

Document of
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RESTRUCTURING PAPER

ON A

PROPOSED RESTRUCTURING
OF

VIETNAM PROCUREMENT THRESHOLD FOR SELECTED PROJECTS
(SEE ANNEX 1)

MAY 9, 2012

ABBREVIATIONS AND ACRONYMS

EAP	East Asia and Pacific Region
FY	Fiscal Year
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
MT	Montreal Protocol
WB	World Bank
RE	Recipient-Executed Grant

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VIETNAM PROCUREMENT THRESHOLDS

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VIETNAM PROCUREMENT THRESHOLDS
RESTRUCTURING PAPER

A. SUMMARY

1. The purpose of this Restructuring Paper is to seek the approval of the Country Director to proceed with an umbrella restructuring to change the provisions for the Bank’s review thresholds specified in the respective Development Credit Agreement (DCA) or Financing Agreement (FA) for the projects in the Vietnam portfolio listed in Annex 1 (see Section C).

2. Vietnam’s procurement thresholds were increased in March 2012 for the whole portfolio (see Table 1). For new projects under preparation and on-going projects for which the Financing Agreements do not specify the procurement thresholds, the new thresholds are already being applied or will be reflected in the procurement plans. For ongoing projects for which the Financing Agreements indicate specific procurement thresholds, a restructuring is necessary to amend the procurement prior review provisions.

3. In line with guidance received from OPCS, this Restructuring Paper, due to its “umbrella” nature, will go through all the necessary clearances and approval via email rather than through the portal, and will not include datasheets. Once approved, it will be recorded in WBdocs under each project file. OPCS will be notified shortly after, to ensure that a Level 2 restructuring is appropriately recorded in the system for each of the affected operations.

Table 1: Vietnam’s Revised Procurement Thresholds

Procurement Method Threshold								Prior Review Threshold								All-National Shortlist of Consultants
Country Unit	Country	ICB		NCB		Shopping		ICB		NCB		Shopping		Consultants		
		Goods	Works	Goods	Works	Goods	Works	Goods	Works	Goods	Works	Goods	Works	Firms	Individuals	
EACVF	Vietnam (old)	≥\$300k	≥\$3m	<\$300k	<\$3m	<\$50k	<\$100k	All	All	≥\$200k	≥\$500k	None	None	≥\$100k	Only Exceptional Cases	\$200k
	Vietnam (new) March 5, 2012	≥\$500k	≥\$5m	<\$500k	<\$5m	<\$100k	<\$200k (2011 PG)	All	All	≥\$400k	≥\$3m	None*	None*	≥\$200k	Only Exceptional Cases	\$300k
* Shopping: "None" for experienced PMUs on repeater projects. "First Contract" for each implementing agency for new projects.																

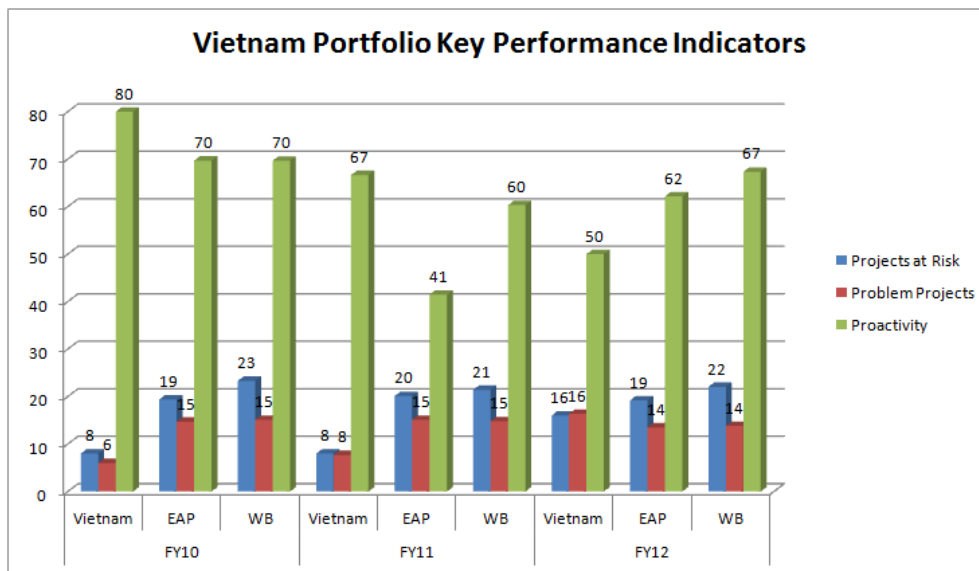
B. CURRENT STATUS

4. As of end-March 2012, the Vietnam portfolio consists of 55 active operations, consisting of the following:

- 47 IDA
- 3 IBRD
- 2 GEF Operations
- 1 Montreal Protocol Operation
- 2 Recipient Executed Large Trust Funds

5. The Vietnam portfolio has generally been performing in line with, or better than the EAP region and the World Bank as a whole. This is reflected in key performance indicators, such as the incidence of problem projects and projects at risk of not achieving their development objectives, and proactivity index (see Figure 1).

