

**VIET NAM: CENTRAL HIGHLANDS POVERTY REDUCTION PROJECT (GNTN)**

**INTERIM IMPLEMENTATION SUPPORT MISSION: AUGUST 22 – 26, 2016**

**PROJECT P128072, CREDIT No. 5330-VN**

**AIDE-MÉMOIRE**

<b>Original IDA Amount:</b>	<b>USD 150,000,000 (SDR 97.6 mil)</b>
<b>Date of Board Approval:</b>	<b>December 27, 2013</b>
<b>Date of Effectiveness:</b>	<b>July 22, 2014</b>
<b>Closing Date:</b>	<b>December 31, 2019</b>
<b>Disbursements to Date (September 28, 2016)</b>	<b>USD 21,773,406.25 (15.94%)</b>

**A. INTRODUCTION**

1. The Interim implementation support mission (ISM) for the Central Highlands Poverty Reduction Project (GNTN) was carried out from August 22 to 26, 2016.<sup>1</sup> The objectives of the mission were to: (i) take stock of the project’s progress and follow up the recommendations since the last ISM in March 2016; (ii) identify specific challenges or bottlenecks to implementation; and (iii) agree on concrete actions to resolve these issues identified ahead of the full ISM planned for late October/early November 2016.

2. The mission extends its thanks to Director Tran Ngoc Hung, Deputy Director Do Thanh Trung, and the staff of the Central Project Coordination Office (CPO) of the Ministry of Planning and Investment (MPI) for their support in the organization and conduct of the mission. The mission visited Dak Nong and Dak Lak provinces, districts and communes indicated in Table 1 below. The mission thanks the members and staff of the commune development boards (CDBs), district project management units (DPMUs), and provincial project management units (PPMUs), and beneficiaries in these areas for their time and insights.

**Table 1: Provinces, Districts, and Communes Visited (GNTN\_ Interim ISM August 22- 26, 2016)**

<b>Provinces</b>	<b>Districts</b>	<b>Communes</b>
Dak Nong	Tuy Duc	Quang Tan, Quang Tam
Dak Lak	M’Drak	Cu San
		Cu M’Ta
	Buon Don	Ea Nuol

3. This aide-mémoire (AM) reflects the mission’s findings, recommendations, and actions to be taken, which were discussed with provincial and central-level representatives of MPI overseeing the project, and agreed to with the Director and Deputy Director of the Department of Local and Regional Economy, the staff of the CPO, and the Directors/Deputy Directors of the 2 PPMUs, during the mission. This aide-mémoire is subject to final clearance by World Bank management. Given the scope

<sup>1</sup> The mission was led by Son Thanh Vo (Sr. Rural Development Specialist), and included Cung Van Pham (Sr. Financial Management Specialist), Hoai Van Nguyen (Procurement Specialist), Nghi Quy Nguyen (Social Development Specialist), Lan Thi Thu Nguyen (Sr. Environment Economist, Environment Safeguard), Tung Hoang (Infrastructure Specialist), and Dung Thuy Vu (Team Assistant).

of an interim mission, this AM (more in the form of a back-to-office report) focuses more on the findings from the visited locations with closer attention to livelihoods sub-projects, small-scale infrastructure sub-projects, social development, and fiduciary (procurement and financial management) issues.

## **B. MISSION FINDINGS AND RECOMMENDATIONS**

4. Overall Progress. The mission noted that the implementation has in general picked-up since the last mission in March, but with uneven pace between components and provinces. As of September 28, 2016, the project has disbursed almost 16% of the total credit amount, up from 9% in March 2016. Compared to the project's total approved plans for 2016, disbursement has reached 23%. The bulk of disbursement is expected to take place in the last four months of 2016, when the majority of the project areas enter into their dry season and construction work is able to begin. It is important to note that the plans for 2016 in most provinces have been submitted and approved later than expected. Except Gia Lai province whose plan for 2106 was approved in January, most other provinces have their plans approved as late as March or April 2016. As such, the actual implementation period started for four to five months late.

5. The mission noted that the project has acted upon the last ISM's agreed actions and recommendations. Progress with those follow-up actions varies but most have been completed. Key learning events, per the mission's recommendations, such as Community Facilitator (CF) Forum, Fiduciary Focus and M&E Technical Workshops, etc., have been conducted with CPO in the leading role. Annex 1 shows the specific status of previously agreed upon actions from the 5th ISM (March 2016).

