

Project Administration Manual

Project Number: 41461
Loan and/or Grant Number(s):
30 September 2010

Socialist Republic of Viet Nam: Sustainable Rural
Infrastructure Development Project in Northern
Mountain Provinces

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Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
ADFHT	=	Asian Development Fund - hard term resources
AFS	=	audited financial statements
AP	=	affected people
APMB	=	agriculture projects management board
CARB	=	compensation, assistance and resettlement board
CPMU	=	central project management unit
CEA	=	Committee for Ethnic Affairs
CQS	=	consultant qualification selection
CSB	=	commune supervision board
DARD	=	Department of Agriculture and Rural Development
DMF	=	design and monitoring framework
DONRE	=	Department of Natural Resources and the Environment
DPC	=	District People's Committee
EA	=	Executing Agency
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EGM	=	effective gender mainstreaming
EMDF	=	ethnic minority development framework
EMP	=	environmental management plan
ERCDP	=	emergency rehabilitation of calamity damage project
ESMS	=	environmental and social management system
FGIA	=	first generation imprest account
GACAP	=	governance and anticorruption action plan
GAP	=	gender action plan
GDP	=	gross domestic product
IARS	=	imprest account reconciliation statement
ICB	=	international competitive bidding
IPDP	=	indigenous people development plan
IEE	=	initial environmental examination
IPPF	=	indigenous people planning framework
IRDSPCP	=	Integrated Rural Development Sector Project in Central Provinces
LARP	=	land acquisition and resettlement Plan
LIBOR	=	London interbank offered rate
LIC	=	loan implementation consultants
MARD	=	Ministry of Agriculture and Rural Development
MIS	=	management information system
NCB	=	national competitive bidding
NGO	=	nongovernment organization
O&M	=	operation and maintenance
ODA	=	Official Development Assistance
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
PPC	=	Provincial People's Committee

PPMS	=	project performance monitoring system
PPMU	=	provincial project management unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RF	=	resettlement framework
R-IPDP	=	Resettlement - Indigenous People Development Plan
RISP	=	Rural Infrastructure Sector Project
RP	=	Resettlement Plan
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SBV	=	State Bank of Viet Nam
SDR	=	Special Drawing Rights
SGIA	=	second generation imprest accounts
SIR	=	subproject investment report
SOE	=	statement of expenditure
SPRSS	=	summary poverty reduction and social strategy
SPS	=	safeguard policy statement
TOR	=	terms of reference

I. PROJECT DESCRIPTION

A. Project's Rationale, Location and Beneficiaries¹

1. The project will rehabilitate existing and establish strategic new rural infrastructure including commune to district, inter-commune and commune to village rural roads, small to medium scaled irrigation or drainage systems and district and commune markets. Some 75 eligible subprojects have been screened to ensure conformity with social and environmental safeguards of ADB and the Government of Viet Nam as well as with other selection criteria developed that focus on poverty impact, particularly amongst ethnic minorities, whilst maximizing the socio-economic impact from investments. Some 40 to 45 of these will be implemented by the Project on a priority basis. Other activities include project management support and institutional capacity building in project implementation and the use and maintenance of improved infrastructure, including planning for asset management and road safety awareness. The project will be implemented in the 15 northern mountain provinces of Bac Giang, Bac Kan, Cao Bang, Dien Bien, Ha Giang, Hoa Binh, Lai Chau, Lang Son, Lao Cai, Phu Tho, Son La, Thai Nguyen, Tuyen Quang, Vinh Phuc and Yen Bai with a combined population of about 12.2 million people. Poverty levels amongst the population of the eligible subproject areas are high at over 30% with 10 subprojects being implemented in locations where poverty rates exceed 40%.

B. Project Impact and Outcome

2. The project impact will be sustained socio-economic development in the northern mountain provinces of Viet Nam. The outcome will be increased access to, and use of priority rural infrastructure by the poor and ethnic minorities.

C. Project Outputs

3. The project will have two main outputs: (i) priority rural infrastructure rehabilitated or upgraded, and (ii) improved capacities for project management and rural infrastructure use and sustainability.

4. The first output for rehabilitated or upgraded rural infrastructure will include: (i) irrigation rehabilitation; (ii) rural road and market improvement; and (iii) supporting initiatives to ensure the poor participate equitably in subproject benefits. Funds provided for rural infrastructure improvement which are considered sufficient to fund approximately 40 to 45 subprojects or up to three subprojects per participating province.

5. The second output will build the capacity of agency staff and other stakeholders involved in the implementation of the project and its subprojects as well as those responsible for their use and operation and maintenance thereafter. Project management support will comprise both training and the provision of support for implementation. Training activities will initially focus on the immediate needs of executing and implementing agency staff in critical areas of procurement, financial management, and ADB procedures so that there are no impediments for the timely implementation of subprojects and disbursements. Activities will include: (i) building the capacity of the executing and implementing agency staff in the critical areas of procurement, financial management, and compliance in ADB procedures; (ii) the conduct of annual training

¹ ADB PPTA No.7215-VIE: Sustainable Rural Infrastructure Development in the Northern Mountain Provinces was approved for the preparation of the project design and for assistance with project implementation readiness.

needs assessment, from which subsequent capacity building activities are to be developed focusing on agency staff capacities in social and environmental safeguards as well as in climate change awareness and its implication for subproject design. At the same time, project funding will meet the incremental costs for project implementation, provision of vehicles and office equipment, taxes and fees, auditing cost, operation and maintenance (O&M), and other project related activities. Funds will also be provided for consultant services to assist in the efficient implementation of the proposed Project.

6. Capacity building in the use and operation and maintenance of completed infrastructure will include training for commune personnel, irrigation management company staff, and line agency personnel on the operation and maintenance of rural infrastructure, and in benefit impact monitoring and evaluation. The capacity building activities will not follow rigidly along agency lines but will target those with responsibility of infrastructure O&M. Activities under this component will include training workshops at national and provincial levels, the preparation of training material and delivery of same, overseas study tours to better appreciate how implementation and O&M issues are dealt with in other developing countries of the region and consulting services to oversee the training program.

7. The Project will also support the development of a district database of infrastructure assets managed by the provincial Departments of Agriculture and Rural Development (DARD) and assistance in the preparation of whole-life maintenance plans.

8. In addition, capacity building activities will also include raising the awareness of vulnerable road users, particularly children to interact with the rehabilitated and upgraded roads more safely.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Stakeholders – Roles and Responsibilities

Project Stakeholders	Management Roles and Responsibilities
<p><u>Executing Agency:</u> Ministry of Agriculture and Rural Development (MARD) through the Agriculture Project Management Board (APMB) and a Central Project Management Unit (CPMU) <u>Implementation Agencies:</u></p>	<p>As the Executing Agency MARD through the APMB, which is the investment owner for the activities implemented by MARD and the CPMU, will manage Government and ADB project funds and will be responsible for overall management and coordination of project implementation, including, specifically, activities associated with Output 2</p>
<p>Provincial People’s Committees (PPCs)</p>	<p>Overall responsibility for subprojects management and implementation including:</p> <ul style="list-style-type: none"> (i) Approval of subproject investment reports, including provincial counterpart fund allocation, and give guidance in land acquisition and compensation; and, (ii) Approval of procurement plan for subprojects in their province.
<p>Department of Agriculture and Rural Development (DARD) in each participating province</p>	<p>DARD will be the investment owner of the subprojects. It will be responsible for approval of implementation and operation arrangements for each subproject.</p>
<p>Provincial Project Management Units (PPMUs) in each participating province</p>	<p>The PPMU will be responsible for overall financial management of project funds allocated to the province. In addition, the PPMU will be responsible for overall management and coordination of subproject implementation including the:</p> <ul style="list-style-type: none"> (i) preparation of Subproject Investment Reports (technical and economic aspects); (ii) selection of consultants to prepare investment studies and SIRs, preparation of detailed design, preparation of tender documents, and construction supervision; (iii) provision of support to the national safeguard consultants regarding the preparation of social and environmental safeguard assessments for eligible subprojects; (iv) execution of civil works construction contracts; and, (v) implementation of special initiatives to make subprojects of greater benefit to the poor.
<p>Financier: ADB</p>	<ul style="list-style-type: none"> (i) Provide financing for 78.3% of the project cost (59.4% through an ADF loan, and 18.8% through an ADFHT loan) in accordance with the Loan

- Agreements;
- (ii) Monitor project implementation arrangements, disbursement, procurement, consultant selection, and reporting;
 - (iii) Monitor schedules of activities, including funds flow;
 - (iv) Monitor the level of rural population participation in project activities;
 - (v) Review compliance with agreed procurement procedures;
 - (vi) Analyze the outcomes of the capacity building and training programs;
 - (vii) Monitor effectiveness of safeguard procedures;
 - (viii) Monitor project conformity with ADB anti-corruption policies;
 - (ix) Undertake a periodic review mission; and
 - (x) Undertake midterm project review jointly with the Government.

B. Key Persons Involved in Implementation

Executing Agency

MARD

International Cooperation
Department

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ADB

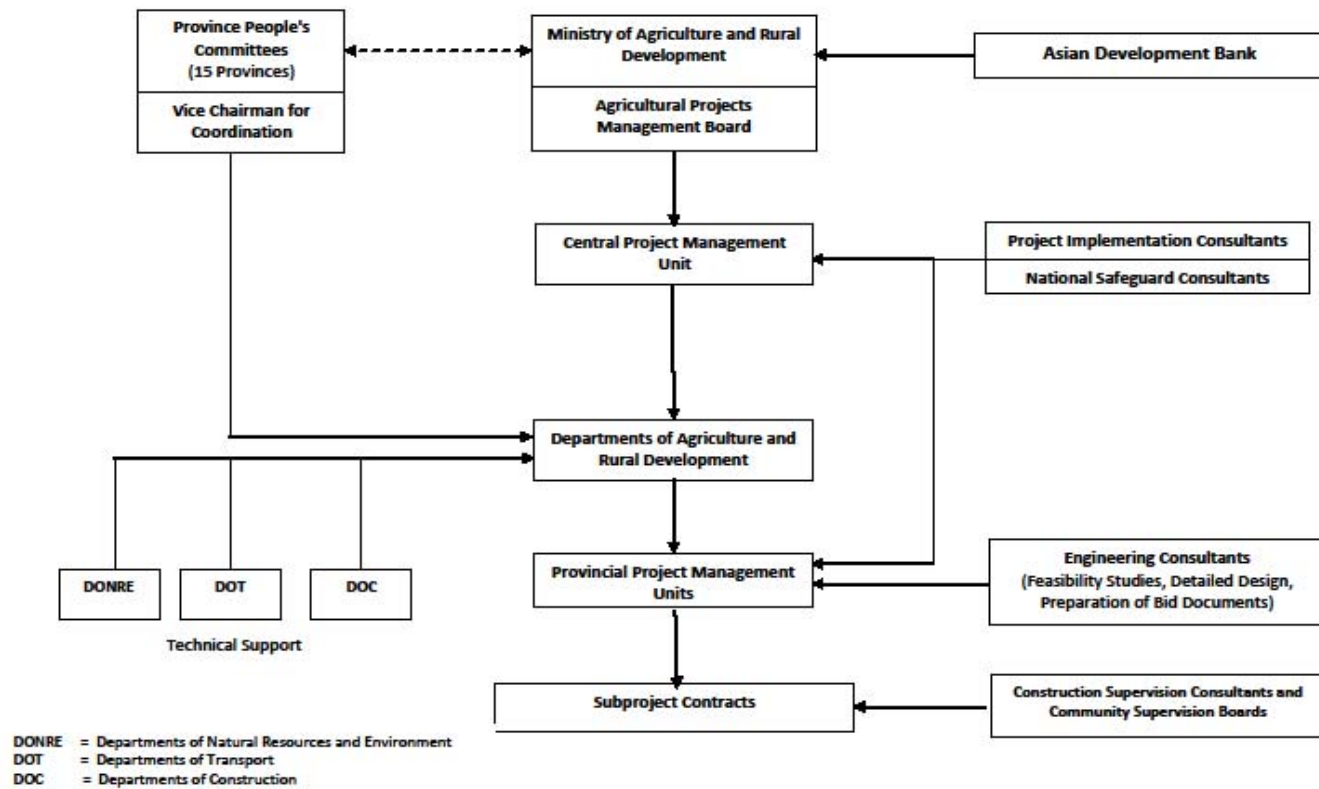
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C. Project Organization Structure



9. At the central level: The Executing Agency for the project is MARD. The responsibility for overall project coordination will be delegated by MARD to APMB. The APMB will establish CPMU. In terms of the Government's allocation of responsibilities, the APMB will be the investment owner for all activities under the central level responsibility. The CPMU will be responsible for the central level management and coordination of the project. The CPMU will be managed by a full time Project Director who was involved in the implementation of the technical assistance (TA). The Project Director will be supported by two Vice Directors who have experience in the preparation and management of rural infrastructure projects as well as appropriate technical, administration, accounting and donor liaison staff.

10. At the provincial level: Project implementing responsibilities will be decentralized to the Provincial Peoples' Committees (PPCs). The Vice Chairmen of the PPC will assume overall responsibility for implementation coordination in each province. The PPCs shall in turn delegate subproject implementation to the Departments of Agriculture and Rural Development (DARDs). In terms of the Government's allocation of responsibilities, the DARD in each province will be the investment owner for all activities at the provincial level. Each DARD shall establish a Provincial Project Management Unit (PPMU). Day-to-day management of the implementation of the subprojects will be delegated to the PPMU.

11. The PPMUs will be managed by a Provincial Project Director assigned by DARD. The Director will be supported by one full time Vice-Director with experience in the preparation and implementation of rural infrastructure projects. In addition, DARD will appoint one full time coordinator, who will be responsible for overall subprojects implementation. Key PPMU staff will be selected based on their qualifications and experience in management of similar projects. Approximately ten qualified full-time staff² will be appointed to ensure day-to-day operation of the PPMU and to coordinate the work of specific technical experts involved in subproject identification, design and supervision of civil works contracts.

12. An important position in each PPMU will be the Safeguard Officer (SO) appointed to ensure compliance with public consultation requirements, environmental impact assessment and mitigation and social impact assessment and mitigation (including resettlement) aspects of subproject implementation. The SO will play a key role in ensuring that supporting initiatives are implemented so that the poor and ethnic minorities are able to participate equally in subproject benefits. The SO will supervise the subproject benefit monitoring and evaluation system as well as liaison with beneficiary communities.

13. At the commune levels, the PPMUs will coordinate closely with the Commune People's Committee who will be responsible for ensuring coordination of day-to-day activities at the commune level between the project and commune authorities. This will include organizing public consultations and carrying out implementation monitoring by Commune Supervision Boards (CSBs).

1. Subproject Implementation Procedures

14. Implementation will include the following steps:
- (i) Preparation of Investment Studies³ (including site investigations, primary design, preparation of safeguard studies including resettlement plans, environmental

² Chief accountant of the PPMU will be appointed by DARD to work on a part time basis.

³ Investment Studies are Government required documents equivalent to Feasibility Studies in ADB terminology.

- impact assessment, gender action plans and indigenous people development plans as required);
- (ii) Preparation of subproject investment Reports (SIRs);
- (iii) Review/approval of the Investment Studies and SIRs;
- (iv) Preparation of Detailed Engineering Design;
- (v) Review/approval of detailed design;
- (vi) Tendering for civil works;
- (vii) Construction, including technical and safeguard supervision and monitoring;
- (viii) Commissioning, training and handover; and,
- (ix) Operation, maintenance and monitoring.

15. The CPMU will recruit National Safeguards Consulting firms. They shall be responsible for preparing the initial environmental evaluations (IEEs) and where appropriate environment management plans (EMPs), resettlement plans (RPs), and Resettlement - Indigenous Peoples Development Plans (R-IPDPs). This will ensure that appropriate measures are taken to mitigate any negative environmental and social impacts including special measures for land acquisition, compensation, indigenous people's specific actions if required, and special measures to improve the participation of women and other disadvantaged groups as beneficiaries.

16. The PPMUs will recruit Consultants to prepare the SIRs. They shall be responsible for preparing the technical aspects of the SIR including the economic analysis.

17. The review of SIRs will be coordinated by the CPMU. Once the technical and safeguard standards have been confirmed by the loan implementation consultants, the CPMU will inform DARD of the CPMU acceptance of the SIRs. DARD will then submit the accepted SIRs to the PPC for approval. ADB may review SIRs and associated documents on request.

D. Feasibility Criteria for SIRs

18. To ensure that the subprojects meet the project objectives, the following feasibility criteria will be applied to the SIRs at the review stage:

- (i) The subproject is shown to be technically feasible and the expected benefits have been clearly identified. If the estimated EIRR is below 10% a significant level of unquantifiable benefits will need to be documented;
- (ii) Procurement packages have been clearly identified in conformity with the procurement plan as well as the method of procurement, cost estimates have been clearly identified and recorded and all sources of funding have been identified and agreed / confirmed;
- (iii) The SIR contains a detailed financing plan for O&M. This requires that the operations company is specified and both a sufficient budget amount and corresponding source of funding are specified and agreed upon by the PPC and other concerned parties;
- (iv) Public hearings on the subproject proposal have been held in concerned communes and measures for future public consultation and supervision by the CSB are clearly spelled out;

- (v) The subproject is shown to have no major negative environmental or social impacts and mitigation measures have been defined for minor impacts;
- (vi) The subproject is shown to have no significant resettlement impacts and for Category B subprojects a Resettlement Plan has been prepared in accordance with the agreed Government of Viet Nam and ADB policies; and,
- (vii) The subproject is shown to have no significant indigenous people's impacts and where necessary R-IPDPs will be prepared.

