currently using TABMIS electronic</p>	<p>Accrual accounting is prescribed by the State Accounting Law. The project will use the accounting system of the PPC/DOF which follows the MOF guidelines. Vietnam Accounting Standards which is within the International Accounting Standards will be followed in records keeping, disbursements.</p> <p>The DOF and State Treasury are currently using TABMIS electronic</p>

⁵² TABMIS is a component of the Public Finance Management Reform Project (PFMRP) and was developed by International Business Machines NYSE (IBM NYSE) in accordance with international accounting standards. The system is in use by the Ministry of Finance, State Treasury, Ministry of Planning and Investment and

	accounting system while the VPMO/VPMU uses the MISA. MIMOSA software. ⁵³	accounting system while The PMU is currently using customized excel-based spreadsheets to generate reports.	accounting system while The PMU is currently using customized excel-based spreadsheets to generate reports.
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes. Every transaction is processed in the TABMIS software which entails several approval points. The approval starts with the particular division head, DOF director before entering the TABMIS electronic system of the State Treasury of Vinh Phuc province. The TABMIS software is linked to the DOF software and thus process of approval is systematic.	Yes. All transactions are processed in the TABMIS software which entails several approval points. The approval starts with the particular division head, DOF director before entering the TABMIS electronic system of the State Treasury of Thua Thien Hue province. The TABMIS software is linked to the State Treasury and thus process of approval is systematic.	Yes. Every transaction is processed in the TABMIS software which entails several approval points. The approval starts with the particular division head, DOF director before entering the TABMIS electronic system of the State Treasury of Ha Giang province. The DOF TABMIS software is linked to the State Treasury software and thus process of approval is systematic. For the HAPMU, an electronic software compatible to TABMIS maybe installed to upgrade existing excel-based spreadsheets used for financial management.
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories? Obtain a copy of the chart of accounts.	Yes. The DOF and PMU both comply with the required VAS Chart of accounts	Yes. The DOF and PMU both comply with the required VAS Chart of accounts	Appropriate. Following the State Accounting Law provisions and the Vietnam Chart of Accounts.
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes, DOF and PMU will adhere to agreements established with donors, MOF, other relevant agencies. VPMO/VPMU will maintain separate accounts for each fund source (ADF, OCR, UCCRTF, GoV).	Yes, DOF and PMU will adhere to agreements established with donors, MOF, other relevant agencies. HDPI/HUPMU will maintain separate accounts for each fund source (ADF, OCR, UCCRTF, GoV).	Yes. DOF and PMU will adhere to agreements established with donors, MOF, other relevant agencies. HCPC/HAPMU will maintain separate accounts for each fund source (ADF, OCR, GEF, GoV).
4.5 Are the General Ledger and subsidiary ledgers reconciled monthly?	Yes, reconciliation is on monthly basis. If ever there is variance,	Yes. All differences are reviewed in detail to reach reconciled figures.	Yes.

already downloaded to the provincial departments and city divisions of finance and other state agencies. The software can cater to accrual and cash basis accounting equipped with the flexibility to adopt policy changes.

⁵³ MISA MIMOSA.NET is an accounting software developed by the MISA Joint Stock Company, with 20 years of experience in software development and IT support services. The tool is in accordance with the chart of accounts prescribed by the Accounting Law and its recording system for revenues and expenditures is compatible with the TABMIS, thus facilitating monitoring and evaluation by the DOF and provincial State Treasury. Its services have reached approximately 40,000 administrative units and 10,000 communes/wards.

Are actions taken to resolve reconciliation differences?	immediate resolution is acted upon to reach reconciled figures.		
4.6 Describe the EA's policy for retention of accounting records including supporting documents (e.g., ADB's policy requires that all documents should be retained for at least 1 year after ADB receives the audited project financial statements for the final accounting period of implementation, or 2 years after the loan closing date, whichever is later). Are all accounting and supporting documents retained in a defined system that allows authorized users easy access?	Accounting and State Budget laws require retention of all accounting records for at least 10 years upon full reconciliation with records of State Treasury. Yes	Accounting and State Budget laws require retention of all accounting records for at least 10 years upon full reconciliation with records of State Treasury. Yes	Accounting and State Budget laws require retention of all accounting records for at least 10 years upon full reconciliation with records of State Treasury. Yes
4.7 Describe any previous audit findings that have not been addressed.	State Audit of the DOF had once indicated small enterprises which have unpaid taxes. However, further investigation showed the enterprises have been inactive for a long period and can no longer be located. Eventually these are dropped from non-compliant list and labelled as not in operation.	None.	No.
Segregation of Duties			
4.8 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; (iii) custody of assets involved in the transaction; (iv) reconciliation of bank accounts and subsidiary ledgers?	Yes. Separate director, treasurer and accountant. For the VPMO all these functions are performed by different persons or authorized positions.	Yes. The Vice Director and accountant handle these tasks separately.	Yes to (i)–(iv). The tasks are shared by the DOF Director and Treasurer.
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes.	Yes.	Yes.
Budgeting System			
4.10 Do budgets include physical and financial targets?	DOF financing plan only include financial targets, DPI will add details of project physical targets and cost estimates as well as counterpart fund requirements as	DOF financing plan only include financial targets, DPI will add details of project physical targets and cost	DOF financing plan only include financial targets, DPI will add details of project physical targets and cost

	inputs to the annual financing plan of province. For the PMU, budgets include both financial and physical targets.	estimates as well as counterpart fund requirements as inputs to the annual financing plan of province. For the PMU, budgets include both financial and physical targets.	estimates as well as counterpart fund requirements as inputs to the annual financing plan of province. For the PMU, budgets include both financial and physical targets.
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	The TABMIS system will efficiently monitor budget revenues and expenditures.	Yes, they must be in details, as the DOF will review and possibly reduce.	Yes. These must be detailed to allow DOF review.
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes, actual expenditures are compared to the budget on monthly basis.	Yes. Business and administrative (BA) unit is mainly responsible for review of actual versus budgeted expenditures. All variations require detailed explanations.	Yes
4.13 Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	In advance. Variations from budget require prior approval. Approval process starts from review of relevant committee of provincial directors prior to consideration of level of People's Council and PPC.	In advance	In advance
4.14 Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	Variation in expenditure from the budget requires prior approval. The ceiling of variation amount is prescribed by the State Budget Law.	Variations from budget has not happened. The ceiling is prescribed by the State Budget law.	Any change requires prior approval. The ceiling is prescribed by State Budget Law.
4.15 Who is responsible for preparation, approval and oversight/monitoring of budgets?	The DOF will prepare the provincial budget inclusive of recurrent expenditures and counterpart funds. DOF Director will endorse the budget to the People's Council for resolution, various departments and final approval by PPC prior to submission to the MOF.	The DOF Chief accountant and director will obtain and integrate all budget plans from various departments and other local government units including PMU. The overall budget plan will be endorsed to the People's Council then to the PPC.	The PMU coordinates with DOF and related provincial departments to prepare budget for PPC approval
4.16 Describe the budget process. Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	<p>Budget process:</p> <ul style="list-style-type: none"> ▪ Budget cost estimation ▪ Budget disbursement plan ▪ Budget settlement <p>There are guidelines and guiding documents on budget estimates issued by MOF and State Budget Law. DOF will issue its own guidelines for budget estimates for the province.</p>	<p>Yes. The DOF will issue guidelines for preparing budget estimates.</p> <ul style="list-style-type: none"> ▪ Budget cost estimation ▪ Budget disbursement plan ▪ Budget settlement 	Yes. A budget plan prepared by HAPMU, appraisal by CPC. Then this is submitted to Ha Giang DOF for integration into the provincial budget plan. This is submitted to the People's Council for endorsement to the PPC.

<p>4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?</p> <ul style="list-style-type: none"> - Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds? - Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects? - What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way? 	<p>Yes. Project plans and budgets of project activities have been prepared by the PMU with their local consultant and various agencies (DPI, DOC, DOF). There has been no case of unavailability of counterpart funds. There have not been overbudgeting of expenditures over last 3 years. Expenditures have been consistent with approved budget expenditure estimates.</p> <p>Level of actual revenues reached overran approved budget plan consistently.</p>	<p>The budget planning is always based on project implementation activities. Both financial and technical staff with the officers prepare budget plan. No significant mid-year revisions, inadequate releases, unavailability of government counterpart fund, and over/under budgeting of major heads in last 3 years were happened.</p>	<p>Yes. The budget planning is always based on project implementation activities. Both financial and technical staff with the officers prepare budget plan. No significant mid-year revisions, inadequate releases, unavailability of government counterpart fund, and over/under budgeting of major heads in last 3 years were happened.</p>
Payments			
<p>4.18 Do invoice-processing procedures require: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations? (v) Checking authenticity of invoices and supporting documents?</p>	<p>Yes. All these requirements are provided. State Treasury will return the incomplete documents and refuse to make requested payment/s. Yes to all (i) to (v)</p>	<p>Yes, all of the documents are required, including invoices and payment acceptance documents. These are reviewed as to compliance and inspection is done upon delivery based on purchase order. All calculations are examined as to accuracy. State Treasury may deny payment due to noncompliance to documentary requirements and orderliness of documents. Yes to all (i) to (v)</p>	<p>Yes to items (i) to (v) All of the documents are required, including invoices and payment acceptance documents. These are reviewed as to compliance and inspection is done upon delivery based on purchase order. All calculations are examined as to accuracy. State Treasury may deny payment due to noncompliance to documentary requirements.</p>
<p>4.19 Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?</p>	<p>Yes, all require approval indicated by signature of the Head of DOF. Similar process is followed at the PMU level.</p>	<p>Yes, all require approval indicated by signature of the DOF head of Office. Similar process is followed at the PMU level.</p>	<p>All require approval indicated by signature of the DOF head of Office. The Director of the HAPMU will examine and approve the invoice and will stamp the PMU's "PAID" mark.</p>
<p>4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?</p>	<p>Yes. Changes to payroll estimates must be approved by the Department of Home Affairs considering the latest approved payroll budget. Any increase in number of personnel hired affecting</p>	<p>Yes. Salary schedules must be sent to Provincial State Treasury at the beginning of payment period. However, any addition or deduction to payroll will be approved through</p>	<p>Yes. Salary schedules must be sent to Provincial State Treasury at the beginning of payment period. However, any addition or deduction to payroll will be approved</p>

	payroll must be approved by the PPC.	the Department of Home Affairs and PPC.	through the Department of Home Affairs and PPC.
Policies and Procedures			
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	Accrual basis will be followed by both DOF and PMU in project accounting.	Accrual basis –both the DOF and the PMU	Cash basis by the entity and by the project.
4.22 What accounting standards are followed (International Financial Reporting Standards, International Public Sector Accounting Standards – cash or accrual, or National Accounting Standards (specify) or other?	Vietnam Accounting Standards (VAS) which is also within the International Financial Reporting Standards and International Public Sector Accounting Standards. Accrual basis will be adopted for the Program accounting system.	Vietnam Accounting Standards which is also within the International Financial Reporting Standards and International Public Sector Accounting Standards are in effect– accrual basis	Mainly Vietnam Accounting Standards as stipulated by Accounting Law and MOF regulations. The VAS is basically the IFRS with adoptive features to GoV.–accrual basis is used.
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	The DOF has manual of policies and procedures covering provisions of Accounting Law and other regulations and guidelines issued by the MOF which has been adopted by the PMU.	Not yet. Requesting support to prepare guidelines.	Not yet. Requesting support to prepare guidelines.
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	Not yet as the project loan agreements have not been reached. However, the basic contents of the existing manual of the DOF prevails.	Not yet. Awaiting loan approval and agreements.	Not yet. Awaiting loan approval and agreements.
4.25 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting policy or procedure to be used by the entity?	All state agencies are covered by the state Accounting law and Vietnam Accounting Standards. Only GoV has the authority to introduce any alteration to the laws.	Accounting Law provisions will prevail. Only GoV can change regulations.	Law stipulates that the DOF has no authority to amend or establish accounting standards, policies, or procedures to be used by the entity.
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes	Yes. Will adopt existing policies and procedures carried on by DOF.	Yes.
4.27 Do policies and procedures clearly define conflict of interest and related	Yes - Article 51 of Accounting Law ⁵⁴	Yes - Article 51 of Accounting Law	Yes - Article 51 of Accounting Law