### **Detailed Technical Findings and Recommendations**

6. In relation to the 2016 plan implementation, as of June 30, 2016, the livelihoods component has achieved commendable progress with 467 out of 1,343 sub-projects completed (35%), 575 (43%) sub-projects on-going, and 64 sub-projects are to be started. Infrastructure sub-projects under Component 1 are slower with 81 out of 410 sub-projects completed. In particular, Gia Lai, Dak Nong, Quang Nam and Quang Ngai provinces have been slow with no sub-projects under shopping methods having been completed by August 31, 2016. Quang Nam province is of particular concern as it has not completed any sub-project under component 1 for the last 8 months. For larger infrastructure investments under Sub-Component 3.1, out of 67 sub-projects, only 14 sub-projects have been completed, 12 are under construction and 41 have not yet been started. Most of these, as observed in Dak Nong and Dak Lak, are waiting for the completion of the design which is managed by provincial PMUs. Capacity building and communications continue their steady performance with almost 1,500 man days trained and 14,312 people reached by communications activities.

7. Commune and Village-level Infrastructure. The mission observed that the overall quality of the infrastructure sub-projects in the visited villages and communes are of adequate quality but there is still room for further improvements. Notably, further attention should be paid to the following:

- a. Appropriate drainage around school classrooms/buildings is essential to prevent the damage to the foundation of the building when it rains. The mission noted some buildings have been affected by this issue.

- b. Quality of supervision work should be paid higher attention by the PMU's infrastructure consultant to ensure high quality of construction.
- c. Documentation of the sub-projects should be checked regularly to avoid inconsistency of dates and procedures (e.g., omission of appraisal stamps, etc).
- d. Design for sub-projects should be checked against real situations at the locations to allow adjustments. The mission noted several design issues . For example, many class rooms were built without proper drainage at the back wall which kept rain water in and loosened the solid soil around the foundations. For the rural road sub-project in Cu San Commune, M'Drak District, the culvert was constructed without connecting sections to the feeder roads which could make it inaccessible during raining season. rural road sub-projects are of small scale feeder roads with concrete design, and require at least 28 days for the concrete to reach its maturity and stability before putting into use. However, in reality there seemed no alternate roads for the communities to use. The mission noted that many rural road sub-projects have been opened for usage less than the required 28 day period which threatens the durability of the sub-projects. Technical solutions/options (e.g., use of additives to shorten the maturity and stability period, or alternate construction where're it is possible) should be considered in the design.

8. Livelihood Enhancement Groups (LEGs). The mission is pleased to note a smooth operation of LEGs. LEGs are able to maintain regular meetings where members can share their experiences in running livelihood models. From discussions with LEGs it is clear that LEG members, especially the group leaders, are very confident in describing not only their current livelihood activities supported by the project but also their plan in maintaining activities after the project's support to the LEG finishes. . In some visited LEGs with mixed ethnic groups, the mission observed that ethnic minority members often gain a lower level of production yield. CFs should pay particular attention to those groups, providing appropriate guidance to group leaders, in order to gradually improve the performance of ethnic minority LEG members. LEG members expressed their appreciation of the project which generally increased the members' yields. All of the LEGs the mission met with expressed interest in having project support for additional years to enable a more sustainable development outcome.

9. The mission, however, noted some elements that could be addressed to facilitate more sustainable operations for the LEGs:

- a. Food security and nutrition LEGs should be supported continuously for 2 years. The mission observed that many LEGs in Cu San Communes that were set up in 2015 have not been included in the next round of the support. Cu San CDB and M'Drak DPMU proposed to move the support to other poor households by forming new LEGs, instead of continuing support to the current LEGs. This is not following the projet design principle and should be corrected.
- b. Many LEGs involved in home gardening and small-scale livestock could not get the best out of their livelihood activities due to shortage of water. In the future, communities may wish to propose water supply schemes that link to proposed livelihoods sub-projects to bring synergy and increase impacts.