E. Approval of Detailed Design

19. Once the investment studies— which will include a preliminary design — are completed, the detailed technical design for each subproject will be carried out by the domestic consultants recruited by the PPMUs. Where required, and on the request of the individual DARDs, LIC consultants will provide guidance and technical advice to the domestic consultants during the preparation of detailed design. Safeguard consultants among the LIC consultants will conduct spot checks on detailed designs to ensure that the safeguard integrity of project designs is being addressed.

20. Basic designs for subproject investments must take into account:

- a. previous experiences from similar infrastructure projects;
- b. the difficult topographical, environmental and physical conditions of mountainous areas; and,
- c. the limited capacity and budget for O&M of the improved infrastructure.

21. The most significant issue relates to the quality of infrastructure rehabilitated beginning with design and extending through to construction supervision and the operating phase. Design concerns relate to:

- a. underestimation of utilization levels and axle loads after completion and in subsequent years;
- b. recognition of limited budget and capacity to operate and maintain facilities after completion;
- c. the impact from natural disasters and risk levels assumed in the design; and,
- d. the specific requirements imposed by mountainous terrain.

22. Recent experiences suggests that assumed traffic volumes at design phase are invariably exceeded soon after completion as good road surfaces attract surrounding traffic diverted from alternative routes. Axle loads are also frequently underestimated leading to accelerated deterioration and destruction of road surfaces. With the level of economic activity growing as fast as it has in Viet Nam, it is prudent to err on the higher side when estimating future traffic volumes and design surfaces accordingly. The other critical consideration in infrastructure design in the mountainous areas is the need to ensure that the designs accommodate the specific requirements imposed by terrain.

23. The widespread adoption of standard designs in infrastructure design for areas that require different treatment risks the integrity of the entire structure. The Project is being extended into areas where new design challenges are evident, and are made even more demanding if the impact from climate change is to be addressed. Flexible designs need to be introduced that address the requirements of the specific location rather than blind application of

standard cost norm design. The Project provides resources through the implementation consultants to review proposed technical design to ensure that they meet the requirements demanded by the more challenging environment.

24. Quality assurance is also needed for the construction phase as the resources to monitor construction in remote locations do not exist within the established government structures. Whilst improvements have been made by involving beneficiaries in implementation supervision in other projects, often a greater level of technical knowledge is needed to ensure that the higher design specifications are incorporated into the construction phase. This may include for instance quality of concrete mixes, level of compaction of base materials before surfacing, thicknesses of road-base material, size of aggregates in road base etc.

25. The other area of concern includes the practice of using cost norms contracts in Viet Nam. Since most infrastructure will be developed in remote locations, landed prices of materials will be significantly higher in the northern mountains than in lowland areas. The application of cost norms to bills of quantities generates an artificial cost estimate that cannot possibly result in the quality required for items of infrastructure. The end result would be poor quality infrastructure that cannot sustain the purpose for which it was built. In the environment in which the proposed Project is to be implemented, the concept of cost norms is a potential threat to the intended outcome and sustainability of the project. The negative influence of cost norms has been raised with the Government by development partners seeking to have realistic costs in the investments their resources are funding. In recognition of these continual representations, the Government has also released a further decree that diminishes the role of cost norms in development partner financed investments. Decision No. 61/2006/QD-BTC of the Ministry of Finance (MOF) allows for additional fees for work that is needed to comply with overseas development assistance standards. This facility should be used for infrastructures being improved under the Project.

IV. COSTS AND FINANCING

26. The total project cost is estimated at \$138 million including \$3.8 million for interest during construction. The Government has requested a loan of \$82 million in various currencies equivalent to SDR 54,116,000 from ADB's Special Funds Resources (ADF) to help finance the Project. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% per annum during the grace period and 1.5% per annum thereafter, and such other terms and conditions set forth in the draft loan agreement. The Government has also requested a loan of \$26 million in various currencies equivalent to SDR 17,159,000 from ADB's Special Funds (hard term) Resources (ADFHT) to help finance the Project. This loan will have a 32-year term and a 2.22% per annum fixed interest for the duration of the loan, and such other terms and conditions set forth in the draft loan agreement.

27. ADB will finance the equivalent of \$108 million—including \$82 million from ADF normal funds and \$26 million from ADF Hard Term (ADFHT) funds, to cover 78.3% of the total project cost. The loans will be utilized for construction of civil works, implementation consultants, capacity building initiatives, and the establishment and operations of management and implementation structures. Section A below show financing by expenditure category.

28. The bulk of the proceeds of these loans (excluding the funds for capacity building and those for national level project coordination) will be passed to the fifteen participating provincial governments by the national government as a grant. ADF normal term funds will be used to finance subproject civil works, the implementation consultants, capacity development and

national and provincial project management costs. ADF Hard Term funds will be used to fund civil works in four selected provinces which have shown better financial progress than average and thus the ability to generate a reasonable level of provincial income.

29. The Government will finance the equivalent of \$30 million, including \$11.35 million from the central government and \$18.65 million contribution from the provinces. The government contribution will be utilized to pay for taxes and duties, subproject preparation studies, infrastructure operations and maintenance, land acquisition and compensation as part of the implementation management cost and provision of office space⁴ for management structures.

30. In view of the limited funds available from ADB and the Government's desire to extend the project over 15 provinces, the Government has agreed to exceptionally exceed its established financing proportion. As this is a sector-type project, physical contingencies have not been included on infrastructure works and preparation studies. Physical contingencies are estimated at \$0.85 million or 0.6% of base costs. Price contingencies are estimated at 6.5% per annum for local currency costs and 2.5% per annum for foreign costs. Section C below shows financing by financiers. The counterpart funds at provincial level will finance (i) land acquisition and compensation, (ii) tax and duty for the civil works, vehicles and equipments, (iii) PPMU operation cost, (iv) O&M activities. If savings are achieved in the utilization of counterpart funds, MARD will reallocate surplus funds for civil works, implementation consultants, capacity building initiatives, and the establishment and operations of management and implementation structures.

⁴ Office space shall include office lease.

A. Cost Estimates by Expenditure Category

Items	(D Billion)			(US\$ '000)			% Total Base Costs
	Foreign	Local	Total	Foreign	Local	Total	
A. Investment Costs							
1. Land Acquisition and Resettlement	0.0	48.3	48.3	0.0	2,540.6	2,540.6	1.9
2. Construction and Civil Works	362.2	1,267.7	1,629.9	19,063.1	66,720.8	85,783.9	64.5
a. ADF Civil Works	256.8	898.8	1,155.6	13,515.7	47,304.9	60,820.6	45.7
b. ADF Hard Term Civil Woks	105.4	368.9	474.3	5,547.4	19,416.0	24,963.4	18.8
3. Construction Services	0.0	189.3	189.3	0.0	9,962.9	9,962.9	7.5
a. Investment Report	0.0	26.4	26.4	0.0	1,388.3	1,388.3	1.0
b. Safeguards Studies	0.0	15.5	15.5	0.0	816.6	816.6	0.6
c. Detailed Design	0.0	77.6	77.6	0.0	4,083.2	4,083.2	3.1
d. Bidding Documents	0.0	31.0	31.0	0.0	1,633.3	1,633.3	1.2
e. Construction Supervision	0.0	38.8	38.8	0.0	2,041.6	2,041.6	1.5
4. Infrastructure O&M	0.0	102.8	102.8	0.0	5,410.2	5,410.2	4.1
5. Vehicles and Equipment	18.1	2.8	20.8	950.0	147.3	1,097.3	0.8
a. Vehicles	11.3	0.0	11.3	595.0	0.0	595.0	0.4
c. Equipment	6.7	2.8	9.5	355.0	147.3	502.3	0.4
6. Consulting Services	36.7	28.6	65.3	1,930.7	1,504.4	3,435.1	2.6
7. Training	0.0	21.7	21.7	0.0	1,142.9	1,142.9	0.9
8. Study Tours	5.3	0.0	5.3	279.5	0.0	279.5	0.2
9. Implementation Management	12.7	201.8	214.4	667.2	10,619.2	11,286.4	8.5
10. Duties & Taxes	0.0	228.5	228.5	0.0	12,024.8	12,024.8	9.0
Subtotal (A)	434.9	2,091.4	2,526.3	22,890.5	110,073.2	132,963.7	100.0
Total Base Costs	434.9	2,091.4	2,526.3	22,890.5	110,073.2	132,963.7	100.0
B. Contingencies							
1. Physical	2.6	13.6	16.2	134.8	716.4	851.2	0.6
2. Price	12.7	58.3	71.0	132.6	255.9	388.5	0.3
Subtotal (B)	15.3	71.9	87.2	267.4	972.3	1,239.7	0.9
C. Financing Charges During Implementation							
1. Interest During Implementation	73.4	0.0	73.4	3,796.5	0.0	3,796.5	2.9
2. Commitment Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal (C)	73.4	0.0	73.4	3,796.5	0.0	3,796.5	2.9
Total Project Cost (A+B+C)	523.7	2,163.3	2,687.0	26,954.4	111,045.5	138,000.0	103.8

B. Allocation and Withdrawal of Loan Proceeds

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
Sustainable Rural Infrastructure Development Project in the Northern Mountains				
(ADF Loan)				
CATEGORY				ADB FINANCING
Number	Item	Amount Allocated		Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Civil Works	59,640.9		90 percent of total expenditure
2	Vehicles & Equipment	1,131.6		
2A	Vehicles		606.6	70 percent of total expenditure
2B	Equipment		525.0	80.5 percent of total expenditure
3	Consulting Services	3,895.8		97.5 percent of total expenditure
4	Training	1,347.6		100 percent of total expenditure*
5	Study Tours	286.2		100 percent of total expenditure*
6	Implementation Management	13,422.9		82.3 percent of total expenditure
7	Interest During Construction	2,275.0		100 percent of amount due
	Total	82,000.0		

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

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
Sustainable Rural Infrastructure Development Project in the Northern Mountains				
(ADF Hard Term Loan)				
CATEGORY				ADB FINANCING
Number	Item	Amount Allocated		Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Civil Works	24,478.5		90 percent of total expenditure
4	Interest During Construction	1,521.5		100 percent of amount due
	Total	26,000.0		

C. Expenditure Accounts by Financier

Items	ADB ADF ^a		ADB ADF Hard Term ^a		Provinces		Govt		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
A. Investment Costs											
1. Land Acquisition and Resettlement	0.0	0.0	0.0	0.0	2,477.2	100.0	0.0	0.0	2,477.2	1.8	0.0
2. Construction and Civil Works	59,640.9	63.8	24,478.5	26.2	9,346.6	10.0	0.0	0.0	93,466.0	67.7	9,346.6
a. ADF Civil Works	59,640.9	90.0	0.0	0.0	6,626.8	10.0	0.0	0.0	66,267.7	48.0	6,626.8
b. ADF Hard Term Civil Woks	0.0	0.0	24,478.5	90.0	2,719.8	10.0	0.0	0.0	27,198.3	19.7	2,719.8
3. Construction Services	0.0	0.0	0.0	0.0	0.0	0.0	10,888.0	100.0	10,888.0	7.9	1,088.8
a. Investment Report	0.0	0.0	0.0	0.0	0.0	0.0	1,533.4	100.0	1,533.4	1.1	153.3
b. Safeguards Studies	0.0	0.0	0.0	0.0	0.0	0.0	902.0	100.0	902.0	0.7	90.2
c. Detailed Design	0.0	0.0	0.0	0.0	0.0	0.0	4,452.0	100.0	4,452.0	3.2	445.2
d. Bidding Documents	0.0	0.0	0.0	0.0	0.0	0.0	1,798.6	100.0	1,798.6	1.3	179.9
e. Construction Supervision	0.0	0.0	0.0	0.0	0.0	0.0	2,201.9	100.0	2,201.9	1.6	220.2
4. Infrastructure O&M	0.0	0.0	0.0	0.0	5,184.0	100.0	0.0	0.0	5,184.0	3.8	0.0
5. Vehicles and Equipment	1,131.6	73.7	0.0	0.0	364.9	23.8	39.6	2.6	1,536.1	1.1	404.4
a. Vehicles	606.6	70.0	0.0	0.0	228.0	26.3	31.9	3.7	866.5	0.6	260.0
c. Equipment	525.0	78.4	0.0	0.0	136.8	20.4	7.7	1.1	669.5	0.5	144.5
6. Consulting Services	3,895.8	97.4	0.0	0.0	0.0	0.0	105.4	2.6	4,001.2	2.9	105.4
7. Training	1,347.6	100.0	0.0	0.0	0.0	0.0	0.0	0.0	1,347.6	1.0	0.0
8. Study Tours	286.2	100.0	0.0	0.0	0.0	0.0	0.0	0.0	286.2	0.2	0.0
9. Implementation Management	13,422.9	89.4	0.0	0.0	1,277.2	8.5	317.1	2.1	15,017.2	10.9	1,108.5
Subtotal (A)	79,725.0	59.4	24,478.5	18.2	18,649.9	13.9	11,350.0	8.5	134,203.5	97.2	12,053.7
B. Financing Charges During Implementation	2,275.0	59.9	1,521.5	40.1	0.0	0.0	0.0	0.0	3,796.5	2.8	0.0
Total Project Cost (A+B)	82,000.0	59.4	26,000.0	18.8	18,649.9	13.5	11,350.0	8.2	138,000.0	100.0	12,053.7
% of Total Project Cost	59.4		18.8		13.5		8.2		100.0		

D. Expenditure Accounts by Outputs/Components

Items	Rural	Capacity	Implementation Management		Total
	Infra Dev	Building	National	Provincial	
A. Investment Costs					
1. Land Acquisition and Resettlement	2,540.6	0.0	0.0	0.0	2,540.6
2. Construction and Civil Works	95,315.5	0.0	0.0	0.0	95,315.5
a. ADF Civil Works	67,578.4	0.0	0.0	0.0	67,578.4
b. ADF Hard Term Civil Woks	27,737.1	0.0	0.0	0.0	27,737.1
3. Construction Services	11,069.9	0.0	0.0	0.0	11,069.9
a. Investment Report	1,542.5	0.0	0.0	0.0	1,542.5
b. Safeguards Studies	907.4	0.0	0.0	0.0	907.4
c. Detailed Design	4,536.9	0.0	0.0	0.0	4,536.9
d. Bidding Documents	1,814.7	0.0	0.0	0.0	1,814.7
e. Construction Supervision	2,268.4	0.0	0.0	0.0	2,268.4
4. Infrastructure O&M	5,410.2	0.0	0.0	0.0	5,410.2
5. Vehicles and Equipment	0.0	123.2	171.2	1,200.0	1,494.4
a. Vehicles	0.0	0.0	100.0	750.0	850.0
c. Equipment	0.0	123.2	71.2	450.0	644.4
6. Consulting Services	0.0	0.0	3,524.4	0.0	3,524.4
7. Training	0.0	1,142.9	0.0	0.0	1,142.9
8. Study Tours	0.0	279.5	0.0	0.0	279.5
9. Implementation Management	0.0	394.4	1,427.0	10,364.9	12,186.2
Subtotal (A)	114,336.3	1,940.0	5,122.5	11,564.9	132,963.7
B. Contingencies					
1. Physical	0.0	76.9	256.1	518.2	851.2
2. Price Contingencies	-2,321.1	238.0	566.4	1,905.3	388.5
a. Inflation	0.0	273.2	646.7	2,225.4	3,145.2
Local	0.0	263.6	566.8	2,182.2	3,012.6
Foreign	0.0	9.6	79.9	43.2	132.6
b. Devaluation	-2,301.9	-35.2	-75.0	-320.1	-2,732.3
Subtotal (B)	-2,321.1	314.8	822.5	2,423.5	1,239.7
C. Financing Charges During Implementation					
Total Project Cost (A+B+C)	112,015.2	2,254.8	5,945.1	13,988.4	138,000.0

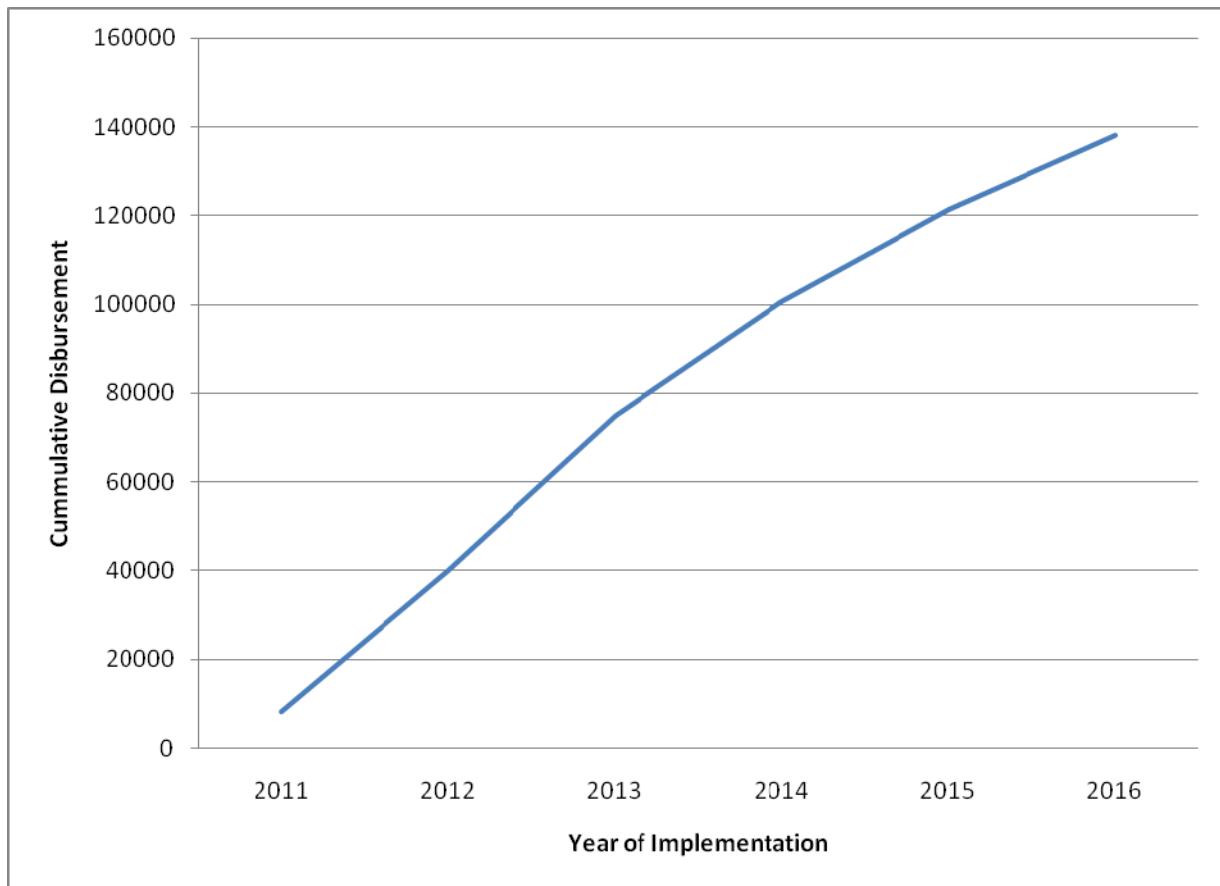
Source: Asian Development Bank estimates

