

**Viet Nam: Central Highlands Poverty Reduction Project (GNTN)**

**Implementation Support Mission: October, 16 – 17, 2014**

**Project P128042; Credit No. 5330-VN**

*Draft Aide Mémoire*

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**A. Introduction**

1. The second (Interim) implementation support mission (ISM) for the Central Highlands Poverty Reduction Project (GNTN) was carried out from October 16-17, 2014.<sup>1</sup> The objective of the mission is to take stock of the Government's progress to initiate implementation under the project, to identify specific challenges or bottlenecks to prompt implementation, and to agree on concrete actions to resolve these issues identified. The mission also reviewed the implementation of the Project Preparation Technical Assistance Fund (PPTAF) sub-project for the GNTN.

2. The mission met with Central Coordination Office (CPO) of the GNTN and representatives from 6 PPMUs of Quang Nam, Quang Ngai, Kon Tum, Gia Lai, Dak Lak and Dak Nong in Ha Noi. The mission extends its thanks to project leaders and staff of CPO and 6 PPMUs for their cooperation during the mission.

3. This aide memoire reflects the mission's findings and agreed actions which were discussed with CPO and PPMUs on November 17, 2014 in MPI.

**B. Mission Findings and Recommendations**

**Progress since last Mission**

4. Overall, the project is experiencing very slow implementation pace with little progress since the 1<sup>st</sup> ISM cum project launch in May 30, 2014. Most of the project activities have been delayed and/or started later than planned. The project is moving relatively well on communications strategy and establishing a smartphone-based MIS. Nonetheless, other essential aspects for project start-up such as recruitment of staff, activation of project accounts, training of staff and planning for project activities have all been delayed. The following sections present the detailed assessment of project progress and the mission's key recommendations.

5. **Recruitment of key project staff consultants.** The mission noted that core staff (director, deputy director, chief- accountant and procurement officers) has been assigned/seconded to PPMUs and DPMUs at the beginning of the project. Commune Development Boards, with key staff, have also been established. However, none of the other project staff consultants (e.g. accountants, monitoring and evaluation officers, livelihoods officers, safeguard officers, capacity building officers) have been recruited. The process of

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<sup>1</sup> Mission members included Son Thanh Vo (Sr. Rural Development Specialist/co-TTL), Cung Van Pham (Sr. Financial Management Specialist), Hoai Van Nguyen (Procurement Specialist), Nghi Quy Nguyen (Social Development Specialist), Huong Lan Dao (Health Systems Specialist), and Phuong Thu Nguyen (Team Assistant).

consultant selection for PPMUs and DPMUs has only recently started and most provinces and districts report receiving low numbers of interested candidates. Dak Nong province, in particular, did not receive any CV or expressions of interests from potential candidates so far. PPMUs indicated that the qualification requirement of 5 years of experience in the specific area of work was too high (and those who had 5 years of experience have usually had a stable employment already). Therefore, provincial representatives proposed to lower the qualifications of the TORs for the 6-7 consultants' positions for PPMUs and DPMUs.

6. In response, the mission recommended the following actions. For positions that have sufficient numbers of interested candidates (at least 3 qualified candidates per positions), the selection process should proceed. For positions that have not attracted enough interested and qualified candidates by the closing date, PPMUs are advised to: (i) re-advertise outside of the provinces using regional or national mass media to extend the search; and (ii) consider use of government hardship allowance to staff working in remote and difficult to reach areas as an additional incentives. In the meantime, the mission recommended that CPO/MPI request local authorities to assign/second relevant government staff to help with project activities whilst the PPMUs and DPMUs continue to seek qualified consultants. The mission also clarified that the stated 5 year experience in the Qualifications in the TORs should be understood as the total years of experience in doing similar work, (and not the years of a candidate's college/university degree).

