

**Vietnam: Coastal Resources for Sustainable Development Project (Cr. 5113-VN)
Fourth Implementation Support Mission: October 21 – November 6, 2013
Aide-memoire**

Original IDA Amount:	USD 100,000,000 (SDR 64,600,000)
Co-financing (GEF AF)	US\$6,500,000
Total original costs	US\$117,900,000
Total Revised Costs	US\$124,400,000
Board Approval Date:	May 10, 2012
Effectiveness Date:	November 2, 2012
Closing Date:	January 31, 2018

I. INTRODUCTION

1. An implementation support mission (ISM)¹ visited Vietnam from October 21 – November 6, 2013 for the Vietnam Coastal Resources for Sustainable Development Project (CRSD). The main objective of the mission, as articulated in the mission announcement letter dated October 9, 2013 was to review implementation progress of CRSD at the central level and in all eight project provinces, with a special focus on: (a) implementation progress and quality of all Components (A, B, and C), including social and environmental safeguards compliance, procurement and disbursement aspects; (b) implementation of the recommendations of the previous mission in April 2013; (c) identifying constraints and accelerating implementation progress in low performance provinces; and (d) identifying priority actions for the next 6 month period to accelerate the project’s overall implementation and disbursement.
2. The mission wishes to express its sincere thanks to the Directorate of Fisheries (DOF), the Project Coordination Unit (PCU) of the Ministry of Agriculture and Rural Development (MARD), and the Provincial Project Management Units (PPMUs) of the project provinces.
3. This aide-memoire was presented on November 6, 2013 at the wrap-up meeting in Hanoi, chaired by MARD Vice Minister Vu Van Tam with participation of representatives from MARD Departments, the PCU, and the PPMUs. It summarizes the mission’s key findings, recommendations and agreements, which are subject to Bank management endorsement.
4. The mission was a chance to discuss the opportunity offered by the Global Partnership for Oceans, launched at Rio+20. That Partnership unites several sets fo TA resources and global practices potentially benefitting Vietnam, and also offers Vietnam access to a global platform to demonstrate their actions for global sustainability.

¹ The mission included Binh Thang Cao (TTL), Lan Thi Thu Nguyen (co-TTL), Tuan Anh Le (Social Development Specialist), Khang Van Pham (Environmental Management Specialist), Hoai Van Nguyen (Procurement Specialist), Ha Thuy Tran (Financial Management Specialist), Peter Kristensen (Program Manager, Global Partnership for Oceans), Christopher Jackson (Rural Sector’s Cluster Leader), Hagiwara Takayuki (Monitoring and Information System Specialist, FAO), and Ha Song Nguyen (Fisheries Co-management Consultant). The mission was accompanied by the Director and key staff of the PCU.

II. SUMMARY OF ISSUES AND KEY RECOMMENDATIONS

5. CRSD has four components: (A) institutional capacity strengthening for sustainable fisheries management; (B) good practices for sustainable aquaculture; and (C) sustainable management of near-shore capture fisheries; and (D) project management, monitoring and evaluation. The Project Development Objective (PDO) is to improve the sustainable management of coastal fisheries in the Project Provinces. The PDO level indicators include: (i) increase in the proportion of farms meeting national standards for water effluent following the adoption of good aquaculture practices (GAP); (ii) reduction in shrimp disease losses in the production areas applying GAP; and (iii) increase in the proportion of areas in which sustainable near-shore fisheries resource management systems are applied. The project's closing date is December 31, 2017.

Summary of Progress

6. A review of progress against the agreed actions from the previous ISM (April, 2013) shows a number of outstanding activities, which are mainly related to recruitment of consultants (Annex 1). While at the provincial level the delays were mainly due to the unavailability of qualified local consultants, at the central level it was due to the procurement capacity of the PCU to handle the main Technical Assistance (TA) package through the Quality and Cost Based Selection Procedures (QCBS).

7. Nevertheless, progress is now underway across all components in all project provinces. Achievements by component are summarized below.

- a. Component A: ISP teams have been established at provincial and district levels; the PCU in collaboration with IUCN and NOAA organized ISP training for PPMUs in May and September 2013, respectively. Recruitment of ISP consultants (international and national) has been completed and consultants will be mobilized soon. The TORs for upgrading the Vnfishbase have been approved and selection of consulting firms is underway and two shortlisted research proposals to support the Fisheries Sector Master Plan (to 2020 and vision to 2030) have been prepared.
- b. Component B: Work plans for 28 GAP zones were developed (CM 4, ST 4, KH 2, PY 4, BD 3, TH 4, NA 4, and HT 3). Training on GAP assessments was organized by PCU/DOF for PPMUs. GAP demonstration extension models were established in Thanh Hoa, Nghe An, Binh Dinh, and Soc Trang. The PCU in cooperation with DAH organized a workshop on disease monitoring and surveillance with the participation of all PPMUs. Upgrades of veterinary, extension and DECAFIREP offices are underway. The technical design for investments to improve biosecurity in GAP zones has been carried out. Responsibility contracts signed between PPMUs and DONREs are being implemented as part of the approved GAP plans (i.e. DONREs are responsible for conducting water quality monitoring in key aquaculture areas). Equipment for strengthening capacity of provincial extension centers, veterinary sub-departments, and DONRE was being assessed by the PCU and will be submitted to DOF for approval.
- c. Component C: Work plans for 16 fisheries co-management pilots (2 per province in Year 1) were developed by PPMUs and are being implemented in

Nghe An, Thanh Hoa, Ha Tinh, Binh Dinh, Phu Yen, and Ca Mau. The MCS work plans for 2013 have been prepared. The PCU in cooperation with FAO, ISU, and SEAFDEC organized training for PPMUs on co-management plans and with DECAFIREP on MSC activities. Nghe An has conducted surveillance activities. Upgrades of DECAFIREP offices and field MCS stations are underway. During this mission, a 2-day workshop on co-management was held in Hanoi to provide additional guidance for PPMUs focusing on key steps in preparing co-management plans and information to be collected at household level to establish the profile for each participating fishing community (Annex 2). Regarding upgrades of fishing ports, 14 out of 16 selected sites have their technical designs completed.

- d. Component D: The evaluation report of technical proposals of the main TA package was submitted to the Bank for review. The PCU is now revising the report taking into account the Bank's comments. Recruitment of local consultants at provincial level was delayed due to the unavailability of qualified local consultants. Regarding M&E, the PCU and PPMUs were using simple excel spreadsheets to monitor physical inputs and progress under each component/subcomponent. During this mission, the FAO specialist worked with the PCU and PPMUs to design a management information system (MIS) for the project.

8. Quality of implementation: Due to delays in recruitment of the TA Team, the quality of implementation in support of GAP and near-shore fisheries co-management at the provincial and local levels is less than expected. Implementation progress is assessed to be about 6 months behind schedule, resulting in low disbursement (i.e. around 5% after 14 months). Some project provinces are performing better than others: Binh Dinh, Nghe An, and Thanh Hoa have advanced further whereas Phu Yen and Soc Trang, and in particular Khanh Hoa, Ca Mau, and Ha Tinh provinces are lagging behind. Across components, infrastructure upgrades under Component C are progressing faster than spatial planning activities under Component A.