E. Expenditure Accounts by Year

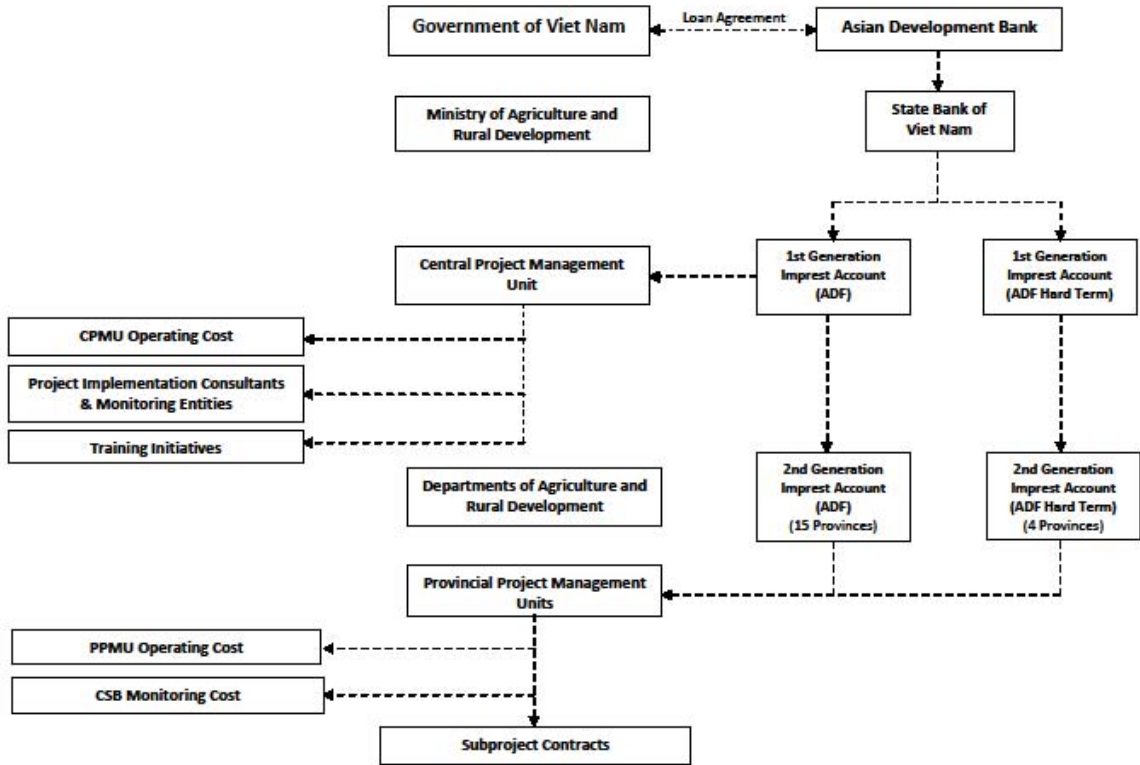
E. Detailed Cost Estimates by Year

Items	2011	2012	2013	2014	2015	2016	Total
A. Investment Costs							
1. Land Acquisition and Resettlement	0.0	628.9	747.2	493.2	366.2	241.7	2,477.2
2. Construction and Civil Works	763.1	23,266.8	27,555.2	18,477.7	13,937.7	9,465.5	93,466.0
a. ADF Civil Works	763.1	16,385.9	19,361.6	13,057.3	9,903.3	6,796.5	66,267.7
b. ADF Hard Term Civil Woks	0.0	6,880.9	8,193.6	5,420.5	4,034.4	2,669.0	27,198.3
3. Construction Services	2,195.8	3,270.1	2,793.0	1,761.3	436.0	431.7	10,888.0
a. Investment Report	925.5	305.5	302.4	0.0	0.0	0.0	1,533.4
b. Safeguards Studies	544.4	179.7	177.9	0.0	0.0	0.0	902.0
c. Detailed Design	0.0	1,796.8	1,334.2	1,321.0	0.0	0.0	4,452.0
d. Bidding Documents	725.9	539.0	533.7	0.0	0.0	0.0	1,798.6
e. Construction Supervision	0.0	449.2	444.7	440.3	436.0	431.7	2,201.9
4. Infrastructure O&M	0.0	0.0	0.0	879.8	1,918.0	2,386.2	5,184.0
5. Vehicles and Equipment	1,399.2	66.8	70.2	0.0	0.0	0.0	1,536.1
a. Vehicles	866.5	0.0	0.0	0.0	0.0	0.0	866.5
c. Equipment	532.6	66.8	70.2	0.0	0.0	0.0	669.5
6. Consulting Services	1,127.1	1,262.6	689.0	467.9	173.3	281.4	4,001.2
7. Training	181.3	482.6	428.7	186.1	69.0	0.0	1,347.6
8. Study Tours	202.7	27.4	27.8	28.2	0.0	0.0	286.2
9. Implementation Management	2,064.0	2,690.9	2,404.1	2,529.9	2,662.7	2,665.6	15,017.2
Subtotal (A)	7,933.0	31,696.1	34,715.2	24,824.2	19,562.9	15,472.1	134,203.5
B. Financing Charges During Implementation	12.5	132.1	473.3	824.0	1,077.7	1,276.9	3,796.5
Total Project Cost (A+B)	7,945.5	31,828.2	35,188.4	25,648.2	20,640.6	16,749.0	138,000.0

Source: Asian Development Bank estimates

F. Disbursement S-curve

G. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

31. The project finance and accounting functions will be performed by qualified and experienced staff both at central level and in participating provinces. In addition, the project will provide training and written guidelines, especially in ADB procedures, particularly to the two new PPMUs in the provinces of Tuyen Quang and Vinh Phuc that did not participate in the Rural Infrastructure Sector Project (RISP) and Emergency Rehabilitation for Calamity Damage Project. The project will prepare terms of reference that define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff. The following responsibilities will be performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; and (iii) custody of assets involved in the transaction. The bank reconciliation will be prepared by someone other than those who approve payments. Accounting software must be capable of generating reports identifying expenditures in accordance with project components, expenditure accounts, disbursement categories, and sources of funds. A project financial manual will be prepared to be applicable for the project and acceptable to ADB.

32. Controls will be in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained. The chart of accounts will be able to account for and report on project activities and disbursement categories. The cost allocations to the various funding sources will be made accurately and in accordance with established agreements. The general ledger and subsidiary ledgers will be reconciled and in balance. Provisions have been made for the development of custom designed accounting software to standards acceptable to ADB for the CPMU and PPMUs that can accommodate electronic transfer of accounting data from PPMUs to the CPMU to facilitate timely reporting. All accounting and supporting documents will be retained on a permanent basis in a defined system that allows authorized users easy access. Regular monitoring and internal audit functions will be built up to monitor transactions along the line from central government to provincial, and subproject levels. Such control procedures will be documented in the project finance and administration manual.

A. Disbursement

33. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time),⁵ and detailed arrangements agreed upon between the Government and ADB.⁶ Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),⁷ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5 of SPS) to subprojects financed by ADB.

34. MARD as the Executing Agency and the PPCs from participating provinces as the implementation agencies will be ultimately responsible for overall budget approval and disbursement mechanisms. The Project will be managed and coordinated from the CPMU within MARD. Implementation will be carried out through 15 PPMUs within provincial DARD.

⁵ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

⁶ Available at: http://www.adb.org/documents/handbooks/loan_disbursement/chap-06.pdf

⁷ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

1. Imprest Accounts

35. After loan effectiveness, the Government will open two First-Generation Imprest Accounts (FGIA) in a bank acceptable to the Government and ADB in Ha Noi. One FGIA will receive funds from the ADF Normal Term loan and the second FGIA will receive funds from the ADF Hard Term loan. The FGIA's will be operated in accordance with ADB's *Loan Disbursement Handbook* (January 2007, updated from time to time). ADB disbursement procedures will be followed for drawing ADB funds that will be affected through these two first generation imprest accounts managed by the CPMU under the supervision of the Central Treasury. Funds in these first generation imprest accounts will be used to pay for eligible project expenses encountered by the CPMU and to establish advances in the second-generation imprest accounts (SGIA) in each project province that will be controlled by PPMUs under the supervision of the provincial treasury.

36. The CPMU Director and the Chief Accountant will be responsible and accountable to the Central Treasury and ADB for managing the budget and for all expenditures related to the project in accordance with the conditions of the Loan Agreement, Government and ADB regulations, and other legal documents.

37. One SGIA will be opened in all 15 provinces to receive the ADF normal term funds. In addition, another SGIA will be opened for each of the 4 provinces⁸ to receive ADFHT funds. Except for the four SGIAs in provinces receiving ADFHT funds, the amount to be deposited into each of the normal term SGIAs will be equivalent to six months estimated expenditures, but not exceeding the equivalent of \$540,000. For the four provinces receiving ADFHT, the ADF normal funds ceiling will be \$200,000 since these funds (ADF normal term) will be used only for non-civil works expenses. The amount to be deposited into each of the ADFHT SGIAs will be equivalent to six months estimated civil works expenditures, but not exceeding the equivalent of \$650,000.

38. The PPMUs will prepare liquidation and replenishment requests for their SGIAs. These will be submitted to the CPMU, which will consolidate the requests before sending them to the Ministry of Finance (MOF). The use of SGIA and all disbursements will be made in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time).

39. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the EA's records.⁹ The imprest accounts will be replenished on a monthly basis to ensure liquidity of funds or when the accounts are drawn down by 20% of the initial deposits. CPMU will ensure that all SGIAs will be audited as part of the regular annual audits of project accounts.

2. Direct Payment and Statement of Expenditures

40. If required, loan proceeds may be disbursed directly to contractors and consultants by ADB, in accordance with the approved contracts between the executing agency or the

⁸ Yen Bai, Phu Tho, Bac Giang, and Lang Son

⁹ Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

implementation agencies and the contractors, using direct payment procedures. For payments up to \$100,000 from the FGIA or SGIAs, ADB's statement of expenditures (SOE) procedure may be used to reimburse eligible expenditures and to liquidate advances. Sample forms for withdrawal of loan proceeds, replenishment of imprest accounts, and SOE can be downloaded from the ADB website.¹⁰ SOE records should be maintained and made readily available for review by ADB's disbursement and review missions or upon ADB's request for submission of supporting documents on a sampling basis, as well as for independent audit.¹¹ CPMU will be responsible for ensuring that SOEs are operated in accordance with ADB's requirement.

41. Payments made directly from CPMU and PPMUs will be supervised and authorized by the Treasury (at central and provincial levels respectively) upon receipt of payment documents. Based on the payments that have been authorized by the provincial treasury, each PPMU will prepare withdrawal applications with associated payment documents/statements and the SGIA balance sheet (using the CPMU format) and submit these to the CPMU. Upon receipt of reimbursement applications and payment documents from PPMUs, the CPMU will prepare an aggregated withdrawal application and submit to the MOF for endorsement. Authorized withdrawal applications will be forwarded to ADB for processing and for reimbursement to the first generation imprest accounts.

3. Particular Conditions for Disbursement

42. Before the submission of the first withdrawal application, the borrower shall submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The borrower is to consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

43. No disbursement shall be made to a particular province until, in such a province, a PPMU has been established within each DARD, with key staff appointed, including safeguard officers who will be responsible for monitoring safeguard compliance during subproject design and implementation, together with other administrative support staff.

4. Disbursement and Liquidation Procedures for Counterpart Funds

44. Project expenditures will be under the control of the State Treasury. Based on annual, allocation from the financing plan (including ADB fund and counterpart fund) and the project implementation plan, the PPMUs carry out the procurement, disbursement, and liquidation.

¹⁰ Available at: http://www.adb.org/documents/handbooks/loan_disbursement/default.asp

¹¹ Checklist for SOE procedures and formats are available at:
http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls

45. The implementation of the financial management system of the project is subject to the current Law on State Budget.¹² The CPMU and PPMUs are responsible for managing and utilizing project funds to meet its objectives, implementation progress, and effectiveness in accordance with the conditions committed in the Loan Agreement, the current provisions under Regulation on Management of investment fund and the Vietnam Law on State Budget. Counterpart funds for subproject preparation, including preparation of investment studies, detailed designs, preparation of bidding documents, and construction supervision will be allocated by MARD to the respective DARD. Each DARD will be responsible for proper utilization and liquidation in accordance with Government regulations.

46. The project funds include: (i) ADB loan proceeds; and (ii) counterpart fund (allocated by MARD and PPCs) by the proportion prescribed in the Loan Agreements. All expenditures must be arranged in accordance with budget allocation proportion under the Loan Agreements and under the control of the State Treasury in accordance with the current regulations. For the counterpart funds, the CPMU will open an account at State Treasury to receive counterpart fund from State Budget for payments of CPMU expenditures. The PPMU will open an account at provincial treasury to receive counterpart fund to pay for local expenditure under the project.

B. Accounting

47. The financing units established in CPMU and each PPMU involved in project implementation will maintain records and accounts that identify goods and services from loan proceeds, financing resources received, expenditures incurred, and use of government counterpart funds. These accounts will be established and maintained in conformity to the Government's accounting laws and regulations and in accordance with sound accounting principles and standards acceptable to ADB. The CPMU will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) collecting verifying withdrawal applications from the PPMUs, and preparing and sending withdrawal applications to ADB.

C. Auditing

48. The CPMU will review and consolidate the accounts and have them audited annually in accordance with sound accounting practices by the sovereign audit agency of the Government or other auditors acceptable to ADB. Audit coverage will include a statement verifying whether or not the funds disbursed by ADB were used for the purposes for which they were provided, as well as separate opinions on (i) utilization of the imprest account and project advance accounts; (ii) the statement of expenditures, including whether the amount claimed is duly supported and verified; (iii) whether the CPMU and each PPMU are operating the imprest and advance accounts in accordance with ADB procedures; and (iv) compliance with financial covenants specified in the loan agreements.

49. Audit reports, management letter, and related financial statements will be submitted to ADB in the English language not later than 6 months after the end of the fiscal year to which they relate, or the project closing date if earlier. ADB informed the Government of its policy on submission of audited accounts (covering failure of submitting audited accounts and financial

¹² Decree 131/2006/ND-CP on 9 November 2006 by the Government and Circular 108/2007/TT-BTC on July 9, 2007 of the Ministry of Finance guiding the financial management mechanism for programs, projects of official development assistance (ODA)

statements by the due date). Formal warning will be issued, and disbursements suspended, for accounts more than 6 months overdue.

50. Compliance with these financial reporting and auditing requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor. ADB shall impose the following measures should the CPMU fail to submit within the due date:

- (i) **Within 6 months after the due date:** Processing of requests for new contract awards and disbursement such as replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will be put on hold.
- (ii) **Within 12 months after the due date:** Disbursement shall be suspended.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting¹³

51. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (April 2010, as amended from time to time)¹⁴ and ADB's *Guidelines on the Use of Consultants* (April 2010, as amended from time to time).¹⁵ The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower, MARD, and PPCs have been advised that approval of advance contracting does not commit ADB to finance the Project.

52. Advance contracting: To facilitate rapid start up, the government and ADB agreed to a number of advance actions to expedite (i) the establishment of a functional CPMU with sufficient number of qualified and experienced staff; (ii) shortlisting for recruitment of loan implementation consultants (LIC); (iii) recruitment of national Safeguard Consultants by the CPMU; and (iv) recruitment of investment study consultants by the PPMUs.

53. Advance action for the recruitment of LICs after Loan Negotiations will be carried out up to the preparation of short-listing of companies. Advance procurement action is necessary to ensure consultants are available to support the early stages of project implementation. The Government was advised that ADB approval of advance procurement action will not in any way commit ADB to approve the proposed loan, and ADB financing will be dependent upon compliance with all aspects of ADB procedural requirements, including compliance of the Government with relevant provisions of the loan and project agreements and ADB guidelines.

54. Consultants to prepare feasibility studies for subprojects will be recruited by PPMUs while the national safeguards consultant to prepare the social and environmental safeguards for feasibility studies will be recruited by the CPMU. These consultants will be financed from the Government's funds and will be recruited following Government procedures. Such recruitment will be initiated after ADB loan negotiation.

¹³ There will be no retroactive financing under the Project

¹⁴ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

¹⁵ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

B. Procurement of Goods, Works and Consulting Services

1. Procurement of Goods and Services

55. All procurement under the ADB loan will be undertaken in accordance with ADB's *Procurement Guidelines* (April 2010, as amended from time to time). All procurement to be financed exclusively by counterpart fund will be undertaken in accordance with government guidelines.