- c. The proportion of livestock sub-projects outnumbered those of crops because poor households tend to have less arable land for crops and livestock is a better option for livelihoods diversification and income improvement.
- d. The mission was pleased to note that many LEGs members have managed to increase the herd size and re-invest in subsequent cycles of production. However, there are many other LEGs members showing weak capacity in maintaining the herd size and when faced with urgent needs of cash, they sold the animals for cash and found it harder to maintain or increase the herd size afterwards. Cross support within LEG members have not been promoted. LEG savings were quite small, mainly to cover for some petit expenditures of group meetings, rather than being able to support some members in need of cash for short term demands. Some LEGs could be combined/merged to increase their capacity for internal cross support.
- e. Animal care and disease prevention practices (i.e., bio-security measures) have not improved and/or taken seriously. The mission noted that LEG members showed limited knowledge and practice of bio-security measure, vaccinations and animal waste management.
- f. At the same time, note taking was done only the LEG head members with limited information of group meetings. Given the large number of livestock LEGs in the project, these issues could have crucial impacts on the success probability of the livelihood support as risks for diseases and cross contamination are very high with current shortage of bio-security measures. This points to a greater need for stronger technical assistance on small-scale livestock raising practices.
- g. The mission noted that several project beneficiary households expressed the need to have latrines for household sanitation as well as technical measure to manage the backyard livestock better. This could be an area to pilot the rural sanitation schemes with technical support from Bank's Water and Sanitation Program (WSP) which has initiated earlier discussion with the project. If there are sub-projects on latrines and households sanitation in the 2017 Plan, the pilot could move forward with technical support from the Bank side.

10. Market Linkages. The mission visited one agri-business partnership of Gac fruit in Buon Don District. This is the first partnership of Dak Lak and the project team is still rolling out the first few steps in land preparation, framework setting, provision of seedlings, etc. The mission noted some further improvements are required for framework setting for Gac plants and the timeliness in provision of seedlings as it is quite late in the planting season. The mission recommends that livelihood consultants from CPO, Dak Lak PPMU and Buon Don District closely monitor this partnership and draw lessons learnt to inform other partnerships in the future.

11. Capacity Building and Communications. The mission was pleased to note that the project has managed to roll out several capacity building activities (e.g., training courses, cross visits within project teams and to the NMPRP-2 provinces, etc). However, the mission observed that project implementing agencies and direct project beneficiaries tend to view project support as free subsidies, rather than as their own resources/opportunities for livelihood improvement. Communications activities should strengthen this aspect by introducing some behavior change messages/practices to facilitate the change of mindset from passive reception of project support to active empowerment and optimization of project resources/opportunities for poverty reduction.

12. 2017 - 2019 Plans and Budgets. The mission noted that consultation and planning meetings for 2017 – 2019 have been taking place in all locations. Good progress has been made to meet the planning milestones. The late submission and approval of the 2016 plans have negatively affected the progress and MPI and project provinces have committed to avoid that situation for 2017 plans.

13. Management Information System (MIS). The mission observed that PPMUs have not been able to capture key project indicators in an aggregated monitoring report. For example in Dak Nong, the monitoring report (generated from MIS) is presented by district with all detailed activities implemented in each component and commune. However, the report doesn't show key indicators of the project such as number of active LEGs, number of beneficiaries (with disaggregated data by gender, ethnic group and poverty status). *All PPMUs should review the MIS and ensure that monitoring reports are made available.*

14. The mission also noted that Version 2 of the MIS has not been available for project use as discussed in the M&E working in June 2016. It is expected that the Version 2 of the MIS will address the issues identified during usage and implementation. The earlier the Version 2 of MIS is released, the better it is for the project to monitor and manage the project activities.

15. Community Facilitators. The mission acknowledged that the CFs have been very effective and crucial in facilitating the project activities at commune level. At the same time, the mission noted some communes with large geographical coverage and high number of villages (i.e., 12 – 15 villages) pose profound challenges for one CF. The sheer volumes of activities to monitor, back-to-back village meetings to facilitate dozens of LEGs to support and keep track of and long distance of travelling within the communes and among the villages (30 – 50 km apart), etc., are beyond the capacity of one CF to cover and ensure adequate quality of implementation. As such, it is recommended that CPO together with PPMUs to review working situations for CFs in large communes to see if adding another CF could be warranted.

## **Safeguards**

16. Environmental Safeguards. The mission noted that Integrated Pest management (IPM) practices have been included in the cropping livelihood sub-projects and other requirements for Environmental Code of Practice (ECOP) have been incorporated in the project activities. However, the restoration of the physical environment construction sites after the completion of sub-project investments in the visited locations remains a big task for compliance. This requires closer supervision and monitoring of the contractors' activities per contract requirements, as well as attention from investment owners and direct beneficiaries. The classroom investment in Quang Tam Commune, for instance, should have been completed with a paved yard and drainage system around the building. Other than this, no major issue with environment safeguard was noted.