Outstanding Issues and Key Recommendations

1. Accelerating ISP activities for coastal districts. After receiving a series of training, PPMUs should now start the processes at district and commune levels, following the steps described in the Project Operational Manual (POM). It was agreed that the PPMUs would prepare work plans for the ISP pilot districts and submit them to the Bank for review before December 31, 2013.
2. Focusing on quality of implementation in GAP and fisheries co-management zones. It was agreed that the PCU and PPMUs would accelerate recruitment/mobilization of all international and local consultants in the next 6 months. In the meantime, DOF would extend greater technical support to the PCU to closely monitor quality of implementation at local levels until the TA has come on board.
3. Accelerating disbursement. Some infrastructure upgrade packages are expected to be awarded in the next few months. It was agreed that all PPMUs would aim at awarding their first works packages (fishing port upgrading) by March 31, 2014.
4. Improving performance of Khanh Hoa, Ca Mau, and Ha Tinh. It was agreed that DOF and PCU would provide greater support to these provinces to improve their performance in the next 6 months. This would be done immediately.

Table 1 summarizes the key agreed actions for the period through April 30, 2014.

Table 1: Key Decisions/ Actions

No	Task	Responsibility	Agreed Dates
1	<p><u>General</u></p> <ul style="list-style-type: none"> Accelerate recruitment of the TA package for supporting project management at central level. Complete recruitment of local consultants under all components to assist PPMUs in implementation. 	<p>PCU</p> <p>PPMUs</p>	<p>Mar 31, 14</p> <p>Feb 28, 14</p>
2	<p><u>Component A</u></p> <ul style="list-style-type: none"> Prepare work plans for the ISP pilot districts and submit them to the Bank for review. Complete recruitment of a consulting firm for Vnfishbase upgrade. Implement the two research proposals that have received no objection from Bank. 	<p>PPMUs</p> <p>PCU</p> <p>PCU/DOF</p>	<p>Dec 31, 13</p> <p>May 31, 14</p> <p>Immediately</p>
3	<p><u>Component B</u></p> <ul style="list-style-type: none"> Finalize equipment lists for strengthening capacity of provincial veterinary, extension office, DONREs. Work with RIA1 to develop investment proposal for Cat Ba area; assist RIA 2 and 3 and send procurement plans to Bank for review. Develop plans for monitoring quality of shrimp seed in the provinces; initiate biosecurity assessments for shrimp hatcheries located in their provinces. Complete additional consultations with potential private sector investors on the layout for Ninh Van SPF area. 	<p>PCU/DOF</p> <p>PCU/DOF</p> <p>PPMUs</p> <p>Khanh Hoa /PCU</p>	<p>Feb 28, 14</p> <p>Mar 31, 14</p> <p>Apr. 30, 14</p> <p>Jan 31, 14</p> <p>Apr. 30, 14</p> <p>Dec 31, 13</p>
4	<p><u>Component C</u></p> <ul style="list-style-type: none"> Provide training on PRA for commune facilitators Complete draft co-management plans for pilot communes. Implement the approved MCS plans. 	<p>PPMUs</p> <p>PPMUs</p> <p>PPMUs</p>	<p>Jan 31, 14</p> <p>Mar 31, 14</p> <p>Immediately</p>
5	<p><u>Component D</u></p> <ul style="list-style-type: none"> Contract programmer(s) to develop project MIS based on the design developed by the FAO expert. Improving performance of Ca Mau, Ha Tinh, and Khanh Hoa. 	<p>PCU</p> <p>PCU/PPMUs</p>	<p>Mar 31, 14</p> <p>Immediately</p>
6	<p><u>GEF</u></p> <ul style="list-style-type: none"> Prepare and submit applications to withdraw GEF funds and reimburse eligible expenditures. 	<p>PCU/PPMUs</p>	<p>Immediately</p>
7	<p><u>Impact Evaluation</u></p> <ul style="list-style-type: none"> Complete the baseline surveys for IE. 	<p>PCU/Con. firm</p>	<p>May 31, 14</p>
8	<p><u>Procurement and Financial Management</u></p> <p>Implement recommendations in paras # 43&45.</p>	<p>PCU/PPMUs</p>	<p>Immediately</p>

9. Rapid progress in implementing the above actions and urgent conclusions to the outstanding actions from the previous ISM are critical. Any further slippage risks jeopardizing project performance with a resulting downgrade to 'problem project' status. The next supervision is tentatively scheduled for April/May 2014, which will review progress in implementing these actions.

III. IMPLEMENTATION PROGRESS BY COMPONENT

(A) Institutional capacity strengthening for sustainable fisheries management

10. This component comprises three subcomponents: (a) Inter-sectoral spatial planning for coastal areas; (b) Upgrading of Vietnam Fisheries database; and (c) Selected policy research.

(A1) Inter-sectoral spatial planning for coastal areas

11. **Issues:** ISP teams have been established and training has been provided to PPMUs, but field activities have not started.

12. **Recommendations:** The PCU should mobilize consultants as soon as possible to help PPMUs in conducting ISP training for district and commune levels and to support field activities for the pilot districts in the next three months. The PPMUs should start the processes at district and commune levels, following the steps described in the POM. Since ISP aims at improving coordination and harmonization in planning among concerned sectors. It is suggested that the first step is to review the current planning of all sectors existing in the coastal areas. The ISP team could hire an individual consultant or a consultant team to conduct a quick desk overview (i.e. collecting relevant documents/sectoral plans, identifying overlaps among sectors, identifying missing data and additional information that need to be collected, interviewing relevant sectors and stakeholders to assess/project future demands, etc.). At the end of this phase, an Overview Report will be produced and submitted to the provincial ISP team for review followed by a workshop to discuss the findings and to define the steps forward. The Overview Report should highlight all existing and potential overlaps/conflicts between the concern sectors (present and future) as well as identify additional studies and/or surveys that need to be done to resolve the overlaps and/or conflicts.

13. Based on the recommendations of the Overview Report, the PPMU will select consultants to collect additional data and information (if necessary) and will facilitate technical discussions and negotiations among the overlapping sectors based on their present and future sectoral planning to 2020 and vision to 2030. Technical discussions and negotiations should be chaired by relevant sector leaders or the PPC. At the end of this phase, an ISP report will be produced with a specific agreed Action Plan for mitigating the overlaps (and/or conflicts) among the concerned sectors. A workshop will be held to validate the Action Plan before the report is submitted to the PPC for approval. Once the ISP plan has been approved by the PPC, the concerned sectors will adjust their sectoral plans accordingly at an appropriate time. It is suggested that a workshop to be organized in May 2014 to share experience and lessons learned among PPMUs.