56. Procurement of civil works packages and goods and services will be carried out by the CPMU and the PPMUs. Although it is not expected that any large civil works and goods contracts will be awarded given the nature of the work to be carried out, any civil works packages valued at more than \$2.0 million equivalent and packages for goods valued at more than \$1.0 million equivalent will be procured following International Competitive Bidding (ICB) procedures. Civil works packages valued at less than \$2.0 million equivalent but more than \$200,000 equivalent, and packages for goods valued at less than \$1.0 million equivalent but more than \$100,000 equivalent, will be procured following national competitive bidding (NCB) procedures (one stage, one package and two envelopes). For goods packages valued below \$100,000 equivalent, shopping procedures acceptable to ADB will be followed. For works packages valued below \$200,000 equivalent, shopping procedures acceptable to ADB will be followed. Prior and post review thresholds were discussed and agreed with the EA and are included in the procurement plan in Section C below.

57. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C below.

2. Consulting Services

58. All consultants and nongovernment organizations (NGOs) to be financed by the ADB loan will be recruited according to ADB's *Guidelines on the Use of Consultants* (April 2010, as amended from time to time).¹⁶

59. The Project will require three main types of consultants: (i) Loan Implementation Consultants (LIC) to assist the CPMU with project implementation including the capacity building and social and environmental safeguards review, (ii) feasibility and engineering consultants to prepare subproject feasibility studies,¹⁷ detailed engineering designs, bidding documents¹⁸, and to supervise the construction works contracts;¹⁹ and (iii) national safeguard consultants to prepare Initial Environmental Examination (IEE), Resettlement Plans (RP), and R-IPDPs for individual eligible subprojects, the safeguard consultants will also gather critical data for each subprojects related to the baseline indicators. In addition, the project will require the services of one NGO to carry out road safety awareness activities, as well as a number of

¹⁶ 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/>

¹⁷ Subproject feasibility studies will include an economic analysis of the proposed investment.

¹⁸ For ADB financed contracts, the PPMUs shall commit to using the same format as the first bidding documents that are approved by ADB.

¹⁹ Since the latter two categories will be recruited as needed on a subproject-by-subproject basis as part of the sector loan package, it is not possible to exactly quantify the number of person months of expertise at the present time.

safeguard impact monitoring entities to monitor the social and environmental impact of the project.

60. To support implementation, capacity building and safeguards initiatives, the Project will fund a total of 92 person months of international specialists and 255 person months of national specialists for a total of 347 person months for LIC. Consulting services at this level are considered necessary for smooth implementation of the Project, particularly in view of the delays experienced under on-going projects due to the lack of familiarity with ADB requirements in social and environmental safeguards. Consulting services will not only support the CPMU in technical areas of engineering design and construction, but will also be instrumental in introducing a more consultative approach during subproject design to improve sustainability. International expertise is to be provided in project management, technical engineering, training coordination, safeguard requirements of ADB and the Government, infrastructure asset management, procurement and benefit monitoring. National specialists will be required in similar technical areas to facilitate technology transfer within the international areas for consulting services. Detailed consultant terms of reference are presented in Section D.

61. The CPMU will be responsible for recruiting the LIC through a consulting firm following quality and cost based selection (QCBS) procedures with a standard quality: cost ratio of 80:20.²⁰ In addition, the CPMU will be responsible for recruitment of National Safeguard consultants to be financed from the government funds. The PPMUs will recruit feasibility and engineering consultants also to be financed from Government funds. For consultants to be financed by the Government's own funds, selection will follow Viet Nam procedures and regulations.

62. Road safety is a major concern in Viet Nam and particularly in the mountain areas where the geography is generally challenging. A natural consequence of the upgrading of rural roads will be an increase in the volume of traffic traveling at higher speeds than were previously possible. This raises hazards for people living along and using the road, especially children traveling to school, as well as farm livestock, a valuable part of each family's assets. A non-government organization (NGO) will be recruited by the CPMU using consultant qualification selection (CQS) procedures to assist the district and commune governments to address this problem. The NGO will carry out activities to protect vulnerable road users including: (i) promotion of road safety at primary schools within road upgrading subproject areas using known programs; (ii) sponsoring media broadcasts on road safety to the general population of the subproject areas; and (iii) raising road safety in public meetings prior to, during and after rural road construction.

63. The CPMU will recruit the service of agencies (such as universities or institutes), to carry out periodic monitoring of the project benefits of a number of representative subprojects. Similarly independent monitoring agencies will be recruited to conduct external monitoring and evaluation of the resettlement aspect of the project as well as the impact on indigenous people, women and other vulnerable groups. These agencies will be recruited following CQS procedures or individual consultant recruitment procedures acceptable to ADB.

²⁰ ADB's reference documents on consulting services are available online and can be downloaded from <http://www.adb.org/Consulting/documents.asp>

C. Procurement Plan

1. Basic Data

Country	Socialist Republic of Viet Nam
Project Name	Sustainable Rural Infrastructure Development Project in Northern Mountain Provinces
Loan Amount (\$)	ADF - \$82 million, ADF Hard Terms - \$26 million
Loan Number	tbd
Executing Agency	Ministry of Agriculture and Rural Development
Date of this Procurement Plan	10 September 2010

2. Process Thresholds, Review and 18-month Procurement Plan

a. Project Procurement Thresholds

64. Except where ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works:

Method	Threshold
ICB works	≥ \$2,000,000
ICB goods	≥ \$1,000,000
NCB works ^a	Below \$2,000,000 but ≥ \$200,000
NCB goods ^a	Below \$1,000,000 but ≥ \$100,000
Shopping works	Below \$200,000
Shopping goods	Below \$100,000

ICB = international competitive bidding, NCB = national competitive bidding

^a NCB procedures are described in Section D of this procurement plan.

b. ADB Post and Prior Review

65. Except as ADB may otherwise agree, the following prior- or post-review requirements apply to various procurement and consultant recruitment methods used for the Project.

Procurement Method	Prior or Post	Comments
For Goods and Works^a		
ICB works	Prior	
ICB goods	Prior	
NCB works	Prior / Post	Prior review is required for the actual first bidding documents after which post review applies. PPMUs must commit to using the same format as the actual first bidding documents reviewed and approved by ADB.

Procurement Method	Prior or Post	Comments
NCB goods	Prior / Post	Prior review is required for the actual first bidding documents after which post review applies. PPMUs must commit to using the same format as the actual first bidding documents reviewed and approved by ADB.
Shopping works	Post	
Shopping goods	Post	
Direct Purchase	Post	
For Consultant Recruitment		
Consultant Quality and Cost Based Selection (80:20)	Prior	The CPMU will recruit implementation consultants using full technical proposals.
Consultant Qualification Selection	Post	Involves small contracts with specialist organizations for time critical work.
Individual Consultants	Post	

CPMU = Central Project Management Unit; PPMU = Provincial Project Management Unit

^a For international competitive bidding, invitations for bids, invitations for prequalification, draft prequalification documents, draft bidding documents, prequalification, and bid evaluation reports will be submitted to ADB for prior review and approval. For shopping and direct contracting, ADB will normally review the award of contracts on a post-review basis.

c. Consulting Service Contracts Estimated to Cost More than \$200,000

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

General Description	Contract Value (\$ million)	Recruitment Method	Advertisement Date	International or National Assignment	Comments
Implementation Consultants	\$4.00	QCBS (80:20)	Q4 2010	92 person-months international and 255 person-months national	To be recruited by CPMU

QCBS = quality- and cost based selection.

d. Goods and Works Contracts Estimated to Cost Less than \$1 million and Consulting Services Contracts Less than \$200,000

General Description	Value of Contracts (cumulative) (million)	Number of Contracts	Procurement / Recruitment Method	Comments
Office equipment	\$0.6	16	Shopping	By CPMU/ PPMUs
4WD Motor vehicles	\$0.9	16	Shopping	By CPMU/ PPMUs
Office Refurbishment	\$0.5	16	Shopping	By CPMU/ PPMUs
Road Safety NGO	\$0.2	1	CQS	By CPMU
Monitoring Consultants	\$0.20	Est. 5	CQS	By CPMU
Baseline Survey	\$0.20	1	CQS	By CPMU

3. Indicative List of Packages Required under the Project

67. The following table provides an indicative list of all procurement (goods works and consulting services) over the life of the proposed Project. Contracts financed by the borrower and others are included with appropriate notation in the 'Comments' section.

General Description	Est. Value (\$ million)	Est. No. of Contracts ²¹	Procurement Method	Proposal Type	Comments
Goods					
Vehicles	\$0.90	16	Shopping	n.a.	By CPMU-PPMU
Office Equipment	\$0.60	16	Shopping	n.a.	By CPMU-PPMU
Works					
Office refurbishment	\$0.50	16	Shopping	n.a.	By CPMU/ PPMUs
Subproject works	\$93.47	Est. 150	NCB	FTP	By PPMUs
Consulting Services					
Loan Implementation Consultants	\$4.00	1	QCBS (80:20)	FTP	By CPMU

²¹ The numbers in this column are estimates based upon 45 subprojects.

General Description	Est. Value (\$ million)	Est. No. of Contracts ²¹	Procurement Method	Proposal Type	Comments
Road Safety NGO	\$0.20	1	CQS	EOI	By CPMU
Safeguards / Impact Monitoring Entities	\$0.20	5	CQS	EOI	By CPMU
Baseline study	\$0.2	1	CQS	EOI	By CPMU
Subproject s/guard consultants	\$0.90	5	GoV requirements	n.a.	By CPMU Govt. funded
Subproject Investment Reports	\$1.53	Est. 60	GoV requirements	n.a.	By PPMU Govt. funded
Subproject Detailed Designs	\$4.45	Est. 60	GoV requirements	n.a.	By PPMU Govt. funded
Subproject Bid Doc Preparation	\$1.8	Est. 150	GoV requirements	n.a.	By PPMU Govt. funded
Subproject Construction Supervision	\$2.2	Est. 150	GoV requirements	n.a.	By PPMU Govt. funded

DD = detailed design; FS = feasibility study; SSS = single source selection; EOI = expression of interest
FTP = full technical proposal.

D. National Competitive Bidding Procedures

a. General

68. The laws to be followed for national competitive bidding shall be those set forth in the Law on Procurement No. 61/2005/QH11 of 29 November 2005 and the Construction Law No. 38/2009/QH12 of June 2009, and with the processes described in Decree 85/2009/ND-CP of 15 October 2009 and other documents which may be amended from time to time with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of ADB's *Procurement Guidelines* (April 2010, as amended from time to time).

b. Eligibility

- (i) National sanction lists may only be applied with ADB approval.²²
- (ii) A firm declared ineligible by ADB cannot participate in bidding for an ADB-financed contract during the period of time determined by ADB.

c. Prequalification and Post Qualification

- (i) Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement and/or procurement plan. Irrespective of whether post

²² Section 52 of ADB's integrity principles and guidelines (ADB. 2006. *Integrity Principles and Guidelines*. Manila) allows ADB to sanction parties who fail to meet ADB's high ethical standards based on the decisions of third parties; such a decision can only be made by the integrity oversight committee on the basis of ADB's own independent examination of the evidence. As such, the process should follow the normal assessment and investigative processes prescribed by the guidelines. Available: <http://www.adb.org/Documents/Guidelines/Integrity-Guidelines-Procedures/integrity-guidelines-procedures-2006.pdf>

qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

- (ii) When prequalification is required, the evaluation methodology shall be based on pass/fail criteria relating to the firm's experience, and technical and financial capacity.
- (iii) Qualification criteria shall be clearly specified in the bidding documents. All specified criteria (and only specified criteria) shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid.
- (iv) In carrying out the post-qualification assessment, the employer and/or purchaser shall exercise reasonable judgment in requesting from a bidder, in writing, missing factual or historical supporting information related to the bidder's qualifications, and shall provide a reasonable amount of time (minimum of 7 days) for the bidder to respond.

d. Preferences

- (i) No preference shall be given to domestic bidders or domestically manufactured goods.
- (ii) Regulations issued by a sectoral ministry, and provincial and local regulations that restrict national competitive bidding procedures to a class of contractors or a class of suppliers shall not be applicable.
- (iii) Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders, and local bidders shall be given no preference (either in the bidding process or in bid evaluation) over foreign bidders. Similarly, bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

e. Advertising

- (i) Invitations to bid (or prequalify, where prequalification is used) shall be advertised in the Government Public Procurement Bulletin. In addition, the procuring agency should publish the advertisement in at least one widely circulated national daily newspaper or freely accessible, nationally known website, allowing a minimum of 28 days from the date of publishing of bidding documents and allowing potential bidders to purchase bidding documents up to at least 24 hours prior to the bid submission deadline. Bidding of national competitive bidding (NCB) contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the procurement plan.
- (ii) Bidding documents shall be made available by mail, or in person, to all who are willing to pay the required fee, if any.
- (iii) The fee for the bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and delivering them to the bidder. (Currently set at D1 million, increase subject to ADB approval).

f. Standard Bidding Documents

- (i) The Borrower's standard bidding documents, acceptable to ADB, shall be used. The bidding documents shall provide clear instructions on how bids should be

submitted, how prices should be offered, and the place and time for submission and opening of bids.

- (ii) Bidders shall be allowed to submit bids by hand or by mail and/or courier.

g. Bid Opening

- (i) A copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

h. Bid Evaluation

- (i) Merit points shall not be used in bid evaluation.
- (ii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.²³
- (iii) Except with the prior approval of ADB, no negotiations shall take place with any bidder prior to the award, even when all bids exceed the cost estimates.
- (iv) A bidder shall not be required, as a condition for award of contract, to undertake obligations not specified in the bidding documents or to otherwise modify the bid as originally submitted.
- (v) Bids shall not be rejected on account of arithmetic corrections of any amount. However, if the Bidder that submitted the lowest evaluated bid does not accept the arithmetical corrections made by the evaluating committee during the evaluation stage, its bid shall be disqualified and its bid security shall be forfeited.

i. Rejection of All Bids and Rebidding

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

j. Participation by Government-owned Enterprises

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

k. Non-eligibility of Military or Security Units

- (i) Military or security units or enterprises belonging to the Ministry of Defence or the Ministry of Public Security shall not be permitted to bid.

²³ A minor, non-substantial deviation is one that, (i) if accepted, would not (a) affect in any substantial way the scope, quality, or performance specified in the contract; or (b) limit in any substantial way, the rights of the contracting entity or the obligations of the bidder under the proposed contract; or (ii) if rectified, would not unfairly affect the competitive position of other bidders presenting substantially responsive bids.

I. Participation Foreign Contractors and Suppliers/Joint Ventures and Associations

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

m. Publication of the Award of Contract Debriefing

- (i) For contracts subject to prior review, within 2 weeks of receiving ADB's "No-objection" to the recommendation of contract award, the borrower shall publish in the Government Public Procurement Bulletin, or a well-known and freely accessible website, the results of the bid evaluation, identifying the bid and lot numbers, and providing the (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated; (d) names of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, the price offered, and the duration and summary scope of the contract awarded.
- (ii) For contracts subject to post review, the procuring entity shall publish the bid evaluation results no later than the date of contract award.
- (iii) In the publication of the bid evaluation results, the borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected should request an explanation from the procuring entity. The procuring entity shall promptly provide an explanation regarding why the 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 costs of attending such a debriefing. The discussion will address only the bidder's bid, and not the bids of competitors.

n. Handling of Complaints

- (i) The national competitive bidding documents shall contain provisions acceptable to ADB describing the handling of complaints in accordance with Decree No. 85/2009/ND-CP, the Law on Procurement No. 61/2005/QH11, and other documents as may be amended from time to time.

o. ADB Member Country Restrictions

- (i) Bidders must be nationals of ADB member countries, and offered goods, works, and services must be produced in and supplied from ADB member countries.

p. Fraud and Corruption

- (i) ADB will sanction a party or its successor, including declaring them ineligible, either indefinitely or for a stated period of time, to participate in ADB-financed activities if it at any time determines that the firm has, directly or through an agent,

engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, an ADB-financed contract.

q. Right to Inspect and/or Audit

- (i) Each bidding document and contract financed by ADB shall include a provision requiring bidders, suppliers, and contractors to permit ADB or its representative to inspect and have audited (by ADB-appointed auditors) their accounts and records relating to the bid submission and contract performance

E. Consultant's Terms of Reference

69. Consultants to be financed from ADB resources are limited to the loan implementation consultants and are to be selected and engaged in accordance with the ADB's Guidelines on the Use of Consultants. The Central Project Management Unit (CPMU) is responsible to recruit the loan implementation specialists through a consulting firm using qualification and cost based selection (QCBS, 80:20).

70. The loan implementation consultants comprise a total of 92 person months of international specialists and 255 person months of national specialists - a total of 347 person months of specialist inputs. Consulting services will not only support the CPMU in technical areas of engineering design and construction, but will also be instrumental in introducing a more consultative approach during subproject design to improve sustainability. International expertise is to be provided in project management, technical engineering, training coordination, safeguard requirements of ADB and the Government, infrastructure asset management, risk and vulnerability appraisal, procurement and benefit monitoring. National specialists will be required in similar technical areas to facilitate technology transfer from international specialists.