7. In light of these clarifications and agreed additional actions, it was agreed that PPMUs would substantively complete the staff recruitment process by November 30. The mission reminded the PPMU representatives that staffing and project implementation rests squarely with the provincial and district authorities and they would be held accountable for these agreed-upon responsibilities. The mission also reminded PPMUs of the required procurement procedures for recruitments to be deemed acceptable.

8. **Recruitment of Community Facilitator (CFs).** The mission was pleased to note that the recruitment of CFs has been completed with contracts awarded to selected CFs in all provinces. It was agreed that the next steps would be to provide the CFs with relevant training to equip them with good project knowledge and facilitations skills for them to deliver their services effectively. The mission noted that the training package specifically targeted to CFs (for facilitation skills) is under procurement and it would therefore not be ready until the second half of November, at the earliest. However, CFs will also participate fully in other training courses which are designed for overall project staff. PPMUs have raised concerned that the salary level of USD250/person/month is low and not attractive enough to retain the CFs in remote and difficult-to-reach areas. The mission clarified that the salary of USD250/person/month should not be treated as fixed norm to apply equally across the selected CFs as the working conditions among project communes are different and the salary offered to CFs should flexibly reflect those. At the same time, similar to the incentive for staff consultants above, hardship allowance mechanism could be applied to CFs working in remote communes. In addition, each CFs will be (i) equipped with a motorbike to facilitate their working at the commune; (ii) provided with some fixed fuel allowance and mobile phone allowance (for their work on smartphone-based MIS – CommuneCollect which is being established); and (iii) reimbursed for allowable and reasonable project-related expenses (such as photocopying, internet charges, motorcycle repairs, etc.).

9. **Activation of central and provincial designated accounts, district and commune project accounts** and presentation of withdrawal applications to the World Bank. The mission expressed its concerns that three months had passed since the project's effectiveness date but no withdrawal applications (WAs) have been presented due to the delayed appointment and assignment of the project's service bank. The mission noticed that CPO's and PPMU's accounts in the World Bank's Client Connection have been established but basic training in using ClientConnection and provision of token for e-signature and e-application of withdrawal requests have not yet taken place. The mission recommended that the bank accounts for the Designated Accounts be opened as soon as possible in tandem with the above-mentioned training of e-application to be provided by the World Bank's disbursement colleague. Based on the revised/updated implementation and procurement plans, the CPO and PPMUs were advised to develop a detailed disbursement/financial plan for the next 6 months to accompany their first withdrawal applications

to their respective Designated Accounts (DAs). Without such plans, the Bank would not be able to approve the first release of disbursement to the DAs.

10. **TABMIS codes.** The mission was informed that some provinces encountered difficulties in opening codes for project activities. This was caused by different understanding and interpretation of the application of TABMIS (Treasury and Budget Management Information System) managed by State Treasury at all levels. The mission recommended that PPMUs should follow the guidance from provincial State Treasuries to reach final and official arrangements as locally relevant.

11. **Implementation Plans.** The mission observed that except for Dak Nong PPMU, the first 18-month implementation and procurement plans that the Bank provided no objection in September 2013 have become obsolete and required updates and adjustments. Therefore, the mission agreed with the CPO and the PPMUs to roll forward and update the previous plans to cover the final months of 2014, and all of 2015, making appropriate adjustments to activities and investments based on work achieved to date, and changes in local contexts. Dak Nong was also requested to present its revised plans in the agreed upon formats presented in the adopted PIM. It was also recommended that PPMUs prioritize some key activities for the last two months of 2014 including: (i) communication; (ii) hiring of staff consultants; (iii) basic office equipment purchase. The mission also recommended that planning for 2016 should start at or around May or June 2015, following the participatory planning procedures as regulated by the PIM. To enable this, training in the application of the PIM for all project staff, and in particular in relation to the participatory planning procedures for community investments, must be completed well before May 2015