⁵⁴ Article 51. People Prohibited to Engage in Accounting Practice: (i) Minors who have limited or lost civil rights and have been required to go into special educational institutions, medical establishments or administrative probation; (ii) Persons who are prohibited from practicing accountancy including accountants prohibited under the judgment or decision of the Court; who are prosecuted for criminal responsibility; who are serving prison sentences or have been convicted of a crime in the economic or position-related finance and accounting, which have not had their criminal records; (iii) Parents, spouses, children, brothers, sisters of person responsible for management of the accounting unit, including a chief accountant in the accounting unit in SOEs, joint stock companies, cooperatives, state agencies, units and organizations that use state budget funds, and units and organizations not using the State budget funds; (iv) Storage or warehouse officers and staff, cashier, buyer in sale of assets belonging to the accounting unit transacting the sale as in state enterprises, joint stock companies, cooperatives, state agencies, units, organizations funded use of state budget funds, units and organizations not using the State budget funds.

party transactions (real and apparent) and provide safeguards to protect the organization from them?			
4.28 Are manuals distributed to appropriate personnel?	Yes and with orientation session for staff	Yes	Yes
4.29 Describe how compliance with policies and procedures are verified and monitored.	Audit/Inspection—audit by state audit and General Inspectorate for DOF; VPMO/VPMU—-independent external auditor and inspector.	Audit/Inspection— audit by state audit and General Inspectorate for DOF; HDPI/HUPMU— independent auditor and inspector.	Audit/Inspection— audit by state audit and General Inspectorate for DOF; HCPC/HAPMU— independent auditor and inspector.
Cash and Bank			
4.30 Indicate names and positions of authorized signatories for bank accounts. Include those persons who have custody over bank passwords, USB keys, or equivalent for online transactions.	The DOF Director is authorized signatory together with treasurer for the bank account at the State Treasury. DOF is authorized to open account in State Treasury only. For the PMU, the VPMO Director and acting treasurer are signatories of the bank account at State Treasury	The HUPMU account is in the name of Director and Treasurer.	The HAPMU account is in the name of Director and Head of City Finance Division.
4.31 Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	Yes.	Yes	Yes
4.32 Describe the collection process and cash handling procedures. Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	Yes. Daily deposits are made.	Yes	Yes
4.33 Are bank accounts reconciled on a monthly basis? Or more often? Is cash on hand physically verified, and reconciled with the cash books? With what frequency is this done?	Regular monthly reconciliation but sometimes more often.	Regular monthly reconciliation but sometimes more often.	Reconciled on a monthly basis
4.34 Are all reconciling items approved and recorded?	Yes, after monthly reconciliation.	Yes	Yes
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes. If any unusual items occur, the accountant will review all supporting documents and do trial balance till figures are reconciled.	No such case observed.	Yes
4.36 Are there any persistent/non-moving reconciling items?	None	None	None
4.37 Are there appropriate controls in safekeeping of unused cheques, USB	Yes, safe is in use for these. Certain levels of officials have authority to USB keys and passwords.	Yes, safe is in use for these. Certain levels of officials have authority to USB keys and passwords.	Yes.

keys and passwords, official receipts and invoices?			
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	Cash balances at various locations are at allowable levels as set by prevailing norms.	Cash balances are maintained at levels and locations prescribed by norms set by the State Accounting Law.	No. Only small amount of petty cash.
4.39 For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	Director and chief accountant Set up was done when software was established. Periodic changes undertaken for security and confidentiality check.	Director and chief accountant Set up was done when excel-based spreadsheet system was customized. Periodic changes undertaken for security and confidentiality check.	None yet.
Safeguard over Assets			
4.40 What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?	There are provisions in the 2005 Anti-Corruption Law and the 2011 Laws on Complaints and on Denunciation to allow complaints on fraud and corruption.	There are provisions in the 2005 Anti-Corruption Law and the 2011 Laws on Complaints and on Denunciation to allow complaints on fraud and corruption.	There are provisions in the 2005 Anti-Corruption Law and the 2011 Laws on Complaints and on Denunciation to allow complaints on fraud and corruption.
4.41 Does the entity maintain a Fixed Assets Register? Is the register updated monthly? Does the register record ownership of assets, any assets under lien or encumbered, or have been pledged?	Yes. Monthly updates undertaken and annual inspection of records of ownership and liens are conducted.	The DOF does maintain for the province and the PMU will as needed.	Yes to all.
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	Yes this task is currently undertaken by DOF. These do not exist as of this period at the project level.	None yet for PMU but done by the DOF.	Yes
4.43 Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	Yes, annually	Yes for the DOF.	Yes. These are undertaken by the DOF.
4.44 Are the physical inventory of fixed assets and stocks reconciled with the respective fixed assets and stock registers, and discrepancies analyzed and resolved?	Yes	Yes	Yes.
4.45 Describe the policies and procedures in disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost, or repair broken assets?	Valuation and current physical status of assets are recorded by the DOF which is prepared to dispose assets when PPC approval has been secured.	Valuation and current physical status of assets are recorded by the DOF which is prepared to dispose assets when PPC approval has been secured.	Yes. Disposal needs CPC resolution as to disposition value.

4.46 Are assets sufficiently covered by insurance policies?	Yes. For example, all government vehicles, equipment, and buildings are insured	Yes. For example, all government vehicles, equipment, and buildings are Insured	Yes, in accordance with current regulation and any covenants of the loan/grant agreement (if required)
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	Policies and procedures are covered by: (i) MOF Circular No. 45/2013/TTBTC dated April 25, 2013 -Guiding Regulation on Management, Use and Depreciation of Fixed Assets; (ii) Decree No. 52/2009/ND-CP of June 3, 2009 - Law on Management and Use of State Property	Policies and procedures are covered by: (i) MOF Circular No. 45/2013/TT-BTC dated April 25, 2013 -Guiding Regulation on Management, Use and Depreciation of Fixed Assets; (ii) Decree No. 52/2009/ND-CP of June 3, 2009 - Law on Management and Use of State Property	Policies and procedures are covered by: (i) MOF Circular No. 45/2013/TT-BTC dated April 25, 2013 -Guiding Regulation on Management, Use and Depreciation of Fixed Assets; (ii) Decree No. 52/2009/ND-CP of June 3, 2009 - Law on Management and Use of State Property
Other Offices and Implementing Entities			
4.48 Describe any other regional offices or executing entities participating in implementation.	DOC, DOT, DPI, DONRE, URENCO, CPC, State Audit, State Treasury	DOF, DTI, DONRE, DOC, State Treasury, State Audit.	State Audit–audit/project audit State Treasury–validation of fund utilization DPI–physical accomplishments DOF–programming and release of counterpart funds
4.49 Describe the staff, their roles and responsibilities in performing accounting and financial management functions of such offices as they relate to the project.	<ul style="list-style-type: none"> - Budget Management Division– budget planning and settlement of counterpart funds - Investment Division–monitor ODA fund - Price Control Division–monitor prices of materials and services - URENCO if it performs O&M for program assets and takeover of assets - Audit of financial statements to be submitted to MOF and donor/s 	<ul style="list-style-type: none"> - Budget Management Division– budget planning and settlement of counterpart funds - Investment Division–monitor ODA funds - Price Control Division–monitor prices of materials and services - HueWACO if it performs O&M for program assets and takeover of assets - Audit of financial statements to be submitted to MOF and donor/s 	<ul style="list-style-type: none"> - Budget Management Division– budget planning and settlement of counterpart funds - Investment Division–monitor ODA funds - Price Control Division–monitor prices of materials and services - DOC–assist in O & M estimates and regulations for subprojects. - Audit of financial statements to be submitted to MOF and donor/s
4.50 Has the project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities?	Yes. DOF and DPI regulations will be adopted. Records will always be updated and reconciled. The Feasibility Study approved by PPC will be followed by the PMU, DOF, and DPI to ensure accountability.	Yes. But the arrangement has to be further strengthened for the ADB funded project.	Yes. Linkages with other offices or entities are in place.
4.51 Does information among the different offices/ implementing agencies flow in an accurate and timely fashion? Do the offices other than the head office	Yes. Should there be any findings, then joint evaluation is conducted by concerned agencies. Independent and State audits will	Yes, all provincial entities use same accounting and reporting system.	Yes- participation of other offices is encouraged under its transparent governance.

use the same accounting and reporting system?	perform their tasks on the project periodically.		
4.52 Are periodic reconciliations performed among the different offices/implementing agencies? Describe the project reporting and auditing arrangements between these offices and the main executing/implementing agencies.	The VPMO/VPNU will manage program accounts at the commercial bank under the standard norms in accounting, state budget, audit, ODA investment, public investment and other relevant laws. DOF has efficient financial management system in place and its electronic accounting system is linked to the state treasury TABMIS which will facilitate necessary validation of fund utilization by state treasury for counterpart fund and loan/grant release/s.	Yes. The HDPI/HUPMU will manage program accounts at the commercial bank under the standard norms in accounting, state budget, audit, ODA investment, public investment and other relevant laws. DOF has efficient financial management system in place and its electronic accounting system is linked to the state treasury TABMIS which will facilitate necessary validation of fund utilization by state treasury for counterpart fund and loan/grant release/s.	Yes. The HCPC/HAPMU will manage program accounts at the commercial bank under the standard norms in accounting, state budget, audit, ODA investment, public investment and other relevant laws. DOF has efficient financial management system in place and its electronic accounting system is linked to the state treasury TABMIS which will facilitate necessary validation of fund utilization by state treasury for counterpart fund and loan/grant release/s.
4.53 If any sub-accounts (under the Imprest Account) will be maintained, describe the results of the assessment of the financial management capacity of the administrator of such sub-accounts.	No subaccounts will be used.	No subaccounts will be used.	No subaccounts will be used.
Contract Management and Accounting			
4.54 Does the agency maintain contract-wise accounting records to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with physical outputs/deliverables of the contract?	For past and existing contracts procured, yes. The project is at approval phase and so small contracts as the delivery of project outline and feasibility studies, design, and plans have been contracted out to a local consultant for the project.	Yes, for past and existing contracts. The project is still at approval phase and so small contracts as the delivery of project outline and feasibility studies, design, and plans have been contracted out to a local consultant for the project.	Yes, for past and existing contracts. The project is still at approval phase and so small contracts as the delivery of project outline and feasibility studies, design, and plans have been contracted out to a local consultant for the project.
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	Yes	Yes	Yes.
Other			
4.56 Describe project arrangements for reporting fraud, corruption, waste and misuse of project resources. Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	The grievance unit at the DOF and PMU will attend to any reports of fraud, corruption, waste and misuse of project resources. The Vietnam State Audit Law and Decision 127/2007 contain provisions covering such fraudulent practices	The grievance unit at the DOF and PMU will attend to any reports of fraud, corruption, waste and misuse of project resources. The Vietnam State Audit Law and Decision 127/2007 contain provisions covering such fraudulent practices	The grievance unit at the DOF and PMU will attend to any reports of fraud, corruption, waste and misuse of project resources. The Vietnam State Audit Law and Decision 127/2007 contain provisions covering such fraudulent practices