Table 1: Loan Implementation Consultant Inputs

	Unit	Quantities						Total
		2011	2012	2013	2014	2015	2016	
1. International Consultants								
Project Management and Rural Infrastructure Specialist/ Team Leader	p-m	6	10	3	-	-	3	22
Appraisal Economist	p-m	3	1	-	-	-	-	4
Mountain Roads Engineer	p-m	3	5	3	-	-	-	11
Irrigation Engineer	p-m	3	3	2	4	-	-	12
Monitoring and Evaluation Specialist	p-m	2	1	1	1	1	1	7
Procurement Specialist	p-m	3	3	-	-	-	-	6
Environmental Specialist	p-m	3	3	2	-	-	-	8
Resettlement Specialist	p-m	3	4	2	-	-	-	9
Poverty and Gender Specialist	p-m	2	2	1	-	-	-	5
Indigenous Persons Specialist	p-m	2	2	1	-	-	-	5
Training Coordinator	p-m	3	-	-	-	-	-	3
Subtotal		33	34	15	5	1	4	92
2. National Consultants								
Project Management and Rural Infrastructure Specialist/ Deputy Team Leader	p-m	12	12	12	12	6	6	60
Appraisal Economist	p-m	6	4	2	-	-	-	12
Civil Roads /Mountain Road Engineers	p-m	10	16	12	-	-	-	38
Irrigation Engineer	p-m	6	6	6	4	2	2	26
Monitoring and Evaluation Specialists	p-m	2	2	2	2	-	3	11
Procurement Specialist	p-m	4	4	2	-	-	-	10
Environmental Specialist	p-m	4	6	6	6	-	-	22
Resettlement Specialist	p-m	4	10	6	-	-	-	20
Poverty and Gender Specialist	p-m	4	6	6	6	-	-	22
Indigenous Peoples Specialist	p-m	4	6	6	6	-	-	22
Training Specialist	p-m	4	6	2	-	-	-	12
Subtotal		60	78	62	36	8	11	255
Total		100	125	93	53	9	16	347

F. Detailed tasks of Specialists

a. Project Management and Rural Infrastructure Specialist: Team Leader (22 p-m, international)

71. This position will provide implementation support to the CPMU after loan effectiveness and will coordinate the other specialist inputs under the project. In addition, the position will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialists in their respective areas. The specialist will be based in the CPMU and directly support the Project Director and the two Deputy Directors. The specialist will have a minimum of 10 years experience in rural infrastructure development. Experience in Viet Nam or other South East Asian country will be considered an asset.

72. Duties of the specialist will include the following:

- (i) Establish the overall Project Quality Assurance regime;

- (ii) Supervise the consulting team and ensure that inputs and activities of both the international and national consultants are of a high quality and effective;
- (iii) Provide technical review for all SIRs and investment studies and provide recommendations;
- (iv) Assist the CPMU in the scheduling and planning of project implementation;
- (v) Provide advice and guidance on procurement, disbursement and liquidation of expenditures following ADB procedures;
- (vi) Assist in the design, planning and supervision of the monitoring of: implementation safeguards and benefits;
- (vii) Ensure that baseline surveys and annual surveys are carried out to obtain the necessary information to measure implementation and impact performance.
- (viii) Ensure that appropriate levels of community participation are undertaken in the detailed design activities by domestic consulting firms engaged to prepare SIRs;
- (ix) Ensure the pro-poor measures identified in the community consultations are designed and carried out;
- (x) Supervise the training consultants and ensure that the training program is properly prepared and implemented;
- (xi) Ensure that safeguard officers (SO) are appointed to and operational in each PPMU and that the safeguard studies are undertaken for each of the subprojects;
- (xii) Lead the consulting team in assisting the CPMU to review technical and safeguard aspects of SIRs and investment studies;
- (xiii) Together with the operations and maintenance (O&M) consultants, assist the CPMU in addressing O&M issues in subprojects and at the broader provincial level;
- (xiv) Identify areas of weakness in SIRs and investment studies presentation and provide consulting services as appropriate to strengthen provincial and district capacities;
- (xv) Assist the CPMU and PPMUs in the supervision of works implementation by providing specialized expertise as and when required;
- (xvi) Bring safeguard issues identified by other consultants, SOs or the monitoring teams to the attention of the CPMU and PPMUs, accompanied by recommendations for action;
- (xvii) Bring project implementation or O&M issues identified by other consultants or the monitoring teams to the attention of the CPMU and relevant PPMUs, accompanied by recommendations for action;
- (xviii) Assist the CPMU and PPMUs to resolve safeguard and implementation problems and issues that may arise from time to time;
- (xix) Participate in the mid-term review; and
- (xx) Lead a team to prepare the project completion report.

b. Project Management and Rural Infrastructure Specialist/Deputy Team Leader (60 p-m, national)

73. This position will support the Team Leader to provide implementation support after loan effectiveness and to coordinate the other specialists' inputs under the project. Like the Team Leader, the position will also have technical specialist skills - a rural infrastructure engineer so he/she can also support technical specialists in their respective areas. The specialist will be based in the CPMU and directly support the Project Director and the three Deputy Directors. The specialist will have a minimum of 10 years experience in rural infrastructure development, including roads, irrigation, water supply and/or markets, a complementary technical specialty and experience with the Team Leader would be an asset.

74. Duties of the specialist:

- (i) Provide support to the Team Leader in its management and technical duties as listed above.
- (ii) With the Team Leader, supervise the consulting team and ensure that inputs and activities of both the international and national consultants are of a high quality and effective;
- (iii) Provide assistance and technical review for all SIRs and Investment Studies and fill the position and duties of the Team Leader when the Team Leader is out of the country; and,
- (iv) Responsible for the output of the team of specialists.

c. Appraisal Economists (4 p-m international and 12 p-m national)

75. In order to have subproject economic analyses properly prepared, it is proposed that the team will include suitably qualified project economists to review completed subproject investment reports to ensure that they meet the adequate standard in assessing the real economic benefits of the subprojects. The economists will have two intermittent inputs and will be responsible to the Team Leader. The economists should have a minimum of 5 years experience in the economic analysis of rural infrastructure development projects preferably financed by ODA donors, and have gained some of that experience in the South East Asian context, preferably in Viet Nam.

76. Duties for the position include the following:

- (i) In coordination with the training coordinator;
- (ii) Conduct a training needs assessment (TNA) of the CPMU staff and the provincial consultants to ascertain the gaps in their project economic analysis skills for rural roads, irrigation rehabilitation, water supplies and other key items of infrastructure;
- (iii) Based on the TNA, develop training material to be used in to narrow the gaps and the training program. The program shall include examinations to ascertain the trainee's mastery of the training materials and official acknowledgment of achievement;
- (iv) Conduct the training program;
- (v) Conduct follow-on training as required;

- (vi) Review and provide recommendations regarding the quality of the economic and financial analysis presented in each SIR and Investment Studies prepared by the PPMU appointed consultants. Where necessary recommend measures to ensure that the relevant subproject benefits are accurately captured in the analysis;
- (vii) As necessary provide technical support for consultants engaged in the preparation of the SIR financial and economic analyses. Ensure appropriate baseline and annual indicators are identified and measured. Undertake regular field visit to provide this support; and
- (viii) Advise the CPMU as to whether the SIR financial and economic analysis meets an acceptable quality standard.

d. Mountain Roads Engineers/ Civil Roads Engineers – (11 p-m international and 38 p-m national)

77. With the emphasis being on quality of design and construction, the specialists will review road designs prepared by provincially based consultants with particular attention being paid to designing road sections to the local conditions. The review process is necessary to ensure that standard designs are not blindly applied in this challenging environment and that designs are not dominated by the budget limitations of the subproject and provincial cost norms but provide for anticipated volumes of traffic under conditions of minimal maintenance. The engineers will have a minimum of 5 years experience in road design supervision and will have more than 10 years experience as a consulting engineer. The international specialists will have tertiary qualifications from a recognized international institution, preferably with post graduate qualifications in road engineering. The national specialist will have tertiary qualifications from a recognized national or international institution, preferably with a post graduate degree in road engineering. The specialists will be familiar with working in large multinational teams.

78. Duties of the specialist will include the following:

- (i) Undertake a technical review of proposed road designs in SIRs and investment studies prepared by consultants in participating provinces;
- (ii) Following site investigations, provide written comments and recommendations on each subproject reviewed detailing recommended changes to the technical design parameters;
- (iii) With the support of the Vietnamese counterpart roads specialist, brief consulting engineers engaged to prepare SIRs and investment studies on the proposed changes and explain the reasons for these changes;
- (iv) Review and provide recommendations regarding the traffic volume estimates used in the preparation of the SIR and Investment Studies and confirm if estimates are realistic and that the design adequately accommodates this level of surface and road base specifications;
- (v) Review, assess, and provide recommendations regarding the O&M requirements of the alignment to be rehabilitated and recommend the optimum level of O&M needed for maintenance of the function of the road;
- (vi) Assist in the preparation of quality assurance guidelines to be followed for rural road rehabilitation funded under the Project;

- (vii) Assist in the preparation of construction supervision guidelines to be followed by the national consultants appointed to carry out this task. This should nominate the types and frequency of materials testing such as routine quality monitoring of compaction etc; and
- (viii) Review and provide recommendations regarding the quality of completed subprojects and O&M arrangements during the commissioning period.

e. Irrigation Engineers (12 p-m international and 26 p-m national)

79. The proposed positions are required to assure that design quality will be maintained and that there is adequate technical support available during the preparation of subproject designs and their subsequent review based on technical criteria. The candidates will have a minimum of 10 years experience in their respective fields and will have more than 5 years experience as consulting engineers. The specialists will have tertiary qualifications from an established and recognized institution and will be fluent in the English language. Individual specialists will be familiar with working in large multinational teams.

80. Duties of the specialists will include the following:

- (i) Establish the Quality Assurance Regime for the irrigation subprojects;
- (ii) Prepare construction supervision quality control guidelines to be followed by the national consultants appointed to carry out this task. This shall specifically address the quality control of materials and the construction processes;
- (iii) Undertake a technical review of all SIR and Investment Studies irrigation designs prepared by the PPMU consultants. In general the review shall;
- (iv) Include field inspections of the proposed irrigation sites;
- (v) Pay special attention to minimizing any disturbance to the natural environment and mitigating and corrective measures as appropriate;
- (vi) Audit the design for safety and provide guidance accordingly to mitigate any potential hazards;
- (vii) Provide written comments and recommendations to the CPMU on each subproject reviewed detailing any changes or modifications to the technical design;
- (viii) Review and provide recommendations regarding the irrigation SIRs for the following specific technical issues;
- (ix) Ensure that canal design is appropriate given the characteristics of the command area and cropping alternatives;
- (x) The hydrological analysis prepared by the provincial consultants is current and future demands anticipated from the water source will be accommodated given the runoff and other catchment characteristics;
- (xi) Recommend improvements in the design of irrigation structures in irrigation related SIRs to improve efficiency of water utilization and facilitate efficient water management during the operational phase;

- (xii) Assist the CPMU and relevant Department of Agriculture and Rural Development in rationalizing the use of water for irrigation purposes where there are competing demands for the resource - such as industry, domestic water supply etc;
- (xiii) Assisted by the Vietnamese irrigation specialist, brief consulting engineers engaged to prepare SIRs and Investment Studies on the proposed changes and explain the reasons for these changes;
- (xiv) Training. In coordination with the training coordinator;
- (xv) Prepare training courses for using the quality control guidelines;
- (xvi) Carry out the training; and
- (xvii) Building upon successful irrigation experiences²⁴ in Viet Nam, review and assess O&M requirements and arrangements and make recommendations for optimum O&M practice. In close liaison with the irrigation system owner, manager and users develop asset management plans for each subproject.

f. Monitoring and Evaluation Specialists (7 p-m international and 11 p-m national)

81. The specialists will assist in overall benefit monitoring survey design and provide the principles for analyzing the results. In addition, the specialists will be responsible for establishing performance monitoring of the implementation of subprojects to facilitate reporting to the Government and ADB. The specialists will have tertiary qualifications in rural development or a related field and have at least 5 years experience as PBME specialists or in a related area.

82. Duties of the specialists will include the following:

- (i) Review and provide recommendations regarding the monitoring and evaluation recommendations in the PPTA consultant's Draft Final Report and from the completed RISP;
- (ii) Together with the CPMU staff and the consulting team leader determine the optimum type of monitoring program for project implementation, safeguards and benefits;
- (iii) Together with CPMU staff, and with reference to the Project DMF, design a monitoring system based on measurable inputs, outputs and outcomes. The system shall include: house hold, origin-destination, market, and traffic characteristic surveys disaggregated by gender and age;
- (iv) Together with CPMU staff, brief PPMUs on their duties and responsibilities under the project monitoring system;
- (v) Assist in recruiting an agency or institution to undertake benefit monitoring;
- (vi) Guide the benefit monitoring agency in undertaking baseline surveys, developing monitoring parameters and scheduling monitoring activities; and,
- (vii) Periodically review monitoring activities during project implementation and report any deficiencies, problems, issues or shortcomings to the CPMU.

²⁴ A Framework for Improving the Management of Irrigation Schemes in Vietnam. *Hector M. Malano, Biju A. George and Brian Davidson*. Modeling and Monitoring of System Operation: Three Different Irrigation Systems in Vietnam, Biju A., George, Hector M. Malano, Vo Khac Tri, Nguyen Chien, and Hugh Turrall.

g. Procurement Specialists (6 p-m international and 10 p-m national)

83. The specialists will be responsible for developing proforma contracts for use by the PPMUs in preparing works contracts and will ensure that ADB procedures are incorporated into the processing procedures developed by the CPMU for approving and implementing subprojects. They will have five years experience undertaking or supervising procurement under internationally funded development projects.

84. Duties of the specialists will include the following:

- (i) In association with the CPMU, development procedures to ensure that ADB's procurement guidelines (2010, as amended from time to time) are incorporated into subproject processing and implementation;
- (ii) With the cooperation of the infrastructure engineers, develop pro-forma contracts that can be used by PPMUs for civil works construction;
- (iii) Support the CPMU in the preparation of standard bidding documents for civil works contracts in accordance with national competitive bidding procedures specified in the Project Administration Manual; and
- (iv) Assist in the capacity building training activities to ensure that PPMU staff are familiar with procurement procedures and documents needed for the smooth implementation of the proposed Project.

h. Environmental Specialists (8 p-m international and 22 p-m national)

85. The specialists will have appropriate tertiary qualifications in environmental science or natural resource management from a recognized institution and will have more than 10 years experience working in the field of environmental management for internationally funded development projects, some of which will have been undertaken in Viet Nam. The national specialist will also have considerable experience in environmental monitoring and will be familiar with the laws of Viet Nam associated with the environment as well as having had experience in internationally funded development projects as an environmentalist. Training skills would also be an advantage to the international and national specialists.

86. Duties of the specialists will include the following:

- (i) Review and provide recommendations regarding the environmental recommendations of the PPTA Final Report and the formats for environmental examinations contained therein;
- (ii) Brief the participating PPCs, PPMUs and participating district staff in participating provinces on environmental procedures and requirements for subproject preparation;
- (iii) Brief local consulting firm/s recruited by the CPMU to assist in the preparation of SIRs and Investment Studies on the environmental assessment requirements;
- (iv) Visit random subprojects during the subproject preparation to ensure environmental safeguards are being properly conducted;
- (v) Assist in the review of the initial environmental assessments contained in SIRs and Investment Studies including the associated environmental management plan;

- (vi) Liaise with the safeguards officers in each PPMU and make spot checks during implementation to ensure that environmental plans are being properly implemented; and
- (vii) Assist in the preparation and implementation of training activities with regard to the environmental aspects of the Project.

i. Resettlement Specialists (9 p-m international and 20 p-m national)

87. The specialists will assume responsibility for the training of CPMU and PPMU staff in resettlement issues and procedures. They will also be responsible for establishing procedures in respect of resettlement and assist in the identification of procedures to resolve any resettlement that might be needed associated with rural infrastructure rehabilitation. The international specialist will have tertiary qualifications in an appropriate discipline and will have more than 10 years experience working in the field of resettlement for internationally funded development projects, some of which will have been undertaken in Viet Nam. The national specialist will also be an experienced specialist with a minimum of 5 years practical experience with appropriate tertiary qualifications. The national specialist will be conversant with the resettlement laws of Viet Nam and will also have considerable experience in internationally financed development projects where resettlement was an issue. The specialists will be based on the CPMU and will travel throughout the project area as required, answering to the consultant team leader.

88. Duties of the specialists will include the following:

- (i) Review and provide recommendations regarding the PPTA consultant's Final Report and the recommendations on land acquisition and resettlement therein;
- (ii) Review and provide recommendations regarding the LARP prepared by the CPMU appointed safeguards consultants to prepare the safeguard studies for all subprojects;
- (iii) Make recommendations to develop the LARPs to a standard acceptable to ADB and have those changes incorporated in the SIRs and Investment Studies;
- (iv) Visit all participating provinces and brief the PPCs, PPMUs and participating district staff on the land acquisition and resettlement requirements and, specifically how they differ from standard government procedures in light of ADB policies;
- (v) Brief local consultants recruited to undertake LARP in the preparation and reporting procedures to be followed;
- (vi) Review and provide recommendations regarding random selected LARP as they are being prepared and make suggestions for improvements;
- (vii) Review and provide recommendations regarding LARP submitted with the SIRs and Investment Studies;
- (viii) Liaise with the safeguards officer in each PPMU and randomly review LARP being undertaken by the provincial and district governments and report anomalies to the CPMU and relevant PPMU; and
- (ix) Assist in developing and implementing the training program on the land acquisition and resettlement aspects of the Project.

j. Poverty and Gender Specialists (5 p-m international and 22 p-m national)

89. The safeguard requirements of the ADB seek to improve the benefit to the poor and the disadvantaged groups within the target area. This will require specialist expertise in identifying affected groups and in accommodating their interests wherever feasible. The poverty and gender specialists will be needed to support project initiatives in community development including gender activities. There will be capacity building in these areas that will also form part of the responsibilities of the specialists. The international specialist will have tertiary qualifications from an internationally recognized institution with at least 10 years experience in the South East Asia environment. At least 5 years experience will have been obtained in Viet Nam. The national specialist will have similar qualifications from a national educational institution and will also have a minimum of 10 years experience in related fields on internationally funded projects.