17. Social Safeguards. The mission noticed a prominent misunderstanding at district and commune levels about the application of land donation practices in project areas. The approach that local authorities are currently using could be easily understood as forced donation (rather than voluntary). This practice is clearly not the expected scenario described in the project document as well as project implementation manual (PIM). The mission re-emphasized that local authorities (district and commune's people committee) should not consider donation as default option for investments having land acquisition impacts. Donation decision of relevant households (HHs) must be based on their informed consent and power of choice over the land potentially affected by the infrastructure. Moving forward, PPMUs are requested to (i) provide appropriate training/instruction to local authorities, ensuring a thorough understanding of the project's requirements so that provisions in Resettlement Policy Framework (RPF) and guidance in PIM will be properly

implemented; and (ii) report and track the land donation practices following the criteria as guided/set forth in Vol 12 of PIM.

## **Fiduciary Assessments**

### **Financial management (FM).**

18. The mission followed up on the issues raised in March 2016 and noted the followings for the attention of the Project Management and concerning Agencies, in particular, the Ministry of Finance (MOF) and MPI.

19. **Budget Allocation.** The mission noted delays in budget allocation in both Dak Nong and Dak Lak provinces. The allocation was only available in April 2016 which meant that the activities (including procurement) could start after that. As result, a number of constructions could not be implemented in the dry season (i.e., before May) and have had to be postponed to the end of rainy season which is November/ December of the year. Similarly, a number of LEG activities could not be implemented.

20. In addition, the allocated amounts for the two provinces were far below the forecasted plans and estimated level of payments. The allocated amount for Dak Nong was 12% of the forecasted demand (VND 20 billion vs. VND 171 billion). Similarly, Dak Lak received only 40% of the forecasted amount (VND 80 billion vs. VND 200 billion). In Dak Nong, as result, as late August 2016, some debts from 2015 (amounted to more than VND 10 billion) had not been paid to the contractors.

21. In Dak Nong, the mission also noted that the Province did not make the specific allocation to Districts, so the DPMUs were not aware of the funds made available for the activities of the districts.

22. The mission recommends the followings:

- a. *The planning and budgeting process of 2017 shall be strictly monitored to ensure that the approved financial plan and budget allocation are available on time, preferably by January 15, 2017. The allocated amount, from MPI and MOF, should be sufficient for the projected activities.*
- b. *The CPO and PPMUs should procure design packages in the year prior to the year of constructions to facilitate the implementation in the right season.*
- c. *Dak Nong, for the 2017 budget, should make the specific allocations to Districts, who in turn, make the allocation to communes.*

23. **Fund Flow.** The mission noted that the issues of the low caps of Designated Accounts (DA) have been resolved for the two provinces. However, the mission noted that the processing time of the Withdrawing Applications (WA) took too long time (with the longest delay with MOF). The current balance of DA in Dak Lak was only about USD 10,000 while two applications of about USD 700,000 have been outstanding with the MOF for more than a month.

24. The mission recommends the CPO and the MOF to sort out any issues which affect the prolonged process of approving the WAs so that the Project could have sufficient funds for payments.

25. **Accounting and Control Practices.** The mission also took note of the following accounting and control practices that require attention:

- a. Periodical reconciliation: PPMUs and DPMUs should ensure that the monthly reconciliations (with communes) and quarterly reconciliations (with DPMUs) of advance balances should be properly done.

- b. Payment of service banks: The mission noted that payments at Tuy Duc district could be made even without the verification of the State Treasury. The mission recommended Dak Nong PPMU to advise the Service Bank to strictly comply with project disbursement protocols.
- c. Supporting documents of LEGs: In Ma D'rak, the CDB was authorized by LEGs to make payments to the LEGs' vendors. The CDB required LEGs to submit the full supporting documentation for the activities (all procurement papers, contracts, invoices receipts, etc). These were excessive and not necessary. The LEGs shall be considered as a kind of contractor of the CDB. The payment of the contract signed with LEG therefore should be made based on supporting documentation of the agreed upon outputs/ outcomes of the sub-projects rather than the supporting documentation of the input of the activities. The mission recommend the CPO and PPMUs to guide all the CDBs so that only necessary documentation will be obtained.