(A2) Upgrading of Vietnam Fisheries database (Vnfishbase)

14. **Issues:** Following the workshop organized by PCU/DOF in March 2013 to assess the needs for Vnfishbase upgrade, a TOR was prepared by the PCU in cooperation with

concerned technical departments of DOF and it was given no objection by Bank in October 2013. Procurement processes are underway.

15. **Recommendations:** It was agreed that the PCU would accelerate procurement processes and complete recruitment of a consulting firm for Vnfishbase upgrade by May 31, 2014.

16. According to the Information Center (IC) of DOF, equipment for infrastructure upgrades has been identified and could be procured now. The mission recommends that DOF review this status and confirm procurement timetable with the Bank before January 31, 2014.

(A3) Selected policy research

17. **Issues:** The Master Plan for Fisheries Sector to 2020 and Vision to 2030 was approved by Prime Minister in August, 2013. DOF sent a short list of 5 research proposals to support the approved Master Plan, of these two have been reviewed and given no objection by the Bank in September 2013. The PCU has not started procurement processes to recruit consulting firms for the studies.

18. **Recommendations:** The PCU/ DOF should implement the two proposals that have received the Bank's no objection. The PCU/ DOF should address the Bank's comments on the other proposals before re-submission. Also, it is suggested that an additional list of proposals be sent to the Bank for review, preferably before March 31, 2014.

(B) Good practices for sustainable aquaculture

19. This component comprises three subcomponents; (a) improved bio-security management; (b) improved seed quality management; and (c) improved environmental management.

(B1) Improved bio-security management

20. **Issues:** Several activities are being carried out, including the development of the work plans for 28 GAP zones, establishment of GAP demonstration models and training, technical design for upgrading biosecurity infrastructure schemes, and water quality monitoring by DONREs. Based on the mission's observations, PPMUs are focused on implementing demonstration models and GAP at individual farms, and there is little effort in grouping farmers in the GAP zone together to achieve GAP on a farming community basis (as in the approved plans for 28 GAP zones).

21. **Recommendations:** It was agreed that the PPMUs would improve the quality of implementation for GAP zones by:

- Completing recruitment of local consultants before February 28, 2014. As a stop-gap measure until this TA is in place, DARDs would second 1 – 2 aquaculture specialists to assist their PPMUs in implementing activities under this subcomponent.
- Refocusing on supporting and achieving GAP on a zonal basis instead of GAP for individuals. Participating farmers would be required to register and be organized in GAP groups to receive support from the project. Project support would be provided through the farmer groups and assessments (and comparisons) would be done on a group basis. This would be implemented immediately.

- Paying attention to all aspects of the approved GAP plans (i.e. biosecurity upgrades, monitoring of seed quality used by farmers, improving environment treatments and monitoring, strengthening veterinary services and extension, improving information and awareness, etc.) instead of focusing only demonstration models. This would be implemented immediately.
- Finalizing equipment lists for strengthening capacity of provincial veterinary and extension offices. This would be completed with DOF's approval by January 31, 2014.

(B2) Improved seed quality management

22. **Issues:** At the central level, the research plans for shrimp domestication and breeding programs developed by Research Institutes for Aquaculture (RIAs No.1, 2, and 3) were reviewed and given no objection by the Bank in March, 2013. However, progress since then has stalled. Little progress has been made since then regarding technical design for civil works and equipment to be procured. During this mission, DOF suggested the investment plan for RIA1's hatchery area in Ninh Thuan be re-located to Cat Ba area. At the provincial level, PPMUs have not carried out hatcheries assessments to initiate a hatchery standardization program. Little effort has been made by PPMUs to monitor and/or control shrimp seed quality in the project area. The layout for Ninh Van SPF shrimp hatchery area in Khanh Hoa has not been finalized. Finally, recruitment of local consultants by PPMUs was being delayed.

23. **Recommendations:** The PCU and PPMUs should urgently accelerate activities under this subcomponent. It was agreed that:

- PPMUs would complete the recruitment of local consultants before February 28, 2014. As an interim measure, DARDs would second 1-2 shrimp hatchery specialists to assist their PPMUs in implementing activities under this subcomponent.
- PCU/DOF would work with RIA1 to develop the investment proposal for Cat Ba area before March 31, 2014. The PCU/DOF would assist RIA 2 and 3 to complete technical design of civil works and technical specifications for equipment to be procured and send the procurement plans to the Bank for review by April 30, 2014.
- PPMUs would develop their plans for monitoring quality of shrimp seed in their provinces especially at GAP zones and submit them to the Bank for review by January 31, 2014.
- PPMUs would initiate biosecurity assessments for shrimp hatcheries located in their provinces. A draft report on the outcomes of these assessments would be sent to the Bank by April 30, 2014.
- Khanh Hoa PPMU would complete additional consultations with potential private sector investors on the layout for Ninh Van SPF area by December 31, 2013.

(B3) Improved environmental management

24. **Issues:** Responsibility contracts signed between PPMUs and DONREs are being implemented as part of the approved GAP plans in which DONREs are responsible for

conducting water quality monitoring in aquaculture areas. Equipment for strengthening capacity of provincial DONRE was being assessed by the PCU.

25. **Recommendations:** It was agreed that:

- PCU would finalize equipment lists for strengthening capacity of provincial DONREs with DOF's approval by February 28, 2014.
- DONRE's water quality monitoring reports (i.e. at GAP areas, discharge and supply canals and rivers, etc.) would be made available to farmers and the public. Water quality monitoring activities would be carried out year round, even in the period without farming activities taking place. This would be done immediately.

(C) Sustainable management of near-shore capture fisheries

26. This component comprises two subcomponents: (a) co-management of near-shore capture fisheries; and (b) rehabilitation of fishing ports and landing sites.

(C1) Co-Management of near-shore capture fisheries

27. **Issues:** Many PPMUs did not follow the steps outlined in the POM in fostering community participation in co-management arrangements. They proceeded immediately to establish the co-management team, select its office location, and seek a legal status for the co-management entity. They often skipped the required participatory meetings to engage local fishers, collection of information to build the community profile, and participatory discussions to develop co-management plans. This risks undermining the credibility of co-management arrangements, and the extent to which decision-making fully reflect community preferences. Failure to do so poses major risks to the sustainability of the outcomes of this component. Regarding MCS activities, only a few PPMUs have begun implementation although their MCS plans have been reviewed and given no objection by the Bank.

28. **Recommendations:** It was agreed that:

- PPMUs would complete recruitment of local consultants and commune facilitators before February 28, 2014. As an interim measure, DARDs would second 1-2 community development specialists to assist their PPMUs in implementing activities under this subcomponent.
- Training on participatory rural assessment (PRA) would be provided to PPMUs, consultants, and commune facilitators as soon as possible to enhance their skills in assisting the community to develop their co-management plan which would be responsive to the needs of the community.
- PPMUs would implement the approved MCS plans immediately, focusing on all aspects of the approved plans.
- A fisheries co-management plan would typically include, but not limited to, the following: sustainable fisheries management activities, alternative livelihoods development and additional employment generation, ethnic minority development, capacity building, awareness campaigns, MCS, continued stakeholder engagement etc. Where possible, village meetings and consultations on those issues would be coordinated following the integrated participatory planning approach. PPMUs would try to complete the first draft co-management plans for the pilot communes by March 31, 2014.