90. Duties of the specialists will include the following:

- (i) Review and provide recommendations regarding the Poverty and Social Assessment in the PPTA consultant's Final Report to ascertain the extent of interventions considered appropriate under the proposed Project;
- (ii) Prepare and undertake briefing sessions on poverty and gender issues with key provincial authorities (PPCs and PPMUs);
- (iii) Assist the PPMUs in preparing and implementing subproject-specific gender action plans and ensure achieving towards the gender targets set;
- (iv) As part of the Indigenous People's Development Framework, provide guidance to the local specialist in identifying interventions to achieve ethnic minority participation in subprojects, particularly amongst the women, relieving the demands of traditional household responsibilities;
- (v) Provide briefing and training for the project associated individuals about the overall project objectives, its scope and intentions as well as their role in it prior to their delegation to the provinces;
- (vi) Review and provide recommendations regarding the social safeguards aspects of the SIRs and investment studies prepared by the safeguards consultants to determine the extent of conformity with ADB's social development policies;
- (vii) Make suggestions for community involvement in O&M operations as warranted;
- (viii) Monitor community involvement in subproject implementation and bring issues or problems to the attention of the CPMU and relevant PPMUs;
- (ix) Document the results of the community participation process and make recommendations for changes in procedures for the balance of the project and building to strengthen the understanding of government staff in this critical social area;
- (x) Review and provide recommendations regarding ADB and Government policies on ethnic minorities as well as project policies as set out in the PPTA consultant's Final Report;
- (xi) Provide awareness and sensitivity briefings on vulnerable groups and gender to PPCs and PPMUs;

- (xii) Examine and provide recommendations regarding individual subproject proposals to determine if serious negative impacts on vulnerable groups or women are likely and make recommendations to the PPMU and CPMU to prevent or mitigate these;
- (xiii) Examine and provide recommendations regarding individual subprojects to determine any opportunities to enhance positive impacts on vulnerable groups or women; and
- (xiv) Together with the PPMU safeguards specialists, monitor subproject implementation and alert the CPMU to any vulnerable group or gender problem identified during project implementation.

k. Indigenous People Specialists (international - 5 p-m, 22 p-m national)

91. Given the large proportion of ethnic groups amongst the target population as beneficiaries, measures will need to be taken to ensure the groups share the benefits from project interventions. The specialist will assist CPMU and PPMUs in developing initiatives to assure that benefits are shared by all disadvantaged groups including the ethnic groups. In addition, there is scope to develop other associated investments that will target the minority groups that require further definition during the preparation of SIRs for funding under the proposed Project. The international specialist will have tertiary qualifications from an internationally recognized institution with at least 10 years experience in the South East Asia environment. At least 5 years experience will have been obtained in Viet Nam. The national specialist will have similar qualifications from a national educational institution and will also have a minimum of 10 years experience in the related fields on internationally funded projects.

92. Duties of the specialists will include the following:

- (i) Review and provide recommendations regarding the Indigenous Peoples Framework in the PPTA consultant's Final Report to ascertain the extent of interventions considered appropriate under the proposed Project;
- (ii) Determine which subprojects will require an Indigenous Peoples Plan based on the criteria that if an overwhelming majority (60% or more) of the of the population are indigenous people and there will be no assessed negative effects on indigenous people then activities to benefit indigenous people will be built into the overall subproject design;
- (iii) Where an Indigenous People's plan is required, provide guidance to the local specialist in identifying interventions to achieve ethnic minority participation in subprojects;
- (iv) Review and provide recommendations regarding the indigenous peoples aspects of the SIRs and Investment Studies prepared by the safeguards consultants to determine the extent of conformity with ADB's social development policies;
- (v) Provide awareness and sensitivity briefings on indigenous people to PPCs and PPMUs in those provinces where indigenous people do not constitute an overwhelming majority of the subproject beneficiaries;
- (vi) Examine and provide recommendations regarding individual subproject proposals to determine if serious negative impacts on ethnic minorities are likely and make recommendations to the PPMU and CPMU to prevent or mitigate these;

- (vii) Examine and provide recommendations regarding individual subprojects to determine any opportunities to enhance positive impacts on ethnic minorities; and
- (viii) Together with the PPMU safeguards specialists, monitor subproject implementation and alert the CPMU to any problem facing ethnic minorities identified during project implementation.

I. Training Coordinator/Specialist (3 p-m international and 12 p-m national)

93. A significant input has been designed for capacity building of national level staff, provincial, district and other stakeholders including the project beneficiaries, particularly in the area of social and environmental safeguards but also in quality assurance and effective subproject management. It is proposed to appoint an international and national training coordinator to stream-line capacity building initiatives and to ensure that training delivered is both relevant and effective. The international specialist will have general tertiary qualifications in education related field and will have at least 10 years experience in training institutions or training related activities. They will be familiar with training needs assessment techniques and also with knowledge, attitude and practice surveys to gauge the effectiveness of training delivered. The national specialist will have similar tertiary qualifications from a recognized Viet Nam institution with a minimum of 10 years experience in capacity building programs both from the conceptualization and implementation of same.

94. Duties for the position include the following:

- (i) Discuss training needs with the CPMU, PPMUs and other consulting team members;
- (ii) Review and provide recommendations regarding the training courses and modules prepared under previous rural infrastructure development projects;
- (iii) Review and provide recommendations regarding the sources of training expertise (including consulting team members);
- (iv) Review and provide recommendations regarding the training needs of government personnel likely to be involved in the project and determine appropriate training modalities;
- (v) Review and provide recommendations regarding the training needs of local consultants likely to be involved in the project and determine appropriate timing and modalities for training especially in such aspects as safeguards, O&M and engineering design;
- (vi) Prepare a training program in cooperation with the CPMU;
- (vii) Supervise and monitor initial training program activities;
- (viii) For all training courses develop an examination system that measures the mastery of the training courses and provides officially recognized acknowledgement of achievement;
- (ix) Update the training program periodically based on identified needs and the feedback program; and
- (x) Review and provide recommendations regarding the implementation of the program and make recommendations for future training activities.

NOTE: For all national consultants, fluency in both spoken and written English will be considered an asset.

VII. SAFEGUARDS

95. The construction works will entail primarily the rehabilitation and upgrading of existing irrigation systems and rural roads along established rights of way. Thus environmental impacts are expected to be minimal and with no involuntary resettlement and only minor compensation. Furthermore, 75 potential subprojects have been pre-screened to ensure that none will have significant adverse impact on the environment, resettlement, or vulnerable groups including ethnic minorities. Safeguard officers will be appointed within each PPMU and safeguard specialists will be recruited as part of the LICs to monitor and review safeguard issues that may arise during subproject design. Support will be provided to the Commune Supervision Board (CSB) in participating communes to ensure beneficiary involvement. Capacity building will be provided in financial management, procurement procedures, safeguards and gender equity as well as pro-poor development initiatives. The area has an incidence of ethnic minorities of over 50% of the population and is significantly higher in specific subprojects. An indigenous people's plan framework has been prepared for the overall Project. In view of this, subproject indigenous people's plans will not be necessary when the overwhelming majority of the population comprises ethnic minorities and there will be no significant negative impacts. Instead measures to improve the welfare and protect the rights of ethnic minorities will be built into the overall subproject design. Measures taken in designing the Project to ensure that the bulk of the beneficiaries will accrue to ethnic minorities include: (i) the screening of subprojects to include a high proportion of ethnic minority beneficiaries wherever possible; (ii) the requirement that a minimum of 25% of beneficiaries are below the poverty line; (iii) the involvement of beneficiaries in subproject design through participatory measures; and (iv) the involvement of beneficiaries in construction management and supervision as appropriate. The safeguard categorizations are B for Environment; B for Involuntary Resettlement; and, B for Indigenous Peoples.

A. Environmental Impact

96. The extent and nature of environmental impacts are influenced by the fact that the subprojects have been subject to a screening process that has excluded those that may carry significant negative impacts, and that they are mainly limited to the rehabilitation of existing infrastructure. The main environmental impacts that are expected and that will be addressed by the project are: (i) alterations to the drainage patterns on rural road subprojects that may lead to concentrated run-off water and gully formation, (ii) production of spoil from slope cutting and earthworks associated with road improvements in steep terrain, and (iii) risks associated with water availability for water supply and irrigation subprojects, particularly during the dry season (iv) construction impacts, including release of silt, effects on safety, noise and dust nuisance in respect of all subprojects. In addition, increased volumes of traffic on rehabilitated roads will pose additional risk of traffic related accidents for villages and in particular around schools that adjoin these alignments. The Government has indicated that it will take appropriate measures to deal with these impacts including: (i) careful design of road drainage improvements to ensure that increased capacities are accommodated, (ii) development of management plans for the haulage of spoil from cut slopes and re-use and/or proper final disposal, (iii) careful drainage design for rural market improvements, (iv) provision for collection and disposal of solid waste from rural markets, (v) studies on water extraction and downstream water use during the feasibility studies of irrigation and water supply subprojects and the formulation of appropriate mitigation measures for any perceived negative impact, (vi) inclusion of contract requirements

for contractors to price for and carry out all practicable steps to mitigate construction impacts, (vii) increased attention to ensure adequate maintenance of infrastructure - that drains and other water management structures continue to operate as intended, accommodating the risk from increasing incidence and intensity of precipitation, and (viii) that safety awareness programs are conducted in villages along road alignments and in schools served by the roads rehabilitated under the project.

97. Management of the preparation and implementation of each subproject will rest at provincial level with the PPMUs. Co-ordination teams will be set up at district level in respect of each subproject to undertake day to day implementation functions, under the management of the PPMU. Technical support for all aspects of project management and implementation will be provided by the safeguard consultants to be hired by the CPMU.

98. IEEs will be prepared for each subproject classed as Category B²⁵ in accordance with the approved environmental assessment and review framework (EARF) prepared during the design phase. The CPMUs will be responsible for procuring consulting services to prepare IEEs and for gaining approval for them from appropriate agency. The IEE prepared for each subproject will also be considered as the Project Environment Commitment. Each IEE will contain an Environmental Management Plan (EMPs) detailing mitigation and monitoring measures to be taken, by design teams, contractors, provincial departments and companies who manage operation and maintenance, as appropriate. The PPC, through the PPMU will have responsibility for ensuring that all design and construction phase mitigation measures are implemented. The first IEE produced for each province will be submitted to ADB for review and approval prior to finalization of the SIR. Subsequent IEEs will be subject to post-approval unless subproject costs exceed \$3.0 million.

B. Land Acquisition and Resettlement

99. Negative impacts from the project are considered small and are likely to be confined to minor permanent loss of small areas of land adjacent to the works, minor damage to structures, crops and trees, temporary loss or disruption of the use of land or other assets caused by construction works and the movement of construction plant and materials to and from work sites. Few beneficiaries, if any, will be severely affected by land acquisition. In accordance with ADB's resettlement procedures, the project is classified as Category B and full RP (as required in the case of Category A projects) is not required because any subproject with significant²⁶ resettlement impact will not be eligible for funding. A format for the RPs has been agreed between the ADB and the Government and is in Web-Linked Document 12.

100. A resettlement framework (RF) based on laws, regulations, and policies of the Government of Viet Nam and ADB policies and guidelines has been prepared and was endorsed by the Government. The RF will guide the preparation of RPs, when necessary during project implementation. The provisions and principles adopted in this framework and subsequent plans will supersede the provisions of the relevant decrees currently in force in Viet Nam wherever a gap exists, as provided for under Decree 131/2006/ND-CP (November 2006), which regulates the management and use of official development assistance (ODA). The RF and the entitlement matrix are in Web-Linked Document 12.

²⁵ Subprojects classified as Category C will require due diligence to confirm the lack of any likely environmental impact.

²⁶ As per ADB policy, 'significant' resettlement means that 200 or more people (or approximately 40 households based on an average size of household) will experience: being physically displaced or; losing 10% or more of their productive assets (income-generating).

101. The CPMU will assure overall planning, coordination, and reporting for the project. In each of the 15 participating provinces, PPMUs will prepare and implement subprojects. A qualified safeguards officer will be appointed in each PPMU. The CPMU and PPMUs will liaise with the PPCs and the PPCs will request district peoples' committee (DPC) in districts where a subproject is located to establish a Compensation, Assistance and Resettlement Board (CARB). The CARB will lead the resettlement process for each subproject, including preparation and implementation of the RP. The Committee for Ethnic Affairs (CEA) that has mandate for ethnic minority issues and these agencies will be included in the special rehabilitation program for ethnic minority population wherever possible.

102. Land acquisition, compensation and relocation of affected people (AP) shall not commence until the ADB has reviewed and approved the specific RP for the concerned subproject. All resettlement activities will be coordinated with the civil works schedule. The CPMU will ensure that civil works contractors will not be issued a notice of possession of the site until: (i) compensation and relocation of APs have been satisfactorily completed; (ii) agreed rehabilitation assistance is in place; and (iii) the site is free of all encumbrances (where relevant).

103. The PPMU will supervise the preparation and implementation of the subproject RP and will monitor and report to the CPMU on all resettlement activities. The CARB will submit monthly progress reports to the PPMU that will review and forward them to the CPMU. The CPMU will consolidate all provincial reports into the project performance monitoring system (PPMS), which will be used to prepare regular progress reports for submission to ADB. Monitoring and evaluation will also focus on social impacts and whether the people affected are able to restore, and preferably improve their pre-project living standards, incomes, and productive capacity.

104. The CPMU will recruit an independent monitoring agency to conduct external monitoring and evaluation of resettlement for the project, focusing on the social impacts of the project and whether the affected people (AP) are able to restore, and preferably improve, their pre-project living standards, incomes, and productive capacity about 12 months after compensation and relocation have been completed. All such reports will be submitted to the CPMU and ADB.

C. Indigenous People

105. Ethnic minorities are expected to be among the major beneficiaries of the Project. In this regard, ADB's Indigenous People's policy requires that under an ADB loan, the borrower/client will undertake meaningful consultation with affected Indigenous Peoples 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 will be documented and reflected in the Indigenous Peoples Development Plan (IPDP).

106. The ADB policy further requires that if Indigenous Peoples are the sole or the overwhelming majority²⁷ of direct project beneficiaries, and when only positive impacts are identified, the elements of an IPDP could be included in the overall project design in lieu of preparing a separate IPDP. In such cases, the project document will include a summary of

²⁷ The Mission clarified that discussion with representatives of RSDD indicated that a proportion of 60% or more of the beneficiary population constitutes an overwhelming majority.

about how the project complies with Indigenous Peoples safeguards. (See web-linked document 13).

107. This means that since in many cases ethnic minorities do in fact form the overwhelming majority of the population of subproject areas and since the project is designed to provide positive impacts for these groups, separate IPDPs will, in most cases, not be required. In those cases where one will be required, measures to mitigate negative impacts will be incorporated in a combined Resettlement – Indigenous Peoples Development Plan (R-IPDP) as shown in Web-linked Document 13. Otherwise, measures to improve the welfare of ethnic minorities shall be incorporated into overall subproject design and a summary shall be provided as to how the subproject complies with Indigenous Peoples safeguards.

108. Internal monitoring and progress reporting will be the responsibility of the PPMUs and CPMU. In addition, an independent monitoring organization or consultant, appointed by the CPMU in consultation with the implementation TA team, will provide the external monitoring. At the local level, the CSB will monitor on a regular basis, and coordinate the participatory monitoring by beneficiaries. 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 or failure of the subproject.

D. Gender Issues

109. The project's gender classification is "Effective Gender Mainstreaming" (EGM), Category 2. Significant gender equality issues persist and are exacerbated by high poverty levels in the northern mountain provinces. The Project's gender analysis revealed that women in the Project areas reported being in poverty more often than men. Overall, 45% of women were poor, as compared to 38% of men, while 58% of female headed households were poor. Ethnic minority women are severely disadvantaged, facing female prejudices, minority status and mountainous location and there are often cultural and economic barriers restricting women's participation in decision-making. The vast majority of women are active in agriculture but, in addition to their economic activity, women are overwhelmingly responsible for the vast majority of housework tasks and undertake about 80% of these laborious domestic chores.

110. The key gender issues that are relevant to the types of infrastructure development proposed relate mainly to women's and particularly ethnic minority women's: (i) limited access to markets and market opportunities, health and education services, information, consumer goods and employment opportunities; (ii) limited access to water for daily consumption and irrigation of agricultural crops; (iii) low education and language skill which lower the potential benefits of enhanced infrastructure and (iv) a lack of participation in the decision-making process. Investment in rural roads, irrigation, markets, water supplies and river embankments will reduce travel times as women are often the more frequent attendees at markets, reduce time spent collecting water for family consumption, provide increased returns to labor inputs in agricultural production, and generally contribute to improving their involvement in decision making.

111. To ensure benefits accrue to women, a Social Impact Analysis and Gender Action Plan (GAP) has been prepared for the project. Women, including women's groups and the Women Union, will be consulted on infrastructure design. This will include separate meetings for women, held at appropriate times and using appropriate languages and cultural sensitivity that allow women to participate. The CSB will have female representation. Contractors will be encouraged to employ women in construction/ rehabilitation and labor-intensive maintenance, and men and women will receive equal pay for work of equal type.

112. A Gender Specialist will be included in the LIC team and gender mainstreaming training will be delivered for the project at national, provincial and local level which will focus on data collection, social/gender analysis and monitoring and evaluation needs of the GAP. Women will be provided with participation and negotiation skills workshops that will help women to participate in subproject and community decision-making in a meaningful way. The targeting of agriculture extension services will include women and will provide specific training for women on diversification and value added products. An awareness raising campaign will be undertaken for each subproject on issues identified during the consultation process, commencing prior to the start of any civil works, and sanitation awareness raising campaigns will be undertaken for water subprojects.