5. Internal Audit			
5.1 Is there an internal audit (IA) department in the entity?	No Internal Audit within DOF and VPMO	No Internal Audit within DOF and HDPI	No Internal Audit within DOF and HCPC
5.2 What are the qualifications and experience of the IA staff?	NA	NA	NA
5.3 To whom does the head of the internal audit report?	NA	NA	NA
5.4 Will the internal audit department include the project in its annual work program?	NA	NA	NA
5.5 Are actions taken on the internal audit findings?	NA	NA	NA
5.6 What is the scope of the internal audit program? How was it developed?	NA	NA	NA
5.7 Is the IA department independent?	NA	NA	NA
5.8 Do they perform pre-audit of transactions?	NA	NA	NA
5.9 Who approves the internal audit program?	NA	NA	NA
5.10 What standards guide the internal audit program?	NA	NA	NA
5.11 How are audit deficiencies tracked?	NA	NA	NA
5.12 How long have the internal audit staff members been with the organization?	NA	NA	NA
5.13 Does any of the internal audit staff have an IT background?	NA	NA	NA
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?	NA	NA	NA
6. External Audit – entity level			
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	DOF is subject to state audit.	DOF is regularly audited by the state auditor	DOF is regularly audited by the state auditor
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	Annually, State Treasury is responsible for preparation of random audit schedule of departments, which includes DOF. Fiscal year is Jan.1 –Dec. 31 period.	Annually, State Treasury is responsible for preparation of random audit schedule of departments, which includes DOF. Fiscal year is Jan.1 –Dec. 31 period.	Annually, State Treasury is responsible for preparation of random audit schedule of departments, which includes DOF. Fiscal year is Jan.1 –Dec. 31 period.
6.3 Is the audit of the entity conducted in accordance with the International Standards on Auditing, or the	Follows the Vietnam State Audit Law which also prescribes to International Standards on Auditing.	DOF audit follows the Vietnam State Audit Law which also prescribes to International Standards on Auditing.	DOF audit follows the Vietnam State Audit Law which also prescribes to International Standards on Auditing.

International Standards for Supreme Audit Institutions, or national auditing standards?			
6.4 Were there any major accountability issues noted in the audit report for the past three years?	None.	None.	None.
6.5 Does the external auditor meet with the audit committee without the presence of management?	No occasion of external auditor meeting with audit committee. However, this should be undertaken in the future, management requires their presence in all meetings with auditor.	No	No
6.6 Has the entity engaged the external audit firm for any non-audit engagements (e.g., consulting)? If yes, what is the total value of non-audit engagements, relative to the value of audit services?	No.	No	No
6.7 Has the external auditor expressed any issues on the availability of complete records and supporting documents?	No. For 2016 audit will be done at end of fiscal year.	No. For 2016 audit will be done at end of fiscal year.	No
6.8 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	Yes, for normal investment loans .	Yes to ADB guidelines and procedures for normal investment loan disbursements	Yes to ADB guidelines and procedures for normal investment loan disbursements
6.9 Are there any material issues noted during the review of the audited entity financial statements that were not reported in the external audit report?	None so far.	None.	None.
External Audit – project level			
6.10 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	An independent auditor for the project will be hired as required.	An independent auditor for the project will be hired as required.	An independent auditor for the project will be hired as required.
6.11 Are there any recommendations made by the auditors in prior project audit reports or management letters that have not yet been implemented?	None at the DOF level. All recommendations have been implemented.	None. All recommendations have been implemented.	No prior projects undertaken which need corrective measures as recommended by audit team.
6.12 Is the project subject to any kind of audit from an independent governmental entity (e.g. the supreme	Yes. State Inspectorate could audit the project.	Yes. State Inspectorate could audit the project.	State Audit of Vietnam and Office of General Inspectorate.

audit institution) in addition to the external audit?			
6.13 Has the project prepared acceptable terms of reference for an annual project audit? Have these been agreed and discussed with the EA and the auditor?	Yes (shared by the ADB VRM financial team)	Yes (shared by the ADB VRM financial team)	Yes (shared by the ADB VRM financial team)
6.14 Has the project auditor identified any issues with the availability and completeness of records and supporting documents?	The project has not been started	The project has not been started	The project has not been started
6.15 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	Yes	Yes	Yes
6.16 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	None	None	None
7. Reporting and Monitoring			
7.1 Are financial statements and reports prepared for the entity?	Yes, Vietnam Accounting Standards is applied.	Financial statements haven't been prepared yet by the PMU. Only project implementation status report is prepared.	Yes.
7.2 Are financial statements and reports prepared for the implementing unit(s)?	Yes	Yes. HUPMU will prepare financial statements and reports for purposes of monitoring, liquidation, and audit.	Yes.
7.3 What is the frequency of preparation of financial statements and reports? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Quarterly and annually and are used by management for decision making.	Financial and physical status reports are prepared at a quarterly and annual basis. Yes.	Schedule for submission of reports and financial statements are stipulated in the Accounting Law. Some are monthly, quarterly, and annual submissions. Formats and timeliness is suited to management needs.
7.4 Does the entity reporting system need to be adapted for project reporting?	No. But based on the practice, specific excel spreadsheets for the project may be developed and used for more detailed reporting requirements.	No. But based on the practice, specific excel spreadsheets for the project may be developed and used for more detailed reporting requirements.	No. But based on the practice, specific excel spreadsheets for the project may be developed and used for more detailed reporting requirements.
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be	No. A financial specialist under the project management consulting	No. A financial specialist under the project management consulting	No. A financial specialist under the project management consulting

prepared, the report content, and purpose of the reports?	service will develop the appropriate ones for the project.	service will develop the appropriate ones for the project.	service will develop the appropriate ones for the project.
7.6 Are financial management reports used by management?	Yes. Monitoring of expenditures by the VPMU is also undertaken and used as basis of appraisal of accomplishments by DPI.	DOF–Yes. Monitoring of expenditures by the HUPMU is also undertaken and used as basis of appraisal of accomplishments by HDPI.	Yes.
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	Yes	Yes.
7.8 How are financial reports prepared? Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Automated accounting system is used to record, monitor and evaluate financial status of program. Excel spreadsheets could be used based on the system for more detailed analysis.	DOF and DPI use the TABMIS to generate financial reports. The PMU uses customized excel-based spreadsheets to generate reports as there is still very low number of transactions.	Financial reports are prepared with excel-based spreadsheets using manual input of data.
7.9 Does the financial system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Upgrade of the existing software is necessary for compatibility with TABMIS to facilitate monitoring and report generation. Other reportorial requirements under the ADB loan agreement to be executed and for the project will be included. DPI and ODA Board will ensure parallel recording –financial and technical.	Not yet. Close coordination between PMU and DPI is necessary to ensure financial disbursements and physical accomplishments are aligned.	No. Project accomplishments are assessed periodically and comparative analysis with financial disbursements is also undertaken.
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	<ul style="list-style-type: none"> - JBIC funded project on power plant - World Bank funded Rural Energy II Project - Forthcoming World Bank and OPEC funded loan 	<ul style="list-style-type: none"> - DOF and HUPMU are currently involved with the implementation of the Community Livelihood Improvement Program. 	<ul style="list-style-type: none"> - DOF is involved with JICA funded rural road sector project. The HCPC has not directly implemented externally financed project.
8. Information Systems			
8.1 Is the financial accounting and reporting system computerized?	Yes	Yes	Yes.
8.2 If computerized, is the software off-the-shelf, or customized?	<p>TABMIS system is a customized software developed under the WB funded Public Financial Management Reform Project. This is used by MOF and all state agencies – DOF, State Audit, State Treasury and others.</p> <p>MISA.MIMOSA software developed</p>	Customized excel-based spreadsheets at the HUPMU.	The DOF uses TABMIS electronic accounting and reporting system while the PMU uses an excel-based spreadsheets.

	by MISA software developer is in use at the PMU level. Revenues and Expenditures sections are compatible with the TABMIS.		
8.3 Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	Limited compatibility and integration with DoF.	Reports generated are designed to facilitate flow into TABMIS so that review of transactions is facilitated.	Reports generated are so designed to facilitate flow into TABMIS so that review of transactions is facilitated.
8.4 How are the project financial data integrated with the entity financial data? Is it done through a module in the enterprise financial system with automatic data transfer, or does it entail manual entry?	Integrated – Each project is assigned a specific code in the DOF and State Treasury TABMIS while the PMU uses MISA software which has limited compatibility with TABMIS that enables data transfer to State Treasury and DOF systems.	Reports generated at PMU level will be integrated with DOF reports and with State Treasury requirements through manual entry.	Reports generated at PMU level will be integrated with DOF reports and with State Treasury requirements through manual entry.
8.5 Is the computerized software used for directly generating periodic financial statements, or does it require manual intervention and use of Excel or similar spreadsheet software?	The software can directly generate reports and can be debugged if necessary.	Requires use of excel-based worksheets and manual intervention	Excel-based spreadsheets are used to generate required financial reports and this means manual intervention also happens.
8.6 Can the system automatically produce the necessary project financial reports?	Yes and some excel-based worksheets are also being used	No. It has to be produced manually.	No. It has to be produced manually.
8.7 Is the staff adequately trained to maintain the computerized system?	Yes	No because it is not yet installed.	No because it is not yet installed.
8.8 Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	Yes. Only 1–2 authorized staff could make changes in the system.	Yes.	Yes.
8.9 Are there back-up procedures in place?	Yes	Yes	Yes
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	There is an online storage as backup. Mainframe is located in PPC office.	External drives serve as back up of electronic files.	External drives serve as back up of electronic files.

Attachment 2: Procurement Capacity Assessment

I. Introduction

1. The proposed Secondary Green Cities Development Project (the Project) will support the sustainable development for secondary cities in Viet Nam, enhancing Viet Nam's Socio-Economic Development Strategy. The project is to be implemented in three cities—Ha Giang in Ha Giang Province, Hue in Thua Thien Hue Province, and Vinh Yen in Vinh Phuc Province with the total estimated cost of \$223.87 million, of which \$176.0 million to be financed by ADB. The borrower is the Socialist Republic of Viet Nam, which will make the loan and grant available to the Provincial People's Committees (PPCs) of Vinh Phuc, Thua Thien Hue and Ha Giang. The PPCs will assume the foreign exchange and interest variation risks of the ADB loan. The implementing agencies are Vinh Phuc Foreign Concessional Loan Project Management Office for the Vinh Yen subproject, Thua Thien Hue Provincial Department of Planning and Investment for the Hue subproject, and Ha Giang City People's Committee for the Ha Giang subproject.

2. The project is supported by the attached technical assistance (TA) that will leverage the project impact by (i) mainstreaming integrated green and climate-resilient development through national policy and regulatory reform (output 1); (ii) updating and refining the GCAPs and improving overall city master plans for Ha Giang, Hue, and Vinh Yen (output 2); (iii) piloting innovative climate risk finance to protect Hue city from climate-related natural disasters (output 3); and (iv) replicating the approach and applying the lessons learned to secondary city development elsewhere in Viet Nam (output 4). The TA is estimated to cost \$14.1 million, of which \$10.8 million will be financed on a grant basis by the GEF and \$2.0 million will be financed on a grant basis by the UCCRTF under the Urban Financing Partnership Facility.⁵⁵ The government will provide in-kind contributions in the form of access to data and information, counterpart staff, and other in-kind contributions. The Ministry of Natural Resources and Environment (MONRE), as the executing agency for the TA, will closely coordinate with the implementing agencies as the project cities and provincial governments and their departments of natural resources and environment. ADB will administer the TA outputs 2–4. Administration of the TA output 1 will be delegated to MONRE.