- PCU through the TA would develop simple and practical performance indicators for co-management assessments, which would allow tracking the incremental progress in establishing a sustainable co-management approach.

(C2) Rehabilitation of fishing ports and landing sites

29. **Issues:** Technical designs for 14 fishing ports and landing sites have been completed and the procurement processes are underway.

30. **Recommendations:** It was agreed that:

- PPMUs would carry out and monitor procurement processes with due diligence to avoid delays. This would be done immediately.
- PPMUs would review the management plans of the fishing ports and landing sites, which are supported under the project, assist them in building management capacity through training and study tours to learn about appropriate management models. The PCU would send a consolidated report on these issues to the Bank by April 30, 2014.
- Activities under this subcomponent would be linked with co-management activities under C1 to involve local fishing communities in management of the upgraded fishing ports and landing sites to generate additional employment and income for local fishers who take part in co-management. This would be considered by PPMUs when preparing co-management plans.

(D) Project management, monitoring and evaluation

31. This component comprises two subcomponents: (a) project management, and (b) monitoring and evaluation.

(D1) Project management

32. **Issues:** The PCU has not completed the recruitment of the TA team at the central level. The Bank has provided comments on the evaluation report of technical proposals submitted by PCU. Recruitment of local consultants in project provinces was also delayed due to unavailability of qualified local consultants. Delays in recruitment and mobilization of consultants at both central and provincial levels were affecting progress and quality of implementation.

33. **Recommendations:** It was agreed that:

- PCU would speed up recruitment of TA at central level and complete the processes by March 31, 2014.
- PPMUs would complete recruitments at provincial level by February 28, 2014. PPMUs may consider adjusting the TORs to attract young consultants who are enthusiastic and willing to travel.
- DOF/PCU would provide greater technical assistance to PPMUs, especially Ca Mau, Ha Tinh, and Khanh Hoa until the TA team has been on board.

(D2) Monitoring and Evaluation

34. **Issues:** A full M&E system has not been developed. The PCU was using simple excel spreadsheets to monitor inputs and progress under each component/subcomponent. As such, the reporting does not provide sufficient management information to monitor project implementation. During this mission, the FAO specialist worked with PCU and PPMUs to design a management information system (MIS) for the project. More details are presented in Annex 3.

35. **Recommendations:** It was agreed that:

- PCU would contract programmer(s) to develop the MIS for the project based on the design developed by the FAO expert. This would be done by February 28, 2014.
- PCU/DOF would closely monitor progress and quality of implementation as suggested in the respective component sections.
- PCU would continue improving the quality of progress reports using a standard reporting format for all PPMUs to follow. The progress report from Soc Trang looks better than others and could be used for further improvement. This would be implemented before February 28, 2014.

IV. GEF ADDITIONAL FINANCING AND PROJECT IMPACT EVALUATION

36. **GEF Additional Financing:** The GEF Grant Agreement (TF014293) was signed on May 2, 2013. The mission noted the PCU and PPMUs have not yet prepared and submitted applications to receive the GEF funds (US\$100,000 per DA) to the pool Designated Accounts (together with IDA Credit). The mission requested the PCU and PPMUs to take immediate action to withdraw the GEF funds and reimburse eligible expenditures of Activity A(a) Inter-sectoral planning for coastal areas and Activity C(a) Co-management of near-shore capture fisheries against the GEF Grant. It was agreed that the Project Chief Accountant of the PCU would provide guidance to PPMUs to ensure correct reimbursement for each source of funds.

37. **Impact Evaluation (IE):** CRSD was selected to be a pilot for IE. The IE Concept Note was developed by the Bank's DIME team and approved by the Bank management. It will have the following two main components: (a) an assessment of the overall impact of the project; and (b) it will test two alternative mechanisms for co-management. The two mechanisms are (i) increasing external surveillance, and (ii) providing incentives for community enforcement.

38. PPMUs have completed collection of basic information documents as recommended by the previous ISM, which included the list of all coastal communes in their provinces, score of suitability/ eligibility for all fishing communities, a list of selected fishing communities proposed to participate in CRSD, list of all patrol stations (or port of patrol boats) and their locations, and a list of all registered boat owners (and information on boat registration from local records) that are selected for the impact evaluation. The PCU has prepared the TORs for selecting consultants to conduct a baseline survey at fishing communities and the procurement process is underway. It was agreed that the PCU would complete the baseline surveys by May 31, 2014.

V. GLOBAL PARTNERSHIP FOR OCEANS

39. The mission introduced the Government to the new Global Partnership for Oceans (GPO, www.GlobalPartnershipforOceans.org) launched by the Bank and partners at Rio+20. The GPO is a new approach to restoring ocean health. It is designed to mobilize finance and knowledge to catalyze innovation and activate proven solutions for the benefit of communities, countries and global well-being. About 30 countries have joined the partnership, which also includes 120 members from private sector, civil society, and UN agencies. Countries join to have access to knowledge and solutions offered by the communities of practice in fisheries, habitat, and pollution, as well as tools for coastal

ISP. Two financing mechanisms have been designed for the GPO: The “GPO Global Fund for Oceans” to provide rapid response catalytic TA, and the “GPO Oceans Finance Roundtable” to provide transitional finance to implement ocean reforms, all undertaken in a country-driven approach, building on existing mechanisms and international law.

40. During the Mission wrap-up session, Vice Minister Vu Van Tam, expressed interest in following up on the offering of the GPO for Vietnam. Ms. Nguyen Thi Trang Nhung, Deputy Director of the International Cooperation in the Department of Fisheries was assigned to be the GPO Focal Point in the subsequent discussions. Mr. Peter Kristensen (Bank Program Manager, Global Partnership for Oceans) will discuss further with Ms. Nhung to assist the country in joining the partnership if there is a strong interest from MARD.

VI. FIDUCIARY AND SAFEGUARDS

41. **Procurement.** Progress in implementing the approved procurement plans since the last mission includes: technical design of major civil works packages has been completed; bidding documents are being prepared/ issued by PPMUs; many PPMUs have completed the first shopping goods packages; some PPMUs has recruited a number of individual consultants; PCU has completed procurement of vehicles; and Technical Evaluation Report of the TA package was submitted to the Bank for review. Nevertheless, the mission noted that most procurement activities are significantly behind the schedules agreed during the last ISM.

42. Regarding the procurement capacity of the PCU and PPMUs, it appeared that the PCU and some PPMUs do not have adequate qualified procurement staff and many of them are not familiar with the Bank’s procurement procedures. These shortcomings were affecting procurement progress and quality of procurement documents (i.e. bidding documents and bid evaluation reports submitted to the Bank for review often required several rounds of comments before receiving Bank’s no objection).