113. The GAP for the project has been agreed with the Government and is in web-linked document 10.

VIII. PERFORMANCE MONITORING, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Sustained socioeconomic development in the northern mountain provinces of Viet Nam.</p>	<p>From Baselines in 2011</p> <ol style="list-style-type: none"> 1. Reduction of the number of poor households in the project area from 26% to 15% by 2020. <p>From baselines in 2011 in subproject areas of influence:</p> <ol style="list-style-type: none"> 2. Average household income raised 45% by 2020, by household type (ethnic minority, poor, sex, age), if necessary, using proxies for household income based on expenditure measures in baseline survey. 3. Value of goods traded in the market increased by 100% by 2018. 4. By 2018, increases of: 50% attendance at secondary schools by girls; and, 100% visits to health clinics by women and children. 	<p>Project funded baseline surveys and PBME studies.</p> <p>Commune statistics, committee for Ethnic Minority Affairs / General Statistics Office statistics. (1-3)</p>	<p>Assumptions</p> <p>Government continues to place a high priority on economic growth and poverty reduction in the region.</p> <p>Risks</p> <p>Limited economic development potential in subproject areas.</p>
<p>Outcome</p> <p>Increased access to and use of priority rural infrastructure by the poor and ethnic minorities.</p>	<p>From Baselines in year 2011 in subproject areas of influence:</p> <p>1. Irrigation</p> <ol style="list-style-type: none"> 1.1 Rice yields per ha. in irrigation command areas increased by 25% immediately after commissioning and no later than 2017. 1.2 Cropping intensity in irrigation command areas increased levels by 30% after commissioning and no later than 2017. <p>2. Roads and Markets</p> <ol style="list-style-type: none"> 2.1 Producer surplus increased by 20% by 2017 - induced by increased farm-gate market prices for agricultural produce and greater access to production inputs. 2.2 Travel indicators: VOC reduced by 60%; travel time reduced by 50%; traffic volume increased by 200% by 2017. 2.3 Within one year of subproject completion: Average increase in annual traffic 8% in tons and 7% in ton-km, of which 60% will be agricultural surpluses. 2.4 Within one year of subproject completion: Average increase in passenger volumes: 12% in passengers and 10% in passenger-km. 	<p>Project funded baseline surveys and PBME studies.</p> <p>DARD statistics (1.1-1.2)</p> <p>DARD statistics (2.1)</p> <p>PDoT statistics (2.2 – 2.4)</p>	<p>Assumptions</p> <p>Stream of benefits will continue over the economic life of the improved assets.</p> <p>The poorest segments of the population will have the capacity to benefit from the improved assets.</p> <p>Risks</p> <p>Insufficient operation and maintenance leads to premature asset deterioration.</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Output 1 Priority rural infrastructure rehabilitated or upgraded.	From Baselines in year 2011: 1.1 12,400 ha of irrigated land either receiving water in a timely manner and in the quantities required, or being drained of surplus flood water in a timely manner within 12 months after commissioning but not later than 2016 1.2 600 km of rural road Grade IV, V or VI rehabilitated by 2016 1.3 10 rural commune markets upgraded or established by commissioning but not later than 2016 1.4 All market improvements include facilities for women by 2015 1.5 The works will generate a minimum of \$ 4.5 million worth of employment of which 30% will be for women by 2015	Project funded baselines surveys Project Implementation Monitoring and PBME studies Provincial statistics.	Assumptions The provincial plans from which the subprojects are selected are representative of the intended beneficiary's true priorities. Risks Catastrophic climatic events interrupt implementation or damage the infrastructure.
Output 2 Improved capacities for project management and for rural infrastructure use and sustainability.	2.1 Twelve O&M Asset Management Plans (for irrigation subprojects) prepared and adopted. The Plans will include strategies for using local labour-based methods which will target 50% women participation by year 2015 2.2 Road safety campaigns completed for all road links improved by 2015 2.3 200 CPMU and PPMU staff (including all women staff) trained in ADB procedures and operation of infrastructure within the first year 2.4 150 civil works contracts undertaken in a timely manner in accordance with agreed schedules and by year 2015.	Project Implementation Monitoring	Assumptions CPMU and PPMUs are able to start activities as scheduled Risks Limited implementation capacities at the provincial level to meet all ADB and project requirements

Activities with Milestones	Inputs																
1. Priority rural infrastructure rehabilitated or upgraded. 1.1 CPMU design first set of baseline surveys including household, origin/destination, traffic characteristics, and market designed by month 12. Surveys to include disaggregated gender and age data and analysis. 1.2 PPMUs carry out feasibility and safeguard studies 45 subprojects by PPMU by month 21 for Phase 1 and month 36 for Phase 2 subprojects. Feasibility studies to include consultations with women and women's groups. Pro-poor, female, children inclusion measures are identified. 1.3 PPMUs prepare 150 detailed design bidding documents and supervision contracts tendered by end of month 30 for Phase 1 and month 44 for Phase 2 subprojects. The detailed designs address the pro-poor, female, and children measures. 1.4 PPMUS implement and supervise resettlement plans by the end of month 30 for Phase 1 and month 44 for Phase 2 subprojects. 1.5 PPMUs award construction contracts for 45 subprojects by end of month 45 for Phase 1 and month 51 for Phase 2 subprojects. PPMUs encourage contractors to include local labour of which women will provide a minimum of of 30%. 1.6 PPMUs undertake implementation monitoring, contract supervision and progress reporting from month 20 to month 66. The commune supervision board monitors labour conditions and reports to authorities any non compliance.	Total costs: \$138 million ADB ADF (regular): \$82 million <table border="1" data-bbox="1166 1444 1528 1749"> <thead> <tr> <th data-bbox="1166 1444 1333 1476">Item</th> <th data-bbox="1333 1444 1528 1497">Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1166 1497 1333 1528">Civil Works</td> <td data-bbox="1333 1497 1528 1528">59,640.9</td> </tr> <tr> <td data-bbox="1166 1528 1333 1581">Vehicles and equipment</td> <td data-bbox="1333 1528 1528 1581">1,131.6</td> </tr> <tr> <td data-bbox="1166 1581 1333 1612">Consultants</td> <td data-bbox="1333 1581 1528 1612">3,895.8</td> </tr> <tr> <td data-bbox="1166 1612 1333 1644">Training</td> <td data-bbox="1333 1612 1528 1644">1,347.6</td> </tr> <tr> <td data-bbox="1166 1644 1333 1675">Study Tours</td> <td data-bbox="1333 1644 1528 1675">286.2</td> </tr> <tr> <td data-bbox="1166 1675 1333 1707">PPMU operations</td> <td data-bbox="1333 1675 1528 1707">13,422.9</td> </tr> <tr> <td data-bbox="1166 1707 1333 1749">Interest</td> <td data-bbox="1333 1707 1528 1749">2,275.0</td> </tr> </tbody> </table>	Item	Amount (\$'000)	Civil Works	59,640.9	Vehicles and equipment	1,131.6	Consultants	3,895.8	Training	1,347.6	Study Tours	286.2	PPMU operations	13,422.9	Interest	2,275.0
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<p>2. Improved Capacities for Project Management and for Rural Infrastructure Use and Sustainability</p> <p>2.1 Provide training in ADB procedures to CPMU and PPMU staff by the end of month 3 (CPMU to arrange).</p> <p>2.2 Provide safeguards training including gender sensitivity, HIV awareness, ethnic minority sensitivity to PPMU staff by end of month 9 (CPMU to arrange).</p> <p>2.3 Complete training needs assessment surveys centrally and in the provinces (to be arranged by CPMU after initial training activities by end of month 30). The training shall include all female staff.</p> <p>2.4 CPMU to arrange national (12 occasions) and international (one occasion) study tours for selected participants to demonstrate project management approaches and maintenance planning of rural infrastructure by end of month 42.</p> <p>2.5 Establish management structures 3 months after loan effectiveness including the commune supervision board, which will include representatives of the Women's Union. At least 33% of the membership will be women.</p> <p>2.6 Open national and provincial imprest accounts and establish initial deposits of advance loan funds three months after loan effectiveness.</p> <p>2.7 Recruit loan implementation consultants 9 months after loan effectiveness.</p> <p>2.8 Develop a system and provide training for PPMU and CPMU to monitor contracts by end of month 18.</p> <p>2.9 Submit physical and financial progress reports in a timely manner.</p> <p>2.10 Maintain and operate the CPMU.</p> <p>2.11 Maintain and operate the 15 PPMUs.</p> <p>2.12 Engage suitably qualified nongovernment organizations and implement safety awareness training campaigns in communities living along rehabilitated road alignments. CPMU to arrange upon completion of each rural road rehabilitation; to be completed by end of month 42.</p> <p>2.13 Develop and initiate asset management activities by the end of month 45. Aim to include 50% women in decision and implementation roles such as domestic water user groups, market management committees and irrigation associations.</p> <p>2.14 Operations and maintenance funding allocated to maintain rehabilitated infrastructure after commissioning and beginning on month 42.</p>	<p>ADB ADF Hard-term: \$26 million</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td>Civil Works</td> <td>24,478.5</td> </tr> <tr> <td>Interest</td> <td>1,521.5</td> </tr> </tbody> </table> <p>Government: \$30 million</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td>Resettlement Preparation Studies</td> <td>2,477.2</td> </tr> <tr> <td>Operations and maintenance Implementation</td> <td>9,799.2</td> </tr> <tr> <td>Management</td> <td>5,184.0</td> </tr> <tr> <td>Tax & duties</td> <td>485.8</td> </tr> <tr> <td></td> <td>12,053.7</td> </tr> </tbody> </table>	Item	Amount (\$'000)	Civil Works	24,478.5	Interest	1,521.5	Item	Amount (\$'000)	Resettlement Preparation Studies	2,477.2	Operations and maintenance Implementation	9,799.2	Management	5,184.0	Tax & duties	485.8		12,053.7
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ADB = Asian Development Bank, CEMA = Committee for Ethnic Minority Affairs; CPMU = Central Project Management Unit, GSO = General Statistics Office, KAP = Knowledge attitude and practice, PCR = Project Completion Report, PPAR = Post Project Assessment Report, PPC = Provincial People's Committee, PPME = Project Performance and Management System, PPMU = Provincial Project Management Unit.

Note: Figures in inputs may not add due to rounding.

B. Monitoring

1. Project performance monitoring²⁸

114. Project progress and performance will be monitored through a comprehensive PPMS. Detailed PPMS parameters and procedures will be developed during the initial months of project implementation and will be incorporated with the Management Information System (MIS) that is under refinement within the CPMU for the other infrastructure projects under implementation. Three different kinds of monitoring will be carried out including: (i) implementation progress monitoring, (ii) safeguard monitoring, and (iii) benefit monitoring and evaluation.

115. Implementation progress monitoring will be one of the main tasks of the CPMU. This will be undertaken by a monitoring unit established in the CPMU and will be based on the overall project implementation schedule. The unit will monitor the progress of activities in each province based on monthly progress reports from the PPMUs. Withdrawals, disbursement and reimbursement of project accounts will also be monitored by the same unit.

116. Project benefit monitoring activities will entail periodic monitoring of the benefits and impacts of a representative number of selected subprojects. This will be undertaken independently by a university, institute or similar agency with experience in the identification and quantification of economic development benefits.

2. Compliance monitoring

117. A number of assurances have been given by the Government to ensure the smooth implementation of the Project. Those are subject to Loan covenants (Loan Agreement - Schedule 5) and are summarized below. The ADB will monitor compliance with those covenants throughout project effectiveness and implementation via regular review missions, quarterly progress reports submitted by the CPMU, and review of project accounts and procurement procedures.

3. Project Specific Assurances

a. Implementation Arrangements

118. The Borrower shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

b. Environment

119. The Borrower shall ensure that the Project facilities are constructed and operated in compliance with the Borrower's applicable environmental laws and regulations and ADB's *Safeguard Policy Statement* (2009), and that no Subprojects with significant adverse environmental impacts are financed under the Project. In particular, the Borrower shall ensure that Subprojects are carried out in accordance with environmental assessment procedures

²⁸ ADB's project performance reporting system is available at:
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

provided in the environmental assessment and review framework as agreed between the Borrower and ADB.

c. Resettlement

120. The Borrower shall ensure that no Subprojects which meet the ADB's Category A resettlement criteria as defined in the *Safeguard Policy Statement*, are included in the List of Eligible Subprojects, and that no Subproject with Category A resettlement criteria is financed under the Project.

121. Prior to the commencement of any resettlement activities under a Subproject with Category B resettlement criteria, the Borrower shall prepare or update as the case may be, and submit to ADB for approval, the relevant resettlement plans in accordance with the Resettlement Framework as agreed between the Borrower and ADB, the Borrower's relevant laws and regulations and ADB's *Safeguard Policy Statement*. The Borrower shall not issue a notice to commence civil works in a particular Subproject, until (a) compensation payment and relocation of the affected people in such particular Subproject, if any, have been completed satisfactorily in accordance with the respective resettlement plan; (b) rehabilitation assistance has been in place; and (c) such Subproject is free of all encumbrances.

d. Vulnerable Groups

122. The Borrower shall ensure that Subprojects do not adversely affect ethnic minorities, households headed by women, disabled, elderly or other similarly vulnerable groups, and that rights and needs of ethnic minorities are fully addressed in accordance with ADB's relevant policies. In particular, the Project shall be carried out in accordance with the Indigenous Peoples Development Framework, as agreed between the Borrower and ADB. For Subprojects in which ethnic minorities are present and affected, an Indigenous Peoples Plan shall be prepared in accordance with the Indigenous Peoples Planning Framework. The Borrower shall ensure that, measures to improve the welfare of ethnic minorities are built into the overall Subproject design where the ethnic minority population exceeds 60% and no negative impacts on such ethnic minorities are expected.

e. Gender and Development

123. The Borrower shall ensure implementation of the Subproject specific gender action plans prepared under the overall principles of the Project-wide Gender Action Plan. MARD shall ensure that the gender mainstreaming activities are incorporated into the Project design and undertaken during project implementation. Such activities shall include (i) women's participation in the consultation and participatory process through the inclusion of representatives of the commune level Women's Union on the Commune Supervision Board; (ii) the opportunity for women to participate in Subproject construction activities on the basis of equal pay for work of equal value; (iii) the opportunity for women to participate in post-construction Subproject operation and maintenance activities on the basis of equal pay for work of equal value; (iv) pro-poor activities specifically focused on women's needs; (v) equal opportunity for men and women to attend training courses and sessions under Component 2; (vi) the inclusion of a social specialist in the Project implementation consulting team to address gender issues, where necessary; and (vii) the proposed use of gender-disaggregated data in the benefit monitoring aspects of Project monitoring and evaluation.

f. Governance and Anticorruption

124. The Borrower shall ensure that (i) periodic inspections of the Project contractor's activities related to fund withdrawals and settlements are carried out; (ii) relevant provisions of ADB's *Anticorruption Policy* (1998, as amended to date) are included in all bidding documents for the Project; and (iii) contracts, financed under the Project, include provisions specifying the right of ADB to audit and examine the records and accounts of MARD and Project provinces, contractors, suppliers, consultants, and other service providers as they relate to the Project.

125. Within 2 months of the Effective Date, MARD shall create a Project website, accessible by the general public, to disclose information about various matters concerning the Project, including general project information, procurement, project progress, and contact details in the English and Vietnamese languages. The website shall also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Goods, Works and Consulting Services procured.

g. Subproject Eligibility and Priority

126. Except as provided in paragraph 12 below, the Borrower shall ensure that only candidate subprojects listed in the List of Eligible Subprojects are considered for financing under the Project.

127. The Borrower shall ensure that candidate subprojects in each province are taken up in the order of priority indicated in the List of Eligible Subprojects, and shall carry out feasibility studies and detailed design for such candidate subprojects.

h. Feasibility Study Review

128. After completion of the feasibility studies as mentioned in paragraph 10 above, candidate subprojects shall be reviewed by the CPMU, and shall be taken up for physical implementation only if they meet the following criteria:

- (i) a Subproject is shown to be technically feasible and the expected benefits have been clearly identified. If the estimated economic rate of return is below 10% a significant level of unquantifiable benefits will have been documented;
- (ii) procurement packages have been clearly identified as well as the methods of procurement, cost estimates have been clearly identified and recorded and all sources of funding have been identified and agreed/confirmed;
- (iii) the relevant Subproject investment report contains a detailed financing plan for operation and maintenance, including: the operations company is specified, and both a sufficient budget amount and corresponding source of funding are specified and agreed upon by the relevant Project province and other concerned parties;
- (iv) public hearings on the Subproject proposal have been held in concerned communes, and measures for future public consultation and supervision by the relevant Commune Supervision Board are clearly spelled out;
- (v) a Subproject is shown to have no major negative environmental or social impacts, and mitigation measures have been defined for minor impacts;

- (vi) a Subproject is shown to have no significant resettlement impacts, and if such Subproject is categorized as Category B, a resettlement plan has been prepared in accordance with the Resettlement Framework, and Borrower's laws and regulations, and ADB's *Safeguard Policy Statement*; and
- (vii) where necessary, a Resettlement-Indigenous People's Development Plan has been prepared.

129. In case that a candidate subproject does not meet the criteria provided in paragraph 128 above, it shall be replaced by the next priority candidate subproject for the respective Project province under the List of Eligible Subprojects. If candidate subprojects not listed in the List of Eligible Subprojects are to be considered, they shall be examined and screened by MARD with the support from an independent consultant acceptable to both ADB and the Borrower, and submitted to ADB for approval.

i. Community Awareness and Beneficiary Participation

130. MARD shall ensure that Project provinces promote active community awareness and stakeholder participation in the design, implementation and performance monitoring of Subprojects, though (i) disseminating the nature of the proposed Project works in open public forums, (ii) establishing a mechanism for public consultation, and (iii) financing the operations of the Commune Supervision Board during project physical implementation activities. The Commune Supervision Board shall include representation from the relevant women's union at the commune level. Bidding documents financed under the Project shall include provisions to ensure contractors' preferential hiring of local labor and to comply with the Borrower's Labor Code and labor regulations including guaranteeing equal opportunities for female workers to work with the principle of equal pay for work of equal value.

j. Operation and Maintenance of Project Facilities

131. The Borrower shall ensure that each Project province executes with MARD a memorandum of understanding, acceptable to ADB, providing such province shall (i) prepare a maintenance management plan that includes estimates of the physical works and associated costs required for routine and periodic maintenance, as well as provisions for emergency repairs for the whole life of the Project facilities; (ii) include the maintenance management plans in its annual budgets; (iii) provide adequate funds in a timely manner from provincial budgets to implement the maintenance management plan; and (iv) establish mechanisms for the safe and proper use for each of the Project facilities in accordance with national regulations and practice, such as posting signs on roads and bridges of maximum weight limits, and as necessary to alert users of hazards or establishing physical barriers prohibit vehicles with above a certain size to pass..

k. Monitoring of Project Benefit and Resettlement

132. Within 12 months of the Effective Date, MARD, through CPMU, shall execute a contract with suitably qualified institutions such as social science institutes, universities, consulting firms, NGOs or other institutions acceptable to ADB, for Project benefit monitoring and the monitoring of the implementation of the resettlement plans. Such contract shall be submitted to ADB, and regular reports from the contracted institution shall be included in the quarterly reports to be submitted to ADB.