3. ADB requires an assessment of the procurement capacity of project executing and implementing agencies (for both procurement and consulting service), and implementing agency for the delegated TA (for consulting service only) seeking to determine the degree to which they have enough capacities to implement procurement transactions fairly, economically and efficiently based on the commonly accepted good practice principles embodied in ADB's Procurement Guidelines and Guidelines on the Use of Consultants. The nature of the proposed subprojects by T.T. Hue, Vinh Phuc, and Ha Giang provinces for their cities are shown in Table 1.

Table 1: Subprojects proposed by targeted provinces

	Vinh Yen City	Hue City	Ha Giang City
Roads and bridges	X	X	X
Drainage and wastewater treatment	X	X	X
Dredging and embankment works	X	X	X
Landscaping /Parks	X	X	

Source: Asian Development Bank

⁵⁵ Financing partners are the Rockefeller Foundation and the governments of Switzerland, the United Kingdom, and the United States.

II. Relevant and Applicable Country and Sector Level Procurement Regulations, Rules, Procedures, and Arrangements

A. Assessment of Country Procurement Legal Framework

4. Reference is made to the Country and Sector Procurement Risk Assessment.⁵⁶ The country legal framework is applicable to procurement under the project. The assessment of the country legal framework is summarized below.

5. **Procurement law, guides, and standard bidding documents.** The procurement framework of Viet Nam is well developed and continues to evolve. New law on Procurement 43/2013/QH13 (LOP) came into effect on 1 July 2014, together with decree 63/2014/ND-CP of 26 June 2014 detailing the implementation of the new LOP, and Decree 30/2015/ND-CP detailing provisions of Procurement Law regarding selection of investors. There has been continued convergence of Viet Nam's procurement law with internationally accepted principles and donor policies, in part due to the close involvement by ADB and World Bank in providing comments and advice during the drafting process.

6. As a result of the new LOP, Ministry of Planning and Investment (MPI) recently issued SBDs for consulting services and works. SBD for goods is under preparation and are expected to be issued in the third quarter of 2015. ADB and WB have worked with MPI to try to remedy issues in the LOP that conflict with donor policies through production of harmonized SBDs for ADB and WB NCB contracts. In conjunction with the previous procurement law, MPI had issued SBDs (including conditions of contract) for shopping, goods, works and consulting services. The SBDs had brought substantial benefits of standardization and good practice to procurement.

7. Requirements for contracts for construction works are further regulated by Construction Law 50/2014/QH13 of 18 June 2014. This is supported by Decree 37/2015/ND-CP of 22 April 2015 on Contracts in Construction Activities. Historically there has been some overlap and conflict between legal documents issued by MPI (covering procurement) and by MOC (covering procurement and contracts for construction), and two different template conditions of contract for works existed. The new laws on procurement and construction have eliminated conflicts regarding procurement procedures, however overlap still exists regarding conditions of contract for works. Until 2014 implementing agencies were applying MOC conditions of contract on GOV financed works procurement. ADB and WB are urging convergence on a single template conditions of contract in MPI's SBD, although it remains to be seen whether or not MOC will support this approach. Market participants comment that construction law and decrees give overly detailed and sometimes poorly drafted requirements for construction contracts, which conflict with the terms of FIDIC-based contracts leading to dispute, delay, and dissatisfaction. Particular issues concern taking over / acceptance, price adjustment, and variations, amongst others.

8. **Competitive procurement / other methods.** Competitive procurement is the default method of public procurement. The LOP narrows the circumstances under which direct contracting can be adopted, only permitting its use below certain monetary thresholds (less or equal to D 1 billion for works and goods and D 500 million for consulting services) and exceptional cases. The LOP also continues to permit submission of other contractor/investor selection method(s) to the Prime Minister for consideration and decision in the case of "packages or projects with special, unique conditions" (Article 26), a loophole that has been often abused in the past.

⁵⁶ ADB. 2015. *Country and Sector Procurement Risk Assessment for Energy, Transport, Agriculture, Education, Urban, and Health Sectors, Draft Consultants Report*. Manila

9. The LOP includes weakness including: (i) it permits the use of a merit point (scoring) system for technical evaluation of bids in addition to a pass and fail methodology. This technical scoring methodology is considered subjective and may be abused, (ii) it makes one stage two envelope bidding the default method for competitive bidding for goods, works and services except for small scale procurement (i.e. less or equal to D20 billion for works and D10 billion for goods). However, ADB experience of this method has been problematic, often showing patterns of bid rigging, and resulting in longer procurement and reduced price competition and transparency, and (iii) lump sum contracts are mandatory for small scale goods and works packages regardless of their nature. This is not always appropriate.

10. **Non-discriminatory participation and transparent tender process.** The LOP requires foreign bidders to associate with Vietnamese bidder(s). The clause as it stands could be easily circumvented by use of a token amount of subcontracting, however, detailed guidance on implementation of this clause is awaited. The legal framework follows international practice in advertising of business opportunities and allowing sufficient time for bidders to obtain documents and respond to advertisements.

11. The LOP applies a different definition to that of the donors for International Competitive Bidding (ICB) and National Competitive Bidding (NCB) which is discriminatory against foreign bidders: it makes definitions that “International Bidding is a procurement process in which domestic and foreign bidders/investors are allowed to bid, and National Bidding is a procurement process in which only domestic bidders/investors are allowed to bid.” In contrast, donors permit foreign bidders to participate in NCB. Coupled with the requirement of the new LOP that ICB is only to be used for procurement where local companies cannot provide the required goods or services, this is a very worrying protectionist trend.

12. The Decree 63/2014/ND-CP provides for preferential principles for domestic contractors, consultants and suppliers, at a rate of 7.5%. For reference, donor policies permit domestic preference for works only for low income countries, defined as those countries having GNP below a certain threshold. Under WB/ADB guidelines, Viet Nam already exceeded the threshold permitting domestic preference in 2010, and as of 2014 country GNP is \$1,730, whilst the threshold for domestic preference for works is \$1,045.

B. Assessment of Country Procurement System

13. Strengths and weaknesses identified in the country procurement system are below.

Strengths

14. A legal framework for procurement already having a substantial history, with the issue of the first procurement law in 2005, and a new procurement law in 2014 containing numerous improvements and bringing closer harmonization with donor policies. The legal framework for public procurement in Vietnam is based on sound principles and provides for oversight by multiple agencies.

15. Public Procurement Agency (PPA) as the key regulatory body is empowered to undertake legislative, oversight and capacity building functions. PPA has made progress in standardization of the legal framework, template documents, and reporting.

16. Information disclosure on public procurement has improved. E-Government Procurement system has been established and will continue to evolve. Private sector is growing fast but at present is only able to undertake small to mid-sized contracts.

17. Experienced implementing agencies across all sectors due to the long history and large volume of donor financed projects in the country. Involvement by international bidders on large donor- financed contracts such as expressway construction, and power station construction has resulted in competitive bidding with award prices substantially below cost estimates.

Weaknesses

18. Weaknesses in legislative and regulatory framework include:

- Monetary threshold of direct contracting and Prime Minister authority to approve the special selection method in case of special or unique contracts
- Requirement of foreign bidders to associate with Vietnamese bidder(s)
- Inadequate regulation of conflicts of interest
- Mandatory usage of 1S2E bidding procedure for all large goods and works packages
- Use of subjective evaluation methodology
- Lack of independent complaint mechanism
- Complicated and burdensome administrative approval requirements
- Annual budget allocation for projects is not aligned with disbursement requirements

19. Weaknesses in implementation include:

- Uneven compliance with new LOP
- Excessive reliance on direct contracting, including BOT/BT/PPP contracts to local bidders or investors, results in lack of transparency of pricing and risk allocation, limited opportunities for foreign investment, and the risk of high future burden on state budget
- Persistent signs of collusion
- Non-compliance with signed contracts
- Uneven capacity of procurement staff and lack of robust procurement accreditation system
- Lack of level playing field between private sector and enterprises fully or partially owned by the State
- Inefficiencies in the system leads to large volumes of paperwork, numerous levels of approvals, delay and ultimately higher project costs

20. Weaknesses in monitoring and oversight include:

- Limited use of IT systems to expand competition and transparency and enhance monitoring
- Gaps in civil service system involving appointment, promotion and rotation of staff
- Ineffective external checks on decisions of procuring agencies by governmental agencies (e.g. State Audit, Government Inspectorate) and non-governmental entities (e.g. media, civil society organizations)
- Lack of a truly independent and effective anti-corruption agency in the country

III. Agency-level organizational capacity and arrangement

21. Organizational capacity and compliance with respect to procurement legislation and regulation were assessed by issue of a questionnaire and request for documents to the implementing agencies for the project and the delegated TA, interviews with staff of the project executing and implementing agencies (the EAs/IAs), and agencies responsible for auditing and inspecting procurement transactions, and review of case studies on historical procurement and contract performance in GOV financed projects. In addition, 3 contractors in each participating province were interviewed.

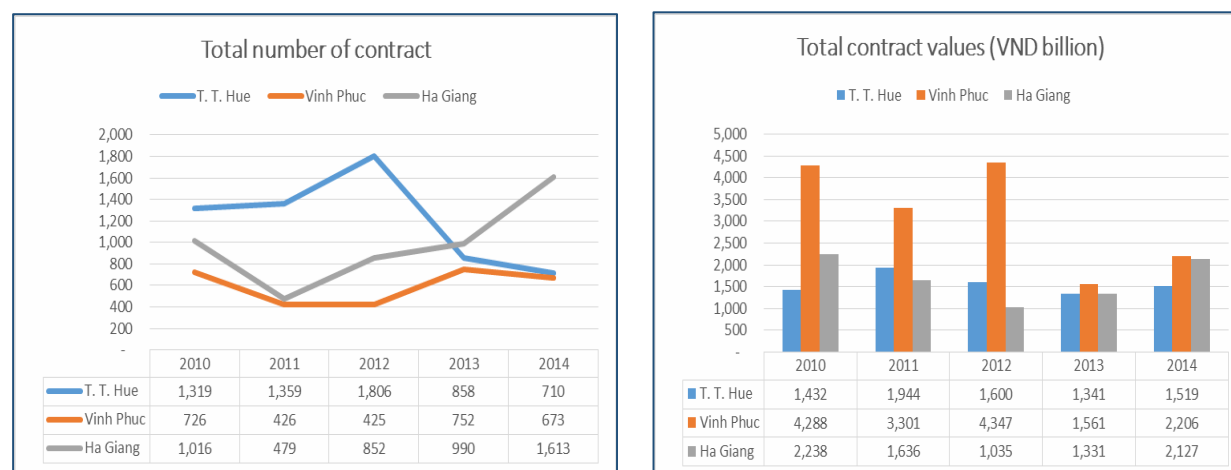
22. The questionnaire for the EAs/IA is in Appendix 1. The questionnaire for agencies responsible for auditing/inspecting procurement transactions is in Appendix 2. Key agencies relevant to procurement are shown in the Table 2.

Table 2: Key agencies relevant to procurement

Agency	Vinh Phuc	T. T. Hue	Ha Giang	MONRE
Executing agency	PPC	PPC	PPC	MONRE
Implementing agency	VPMO	HDPI	HCPC	PMU

CPC = City People's Committee; HCPC = Ha Giang City People's Committee, HDPI = Thua Thien Hue Provincial Department of Planning and Investment; MONRE = Ministry of Natural Resources and Environment; PPC = Provincial People's Committee; PMU = project management office; VPMO = Vinh Phuc Provincial Foreign Concessional Loan Project Management Office.

23. For the project implementation, procurement experience of the provinces is substantial. The graphs below present an overview for the past 5 years of the number of contracts awarded each year and their total value. The number of contracts procured annually has ranged between 400 and 1800 contracts, with total value around D2,000 billion (\$90 million).