43. **Recommendations:** It was agreed that:

- PCU/PPMUs would appoint adequate qualified procurement staff and pay due attention to quality of procurement documents before submitting them to the Bank for review. This would be implemented before February 28, 2014.
- PCU/PPMUs would update their procurement plans to reflect the changes as needed and submit the updated plans to the Bank for review before December 31, 2013.
- PCU/PPMUs would complete recruitment of all individual consultants before February 28, 2014.
- PCU would accelerate recruitment of the central TA and complete the processes by March 31, 2014.
- PPMUs would complete technical design and bidding documents for all major civil packages before December 31, 2013; the bid evaluation be completed before March 31, 2013.
- PCU/PPMUs would send procurement staff to attend the training event organized by the Bank on November 26-29, 2013.

44. **Financial Management (FM):** During the mission, a FM review was conducted at the PCU and PPMUs of Ca Mau and Soc Trang. In general, the Project’s FM system is being maintained at ‘Moderately Satisfactory’ level. Most of the past April mission’s

recommendations, especially on FM training to staff, installation and training of the accounting software have been implemented. The Project interim financial report has been timely submitted to the Bank. The mission also acknowledged timely and sufficient allocations of the counterpart funds to the Project.

45. **Recommendations:** The mission had a number of recommendations to further improve the Project FM system. More details are presented in Annex 4.

- Strengthening support from the PCU to PPMUs, focusing on harmonization of financial reporting and accounting formats. The PCU's support should be sufficient and timely to facilitate accounting works at both central and local levels. Additional FM training should be provided to all accounting staff of the project. All of them should attend Bank's FM training on November 28, 2013.
- Strengthening accounting staff at both PCU and PPMUs.
- Improving Project's financial reporting.
- Improving internal control procedures and contract management system.
- Accelerating the selection processes of Project external and internal audits.

Social Safeguards

46. During this mission, the mission reviewed the implementation of the social safeguards, provided additional training and facilitated experience sharing among PPMUs.

47. **Land acquisition:** With the nature of the subprojects, which is rehabilitation of fishing ports, landing sites, and upgrades of aquaculture farms, only minor land acquisition was required. Project implementation so far has been in full compliance with the Bank's social safeguards. During this mission, a training session was conducted to share experiences among PPMUs in RAP preparation, particularly on how arrangements should be made to avoid disruption to small businesses in close proximity to fishing ports being upgraded.

48. **Consultation approach in fisheries co-management schemes:** Eight fisheries co-management pilot schemes are being implemented (two per province) in the first year. Social analysis and consultation with potential participants (from fishing communities) has been started. During the mission, repeated training was provided to all PPMUs to ensure that consultation with participating fishing households are conducted in accordance with the Project's Process Framework which is part of the POM.

49. **Social analysis:** During the mission, training was provided to identify information to be collected in order to establish a database for fishing households participating in the planned fisheries co-management. A simple spreadsheet will be developed to support simple and consistent collection of social information to serve as (a) a baseline of livelihoods of fishing households, and (b) a basis designing of livelihoods development plan to support diversification of income generating activities for select fishing communities.

50. **Gender mainstreaming:** Since gender equality is a very important factor that significantly contributes to the success of fisheries co-management schemes, some key steps have been proposed to PPMUs to ensure gender consultation is integrated into the consultation processes when fisheries co-management plans are prepared. Also, since the Impact Evaluation is being planned for Subcomponent C1, consultation processes

for fisheries co-management should ensure that women are included throughout the consultation and consensus building processes.

51. **Indigenous Peoples:** An Ethnic Minority Development Plan (EMDP) has been developed for Soc Trang, where there are large proportions of Khmer and Hoa people living in the project area. The EMDP has received several rounds of comments from the Bank and will be finalized for implementation by end-November 2013. The EMDP will link the fisheries co-management objective in Soc Trang province with the new development opportunities for local ethnic minorities in the project area.

Environmental safeguards

52. **Staffing:** At the central level, the PCU assigned one staff responsible for the environmental safeguards and will hire an environmental safeguards consultant to assist the PCU in monitoring environmental safeguards compliance and strengthening the environmental safeguards capacity for PPMUs. At the provincial level, the PPMU appointed one environmental safeguards staff and will hire an environmental monitoring consultant to assist the PPMU in supervision of contractor's environmental safeguards compliance and monitoring of water quality.

53. **Environmental Protection Commitment Reports:** A total of 101 infrastructure subprojects have been identified under various components. These schemes have gone through environmental screening and their environmental protection commitment reports (EPC reports) must be prepared, reviewed, and approved before proceeding to implementation. So far, 44 schemes have had their EPC reports reviewed by the Bank. These EPC reports were consistent with Bank's environmental safeguards and the national laws.

54. **Water quality monitoring:** It was agreed that Annexes 1&3 of Circular 45/2010/TT-BNNPTNT dated July 22, 2010 would be used to monitor quality of supply water in water intake canals and discharge water from aquaculture farms (i.e. ten parameters including BOD5, pH, NH3, H2S, NO2, temperature, salinity, DO, clarity, and alkalinity are selected for monitoring). QCVN 11:2008/BTNMT (National technical regulations on the effluents of aquatic products processing industry) will be used to monitor quality of wastewater after treatments (through wastewater treatment systems) released from fishing ports and landing sites. To ensure sustainable operation and maintenance of wastewater treatment systems and solid waste management systems at fishing ports and landing sites, it is suggested that the PCU and PPMUs work with local authorities to prepare an appropriate plan and allocate adequate budget and qualified staff to those tasks.

55. During the mission, the mission conducted a quick visit to a few GAP zones in Thanh Hoa, Nghe An and Ha Tinh. It was reported that DONREs were monitoring water quality of intake water and wastewater once a month and the results showed that the quality of both intake water and wastewater met the national standards. The mission suggested that DONRE's water quality monitoring reports (i.e. at GAP areas, discharge and supply canals and rivers, etc.) be made available to farmers and the public. This should be done immediately.

VII. ANNEXES

Annex 1: Implementation Status of Agreed Action Plan for period ending Dec 31, 13

Annex 2: Outcomes of co-management training workshop

Annex 3: Project Monitoring and Evaluation System

Annex 4: Financial Management Review

Annex 1: Implementation Status of Agreed Action Plan for period ending Dec 31, 2013