### **Procurement**

26. *Works planned in 2015:* Although there was significant delay during the previous year, the project implementing agencies (PIAs) in the provinces have completed execution of all civil works contracts for 2015. However, the mission was informed that the disbursement rate for the civil works contracts is low in Dak Nong (e.g., 60% in Tuy Duc district). The reasons for such slow disbursement include shortage of budget and slow preparation of the payment documents by the contractors as found in the previous mission. Whilst, in M'Drak District of Dak Lak, 95% of the contract amounts have been paid to the contractors while 5% of the contract amount has been retained for the purpose of defect liability. The mission advised the PIAs that they can pay 5% contract amount of retained money to the contractors provided that the contractors submit an equivalent bank guarantee as a replacement.

27. *Works planned in 2016:* The implementation progress for the civil works contracts being planned in 2016 is behind schedule in the two visited provinces. Dak Nong PPMU reported that the preparation of the design for these works has just recently completed and handed over to the DPMUs for proceeding further steps. The DPMUs are in the stage of preparing the bidding documents and request for quotations; and they plan to complete these documents by September 30, 2016 in order to start the invitation for bids/quotations. The PIAs in Dak Nong committed that the execution of the works in 2016 will begin by October 15, 2016 and to be completed before the end of 2016 given that the execution of these works will take between two to three months. The plan given by the PPMU seems feasible provided that everything will be going smoothly. In addition, the mission reminded the PPMU to accelerate the selection process of the construction supervision consultant to ensure that the consultant will be on board before commencement of any civil works contract.

28. Dak Lak PPMU informed the mission that at present, the preparation of the design for a large number of works has not been completed. The PPMU committed that they will expend extra efforts to work with the design consultant in order to complete the design of all works before September 30, 2016 and hand over the designs to the respective DPMUs for implementation of the next steps. The mission has reviewed the contract with the design consultant and noted that the contract was signed on July 23, 2016; and the contractual period is four months meaning that, in principle, the contract should be completed by November 23, 2016. The mission therefore raised a concern that by accelerating the completion period of the designing contract from four months to one month and one week that the quality of the design may be adversely affected. The mission therefore advised the PPMU/DPMUs to pay high attention to the quality of the designs of works to ensure those designs meeting the required standards. The PPMU of Dak Lak committed that the execution of the works in

2016 will be commenced by September 30, 2016 and to be completed by December 31, 2016. Nevertheless, such a plan does not appear feasible. Given the current progress, it is foreseen that the implementation progress in Dak Lak will be likely delayed further; and as a consequence the execution of many civil works contracts may be slipped to 2017. Similarly, in Dak Nong province, the mission strongly urged the PPMU to accelerate the process to recruit the construction supervision consultant to make sure that the consultant will be on board before commencement of any civil works contract.

29. Preparation the procurement plan for 2017 and 2017-2019: The PPMUs informed the mission that they are preparing the implementation plan for 2017 and also for the period of 2017-2019. The PPMUs committed that the procurement plan will be submitted to the Bank for review in December 2016. Taking into account the lesson learnt from in 2015 and 2016, the mission advised the PPMU/DPMUs that to avoid progress delay, they should plan to select the design consultants for works being planned to be done in 2017 as early as possible and spend all efforts to complete the designs by the end of 2016 or very early of 2017 so that the process of selection of the contractors can be started in the first quarter of 2017.

30. Procurement post review: The mission also undertook a post review of procurements for Dak Nong and Dak Lak province, and the findings of that review are presented in Annex 2.

C. **AGREED ACTIONS.** The following key actions have been agreed during the mission:

No.	Action	By whom	By when
1	PMUs and CDBs to screen all infrastructure investments to identify issues for operations and maintenance	PMUs and CDBs	Immediately
2	Fix the issues found for classroom building in Quang Tan Commune	Dak Nong PPMU, Duy Duc DPMU	October 14, 2016
3	Fix the design issue for the road connecting to the culvert in Cu San Commune	Cu San CDB, M'Drak DPMU, Dak Lak PPMU	October 14, 2016
4	LEGs of food security and nutrition should continue with the second cycle of support and activities	Dak Lak PPMU	Immediately
5	Infrastructure investments should link to LEGs activities	PPMUs	Immediately
6	Stronger attention should be paid to animal care, disease prevention measures and note taking among LEGs	LEGs, CFs	Immediately
7	Project communications activities should be strengthened to facilitate proper understanding of project's support/resources to ensure their effective use.	CPO, PPMUs	Immediately
8	MIS Version 2 should be made available and rolled out	CPO	Quarter 1, 2017
9	Review of large commune for possibility of adding another CF	CPO, PPMUs	November 15, 2016
10	Provisions of appropriate training/instruction to local authorities, ensuring a throughout	PMUs	December 15, 2016