12. The plan for 2015 will cover the bulk of the original first 18-month plan with relevant updates which will include other works, goods and services. In support of this, the PPTAF is financing a consultancy to develop standard infrastructure design and procurement packages. To try and take advantage of the current dry season (Nov – April), the mission recommended that the CPO and PPMUs should guide the consultants to focus on completing the technical detailed design of 1-2 sub-projects as pilots for PPMUs to start off the investment process. PPMUs should then follow the sample design to proceed with the remaining sub-projects. PPMUs also raised some concerns that the cost estimates in the original first 18-month plans are out of date and likely under-estimated due to inflation. The mission noted that inflation for the last 18 months was in the order of 7-12%, which should not cause a substantive gap in sub-project cost estimates. However, the mission recommended that PPMUs should conduct duly participatory consultations with targeted beneficiaries in updating the plan for 2015 as necessary and to apply current cost norms and appropriate technical specifications for the revised plans. Some provinces also questioned if partial sub-project investments (due to insufficient budget resources) would be allowed. The mission recommended against such arrangements. Lastly, the mission reminded the CPO and PPMUs that their plans for 2015 must be accompanied by detailed screening for potential land acquisition as required by social safeguard policy. The screening form has been shared previously and the mission agreed to share the form again to ensure full compliance.

13. **Training of staff.** The mission expressed deep concern that due to the slowness in recruitment of project staff, the training of staff has yet to start, though some training packages have been contracted for under the PPTAF. With agreement that staff would be in place by ..., it was further agreed that all project staff would be provided basic training in their area of focus at least once by end of March 2015. The mission also recommended that the representatives of service bank, State Treasuries and Finance Agencies at all levels be invited to participate in the relevant training events.

14. **Communications.** As noted in the previous mission, the project has started fairly well with the launch materials and the accompanied communication handouts. However, much more communications, fine-tuned for specific contexts and ethnic groups are needed to increase the outreach to the project's targeted beneficiaries. CPO was complimented in preparing a solid communications strategy. It is time for CPO and PPMUs to define detailed communications plans with relevant products/materials for effective

rolling-out of that strategy. The plan for the last two months of 2014 should present the initial implementation of the communications strategy to ensure that by the end of December 2014, everybody in the project areas hear and know about the project.

15. **MIS.** With technical support from the Bank's Global Social unit, the project has been able to initiate work to establish a smartphone-based MIS for the project, known as "CommunityCollect", which is based on a prototype developed by the Social unit. The CPO has awarded a contract to a qualified IT firm to support its overall establishment of the MIS. Reporting forms are being designed based on the forms from the adopted PIM to be applicable to smartphones for real-time reporting and monitoring. System testing of the MIS is expected to take place in December 2014.

16. **Procurement of the Technical Assistance (TA) and vehicle packages.** The CPO has yet to start procurement for TA and the vehicles crucial to support and facilitate the project implementation. These packages have been highlighted in previous mission aide memoires and the task team has provided support to help expedite these activities (sample TORs and specific reference to the vehicles in the financing agreement) but it appears that they have not been prioritized. Given the lag time for the international procurement processes, any further delay of the procurement of these package will negatively affect the pace and quality of the project implementation. It was agreed that the CPO would update its procurement plan reflecting these essential packages as soon as possible and submit to Bank for review and clearance. The mission recommended that whilst the main TA package is being procured, the CPO should mobilize an individual international consultant to help with the livelihoods activities specifically as this is a new area of activity for MPI and the provinces.

17. **Livelihoods.** Given the importance of livelihoods-focused aspects of the GNTN, CPO is undertaking another in-depth study on livelihoods in the project areas to help inform specific project strategies. The mission noted that the inception report had not been submitted to the Bank for review and comment, and requested that the CPO do so as standard practice for prior review consultancies. The mission also found that some provinces had a misconception of how the project would support livelihoods activities. The mission clarified that rather than purchasing and providing inputs, as is done thru other national programs, the project would support livelihood enhancement groups (LEGs) to develop a livelihood/production proposal and to procure the production inputs as needed by themselves. For this purpose, LEGs would apply community participation procurement methods as outlined in the PIM.