No.	Task	Responsibility	Agreed Dates	Status
1	<p><u>Component A</u></p> <ul style="list-style-type: none"> Complete the recruitment of ISP consultants, then start preparing materials and conducting training for PPMUs and provincial ISP teams, followed by field work for pilot districts. Send draft TORs for upgrading the fisheries database software to the Bank; complete the selection of a consulting firm. Send the policy research proposals (including the draft TORs) endorsed by DOF to the Bank. Assist PPMUs in shortlisting policy research proposals to be conducted at the provincial level for submission to the Bank 	<ul style="list-style-type: none"> PCU PCU PCU PCU 	<ul style="list-style-type: none"> Jul 31, 13; Oct 31, 13; Dec 31, 13. Jul 31, 13; Dec 31, 13 Jul 31, 13 Oct 31, 13 	<ul style="list-style-type: none"> Partially completed Completed Partially completed Partially completed
2	<p><u>Component B</u></p> <ul style="list-style-type: none"> Complete recruitment of local consultants; prepare procurement plans for GAP areas. Finalize the lists of equipment for Sub-DAHs and DONREs; organize a workshop to review the past experience of disease outbreaks. Accelerate detailed technical designs and preparation of technical specifications for equipment; send procurement plans to the Bank. Collect additional comments to finalize the general layout drawing for Ninh Van SPF hatchery area; prepare draft criteria for selecting hatcheries to invest in the area. Conduct assessments of existing hatcheries; forward assessment reports including recommendations for improvement of seed quality to the Bank. 	<ul style="list-style-type: none"> PPMUs PCU PCU/RIAs Khanh Hoa PPMU PPMUs 	<ul style="list-style-type: none"> Jul 31, 13 Aug 31, 13 Nov 30, 13 Sep 30, 13 Nov 30, 13 	<ul style="list-style-type: none"> Delayed Delayed; Completed Delayed Delayed Delayed
3	<p><u>Component C</u></p> <ul style="list-style-type: none"> Complete recruitment of local consultants to assist them in implementation of co-management activities. Prepare and submit bidding documents to the Bank for the upgrades of fishing ports/land sites. 	<ul style="list-style-type: none"> PPMUs PPMUs 	<ul style="list-style-type: none"> Jul 31, 13 Jul 31, 13 	<ul style="list-style-type: none"> Delayed Partially completed
4	<p><u>Component D</u></p> <ul style="list-style-type: none"> Accelerate the procurement processes for the main TA package to support implementation at local levels. Improve progress reports in both quality and timeliness. 	<ul style="list-style-type: none"> PCU PCU 	<ul style="list-style-type: none"> Oct 31, 13 Immediately 	<ul style="list-style-type: none"> Delayed Partially completed
5	<p><u>Impact Evaluation</u></p> <ul style="list-style-type: none"> Implement recommendations in para # 16&17 	<ul style="list-style-type: none"> PCU/PPMUs 	<ul style="list-style-type: none"> Immediately 	<ul style="list-style-type: none"> Completed
6	<p><u>Procurement and FM:</u></p> <ul style="list-style-type: none"> Implement recommendations in paras # 20&22 	<ul style="list-style-type: none"> PCU/PPMUs 	<ul style="list-style-type: none"> Immediately 	<ul style="list-style-type: none"> Partially completed
7	<p><u>Safeguards:</u></p> <ul style="list-style-type: none"> Implement recommendations in paras # 24&25 	<ul style="list-style-type: none"> PCU/PPMUs 	<ul style="list-style-type: none"> Immediately 	<ul style="list-style-type: none"> Completed

Annex 2- Outcomes of co-management training workshop Hanoi, 4-6 November 2013

From 4-6 November 2013, a training workshop on fisheries co-management was held at the PCU, facilitated by the Bank team, with more than 30 participants from PPMUs, PCU, FAO, and Bank. The workshop was divided into three sessions:

Day 1 Outcomes – Preparation of co-management plans

The participants discussed and reached agreement over the following issues:

a. Approaches

- Despite different interpretations of the concept due to variations in translation, it was agreed that co-management focuses on bottom-up consensus building. More training courses should be conducted to ensure that all key stakeholders would have the same conceptual clarity.
- Under CRSD, co-management plans would include MCS activities which will be carried out by the community itself and by the government's system. Co-management is the partnership between the fishing community and the government's forces to sustainably manage the resources for sustainable use. Co-management arrangements could have different forms under which the role of the community is greater than the role of the government's forces or vice versa depending on a specific context of the area. However, it would be desirable to see at the end of the project, the key role will be gradually transferred from the government's forces to local community.
- Preparation of co-management plans should follow the key steps in the POM with support of qualified consultants and community facilitators (CF) recruited by the project. Community facilitators should be local fishers and represent for the local community (they should not come from government staff or government's organizations. They should receive training in PRA before working with the community.
- Binh Dinh's past experiences under the former FSPS project showed that co-management plans should be adaptive, democratic and fair, decentralized and institutionalized. These elements are key to success of co-management schemes.
- Co-management activities may receive additional support and/or collaboration with the government's Border Guards when necessary. However, they would not be directly involved in the activities supported by the project.
- It is important that consultations with the local community are well coordinated to serve multi-purposes such as social analysis, livelihoods development, gender development, ethnic minority development, biodiversity assessments, etc. The information and data from the consultants will eventually contribute to the development of the participatory co-management plan.
- The preparation of a co-management plan would consist of three key steps: (1) conducting a series of village meetings to engage local community, (2) establishing a community profile and assessing the feasibility of co-management; (3) developing an agreed action plan (co-management) which will be carried out by the local community and the government. PPMUs should not go straight to establishment of a co-management team (or government's team) to drive the processes without engaging the local community first.

b. Key steps in preparing a co-management plan**Stage 1: Community engagement**

#	Activity	Method	Responsible	OVI and MOV	Place
1	Collection of basic data of the community	Secondary data collection	PPMU	Basic information of community	CPC
2	Introductory meeting to introduce CRSD among key officials (including village heads);	FGD	PPMU	Participants' consensus of CRSD's objectives and approaches	Village
3	Introductory meeting to introduce CRSD to community people	FGD	PPMU	Participants' consensus of CRSD's objectives and approaches (with minutes), nominating CFs.	Village

CPC: Commune People's Committee.

FGD: Focused Group Discussion

CF: Community Facilitator

Stage 2: Community profile and feasibility assessment

#	Activity	Method	Responsible	OVI and MOV	Place
1	Identifying information needed; developing methods for information/data collection	Participatory surveys	PPMU/ Sub-DECAFIREP/CFs	Questionnaires/checklist	PPMU
2	Training in data gathering techniques	RRA/PRA courses	PPMU/ Sub-DECAFIREP/CFs	CFs and relevant staff aware of the techniques trained.	PPMU/ village
3	Data gathering	RRA/PRA tools	PPMU/ Sub-DECAFIREP	CFs and relevant staff	Village
4	Data processing	Desk-study	PPMU	Community profile fully developed	Village
5	Presenting survey results	FGD	PPMU/ Sub-DECAFIREP/ community	Consensus among all stakeholders	CPC

PRA: Participatory Rural Appraisal

Stage 3: Development of the co-management plan

#	Activity	Method	Responsible	OVI and MOV	Place
1	Developing a framework for co-management planning	Desk study or PRA	PPMU/ CFs/ communities	The framework captures key issues to be reflected in the co-management plan	Village and CPC
2	Consultations to develop detailed co-management plan	FGDs (with minutes)	PPMU/ CFs/ communities	Consensus reached among stakeholders over the plans; improvements of the planning framework	Village and CPC
3	Drafting/negotiating/finalizing co-management plan	FGDs (with minutes)	PPMU/ CFs/ community	A comprehensive plan agreed by all participating stakeholders.	Village and CPC

Role of Community Facilitator (CF)

- **Functions:** CF would be connecting different groups within the community and between community and other stakeholders (e.g. government, PPMU, etc.). She/he will assist the PPMU in facilitating planning co-management exercises and community consultations.
- **Criteria:** CF must be a community member (but not government's civil servants) who has skills to work with community. He should be well respected by local community, have good understanding of fishing activities and local conditions, willing to take the role voluntarily, and in a good health condition.
- **Benefits:** The project will pay daily allowances per working day. In addition, she/he will receive training from the project.
- **Selection process:**
 - (1) PPMU announces to criteria for selection.
 - (2) Community members nominate and rank the nominees.
 - (3) PPMU reviews and select the most qualified candidate.

c. Process of organizing a community consultation session: (1) setting objectives, expected outputs/outcomes and list of participants; making a consultation plan; running the consultation session.