	understanding of project requirement and guidance so that provisions in RPF and guidance in PIM are properly implemented		
<b>11</b>	Report and track the land donation practices following the criteria as guided/set forth in Vol 12 of PIM.	PPMUs	Regularly
<b>12</b>	The planning and budgeting process of 2017 shall be strictly monitored to ensure that the approved financial plan and budget allocation are available on time. The allocated amount, from MPI and MOF, shall be sufficient for the projected activities.	CPO, PPMUs	January 15, 2017
<b>13</b>	Procuring of design packages in the year prior to the year of constructions to facilitate the implementation in the right season	CPO, PPMUs	November 15, 2016
<b>14</b>	Budget of 2017 shall make the specific allocations to Districts, who in turn, makes the allocation to communes	Dak Nong PPMU	December 15, 2016
<b>15</b>	Sorting out any issues which affect the prolonged process of approving the WAs so that the Project could have sufficient funds for payments	CPO, PPMUs	Immediately
<b>16</b>	Monthly reconciliations (with communes) and quarterly reconciliations (with DPMUs) of advance balances shall be properly done.	PPMUs, DPMUs	Monthly and Quarterly
<b>17</b>	Service Bank to strictly comply with project disbursement protocols.	PPMUs, DPMUs	Immediately
<b>18</b>	Only necessary supporting documentation will be obtained for LEGs and other sub-projects at commune level	CPO, PPMUs	Immediately
<b>19</b>	Completing the design for Works being planned in 2016		October 10, 2016
<b>20</b>	Signing the construction supervision consultant contract for Works in 2016		Early October 2016
<b>21</b>	Signing the civil works contracts		October 2016
<b>22</b>	PPMU Dak Nong responding to procurement post review case regarding contract <i>No. DN.HP3.W9</i>		October 7, 2016
<b>23</b>	PPMU Dak Lak responding to procurement post review case regarding contract <i>No. DL.HP3.W11</i>		October 7, 2016
<b>24</b>	Completing execution of civil works contracts		December 2016
<b>25</b>	Submitting the procurement plan for 2017 and 2017-2019 to the Bank for review		December 2016

**Annex 1: Status of Agreed Actions (from ISM March 2016), as of August 30, 2016**

Agreed actions	Responsibility	By When	Progress updates
<b>Commune &amp; Village Infrastructure</b>			
1. TAU consultants to prepare work plan for 2016	Consultants w/ PPMU and CPO	April 30	In progress CPO has collaborated with the two field staff providing support to the local partners during regular fieldtrips
2. Renewal or extension contracts for CFs and PMUs' consultants) to the end of project time's frame			After the CF meeting workshop CPO sent an official letter to the Provinces reminding the compliances of the selection plan of bidders (22 month-length contract and up to 2018) approved by the WB and the PPC) that they must follow by
3. Review and adjust guidelines for use of 6% management support as appropriate	All management levels (as part of lessons learned w/shop)	May 31	The official guiding document on the issues around procurement-finance (after the Da Nang procurement-finance meeting workshop is submitting to the WB and wait for a reply
4. Review guidelines and practices for supporting CF work and adjust accordingly	All management levels (as part of lessons learned w/shop)	May 31	An official letter was sent to the Provinces
5. Dak Nong PPMU to submit detailed report on quality supervision and progress monitoring of rural road in Dak Som Comm., Dak Glong District for Bank review	Dak Nong PPMU, CPO	March 31	Implemented
6. Carry out CF Forum	CPO	June 30	Implemented
<b>Food Security and Income Diversification LEGs</b>			
7. Review training materials and activity programs regarding IPM, organic fertilizer, and SALT	CPO, TAU, PPMU Livelihoods staff	May 31	Training materials has been completed. The training was implemented except the Manuring organic fertilizer
8. Review and implement LEG training on farm records and book keeping	CPO, TAU, PPMU Livelihoods staff	May 31	Training on book keeping was organized The farm records was developed and are waiting for approval from the Project Director