Source: Annual Procurement Reports of T. T. Hue, Vinh Phuc, and Ha Giang from 2010 to 2014

24. During the period 2010–2012 Vinh Phuc province undertook a higher value of procurement than the other provinces, which was for implementation of a JICA financed project. During the past 2 years the three provinces have undertaken procurement of similar total value.

25. It should be noted that procurement at the provincial level is undertaken by a number of different agencies such as PMUs under departments (DOC, DOT, DONRE, DARD etc.), PMUs directly under the PPC, and PMUs under the district PCs. Substantial experience in executing GOV and ODA projects is held by PMUs directly under PPCs (e.g. PMU directly under Vinh Phuc

PPC was established in 1997 to implement major civil infrastructure projects in Vinh Phuc Province) and PMUs under their departments (e.g. DOC, DOT, DONRE, DARD).

26. Among three implementing agencies for the project and MONRE, the implementing agency for the delegated TA: (i) HDPI directly implemented the Central Region Livelihood Improvement Project (Loan 1883–VIE), which was completed in 2010. After that due to the change in government policy, Hue DPI did not directly implement any project; (ii) Vinh Phuc PMO is the same as the PMU under the PPC, that handled the past JICA funded project, and the approved World Bank-funded project; (iii) Ha Giang City has newly established the PMU for preparation of the project, but also has established and maintained a PMU to implement infrastructure projects since 2005. This PMU has experience with GOV procurement, although with small scale (up to D36 billion) and of consulting services by direct contracting; and (iv) MONRE PMU has strong experience in directly working with/implementing technical assistances financed by the Global Environment Facility (GEF) with ADB, World Bank and other United Nations agencies (Table 3). Roles and functional responsibilities of PMUs are clearly defined under all IAs. The establishment of these PMUs complied with Construction Law (50/2014/QH43), Decree 12/2009/ND-CP on construction project management, and Decree 38/2013/ND-CP on management of ODA.

Table 3: Staffing of the PMUs

	Vinh Phuc	T. T. Hue	Ha Giang	MONRE
Number and experience of staffs in the PMUs	4 full-time staffs were assigned to work on procurement. The staffs have good procurement skill and experience and will be trained/updated their knowledge through the ADB procurement training.	2 full-time staffs were assigned to work on procurement. The staffs have good procurement experience in domestic procurement. They need to be trained/updated their knowledge through the ADB procurement training.	1 full-time staff is assigned to work on procurement. Another staff (project engineer) will support the procurement process. The staff has good procurement experience in domestic procurement. He needs to be trained/updated their knowledge through the ADB procurement training.	1 full-time staff is assisted to work on procurement. The PMU director, PMU deputy director, who are the full-time MONRE staffs, will work together for drafting and approving terms of reference, setting selection criteria, conducting evaluation and contracting. The procurement staff has good consulting service engagement experience from the past and ongoing ADB and other donors/UN agencies funded TA projects.

27. **Internal process and use of standard-bidding documents.** Internal process in relation to submission, appraisal, and approval is clearly defined by LOP and Decree 63/2014/ND-CP. Despite this, approval processes usually take time and prolongs project implementation. All PMUs are equipped with computers, printers, scanner, photocopiers, internet etc. Procurement plans are prepared for each subproject or bidding package/s and are linked to available budget and budget line on yearly and mid-term basis. Procurement plans are prepared complying with ADB guidelines. The approved procurement plan will be published in Tender Gazette under the Ministry of Planning and Investment as well as the ADB website. The PMUs are familiar with and are

planning to use the SBDs that were issued by ADB and harmonized with the ones with MPI for consulting services, civil works, and goods. The SBDs provide clear and precise definition of qualification, evaluation criteria, technical specifications, and conditions of award.

28. **Record keeping.** For all three PMUs for the project and MONRE PMU, the record keeping system is established and maintained mainly in the form of hardcopies. Referencing systems for procurement files are not used often. Computers are used to assist in progress monitoring. Document retention is 5 years complying with GOV regulations. Copies of the original advertisements are retained with bid evaluation reports. Copies of invoices are kept by project accountant units.

29. **Internal control.** Agencies for internal control are Construction Management Unit under DPI for T. T. Hue, Appraisal Unit under DPI for Vinh Phuc, Planning and Financial Units under Ha Giang City PC for Ha Giang and Viet Nam Environment Agency for MONRE. External control agencies are MPI, Central Interior Department, Provincial Inspectorates, and GOV. Procurement complaints are first sent to the procuring agency. If bidders are not satisfied with the actions taken, bidders can send their complaints to the Employer and if bidders are still not satisfied, they can send their complaints to the investment decision maker who usually the chairman of the PPC for the project and the Minister for MONRE. In addition, bidders are entitled to send their complaints directly to any concerned agencies if they have strong reason to do so.

30. **Complaints.** Annual procurement reports of participating provinces showed that on average, approximately 5–6 cases each year on issues such as: bid evaluation results; procuring agency not issuing bidding document at time and date as informed in IFB or made difficulties for bidders in buying bidding documents; and quality of bidding documents. The complaints are resolved by procuring agencies in coordination with DPIs. Interviews with bidders show that bidders rarely complain as they do not believe that their problems will be properly considered and resolved. The annual procurement report of Vinh Phuc for 2012 reported one case where a consulting firm received an administrative penalty of D15 million from MPI as violations in bid evaluation led to discrepancies in bidder selection.

31. Fraud and corruption control and oversight processes, frameworks, and arrangements are generally in place as they are stipulated by Anti-Corruption Law (55/2005/QH12), Complaint Law (02/2011/QH13) and Denunciation Law (03/2011/QH13). At provincial level, Department of Interior and Department of Inspectorate are mainly responsible. No contractors or consultants in participating provinces have been debarred by the PPCs. There have however been some cases in T. T. Hue where contractors failed meet the construction schedule and were replaced by other contractors.

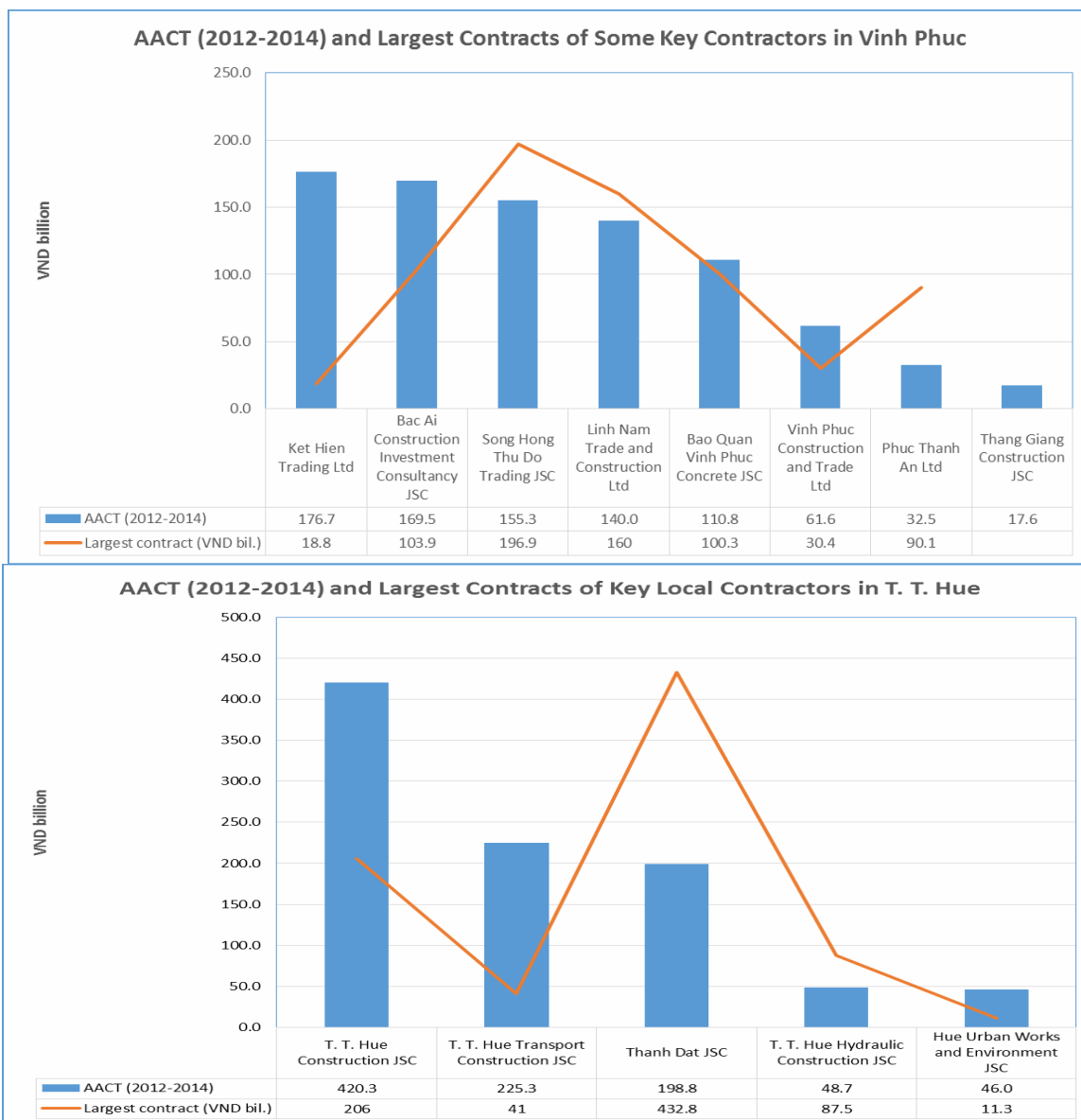
IV. Market Review and Analysis

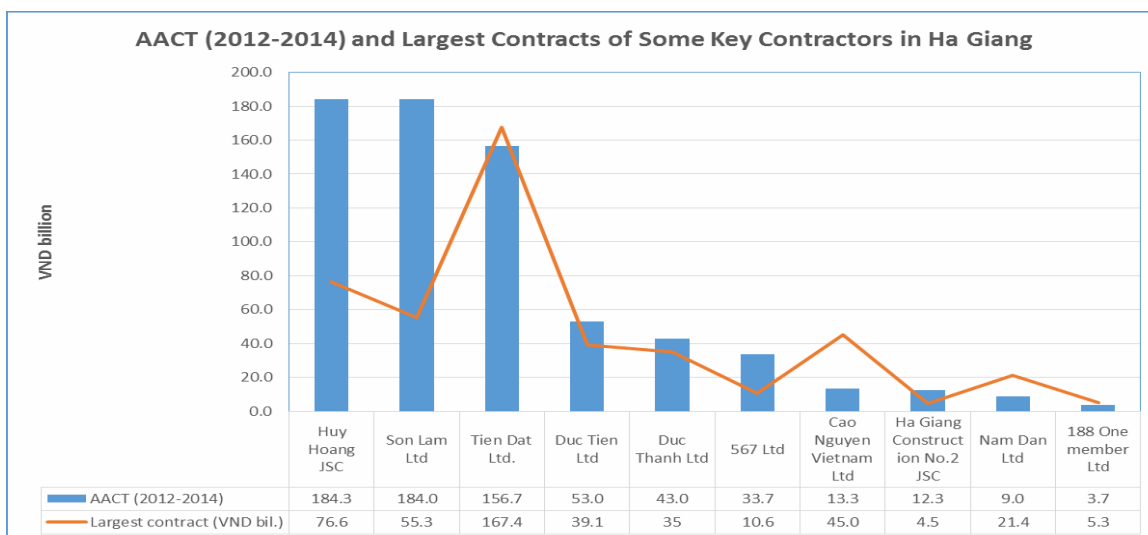
32. Market review on capacity of contractors in the three provinces was carried out by (i) review past transactions with the assistance of the PMU staff, and (ii) review of ADB's database of contract awards in 200 –2014.⁵⁷

33. The findings are that (i) Vinh Phuc is very close to Hanoi and has no constraints on availability of contractors or consultants. Contracts of all sizes and scope should be able to attract sufficient participation. There are 3 contractors in Vinh Phuc with AACT over the past 3 years

⁵⁷ No market review analysis was made on consulting service at the national level (for the delegated TA) because of the numerous ADB records for technical assistance over \$1 million (see para. 36).

exceeding D 150 billion (\$ 7 million), and 3 contractors with AACT in the range D 50-150 billion; (ii) Hue is relatively close to Danang and there are few constraints on availability of contractors or consultants. There are 3 contractors in T.T. Hue with AACT over the past 3 years exceeding D 200 billion (\$ 9 million); and (iii) Ha Giang is geographically remote making mobilisation of equipment and resources from other provinces expensive. There are 3 contractors in Ha Giang with AACT over the past 3 years around D 150 billion (\$ 7 million), and 3 contractors with AACT in the range D 20-60 billion.