Notes:

- At the initial period, PPMU plays the key role and CF plays the supporting role. The key role will gradually be transferred to CF after she/he has gained more experience.
- Timing and site selection for consultations should be appropriate, with logistic (food/drink) arrangements if required. Short notice should be avoided.
- Local community should make the majority of the participants; opinions should be recorded and reflected in the minutes and shared later to those who cannot join the session.

d. Problems that consultation organizers may encounter

<u>Problem</u>	<u>Solution</u>
Not many people are interested to join	<ul style="list-style-type: none"> • Using well-developed materials and tools, raise awareness of community's about the benefits that the project would bring in the future. • Showcase the successful cases of co-management models in Vietnam and elsewhere in the world. • Avoid abusing people's time. • Small gifts (e.g. pens, T-shirt with project logos etc.). • Food and drinks provided.
Some people dominating/conflicting the others	<ul style="list-style-type: none"> • Be skillful in orienting discussions towards the set objectives. • Avoid the 'fixing' of people's opinions.
Some people may be voiceless.	<ul style="list-style-type: none"> • Conduct separate meetings for voiceless groups. • Use ice-breaking games. • Set up rules to give equal opportunity to every people to speak.
Too many opinions may arise and the session goes overtime	<ul style="list-style-type: none"> • Scope of each consultation session should not be too much and too ambitious.
People don't understand or expect too much	<ul style="list-style-type: none"> • Use local language familiar to community people. • Not to raise expectations.

Day 2 Outcomes – Needed information to develop community profile

The participants discussed and agreed that the community profile should contain the following:

- **Part A – General conditions**: Geographical locations, natural/climatic conditions, infrastructure conditions, etc. These could be obtained from the secondary sources.
- **Part B – Resources and ecosystems**: (i) Resources - species names and stock volume, seasons, fishing grounds (name, location), fishery characteristics (vessels, labor force, fishing gear, fishing methods); production (fishery, yearly, annual); (ii) Ecosystems – oceanography (flow, salinity, depth, temperature, etc.), sea grass beds (area, location, species and their population changes over years), coral reefs (area, location, species); mangroves (area, location, species and their population changes over years); submerged reefs (area, location, species and their population changes over years); tidal flats (area, location, species). These could be obtained from the secondary sources and additional surveys/studies may be needed.
- **Part C – Socio-economic aspects** (at commune level): (i) Demographic features – population, number of households per village, poverty rate, age structure, ethnic groups, religions, customary practices, gender, education, etc.; (ii) economy and markets – primary/supplementary livelihoods, labor distribution, per capita income, income structure, markets, finance/credit issues, etc. These could be obtained from the secondary sources.
- **Part D – Legal, institutional and fishery management issues**: (i) legal, policy and institutional issues (law and regulations at all levels, community rules, coordination rules, local socio-economic development plans); (ii) fisheries management structure (line agencies, local government, community organizations, others). These could be obtained from the secondary sources and additional interviews with difference groups of stakeholders may be needed.
- **Part E – Information at household level**: Information of each participating household will be collected through village meetings, which will be used to (i) design alternative livelihoods for the community, and to (ii) monitor the impact of co-management on the individual households (see Tables below).

Coastal Zone Management, Fisheries Co-Management: International Experiences

In the workshop, the mission provided examples of international experiences in coastal Inter-Sectoral Planning (ISP) and fisheries co-management. Examples were given from Norway, Abu Dhabi, Senegal, Sierra Leone, Ghana, and Kenya. Key messages were that the overall framework for coastal zone management needs to include clear valuation and assessment of the resource that had to be managed so that prioritization and scenarios can be developed with stakeholder engagement, and the need for long-term and coordinated monitoring of environmental indicators, including action thresholds. On the co-management, reference was made to “World Humanity Action Trust (2000): Fishing for the Future” emphasizing that co-management requires a process with user groups and others who have a stake in what happens to the resource, and that co-management requires that rights and tenure be clearly defined. International examples were given pointing to importance of leadership, clear role definition, transparency, supported by social engagement which is monitored.

The mission offered a set of reference material, PowerPoint presentation, and examples for the project to use as it develops the detailed implementation of project activities in the pilot communes.

It was agreed that the next step for advancing the coastal ISP was to convene an experts meeting in connection with next Implementation Support Mission. The purpose of this meeting would be to specifically advance the concepts of valuation of the coastal resources, indicators and management action thresholds. It would also serve to advance the use of indicators for fisheries (possibly some form of the Bank's Fisheries Performance Indicators), as well as specific approaches to managing aquaculture, focusing on disease management.

Tables: Information to be collected at household level**1. General:**

No.	Head of household (HH)	Ethnic group	Address	Number of people in HH		Number of People in labor age		Number of people having formal training degree /vocational certificates		Number of people having stable sources of incomes	
				Total	Female	Total	Female	Total	Female	Total	Female
1	Nguyen Van A	Kinh	Village A	5	2	2	1	1	0	2	1
2											

2. Production:**2 (a) Crops:**

No.	Head of household (HH)	Crops								
		Own land (ha)	Leased land (ha)	Type of crops	Main or secondary source of income	Family labor (persons)	Hired labor (persons)	Total revenue/year (VND Mil)	Total costs/year (VND Mil)	Net profit/year (VND Mil)
1	Nguyen Van A	2	0	rice	Secondary	2	1	3	2	1
2										

2 (b) Aquaculture:

No.	Head of household (HH)	Aquaculture								
		Own land (ha)	Leased land (ha)	Culture species	Main or secondary source of income	Family labor (persons)	Hired labor (persons)	Total revenue/year (VND Mil)	Total costs/year (VND Mil)	Net profit/year (VND Mil)
1	Nguyen Van A	2	0	Tiger shrimp/fish	Secondary	2	1	10	5	5
2										

2 (c) Capture fisheries

No.	Head of household (HH)	Fishing activities								
		Own Boat	Leased boats	Number and types of gears, main species and fishing locations	Main or secondary source of income	Family labor (persons)	Hired labor (persons)	Total revenue/year (VND Mil)	Total costs/year (VND Mil)	Net profit/year (VND Mil)
1	Nguyen Van A	1	0	1 trawler, trash fish, village A	Main	2	1	10	5	5
2										