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9. Review cattle LEG costs & benefits & produce guidance clearly outlining objectives and rules regarding expansion (or not) of this activity	CPO, TAU, PPMU Livelihoods staff	May 31	Done with a report
10. Review and recommend improvements to data collection on other LEG activities	Livelihood and M&E staff	July 31	Done in MIS
11. Conduct LEG financial analysis and HH budgets to compliment farm record keeping activities and build case study data to support MTR and other evaluations	Consultant (for MTR study)	Dec 31	The farm record template is waiting for approval
<b>Market Linkages LEGs</b>			
12. Pilot LEG Selection, vetting, MoU, etc.	LH CPO Staff	March 31	7 LEGs has submitted proposals and 3 was approved and has been implemented
13. NMPRP Study Tour.	LH CPO Staff & LEGs	April 30	Completed
14. Initial training in accounting and business planning.	LH CPO Staff * LEGs	May 31	Completed
15. Value chain evaluation: background data & justification	LH CPO Staff	May 31	This will be implemented in Quarter 3
16. Business plan development	LH CPO Staff & LEGs	June 30	The Vietnam Agriculture Rural Sector Small and Medium Enterprise (VARISME) has worked with the 6 Provinces (June 10-20 with that of the Central Highland and August 22-27 with the other 2 Provinces.
17. Establish basic financial base lines of LEGs existing activities for financial analysis of incremental benefits over time	LH and M&E CPO Staff, LEGs	June 30	Will be implemented in the package of market survey, research and project brand development.
18. Estimate investment requirements, budgets and training plan for 1st year of activities.	LH CPO staff, LEGs and consultants	July 31	Included in the PPMU LEGs' proposals
<b>Nutrition</b>			
19. Implementation and roll-out of seven selected pilots.	LH CPO Staff and LEGs	Aug 31	Implementing
20. PPC to request DOH for their collaboration and technical support where not already done (e.g., Dak Nong)	PPMU to request PPC	April 30	An official letter request was sent to the Provinces' Health Department
21. Expand CDB to include the head of CHS	CPO	June 30	Will be reviewed after the MTR

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22. Detailed commune nutrition intervention plan is developed	CDB, CFs, VHWS	June 30	Asking the Director to decide not to implement this as detail activities hasn't been identified
<b>Communication/Capacity Building</b>			
23. Include GRM/hotline information in all printed materials	CPO, PPMUs, DPMIs, CDBs	June 2016	Updated
<b>Safeguards</b>			
24. Share MARD technical guidance on preparation and use of organic fertilizer; <a href="http://xttm.agroviet.gov.vn/Site/vivn/76/tapchi/141/145/873/Default.aspx">http://xttm.agroviet.gov.vn/Site/vivn/76/tapchi/141/145/873/Default.aspx</a>	CPO Livelihood specialist	March 31	Not yet implemented
25. Follow-up assessment of environmental and social safeguard issues with relevant CPO and Provincial staff	WB safeguard staff w/ CPO/PPMU s/guard	May 31	Updated in the Q2 report
26. Finalize the recruitment process for safeguard staff	CPO, Quang Ngai	May 31	Implementing, Quang Ngai PMU is recruiting consultant
27. Improve safeguard reporting in progress reports	CPO, PPMUs, DPMUs	Next mission	A template has been developed
28. Conduct refresher training of DPMU, CDB, and CFs on land acquisition impact and compensation policies	CPO, PPMUs	June 2016	As agreed between the WB and CPO, The WB will find trainers, COP will be the implementing agency
29. Improve the documentation of land donation practice in according to RPF (section 3.2.4)	PPMUs, DPMUs, CDBs	immediately	A template sample has been developed
30. Review, revise, and release PIM forms to DPMUs, CDBs and CFs	CPO	May 2016	A template sample has been developed
31. Conduct safeguard review mission	WB w/ PPMUs & DPMUs	April 2016	Not yet implemented
<b>Financial Management</b>			
32. Increase DA ceilings for all provinces to reflect actual cash-flow needs and to cover back-logged payments	CPO and MPI	Immediately	Completed
33. Contract Independent Financial Auditor	CPO	April 30	Completed