#### **Update of Progress on PPTAF**

18. **Overall progress.** As of September 30, all 53 packages planned the PPTAF sub-project for the GNTN has been acted upon, of which 19 packages have been completed and delivered, 26 packages are being implemented, and 8 packages are in the process of procuring. However, the pace of implementation is slower than expected with only 57% of planned work completed and only 27% of funds disbursed. As noted, most of the training packages have been delayed due to unavailability of staff, the contract for the baseline survey has only recently been signed, and procurement of basic office equipment and technical design work have also experienced delays. As such, the Government will request an extension of the PPTAF sub-project closing date (of January 31, 2015). Government proposed to extend the grant until September 2015, but the task team recommends that the date be set for June 2016 to allow for the completion of all identified and required implementation start-up activities. The proposal for the extension should include a letter from Government (MPI) requesting the extension, an explanation of why the completion of proposed activities has been delayed, and a revised implementation and procurement plan.

19. Regarding the baseline survey (BLS), the CPO has finalized the contract with the selected firm, which has begun preparation for the study. The CPO has also provided the Bank with the draft questionnaire and control group selection methodology for review and comment. The impact evaluation TA team has commented on the questionnaire and has agreed to do the same on the control selection methodology in a

timely fashion. The IE team is also exploring ways in which it can provide more direct support to the BLS firm in the coming weeks as the finalize and pilot test the instruments, and select the control communes.

### Other Matters

20. Rural Sanitation. The mission held a meeting with the Global Water and Sanitation team's visit to Viet Nam to discuss possible activities to integrate more sanitation and hygienic interventions with GNTN. The sanitation mission was pleased to note that GNTN design is open and flexible to include a nutrition-focused and women-led sub-project for food security and nutrition. The sanitation team recommended that a couple of GNTN districts be identified to pilot the integration of sanitation and hygiene improvements linked to nutrition-focused sub-projects. These should start with awareness raising and communications in the first cycle of support, followed by facilitated consultations for interventions such as installments of toilets in the second cycle of support. The Bank's Water and Sanitation Program (WSP) has toolkits that could be easily adapted to share with the project combined with its in-house technical expertise for the pilot. Further discussion will be needed to move this pilot integration forward with concrete plans. The WSP mission also informed the project that the WB is working with MOH in designing a scaling up of rural sanitation in Northern Mountains and Central Highlands. This operation is still in early preparation stage and close coordination between the two teams is happening to ensure synergies and to avoid any potential wasteful overlaps and duplication.

### C. Agreed Actions

21. The findings and recommendations noted above were discussed with MPI, CPO and PPMUs during the course of the mission, and following section will present the agreed time-bound actions:

Agreed Actions	By when	By whom
Activation of all project accounts at central, provincial and district levels	October 24, 2014	CPO, PPMUs, DPMUs
Submission of financial, procurement and implementation plans for 2014 to WB's review	October 25, 2014	CPO, PPMUs, DPMUs
Provision of NOL to financial, procurement and implementation plans for 2014	October 30, 2014	WB
Completion of staff recruitment at all levels	November 30, 2014	CPO, PPMUs, DPMUs
Training of accounting software to DPMUs and CDBs	November 30, 2014	CPO, PPMUs, DPMUs, CDBs
Submission of updated procurement, financial and implementation plans for 2015	December 25, 2014	CPO, PPMUs
Communications campaign initiated in all project areas (down to household level)	December 30, 2014	CPO, PPMUs, DPMUs, CDBs
All project staff receive at least one project training event (orientation and overview of project strategies and structures)	March 15, 2015	CPO, PPMUs, DPMUs, CDBs
Advertisements for TA and vehicles packages	November 30, 2014	CPO

22. The next mission is scheduled to start on January 5, 2015.