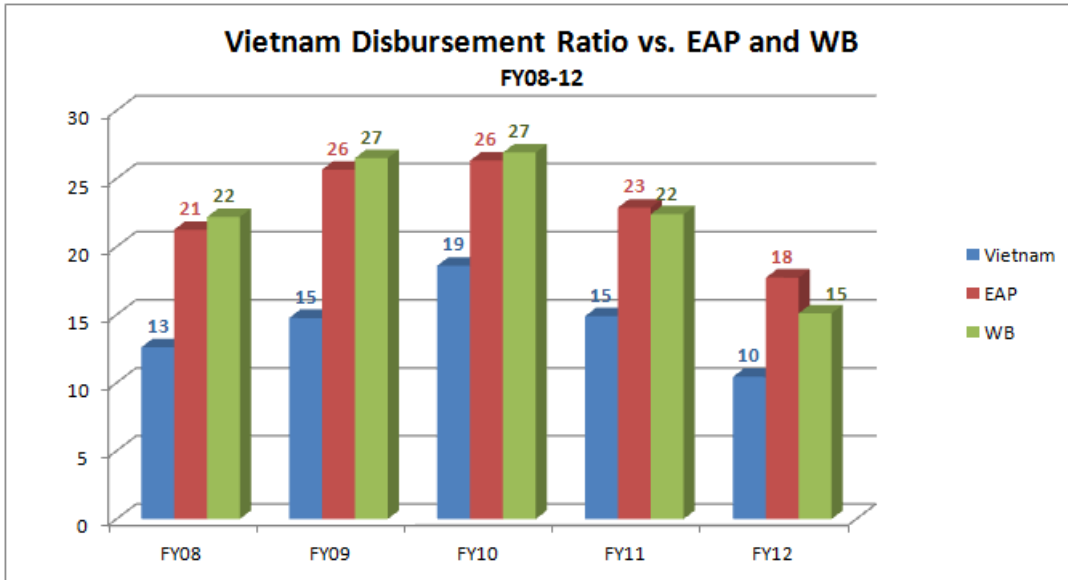
Figure 1: Vietnam Portfolio Key Performance Indicators FY10-12



Source: Business Warehouse. FY12 data as of 04/03/2012

6. With regards to disbursement ratio, however, the Vietnam portfolio has lagged behind both the EAP region and the Bank (see Figure 2). Consequently, disbursement ratio has become an area of attention, with the ultimate objective of increasing the impact of the Vietnam program through more funds reaching its beneficiaries in an accelerated manner. To do so, the Country Management Unit, in close cooperation with Sector Units, has undertaken an effort to identify existing bottlenecks and specific solutions to this issue. One of them was identified in Vietnam's low procurement thresholds, which were found to significantly and unnecessarily increase the duration and complexity of the procurement process, with evident costs to the client, the Bank, and ultimately the beneficiaries.

Figure 2: Vietnam Disbursement Ratio vs. EAP Region and World Bank



Source: Business Warehouse. FY12 data as of 04/03/2012

C. PROPOSED CHANGES

The specific change for which approval is sought through this Project Paper is to change the provisions for “Review by the Association of Procurement Decisions” of DCA or FA to reflect the new thresholds as defined in Table 1 of this restructuring paper.

ANNEX 1: List of projects subject to restructuring

Credit No.	P code	Legal Agreement	SM
4608	P091747	Financing Agreement dated August 21, 2009 for ‘School Education Quality Assurance Program’	Luis Benveniste
4786	P110693	Financing Agreement dated August 13, 2010 for ‘New Model University Project’	Luis Benveniste
4398	P082672	Financing Agreement dated July 10, 2008 for ‘Northern Upland Health Support Project’	Toomas Palu
4688	P095275	Financing Agreement dated May 25, 2010 for ‘Central North Health Support’	Toomas Palu
4116	P079344	Development Credit Agreement dated June 1, 2006 for ‘Vietnam Information and Communication Technology Development Project’	Doyle Gallegos
3767	P075399	Financing Agreement dated April 7, 2011 for ‘Public Financial Management Reform Project’	Sudhir Shetty
4863			
4361	P099376	Financing Agreement dated March 28, 2008 for ‘Tax Administration Modernization Project’	Sudhir Shetty
4505	P088759	Financing Agreement dated April 21, 2009 for ‘Financial Sector Modernization and Information Management Project’	Hormoz Aghdaey
4407	P096418	Financing Agreement dated June 16, 2008 for ‘Vietnam Land Administration Project’	Jennifer Sara
4518	P108885	Financing Agreement dated December 9, 2008 for ‘Agriculture Competitiveness Project’	Jennifer Sara
4649	P090723	Financing Agreement dated December 10, 2009 for ‘Livestock Competitiveness and Food Safety Project’	Jennifer Sara
4698	P113493	Financing Agreement dated May 25, 2010 for ‘Second Northern Mountains Poverty Reduction Project’	Jennifer Sara

5032	P075407	Development Credit Agreement dated May 17, 2007 for 'Third Rural Transport Project'	Jennifer Sara
4306	P083588	Financing Agreement dated November 22, 2007 for 'Mekong Delta Transport Infrastructure Development Project'	Jennifer Sara
4347	P083581	Financing Agreement dated November 22, 2007 for 'Hanoi Urban Transport Development Project'	Jennifer Sara
4474	P095129	Financing Agreement dated November 10, 2008 for 'Northern Delta Transport Development Project'	Jennifer Sara
3887	P070197	Financing Agreement dated September 10, 2009 for 'Urban Upgrading Project'	Jennifer Sara
4604			
4253	P082295	Development Credit Agreement dated March 19, 2007 for 'Coastal Cities Environmental Sanitation Project'	Jennifer Sara
4402	P086508	Financing Agreement dated August 28, 2008 for 'Da Nang Priority Infrastructure Investment Project'	Jennifer Sara
4609	P094055	Financing Agreement dated August 12, 2009 for 'Local Development Investment Funds Project'	Jennifer Sara
4115	P077287	Development Credit Agreement dated March 2, 2006 for 'Red River Delta Rural Water Supply and Sanitation Project'	Jennifer Sara
4710	P113496	Financing Agreement dated May 25, 2010 for 'Additional Financing for Red River Delta Rural Water Supply and Sanitation Project'	Jennifer Sara