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34. Re-training on Financial Management procedures (following audit & lessons learned w/shop)	CPO and PPMUs	Aug 31	Will be implemented in September and October
<b>Procurement</b>			
35. Finalize and submit outstanding annual/procurement plans for WB NOL	CPO, Dak Lak, Kon Tum	Mar 31	Completed
36. Organize refresher training on procurement procedures for all PPMU, DPMU, and relevant Commune staff	CPO, with support from WB	After lessons learned w/shop	Completed
<b>MIS/M&amp;E</b>			
37. Diagnose MIS to identify system and user issues relating to collection and use of data	CPO	Apr 30	Constraints have been identified
38. Make changes to system to correct any platform or software issues	CPO and contractor (as required)	May 31	Improved to MIS 2.0 (deadline Oct 15)
39. Prepare and deliver training for CF and M&E staff regarding user issues	MPI/CPO and MDRI	July 31	Completed
40. Hire consultants to conduct process review of 2017 planning process	CPO w/ WB assistance	May 15	Cancelled due to insufficient time for 2017 project preparation development planning
41. Design process review methodology	Consultant	June 1	Cancelled due to insufficient time for 2017 project preparation development planning
42. Carry out process review		June 15-July 15	Cancelled due to insufficient time for 2017 project preparation development planning
43. Finalize TORs for MTR technical audit and financial analysis of GNTN sub-projects	CPO w/ WB assistance	July 31	TOR was granted , CPO is finalizing it
44. Recruit consultant for technical and financial analysis	CPO	Sept 30	TOR was granted , CPO is finalizing it
45. Carry out technical & financial analysis	Consultant	Nov 30	Not yet started
46. Delivery final report	Consultant	Dec 31	Revised deadline to Feb 15, 2017

## Annex 2: Findings and Recommendations from Post review

### For Dak Nong Province

31. Regarding the case of the contract No. DN.HP3.W9 (01/2015/HDXD) dated December 15, 2015 for upgrading the road village 5, Dak Plao commune, Dak Glong district, under which a number of irregularities have been found by Bank procurement post review in April 2016, the mission acknowledged that the PPMU/DPMUs has responded as requested by the Bank. Nevertheless, the Bank team informed the PPMU/DPMUs that such response does not address the issue being identified because it neither provided any conclusion nor appropriate actions for such found irregularities. *The mission therefore again requested the PPMU/DPMUs to revisit the case and provide the Bank with response before September 30, 2016.*

### For Dak Lak province:

32. The mission visited CuMta commune in M'Drak district. Taking the chance, the team has reviewed documents under *the contract No. DL.HP3.W11 (02/HDXD/2015) dated December 14, 2015 for upgrading road for village Go, Cu Mta commune, M' Drak district.* Based on the review, the mission made the following recommendations and requests for clarifications:

- a. *Contract documents:* The contract documents should include all needed documents such as technical specifications, drawings, and contract execution schedule.
- b. *Performance security:* The performance security should be valid until 28 days after the date of the completion certificate.
- c. *Irregularities:* A number of similarities have been found among three quotations received for the package suggesting irregularities in the bid process. These include: (i) similarities in the quotation letters; and (ii) similarities in the execution schedules (such as format of the schedule, text font and size, and spelling mistakes). The mission requested the PPMU/DPMU to carefully look at such irregularities, consider any related issues, and take needed actions accordingly; and report back to the Bank before September 30, 2016.

33. The Bank team also reviewed the documents under the contract No. DN.HP3.C2.KSTK.2016 dated July 23, 2016 for Survey and design consultant for works contracts in Dak Lak in 2016, which was procured using CQS method. Based on some key findings the mission made following recommendations for PIAs' immediate attention to improve the procurement works:

- a. *REOI:* The REOI needs to include the shortlisting criteria.
- b. *RFP:* the "Section 5. Eligible countries" should be completed by specifying "None" under both paragraphs; and the "Section 8. Form of contract" should be completed as much as possible by inserting the tentative payment schedule, applicable law and language to be used.
- c. *Shortlisting stage:* Under this procedure, at the shortlisting stage the PPMU should not require the consultants to propose any specific personnel for the assignment and should not take this into account when conducting the evaluation for shortlisting purpose.
- d. *Shortlisting report:* The report should include information relating to assessment of the eligibility of the consultants. The report should also confirm if the consultants have any conflict of interest. Under the CQS procedure, the consultants that have been considered qualified for the assignment should be ranked based on their qualifications. Clear justifications should be given for the consultant being ranked at the top and selected for requesting for the proposal.