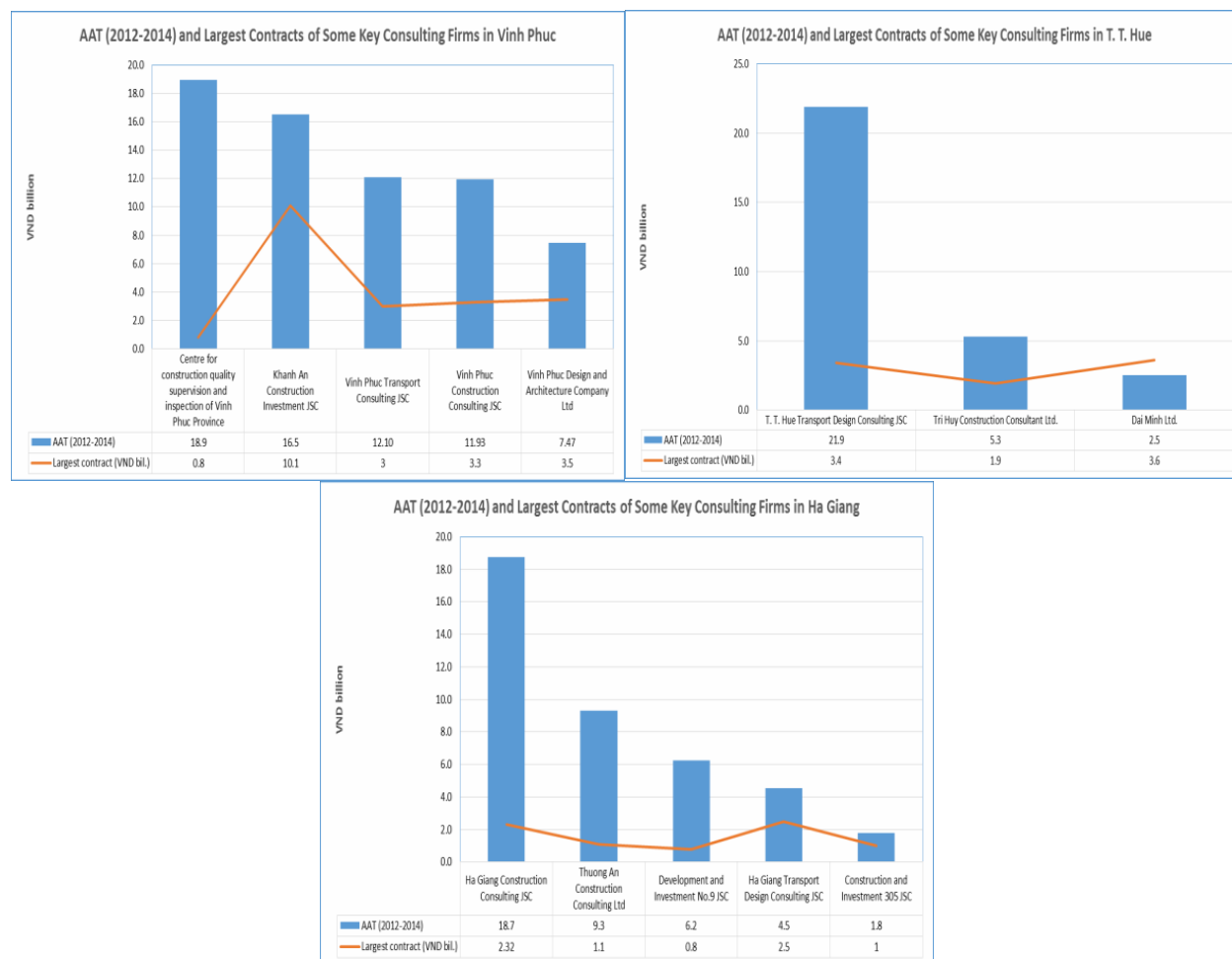
34. Data on contracts awarded to local contractors in participating provinces in the past 10 years in ADB projects was also collected and the top 5 contractors by value of contract awards in each province are as shown below (Table 4).

Table 4: Largest recipients of contract awards 2005–2014 from the provinces for projects financed by ADB

Province / Company Name	Cumulative Contract Amount (\$)	Number of Contracts
Vinh Phuc		
Dong Phong JSC	2,998,161	2
Me Linh Construction and House Development	2,128,019	1
Minh Quang Construction Co. Ltd.	814,561	2
Phuoc An Co. Ltd.	763,246	2
Ket Hien Trading Co. Ltd.	589,045	1
T. T. Hue		
Long Phung Forestry Enterprise	1,552,120	12
939 Construction JSC	1,496,846	1
Viet Nam Investment and Technology Transfer / Thua Thien Hue Civil Works Company	1,267,333	1
Thua Thien Hue Hydraulic Construction JSC	1,079,009	2
Thua Thien Hue Road Management and Work Construction	933,089	1
Ha Giang		
Mien Tay Co. Ltd.	6,291,215	7
Toan Phat – Dong Bac JV	1,866,129	1
Viet Nam Highland (Cao Nguyen Vietnam Ltd.)	1,866,129	1
Ha Nam Co. Ltd.	1,379,028	2
Thanh Nam Infrastructure Technical Construction Investment and Development	1,058,119	2

35. Annual Average Turnovers (AATs) and largest contracts of 5 key consulting firms in T. T. Hue, Vinh Phuc and Ha Giang are shown in graphs. Each province has one consulting firm with turnover greater than D 180 billion (\$8 million). Other firms in Ha Giang and T.T. Hue have turnover less than D 100 billion (\$4.4 million), whilst in Vinh Phuc there are a total of 4 firms with

turnover greater than D 100 billion. Generally, largest contract size was less than VND 4 billion (\$ 180,000).



36. At the national level, number of large consulting firms capable for conducting the comprehensive policy advisory technical assistance are available. The Table 5 shows the list of the United Nations agencies' and international financial institutes' funded TA projects that MONRE PMU were and are currently implementing/managing. The MONRE PMU demonstrated a strong capacity to manage technical assistance.⁵⁸

Table 5: Past and On-going TA Projects with the MONRE PMU

Project Name	Donors	Budget	Duration	Consulting Service Packages / Engagement methods
PCB Management in Vietnam Project	GEF/WB	\$17,000,000 - ODA: \$7,000,000 - MONRE: \$10,000,000	2009–2015 (Completed)	1 firm (competitive selection) 4 individual consultants (competitive selection)
Updating Vietnam's National Implementation	GEF/UNDP	- ODA: \$255,000 - MONRE: D308,000,000	2013–2015 (Completed)	1 firm (competitive selection)

⁵⁸ In addition to the TA projects, the MONRE PMU is implementing the GEF-funded ADB grant investment project: ADB. 2015. *Greater Mekong Subregion Biodiversity Conservation Corridors Project - Additional Financing (Viet Nam Component)*. Manila. The project engages two QCBS consulting service packages over \$500,000.

Plan for the Stockholm Convention on Persistent Organic Pollutants Project				6 individual consultants (competitive selection)
Vietnam POPs and Sound Harmful Chemicals Management Project	GEF/UNDP	\$10,600,000 - ODA: \$2,550,000 - MONRE: \$8,050,000	2015–2018 (Ongoing)	9 firms (competitive selection) 7 individual consultants (competitive selection)
Implementation of the POPs Monitoring Plan in the Asian Region Project	GEF/UNEP	\$17,155,900 - ODA: \$3,936,000 - MONRE: \$13,219,900	2015–2019 (Ongoing)	UNEP administers the TA
Demonstration of BAT and BEP in open burning activities in response to the Stockholm Convention on POPs Project	GEF/UNIDO	\$40,336,434 - ODA: \$7,560,000 - MONRE: \$32,776,434	2015–2020 (Ongoing)	UNIDO administers the TA

D = Vietnamese Dong, DONRE = Department of Natural Resources and Environment, GEF = Global Environment Facility, ODA = official development assistance, IC = individual consultants, PCB = Poly Chlorinated Biphenyl, POPs = persistent organic pollutants, UNDP = United Nations Development Program

V. Risks and Mitigation Measures in Procurement and Contract Management

37. The assessment of the PMU staffing reveals risks in procurement capacity, procurement of works contracts, and recruitment of consultants. Risks and agreed mitigation measures in procurement capacity, works and goods procurement and engagement of consulting services are in Table 6.

38. With the mitigation measures, the PMUs of MONRE, VPMO, HDPI and HCPC have enough capacity to conduct necessary activities of procurement and engagement of consulting service in accordance with the ADB guidelines.

VI. Conclusion

39. The Procurement Capacity Assessment concluded that the PMUs of MONRE VPMO, HDPI and HCPC have general capacity to conduct procurement and engagement of consulting service in accordance with the ADB guidelines. All PMUs are familiar with the Vietnamese country procurement systems. In terms of PMU's procurement capacity for international financial institution funded project, MONRE and VPMO demonstrated a strong capacity based on their recent experience in the projects. However, even in these PMUs, the person in-charge will require to familiarize themselves with the latest ADB guidelines and procedures for procurement and engagement of consulting service. The VPMO, as the lead PMU of the project, should also transfer their experience and knowledge to the HDPI and HCPC. ADB should continue to assist capacity building of the PMUs' staffs through day-to-day communication and periodic training.⁵⁹ Preparation of bidding documents should strictly follow the master bidding document, that have been prepared for large works (over \$20 million), small works (less than \$20 million) and quality- and cost-based selection of consulting service. For Ha Giang, qualification criteria of bidding documents will be carefully reviewed and agreed to attract enough contractors for competition. A regular communication between ADB and the PMUs on transparency in dealing with complaint will be necessary to appropriately handle complaints if any.

⁵⁹ The training for procurement is being conducted under the TA8902–VIE: Socialist Republic of Viet Nam: Capacity Building for Project Management Unit Professionalization.

Table 6: Procurement Risks

Risk Category	Vinh Phuc	T. T. Hue	Ha Giang	MONRE	Mitigation Measures
1. PMU staffs' capacity	Unfamiliarity with the latest procurement and consulting service engagement procedures in accordance with ADB guidelines.	PMU staffs in-charge lack experience in recent procurement transactions under international financial institutions' project		Need updates with the latest consulting service engagement procedures in accordance with ADB guideline.	<ul style="list-style-type: none"> - Continue to engage project preparatory technical assistance consultants to support the PMUs in procurement activities. - PMUs staffs in-charge will be invited to the ADB procurement training organized by VRM. - Provide continuous assistance and hands-on training to the PMUs by project preparatory technical assistance consultant and construction supervision consultant
2. Bidding document preparation	PMU staff and bidders are unfamiliar with the updated SBDs and therefore there will be delays in preparation			N/A	<ul style="list-style-type: none"> - Master bidding documents based on the harmonized SBD will be drafted, reviewed and approved before the project approval, and strictly used for the project - PMUs staffs in-charge will be invited to the ADB procurement training organized by VRM.
3. Competition	N/A	N/A	Remoteness of the area can attract enough contractors	N/A	<ul style="list-style-type: none"> - A procurement plan will be drafted and agreed based on the market analysis on available local contractors.
4. Handling complaint	Inadequate handling of complaints scales up the issue and overall contract management.				<ul style="list-style-type: none"> - The PMU staffs ensure transparency in dealing with complaint. Regular reporting and communication among PPCs, PMUs and ADB

ADB = Asian Development Bank, N/A = not applicable, PMU = project management unit, PPCs = provincial people's committees, SBDs = standard bidding documents, VRM = ADB Viet Nam Resident Mission.