C. Evaluation

133. ADB will conduct regular (at least twice per year) reviews throughout project implementation to assess implementation performance and achievement of project outcomes and objectives, examine financial progress, and identify issues and constraints affecting the Project and work out time-bound action plans for their resolution.

134. Apart from regular reviews, ADB and the Government will undertake a comprehensive review within 18 months of loan effectiveness when the first batch of subprojects will be commencing construction. A Midterm Review will also be undertaken within 36 months of loan effectiveness. These reviews will include a comprehensive evaluation of project implementation arrangements, detailed evaluation of the scope and implementation process and progress of subprojects, feedback from the PPMS, performance of consultants, capacity building progress, and possible reallocation of loan proceeds. During this more significant review, the impact from the pro-poor initiatives linked to infrastructure development will be assessed as will the allocation by local administrations for the maintenance of the infrastructure developed under the project. Remedial action will be instituted as required.

135. Within 6 months of physical completion of the Project the ADB will conduct a project completion mission to carry out a preliminary assessment of the success of the project to achieve its physical, and socio-economic developmental objectives, as well as to review compliance with ADB requirements and loan covenants.

D. Reporting²⁹

136. The CPMU will prepare and submit to MARD and ADB within 30 days of the end of each calendar quarter, consolidated quarterly progress reports in a format consistent with ADB's project performance reporting system. These progress reports are designed to allow ADB staff to readily capture key information to record in ADB's Project Performance Report (PPR) System.

137. In addition to these quarterly progress reports, the CPMU will prepare consolidated annual reports, which will include (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) an updated procurement plan; and (d) an updated implementation plan for the next 12 months. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency annual financial statements, together with the associated auditor's report, should be adequately reviewed.

138. Within 6 months of physical completion of the Project, the CPMU will submit to ADB a completion report that describes the physical achievements of the Project, actual costs incurred in relation to cost estimates, the results of project activities, a preliminary assessment of achieved benefits, and other relevant project implementation matters requested by ADB.³⁰

E. Stakeholder Communication Strategy

1. Community Consultation

²⁹ Reporting will be in accordance with Decision 803 issued in 30 July 2007 as agreed between the Government and ODA donors including ADB

³⁰ Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

139. The project has been designed to improve the well-being of poor people, especially the vulnerable and excluded groups, through a series of investments in priority rural infrastructure. A number of subprojects have already been pre-screened in each province during project preparation. Each subproject was selected from the provincial Socio-economic Development Plan (SEDP). The preparation of the SEDP involves a process of extensive consultation at district and commune levels to establish priority areas for development.

140. During the project, the process of consultation will continue throughout the feasibility study and detailed design phase of each subproject to afford community groups the opportunity to voice their views on how the subproject is to be designed, implemented and operated. This will be accomplished through a series of community consultation meetings at commune and district level. The community consultation meetings will be carried out by the PPMUs and their feasibility study and design consultants as well as the national safeguard consultants. It will include the participation of representatives from the District People's Committee, the Commune People's Committee, and mass organizations such as the Women's Unions, the Farmers' Union, the Youth Union. The communities will be briefed on all aspects of the propose subproject including safeguard issues of environment, resettlement, and vulnerable groups including ethnic minorities, women will be particularly encouraged to actively participate in the consultation meetings and voice their opinions and views about the subproject design and implementation arrangements.

141. The community will also be informed of the O&M arrangements for the subproject and their expected participation in kind or otherwise in this aspect of the work. They will be encouraged to provide ideas and feedback to the design team and raise their concerns regarding potential negative impacts of the subproject design on the environment and the welfare of the community.

142. The feedback obtained from these community consultation meetings will be incorporated as necessary in the design of the subproject. The process of consultation is expected to build ownership of the subprojects by the community and hence foster better sustainability of the investment.

2. Community Participation

143. It is anticipated that the community will be mobilized in a number of different ways during subproject design, implementation and operation. Since most of the subprojects involved rehabilitation of existing infrastructure, there is limited scope for the community to participate in the selection of the site and alignment for instance. At this stage the community participation will consist mostly to their contribution during consultation meetings.

144. During the construction phase, a significant opportunity for active participation, and for many poor households to benefit from the subproject, is in providing wage labor. This will be encouraged through the bidding documents which will request the contractors to investigate this option whenever possible. It will also be possible for communities to participate effectively in the supervision of the construction work through the CSB.

145. The community will also be required to participate in the O&M of the completed infrastructure whenever possible through provision of labor or in some cases funds.

3. Community Awareness

146. Experience has demonstrated the importance of community participation in achieving sustainable development including appropriate and well-designed infrastructure. To ensure adequate participation of the community, it must first be well-informed and there must be adequate opportunities for everyone to participate if they wish.

147. Information about the project and the subproject in particular, including the objectives, potential environmental impact, implementation arrangements, resettlement and compensation matters, gender issues, issues of concerns for ethnic minorities will be provided to beneficiaries. The PPMUs will design a community awareness program for each subproject and each community and will make this information available to the commune in both Vietnamese language and the language(s) of the communities whenever appropriate.

148. Awareness programs will take advantage of existing social development systems such as commune /village meetings and announcements on commune speaker systems, but may also include different and more innovative approaches. The community will be fully informed of issues such as their right to participate in this subproject and to be compensated for any loss of property including productive land and / or assets; as well as gender equity and other relevant policies. Separate meetings and discussions will be arranged with the people who are directly affected by land acquisition and/or resettlement issues. The community and particularly the affected households will be provided with detailed guidance and procedures regarding resettlement and compensation by CPC.

IX. ANTICORRUPTION POLICY

149. ADB's *Anticorruption Policy* (1998, as amended to date) was explained to and discussed with MARD and APMB. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project.³¹

150. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the loan regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of MARD, APMB, CPMU, PPMUs, all contractors, suppliers, consultants, and other service providers as they relate to the Project. Individuals/ entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.³² The project design and implementation arrangements provide for mitigation of corruption risks. Risks associated with project management, including procurement and disbursement, will be mitigated by (i) engaging an international consultant and a national consultant to advise and assist in the procurement of goods and services, and the engagement of other consultants; (ii) introducing a dual signing system in which the civil works contractor awarded the contract will also sign an anticorruption contract with the employer; and (iii) periodic inspection by the CPMU of the contractor's activities relating to fund withdrawals and settlements. References on ADB's Anticorruption Policy can be accessed through the following link: <http://www.adb.org/Integrity/>.

³¹ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

³² ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

151. The Project will also establish a website in which it will disclose implementation progress; bid notifications and their results; and provides grievance mechanism against any corrupt practice.

X. ACCOUNTABILITY MECHANISM

152. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.³³

XI. LIST OF ELIGIBLE SUBPROJECTS

LIST OF ELIGIBLE SUBPROJECTS, ELIBILITY CRITERIA AND SUBPROJECT FEASIBILITY CRITERIA

A. Eligible Subprojects and Eligibility Criteria

153. Subproject proposals submitted by participating provinces were screened during the PPTA to ensure prima facie technical, economic and financial viability as well as to ensure that ADB and the Government's safeguard policies would be observed during implementation.

154. Identified subprojects which met eligibility criteria are listed in Table 15.1 below.

Subprojects	
CAO BANG	
1	Upgrading rural road (Thi Hoa – Co Ngan – Trieu Phuc) of Ha Lang District
2	Upgrading irrigation system of Dinh Phong commune, Trung Khanh District
3	Upgrading rural road (Thanh Cong – Coc Dan, Na Bao – Na Noi) and market (Na Bao commune) of Nguyen Binh District
4	Upgrading rural road (Trong Con – Chi Minh) of Thach An District
5	Upgrading rural road (Dinh Phong – Dam Thuy, Ngoc Khe- Ngoc Con) of Trung Khanh District
DIEN BIEN	
1	Upgrading rural road (Muong Thin – Muong Mun) of Tuan Giao District
2	Upgrading rural road Na Say commune Road; Tuan Giao District
3	Upgrading rural road (Pu Nhung – Phinh Sang) of Tuan Giao District
4	Upgrading rural road (Na Son – Xa Dung) of Dien Bien Dong District
5	Upgrading rural road (Quai Cang – Toa Tinh) of Tuan Giao District
HA GIANG	
1	Upgrading inter-commune road: from Du Tien to Ngoc Long commune, Yen Minh District (Stage 1)
2	Upgrading inter-commune road: from Du Tien to Ngoc Long commune, Yen Minh District (Stage 2)
3	Construction of Water Supply schemes in Dong Van District

³³ For further information see: <http://compliance.adb.org/>.

Subprojects	
4	Construction of Water Supply scheme and irrigation system in Ngoc Minh and Bach Ngoc communes, Vi Xuyen District
5	Construction of Water Supply schemes in Meo Vac District
LAI CHAU	
1.	Upgrading road: Lung Cu – Pa Khom in Ma Quai and Nam Tam communes, Sin Ho District
2.	Upgrading road: Nam Nga – Nam Han in Nam Cuoi and Ham Han communes, Sin Ho district
3.	Upgrading road: Ta Ngao – Nam Cha, Sin Ho district
4.	Rural infrastructure of four communes: Hoang Then-Mu Sang-Dao San-Tung Qua Lin, Phong Tho District
5.	Upgrading road: Bum Nua-Pa Ve Su, Muong Te District
LAO CAI	
1	Rural road of Bao Yen District (Minh Tan - Kim Son road)
2	Irrigation system of Van Ban District (Ngoi Mac, Duong Quy commune and Ngoi Ma, Vo Lao commune)
3	Revetment dike of Ngoi Ma stream bank, Vo Lao commune, Van Ban District
4	Upgrading rural market system of Bao Yen and Bao Thang Districts
5	Rural road of Van Ban District
SON LA	
1	Upgrading rural road: from 108 road - to Muong E, Thuan Chau District
2	Upgrading irrigation system and landslide protection embankment in Thom Mon commune, Thuan Chau District
3	Upgrading rural road: Chieng Khoa - Muong Men, Moc Chau District
4	Upgrading irrigation system of Na Nguu and Phai Lang, Phu Yen district
5	Upgrading irrigation system, Yen Chau District
BAC CAN	
1	Cau river bank protection (1km in Cao Ky commune and 3 km in Thanh Mai commune)
2	Upgrading rural road of two districts: Ba Be and Bach Thong
3	Upgrading rural road of Cho Don District
4	Upgrading rural road of Na Ri District
5	Upgrading rural road of Cho Moi District
BAC GIANG	
1	Upgrading road: Tan Hiep-Tam Tien; Huong Lac-Huong Son
2	Upgrading Co Dung Pumping Station
3	Que Nham - Ngoc Thien Road
4	Rehabilitation of the Xuan Huong Pumping Irrigation and Drainage Pumping System
5	Upgrading Ngo Khong 1 Pumping Station (N.A)
HOA BINH	
1	Upgrading irrigation systems of Lac Son District
2	Upgrading rural road of Yen Thuy District

Subprojects	
3	Upgrading Thanh Luong irrigation system of Luong Son District.
4	Upgrading irrigation system of Lac Thuy and Yen Thuy Districts
5	Upgrading irrigation system of Cao Phong District.
LANG SON	
1	Upgrading Ta Keo irrigation system, Loc Binh District + 4 km rural road
2	Upgrading Ban Chanh irrigation system
3	Upgrading Khau Ra – Quang Trung road
4	Upgrading Dong Huu Lung irrigation system, Huu Lung District
5	Upgrading irrigation system in three eastern communes of Cao Loc District
TUYEN QUANG	
1	Upgrading rural road of Na Hang District (Con Lon-Khau Tinh Road)
2	Upgrading rural road of Ham Yen District (Chieu Yen-Luc Hanh and Phuc Ninh-Chieu Yen road)
3	Water supply scheme for southern communes, Son Duong District (N.A)
4	Upgrading Three Rural Roads ??? District
5	Upgrading 9 km rural road
YEN BAI	
1	Upgrading rural road of three northern communes, Luc Yen District
2	Upgrading rural road: An Binh and Lam Giang, Van Yen District
3	Upgrading rural road of four eastern communes, Tran Yen District
4	Upgrading rural road: Nghia Tam-Trung Son, Van Chan District
5	Upgrading rural road: Mai Son-Khanh Thien, Mai Son and Khanh Thien communes, Luc Yen District
PHU THO	
1	Upgrading rural road: Phu Lac – Dong Lac, Cam Khe and Yen Lap Districts
2	Upgrading rural road: Thuong Cuu-Dong Cuu, Thanh Son District (Section 1)
3	Upgrading rural road: Yen Luong-Thuong Cuu, Thanh Son District (Section 2)
4	Upgrading irrigation system in the southeastern of Phu Ninh District
5	Upgrading rural road: Minh Hoa-Dong Luong, Cam Khe and Yen Lap Districts
THAI NGUYEN	
1	Upgrading Linh Nham - Trang Xa road and Van Han - Dong Hy market
2	Upgrading On Luong-Yen Do road, Phu Luong District
3	Upgrading irrigation system in eight communes of Dai Tu District
4	Improving Rural Road and Irrigation System in Vo Ngai District
5	Upgrading irrigation system, Pho Yen and Song Cong Districts
VINH PHUC	
1	Construction of a Pumping Station at Trieu De in Lap Thach District

Subprojects	
2	Upgrading of Rural Roads (Ngoc My – Bac Binh, Xuan Hoa – Van Truc, Lien Hoa – Lien Son) in Lap Thach District
3	Construction of Pumping Station in Song Lo District
4	Construction of Yen Duong Bridge in Tam Dao District
5	Minh Quang – Quang Ha Road and Upgrading Tam Quan market in Tam Dao District

155. Eligibility criteria for subprojects to be selected by participating provinces were agreed upon by national government representatives, representatives of participating provincial governments, the PPTA consultants and ADB representatives during the Interim Workshop of the PPTA. These criteria were the basis upon which eligibility screening was undertaken for five subproject proposals identified per province. This resulted in 75 eligible subprojects being identified in 15 provinces.

156. The agreed eligibility criteria were:

- (i) Subprojects must be shown to contribute to the strategic objectives of district and provincial socio-economic development plans (SEDPs);
- (ii) Subprojects must be compliant with national and ADB's environmental standards or at least, with mitigating measures, be able to conform with these standards;
- (iii) Subprojects must have no significant resettlement (no more than 200 affected persons) or land compensation implications as defined by Vietnamese and ADB definitions of what constitutes 'significant' resettlement;
- (iv) Subprojects must be located only in rural or mountainous area where the majority of beneficiaries are likely to be predominantly poor people (beneficiaries should include at least 25% of poor households);
- (v) There must be demonstrated local demand for subproject with confirmation by beneficiaries, participating communes, and district authorities to that effect;
- (vi) Subprojects must be within the cost range of \$1 million to \$5 million for each subproject (to provide for inflation as implementation is still two years away, it is recommended that proposals be limited to a maximum of \$5 million); and
- (vii) Subprojects that are likely to have recurrent expenditure requirements for their continued operations and maintenance (O&M) will need to demonstrate financing arrangements to accepted industry standards/norms for routine and periodic maintenance costs after completion of works.

157. In view of environmental issues and the potential impact rural infrastructure development can have on protected areas, an additional criteria is proposed that will specifically exclude subprojects that adjoin or pass through an existing or proposed protected area.

B. Feasibility Criteria

158. The first step in project implementation will be to undertake technical and safeguard feasibility studies of the identified subprojects. After completion of the feasibility and safeguard studies, subprojects will be reviewed by the CPMU with the support of the loan implementation consultants and will only be taken up for physical implementation in accordance with the following feasibility criteria:

- (i) a subproject is shown to be technically feasible and the expected benefits have been clearly identified. If the estimated economic rate of return is below 10% a significant level of unquantifiable benefits will have been documented;
- (ii) procurement packages have been clearly identified as well as the method of procurement, cost estimates have been clearly identified and recorded and all sources of funding have been identified and agreed/confirmed;
- (iii) the subproject investment report contains a detailed financing plan for operation and maintenance, including: the operations company is specified, and both a sufficient budget amount and corresponding source of funding are specified and agreed upon by the relevant PPC and other concerned parties;
- (iv) public hearings on the subproject proposal have been held in concerned communes and measures for future public consultation and supervision by the CSB are clearly spelled out;
- (v) a subproject is shown to have no major negative environmental or social impacts and mitigation measures have been defined for minor impacts;
- (vi) a subproject is shown to have no significant resettlement impacts, and for Category B subprojects a resettlement plan has been prepared in accordance with the agreed Resettlement Framework, and Government's and ADB's policies; and
- (vii) where necessary, a Resettlement-Indigenous People's Development Plan has been prepared.

159. Should any subproject not meet these feasibility criteria, it will be replaced by the next priority subproject for that province under the list of eligible subprojects. If new subprojects are to be considered, they will be screened by MARD with the support from an independent consultant acceptable to both ADB and the Government, and submitted to ADB for approval.

XII. RECORD OF PAM CHANGES

160. All revisions/updates during the course of implementation will be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.