3. Loans

No.	Head of household (HH)	Commercial Banks			Other sources		
		Amount	Interest rate (%)	Purpose of loans	Amount	Interest rate (%)	Purpose of loans
1	Nguyen Van A						
2							

4. Plan for the next 3-5 years

		Expanding crops/aquaculture/fishing	Change to new careers	No changes	Planned sources of funds for Investments	Other remarks
1	Nguyen Van A	Buy more land/ponds/boats etc.	Change to petty trading	N/A	From family/relatives or commercial banks	
2						

Annex 3 - Project Monitoring and Evaluation System

At present, the PCU manages a database at the central level and it constantly updates project achievements by requesting information from each province on a weekly basis. Regular follow-ups and communications between the PCU and PPMUs are also undertaken to improve data quality and to ensure timely updating of information. However, all information is being managed using Microsoft Excel, which would potentially cause problems in data integrity in the long-run because of its flexibility and lack of a relational-database structure if data collection and process protocols are not established. Currently, it was assessed that the project has not faced data management issues because of low data traffic. However, it is expected to manage a large amount of information soon including plans, project achievements as well as the level of disbursement of all eight provinces across different component activities.

Based on the field visits to Thanh Hoa, Nghe An and Ha Tinh provinces and interviews with stakeholders including provincial officials and beneficiaries, it appears that the project does not have a concrete method to track project and individual beneficiary performance against the project development objective (PDO) and its indicators. In addition, all data updates on the Excel database are done by overwriting previous records without keeping logs, which could potentially cause data errors and leave no tracking record, but at the same time minimizes the number of Excel data sheets to manage the data. The mission suggested a single data management platform be developed based on a relational database, so data analysis will be automatic and project managers will be able to track records by defining dates and inserting specific queries. Such database could integrate different types of information to analyze and provide necessary data and information for project management as well as to check the project performance against the PDO indicators. So far, the project is still in its early stages and not much information is generated at all levels. Thus, the mission strongly recommends the PCU develop a relational database to cover all project activities including plans and disbursement levels when the data traffic is still low.

It is also recommend that such relational database be developed with a web-application, which will make data entry and management more integrated and easy. Each of eight target province has high speed Internet access and a web-based database is already being managed by the Ministry of Planning and Investment (MPI). Therefore, the development of such application is assessed possible. During the mission, it was agreed that the project will develop a web-based management information system (MIS) and the FAO specialist is helping with a basic MIS interface design. The mission also recommended the PCU develop an action-based MIS, which will be used not only to store the project data, but also the use of the database trigger actions. For example, an action of preparing an activity plan would trigger an approval by a supervisor and such information would then be reported to the PCU to inform a plan has been prepared and approved by a province. Such action would also trigger a clock and will generate an analysis of progress and status of the plan. The clock will be linked to a warning system and if a plan has been delayed more than an average number of days for example, the plan will be highlighted and a warning will be sent to both the PPMU and PCU. Thus, such system would generate actions and makes it possible for project managers to monitor the progress.

Based on mission's recommendation, it was agreed that the FAO specialist will develop the design by the end of November 2013 and the project will recruit a software programmer to develop an MIS based on the design, while the FAO specialist will continuously oversee the progress and functionality of the MIS.

Annex 4: Financial Management Review

A FM review was conducted at the PCU and Soc Trang and Ca Mau PPMUs. Below are some FM recommendations for attention and implementation:

Strengthening accounting staff at both PCU and PPMUs: Though this is a fully decentralized project, the coordination and supporting role of PCU is quite important, especially at early stage of the Project. The mission acknowledges that PCU has shown its support to provinces. However, the mission would like to suggest the PCU assign a full time experienced accounting staff at the PCU to be in charge of supporting project provinces on a daily basis, especially when the Project chief accountant is busy with other chief accounting tasks of APMB and of other Projects while the remaining Project accounting staff is new. The areas of focus include harmonization of financial reporting, accounting formats and eligibility of expenditures. At the provincial level, the mission requested the accounting staff to be more engaged to support the works of the chief accountant, especially where there is only one chief accountant to do all accounting works. This recommendation is to be implemented by December 31, 2013.

Strengthening supports from the PCU to PPMUs and more training for FM staff: It is noted that FM training was recently conduct in October 2013. However, the FM review at the provincial level revealed that there is a need to continue this training. A training plan should be better planned; training materials should be prepared in advance; and training agenda should be informed to the Bank to enhance efficiency. The mission recommends that all Project accountants attend the Bank's FM training on November 28, 2013.

Project financial reporting: The mission requested the PCU to carefully review quarterly financial reports and guide all PPMUs on financial reporting: where income shall be recorded and when actually received; where expenditure shall be recorded and when incurred rather than waiting for expenditure verification from the State Treasury. The Project financial report of the PCU/PPMUs in FY2013 then shall be revised accordingly.

Improving internal control procedures: Besides the Project FM manual (FMM), there is a so-called internal expenditure regulation that has been developed at the PCU/PPMUs to provide detail guidance on Project activities. It is recommended that the PCU and PPMUs to revisit again this regulation to ensure its consistency with the Project FMM, especially on eligibility of expenditure and once it is approved then the full compliance is required such as requirement on petty cash balance. In addition, the bank reconciliation shall be monthly prepared at both PCU/PPMUs as required in the Project FMM and advance money shall be promptly cleared within 15-30 days after completion of the activities (at PCU, the advance to staff for WB mission in April 2013 was only settled in October 2013 and one advance in Ca Mau PPMU was only cleared after 9 months). This recommendation is to be immediately implemented in November 2013.

Improving contract management system: PCU/PPMUs are required to maintain a contract management system where all contract numbers, contract values, accumulated payments and expired dates are closely monitored.

At the PCU, it is advised that the PCU closely monitor the performance of accounting software contract where bank guarantees for advance and contract performance were expired on June 21, 2013 but the delivery and installation was only carried out in October 2013. In addition, annual maintenance contract of the accounting software shall be signed to ensure accounting works at both central and local levels are fully and timely supported. In addition, the payments for PCU office rental shall be paid by installments rather than pay in advance for 24 months. The expenditure verification process shall also be closely monitored to ensure it is not prolonged (as one case of 42 days for training on improvement of competence for supervision of fishing boats).

It is recommended that by December 31, 2013, PCU (i) provide a template on contract management system to all provinces and (ii) provide a template on Memorandum of Understanding (MOU) between PPMUs and related parties with clear responsibilities of each parties, detailed budget activities, required accounting forms, and frequency of expenditure documentation as well as forms of supporting documents as part of the responsibility contract.

Accelerating selection processes of Project external and internal audits: The mission was reported that selection of Project external audit is ongoing. It is advised that the selection processes to be completed by the end of 2013 so that the auditor could start the audit work in early 2014 and submit the Project first audit reports to the Bank by June 30, 2014. Regarding internal audit activities, the mission suggested that a complete TOR, proposed cost estimate and selection method be submitted to the Bank for review by December 31, 2013.