Annex 1. Questionnaire for EAs/IAs

A. Legislative and Regulatory Framework

1. What is the legal status of this agency? (i.e. a government department)? What basic laws and regulations under which the agency is operating?)
2. Is there an internal instruction issued by the provincial authority (PPC) or city authority (City PC) on how to apply the country's procurement law and related regulations on procurement in the context of PPC-managed projects?
3. Is there any instruction issued by provincial authority (PPC)'s major departments to guide bidding activities under their respective area of responsibility?
4. Is there any procurement manual established for use of the agency? Is it up to date? Please provide a copy, if any.
5. Do agencies in the province use MPIs standard bidding documents for works, goods and consulting services?
6. What percentage of procurements in the province were undertaken through open competitive bidding in 2012, 2013, 2014 (in quantity and value)?
7. What percentage of the total number of contracts awarded in the province was for contracts awarded by direct appointment in 2012, 2013, and 2014? What percentage of the total value of contracts awarded in the province was for contracts awarded by direct appointment in 2012, 2013, and 2014?

B. Institutional Framework and Management Capacity

Procurement Planning:

8. Are procurement plans prepared ahead of time as a common practice? If yes, who is responsible for approval of procurement plans? Please provide copies of procurement plans approved in 2013 and 2014
9. Is procurement planning linked to available budget, project objectives and project implementation progress?
10. How does the agency prepare the cost estimates?
11. Does the agency have any process for collecting historical data and verify reasonableness of prices quoted by bidders? If yes, please describe.
12. What are the most frequently used methods of procurement in the agency for works, goods, and consulting services?

Organization and Staffing:

13. Provide an Organization Chart of the agency. Explain the responsibilities of each units and relationship with other units. Describe general organization of procurement unit, if any.
14. Describe procedures to be followed when procuring goods, works on consulting services packages. Indicate all steps including responsibilities for preparation of documents, appraisal and approval and indicate a rough time line for these steps based on past experience.
15. How many years' experience does the head of the procurement department/unit have in a direct procurement role?
16. How many staff in the procurement department/unit are: (i) full time; (ii) part time; and (iii) seconded

17. Provide a brief profile of potential staff who involve in procurement works under the agency. The profiles should include:
 - Name,
 - Current position
 - Current department
 - Professional experience (designing, bid evaluation, contract supervision etc.)
 - Training (technical/procurement) received
 - Other skill competency (such as computing, language)
18. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?
19. Are staffs sufficient for the procurement work under the agency? If not, what additional staff would be required and how they would be selected?
20. What kind of consultants is commonly required to assist the agency in procurement during critical phases such as preparation of major bidding documents, bid evaluation and contract management?
21. What kind of procurement training was provided to the agency's staff? What kind of additional training would be required for them for dealing with procurement work under the agency?
22. Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?
23. Does the agency have a system for tracking procurement performance?

C. Procurement Operations and Market Practices

Process and Procedure:

24. Is there a minimum period for the preparation of bids and if yes, how long?
25. Can late bids be accepted?
26. Can bids (except late bids) be rejected at bid opening?
27. Are bids received prior to the deadline securely stored? Where? Who has access?
28. Does the agency normally conduct public bid opening? If yes, is it conducted at a specified place closely following the deadline for submission? And who is invited to attend and who normally attend bid opening? Are minutes of bid opening established and distributed to the bidders? Are the minutes provided free of charge?
29. Is a bid evaluation committee required for bid evaluation? Who are normally members of such committees?
30. Describe how normally bid evaluation is conducted. How long it normally takes from bid opening to contract signing? Are evaluations normally completed within the original bid validity period?
31. Is the decision of the evaluators final or is the evaluation subject to additional approvals?
32. Are contracts required to be awarded to the lowest evaluated responsive bidder who has been determined to be qualified to perform the contract satisfactorily?
33. Is negotiation of supply scope and bid price allowed during contract negotiation?
34. Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded? And the average?

35. What is the average number of bidders for publicly bid contracts in 2014?
36. Is the private sector well organized and able to access the market in the province? Please provide a list of names and indication of size (capital / turnover) of key works contractors in the province. Please provide a list of names and indication of size (turnover / staff numbers) of key consultants in the province
37. What are sizes of 5 biggest ICB and 5 biggest NCB packages in the province having been procured in the last 5 years?

Consulting services:

38. Who identifies the need for consulting services requirements?
39. Who drafts the Terms of Reference (ToR)? Do they follow a standard template e.g. with sections for background, tasks, inputs, objectives and outputs?
40. Who prepares the request for proposals (RFPs)?
41. What criteria is used to evaluate EOIs?
42. Historically, what is the most common method used to select consultants?
43. Do firms have to pay for the RFP document? If yes, how much is it usually cost?
44. Are pre-proposal visits and meetings arranged?
45. Are minutes prepared and circulated after pre-proposal meetings?
46. Are all queries from consultants answered/addressed in writing?
47. Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?
48. Are technical proposals opened in public?
49. Are minutes of the technical opening distributed?
50. Who determines the final technical ranking and how?
51. Are the technical scores sent to all firms?
52. Are the financial proposal opened in public?
53. Are face to face contract negotiations held?
54. How long after financial evaluation is negotiation held with the selected firm?
55. What is the usual basis for negotiation?
56. Are minutes of negotiation taken and signed?
57. How long after negotiation is the contract signed, on average?

Contract administration:

58. Are advance payments made? What percent of contract value is usually advanced to contractors?
59. What is the standard period for payment included in contracts?
60. On average, how long is it between receiving a firm's invoice and making payment?
61. When late payment is made, are the beneficiaries paid interest?
62. Are there manual or computerized procurement and/or contract monitoring systems in use? Describe.
63. Are there procedures to inspect for quality control of goods, works, or services delivered? Describe.
64. Are contract changes or variations handled promptly in accordance with the contract conditions and established practice (i.e. change/variation orders are given and/or confirmed in writing, constructive change orders are avoided, unit rates in the contract are honoured but the supplier or contractor is allowed to agree to any new unit rates introduced and the completion schedule for each change or variation, etc.)?

- 65. What percentage of contract variations amounted to a cumulative impact of more than 10% of the original contract price in 2012, 2013, 2014?
- 66. What is the most common mechanism to resolve contract disputes? Describe.
- 67. Are contractual remedies utilized only when appropriate and in accordance with the contract conditions? Describe.
- 68. How often do contract execution complete in time and with the original cost?
- 69. How does the agency handle contract cost and time overruns?

Record keeping

- 70. Are there record keeping system established and maintained in place? Please describe.
- 71. Is there a referencing system for procurement files?
- 72. 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?
- 73. Does the agency adhere to a document retention policy (i.e. for what period are records kept)?
- 74. Are copies of bids or proposals retained with the evaluation?
- 75. Are copies of the original advertisements retained with the pre-contract papers?
- 76. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?
- 77. Are copies of invoices included with the contract papers?
- 78. Is the agency's record keeping function supported by IT?

D. Integrity and Transparency of the Public Procurement System

- 79. Are there auditing arrangements in place and suitably established? How is audit carried out? Does the audit also cover compliance to procurement procedures? And does it look at physical outputs quality and reasonableness of prices? Please describe.
- 80. Has the complaints system for procurement been used? Please detail the number and nature of complaints in the past 2 years. How were the complaints addressed?
- 81. Do clear ethics standards exist?
- 82. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?
- 83. Is invitation to bids widely advertised? How is it advertised?
- 84. Are invitations for expressions of interest (REOIs) advertised? And How?
- 85. What is the percentage of contract awards published? And methods?
- 86. Are there specific procedures to verify a bidder's legitimate existence, track records, financial capacity and capacity to complete the job?
- 87. Are there province-specific procedures to rate performance and/or debar bidders, supplier, contractors and consultants for ethical or integrity violations?
- 88. In case of participation of state-owned enterprises (SOEs), does the bidding process ensure fair competition between SOE and private sector? Are there conflicts of interest between the SOE and government contracting agencies? Of the key contractors or consultants in the Province, which ones are SOEs?
- 89. For administrative sanctions like debarment, fines or removal from an official job, which body makes this decision?

90. What standard of proof and process is used for determining administrative sanctions?
91. If there is an appeal process available, how is this conducted and what body or person makes a decision upon appeal?
92. Does the sanctioning body make its decisions and lists of debarments public? If so, how? Are bidders prohibited from tendering at a district or provincial level if they are included in the prohibited bidders lists in the tendering newspaper or MPI website.
93. What statistics/data are available at the Provincial level on the number, type and duration of debarment decisions?
94. Does the entity conducting a tender have an obligation to review the tendering newspaper or MPI website to determine the eligibility of potential bidders?
95. Have any bidders have been prohibited from tendering and why?
96. Have there been any administrative sanctions over the past five years? If so, what were they?
97. Have there been any criminal sanctions over the past five years? If so, what were they?
98. What alternative dispute resolution mechanisms are available?

Annex 2: Questionnaire for Agencies Responsible for Auditing / Inspecting Procurement Transactions

Integrity Assessment for Secondary Green Cities Development Project Key Questions

As a part of the preparation of the Secondary Green Cities Development Project the ADB is compiling some basic information concerning related institutions and systems. Your responses to these questions will help us in understanding the context of the project. It is very important that a detailed check is made at the start of the project to investigate the existence and effectiveness of control and audit systems. If weaknesses are found, mitigation measures will be agreed and put in place.

A. Handling of Complaints Related to the Secondary Green Cities Development Project

1. What are the roles of the national and provincial agencies or institutions (e.g. PPC, provincial department of planning and investment, provincial government inspectors, provincial anti-corruption authority, provincial public security service, etc.) in handling complaints coming from?
 - (i) concerned citizens and
 - (ii) firms bidding for service or supply or civil work contracts?
2. What is the exact process for the handling of complaints related to fraud or corruption in (i) the procurement process, and (ii) the management and implementation of province-level contracts?
3. Is there a formal non-judicial mechanism for dealing with complaints?

B. Institutional Jurisdiction

4. What role do the agencies responsible for auditing/inspecting procurement transactions play in fraud and corruption investigations?
5. Have these institutions been involved in investigation in procurement of government infrastructure in this province? If so, what was the result?
6. How are projects / transactions selected for investigation?

C. Processing Allegations

7. What are the actual steps for logging, tracking and responding to complaints? What resources are necessary and what resources are available to support each step?
 - For complaints from citizens
 - For complaints from bidders in a tendering process
8. How are allegations investigated?
 - Is there a specialized investigative body that handles this?
 - Is the investigation limited to an administrative process or can it involve broader criminal investigative authority?
9. Does the process work, and is the process considered to be fair and professional?

10. What is the executing and/or investigating agency's past performance for investigating fraud and corruption allegations? (the executing agency is the PPC)
11. How will the tracking and investigating agency share information on allegations, investigations and their outcomes with the ADB?
12. Are there any non-government/civil society organizations monitoring how complaints are addressed?

D. Sanction Process

13. For administrative sanctions like debarment, fines or removal from an official job, which body makes this decision – an institution within the Program or outside the Program?
14. What standard of proof and process is used for determining administrative sanctions?
15. If there is an appeal process available, how is this conducted and what body or person makes a decision upon appeal?
16. Does the sanctioning body make its decisions and lists of debarments public? If so, how? Are bidders prohibited from tendering at a district or provincial level if they are included in the prohibited bidders lists in the tendering newspaper or MPI website.
17. What statistics/data are available at the Provincial level on the number, type and duration of debarment decisions?
18. Does the entity conducting a tender have an obligation to review the tendering newspaper or MPI website to determine the eligibility of potential bidders?
19. Have any bidders have been prohibited from tendering in the province and why?
20. Have there been any administrative sanctions over the past five years in the province? If so, what were they?
21. Have there been any criminal sanctions over the past five years? If so, what were they?
22. What alternative dispute resolution mechanisms are available?

E. Mitigation Measures

23. Does the agency have any suggested countermeasures to reduce the likelihood of collusion or corruption occurring on the Secondary Green Cities Development Project?

Attachment 3: Template Integrated Safeguards Monitoring Report

Safeguards Monitoring Report

Semiannual Report
xxx {month} 20xx

Viet Nam: xxx {Project name}, xxx {sub-project name, if report covers only one sub-project}

Prepared by the Project Management Unit of {complete name of Implementing Agency} for the {complete name of the borrower} and the Asian Development Bank.

NOTE

- (i) In this report, "\$" refers to US dollars.

This safeguards monitoring report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

EXECUTIVE SUMMARY

{Read and delete: Provide short summary of the following items:

- **Summary of EMP/RP Implementation**
- **Description of monitoring activities** carried out (e.g. field visits, environment effect monitoring, survey questionnaire, public consultation meetings, focus group discussions, etc.)
- **Key issues**, any **corrective actions** already taken, and any **grievances**
- Key activities planned in the next reporting period
- Recommendations

Use the paragraph numbering format provided below throughout the report}

1. xxx

2. xxx

I. PROJECT OVERVIEW, GENERAL SAFEGUARD MATTERS

1. Project Overview

{Read and delete: Briefly describe project objectives, scope and components – can be taken from PAM or other relevant document}

3. xxx

4. xxx

2. Project Progress

{Read and delete: Using most recent project progress report, describe status of project implementation, including full list of contracts, status of contract awarding and implementation, name of contractor, Engineer, Project Supervision Consultant.}

5. xxx

6. xxx

Table 1: Project Overview, Snapshot of Project Progress

Project Number and Title:		
Safeguards Category	Environment	
	Indigenous Peoples	
	Involuntary Resettlement	
Reporting period:		
Last report date:		

Key sub-project activities since last report:	<i>{Read and delete: This section should include, among others, the following:}</i> <ul style="list-style-type: none"> • Contract awarding • Progress of Work (% physical completion) • Status of Safeguard Approvals / Permits / Consents
Report prepared by:	

3. Safeguard Plans Implementation Arrangements

{Read and delete: Describe institutional arrangements and responsibilities for EMP and RP implementation, internal and external monitoring, and reporting, defining roles of PMU, Engineer, Implementation Consultant, Contractors. (Table format as needed)}

7. xxx

8. xxx

4. Updated EMPs and RPs, Incorporation of Safeguards Requirements into Project Contractual Arrangements

{Read and delete: Define manner by which EMP and RP requirements are incorporated into bidding documents, contracts.}

Indicate when updated EMPs and RPs were submitted for approval to ADB (Table format appropriate).}

9. xxx

10. xxx

II. ENVIRONMENTAL PERFORMANCE MONITORING

1. Status of EMP implementation (Mitigation Measures)

{Read and delete: Summarize main mitigation/protection measures implemented in the reporting period (narrative section). Structure in accordance to phases (detailed design, construction preparation, construction, and operation).}

11. xxx

12. xxx

{Read and delete: Include EMP table or updated EMP table if applicable. Assess compliance of environmental management activities with the original or updated EMP. For that purpose, include additional columns entitled "Compliance Status", "Comment or Reasons for Non-Compliance", and "Issues for Further Action". Example is provided below.}

Table 2: Compliance with EMP Requirements (Environmental Performance)

EMP Requirements	Compliance Status (Yes, No, Partial)	Comment or Reasons for Non-Compliance	Issues for Further Action
Use environmental impact as main heading and EMP as listing (see example below)	Use EMP list as basis for rating/evaluating compliance (see example below)		
Rise of employment opportunities:	<ul style="list-style-type: none"> • Field inspections and interviews with communities - DONE 		

<ul style="list-style-type: none"> Job openings of the project should give priority to local communities. Recruitment of local laborers should be stipulated in the contract for construction 	<ul style="list-style-type: none"> Note each complaint case in the field – 3 COMPLAINTS RECEIVED Set up grievance centre and report as part of monitoring action plan – NOT DONE 		

Table 3: Issues for Further Action

Issue	Required Action	Responsibility and Timing	Resolution
Old Issues from Previous Reports			
List of EMP measures or activities not completed (last column of previous table)			
New Issues from This Report			

2. Health and Safety

{Read and delete: Provide narrative of occupational and community health and safety issues that occurred during the reporting period. Any accident involving injury or death of workers or community members must be reported. Include investigation report of DOLISA as attachment to the report. Provide details in the Table below}.

13. xxx

14. xxx

Table 4: Health and Safety Issues

Issue	Required Action	Responsibility and Timing	Resolution
Old Issues from Previous Reports			

New Issues from This Report			

3. Environment Effect Monitoring

15. **Monitoring plan.** xxx {Read and delete: Present the environment effect monitoring plan as defined in the EMP or the updated monitoring plan. Refer to Table 4. Describe monitoring responsibilities}

16. **Monitoring activities in the reporting period.** Xxx {Read and delete: Describe the environment effect monitoring activities in the reporting period, including number of monitoring campaigns, number of samples, etc. Confirm compliance with the monitoring plan, or justify any deviation from the plan}

Table 4: Environment Effect Monitoring Results in the Reporting Period

{Read and delete: Present monitoring result in a Table (see example below, adjust as needed). Any non-compliance should be highlighted for attention and follow-up.}

Location	Parameter	Date	Monitoring value	Relevant government standard, standard value

17. **Assessment.** Xxx {Read and delete: Compare monitoring results with baseline conditions (if baseline data is available) and relevant government standards in qualitative terms. Additional explanatory comments should be provided as necessary. Possible reasons for non-compliance should be identified.}

III. INVOLUNTARY RESETTLEMENT PERFORMANCE MONITORING

{Read and delete: Provide narrative of status of implementation of the RP(s), including but not limited to: status of RP or Resettlement Framework updating; number of households relocated during the reporting period; outstanding resettlement activities; etc.}.

18. xxx

19. xxx

Table 6: Summary of Compliance with RP Requirements

RP Requirements	Compliance status Yes/No/Partial	Comment or Reasons for Compliance, Partial Compliance/Non- Compliance	Issues for Further Action⁶⁰
Establishment of personnel in PMU/PIU		<p><i>{Read and delete: This section should include, among others, the following:}</i></p> <p>Identify position and name of Safeguards/Resettlement staff of the PMU/PIU</p>	
Public consultation and socialization process		<p><i>{Read and delete: This section should include, among others, the following:}</i></p> <p>Provide information on:</p> <ul style="list-style-type: none"> • Public consultation, participation activities carried out • Inclusive dates of these activities <p>To be elaborated on in Item 5</p>	
Land area to be acquired is identified and finalized		<p><i>{Read and delete: This section should include, among others, the following:}</i></p> <p>Provide information on:</p> <ul style="list-style-type: none"> • Land area (of each parcel to be acquired) • Current land use (residential, agri, etc.) • Current ownership status (private, state) <p>Provide attachments on land titles/user rights certificates,</p>	
Resettlement plan(s) updated after detailed design			
Land acquisition completed			

⁶⁰ To be elaborated further in table 3.b (Issues for Further Action)

Establishment of Resettlement Site(s)		<i>Please state:</i> <ul style="list-style-type: none"> • Number of AHs to be relocated as per agreed RP • Number of AHs already relocated • Number of houses built • Status of installation of community facilities to be provided as per agreed RP 	
Compensation payments for affected assets is completed		<i>Please state:</i> <ul style="list-style-type: none"> • Total Number of Eligible AHs and APs (as per agreed RP) • Number of AHs and APs compensated as of this monitoring period • Total Budget allocation as per agreed RP • Total budget disbursed to AHs as of this monitoring period 	
Transport assistance for relocating affected households		<i>As above</i>	
Additional assistance to vulnerable affected household		<i>Please state:</i> <ul style="list-style-type: none"> • Total Number of vulnerable AHs and APs (as per agreed RP) • Agreed forms of assistance as per RP • Number of AHs and APs assisted as of this monitoring period 	
Income Restoration Program		<i>Please state progress per income restoration feature/activity and actual period of implementation</i>	
Temporary impacts have been addressed (affected properties restored to at least pre-project conditions)		<i>Please state:</i> <ul style="list-style-type: none"> • Total Number of AHs affected by temporary impacts as per agreed RP • Actual Number of AHs and total area affected by temporary impacts (if this differs from the 	

		<i>projected number, such as in cases of unforeseen project impacts)</i> <ul style="list-style-type: none"> • <i>Status of restoring affected property</i> 	
Capacity building activities			

Table 7: Issues for Further Action

Issue	Required Action	Responsibility and Timing	Resolution
Old Issues from Previous Reports			
List of RP activities not completed (last column of previous table)			
New Issues from This Report			

IV. COMPLIANCE WITH SAFEGUARDS RELATED PROJECT COVENANTS

{Read and delete: List all environment and resettlement related loan covenants, and assess project's compliance with the covenants (Table format is appropriate, with concluding statement on compliance, partial compliance or non-compliance, and corrective actions as needed)}

Schedule	Para No.	Covenant	Remarks/Issues (Status of Compliance)
Schedule 5	xxx		Complied with / Partially complied with / Not complied with. <i>{Identify reason for partial or non-compliance}</i>

V. PUBLIC CONSULTATION, INFORMATION DISCLOSURE, CAPABILITY BUILDING

{Read and delete: Describe public consultation activities during the reporting period. Confirm compliance with consultation plan defined in the IEE/EMP and the RP(s), or justify deviation from these plans. Present planned consultation activities in next reporting period. Use Tables as appropriate.}

- Field Visits (sites visited, dates, persons met)
- Public Consultations and meetings (Date; time; location; agenda; number of participants disaggregated by sex and ethnic group, not including project staff; Issues raised by participants and how these were addressed by the project team)
- Training (Nature of training, number of participants disaggregated by gender and ethnicity, date, location, etc.)
- Press/Media Releases
- Material development/production (e.g., brochure, leaflet, posters)
- Information disclosure

VI. GRIEVANCE REDRESS MECHANISM

{Read and delete: Describe mechanisms established to address and redress public complaints and grievances related to social and environment safeguards. Summarize grievances received, if any, and measures implemented to redress them.}

- Number of new grievances, if any, since last monitoring period: ____
- Number of grievances resolved: ____
- Number of outstanding grievances: ____

Type of Grievance	Details (Date, person, address, contact details, etc.)	Required Action, Responsibility and Timing	Resolution
Old Issues from Previous Reports			
New Issues from This Report			

VII. CONCLUSION

{Read and delete: Highlight important results from the implementation of EMP and RP monitoring; recommendations to improve EMP and RP management, implementation, and monitoring; key activities planned in next reporting period.}

20. xxx

21. xxx

VIII. ATTACHMENTS

- Consents / permits
- Monitoring data (water quality, air quality, etc.)
- Inspection checklists
- Photographs
- Other