

**Vietnam: Coastal Resources for Sustainable Development Project (Cr. 5113-VN)**  
**Fifth Implementation Support Mission: March 16 – April 1, 2015**  
**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)<sup>1</sup> visited Vietnam from March 16 – April 1, 2015 for the Vietnam Coastal Resources for Sustainable Development Project (CRSD). The main objective of the mission, as articulated in the mission announcement letter dated March 5, 2015 was to review implementation progress of CRSD at the central level (PCU) 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 June 2014; (c) progress towards achieving the indicators set in the Project's Results Framework and Monitoring; (d) implementation of the Impact Evaluation (IE) for fisheries co-management; and (e) preparation for the Mid-Term Review mission which is scheduled for May/June 2015.

2. The mission wishes to express its sincere thanks to the Directorate of Fisheries (DOF), the Agricultural Projects Management Board (APMB) and 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 April 1, 2015 at the wrap-up meeting in Hanoi, chaired by Mr. Pham Anh Tuan, Vice Director General of Directorate of Fisheries of MARD, with participation of representatives from MARD Departments and Research Institutes, DOF, APMB, PCU, and PPMUs. It summarizes the mission's key findings, recommendations and agreements, which are subject to Bank management endorsement.

## II. SUMMARY OF ISSUES AND KEY RECOMMENDATIONS

4. 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

<sup>1</sup> The mission included Binh Thang Cao (TTL), Tuan Anh Le (Bank Social Development Specialist), Thu Thi Le Nguyen and Khang Van Pham (Environmental Management Specialists), Hoai Van Nguyen (Procurement Specialist), Ha Thuy Tran and Quyen Thi My Nguyen (Financial Management Specialists), Lam Thanh Do (M&E Specialist, Bank consultant), Linh Khanh Pham (IE Specialist, Bank Consultant), Patrick White (Aquaculture Specialist, FAO Consultant), and Joseph Sciortino (Fisheries Infrastructure Specialist, Consultant FAO). The mission was accompanied by PCU Director, Vice Directors, DOF and PCU key staff, and Project Technical Assistance Team.

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 January 31, 2018.

### Summary of Progress

5. **Disbursement:** Project disbursement has accelerated in the past 6 months. By the end of March 2015, cumulative disbursement of IDA Credit reached US\$18 million (including advances to DAs, equivalent to 21% of total). Disbursed amount of the GEF additional funds (which came one year later) was around US\$1.0 M (including advances to DAs, equivalent to 16% of total). Although several signed contracts are being implemented and progressing well at the provincial level, payments have not been made due to limited allocation of IDA funds to each implementing agencies. MARD has sent a request additional allocation to MPI, which will be consolidated for submission to the National Assembly for approval in June 2015. However, this may take time and may cause some delays. It is expected that disbursement will continue accelerating towards the end of 2015 and the following years. Therefore, it is suggested that the PCU prepare and timely submit requests for additional IDA/GEF allocations, at least twice year, and seek support from MARD and concerned ministries to ensure IDA/GEF funds are allocated to the project to avoid affecting project disbursement in the remaining period.

6. **Physical progress:** A review of progress against the agreed actions from the previous ISM (June 2014) shows progress across all components in all project provinces, although there are still a number of outstanding activities (Annex 1). Key achievements under each component are summarized below.

- **Component A:** 31 out of 39 project districts (79%) and 136 out of 219 project communes (64%) have received ISP training; 174 provincial officers, 164 district officers, and 142 commune officers have been trained. Khanh Hoa and Ca Mau made progress in identifying overlap/conflict areas in pilot districts. The consultant for the Vnfishbase upgrade was recruited. Four research packages out of 40 selected research proposals to support the implementation of the Fisheries Sector Master Plan are being carried out.
- **Component B:** Good progress was made by PPMUs in establishing GAP groups and GAP zones, training farmers through demonstration sites, disease surveillance in GAP zones, and promoting diversification in areas where shrimp farming is no longer suitable. Results from domestication, selective breeding, and producing white shrimp SPF broodstock led by RIA1 in Cat Ba and tiger shrimp SPF broodstock led by RIA2 in Vung Tau are promising. Technical design for the SPF hatchery area in Ninh Van was completed and approved by Khanh Hoa PPC. Regular water quality monitoring programs at GAP zones and in surrounding supply and discharge canals were conducted by DONREs.

- **Component C:** The baseline survey for the IE work was completed in September 2014. Good progress was made in implementing CMPs for the first 15 pilot communes; 17 new CMPs have been prepared and received no objection from the Bank and 33 new CMPs are being drafted and finalized by May 2015; 17 of 27 field MCS stations have been upgraded. MCS activities were carried out, mostly focused on surveillance. Contracts for the upgrades of 12 out of 17 selected fishing ports/and landing sites were awarded and construction is underway. Some of them have been nearly completed.
- **Component D:** The project have recruited the CTA and other key positions. Consultants are providing technical advice to PCU and PPMUs. The cooperation between the PCU and DOF technical departments is good. At the provincial level, the cooperation between the PPMU and DARD technical departments is also good. The capacity and the performance of PPMUs in Ca Mau, Soc Trang, Khanh Hoa need further strengthening. Ha Tinh PPMU's performance has improved significantly especially in Component C.

### Key Agreed Actions

1. **Component A:** All PPMUs should accelerate and complete ISP for the pilot districts by July 2015 and for the remaining coastal districts by December 31, 2015.
2. **Component B:** PPMUs should assist in strengthening GAP groups, providing repeated training and technical assistance, and monitor their compliance. In this year, PPMUs should focus on assisting farmers in adopting biosecurity criteria as a first step towards GAP. Procurement of equipment and civil works packages for RIAs and Ninh Van SPF hatchery area should start in May 2015. DONREs should cooperate with PPMUs and local governments to enforce environmental compliance of farmers in GAP zones.
3. **Component C:** All provinces should accelerate implementation of the approved CMPs for 15 pilot communes and complete preparation of CMPs for 49 selected fishing communes (the second batch) by May 31, 2015. At least one LMMA will have CMP drafted and approved by May 31, 2015.
4. **Component D:** DOF, PCU, and PPCs would provide greater support to Ca Mau, Soc Trang, and Khanh Hoa. PPMUs should be more pro-active and innovative in implementing all components/activities. PCU would organize an M&E training workshop in May 2015.

### III. IMPLEMENTATION PROGRESS BY COMPONENT

#### (A) Institutional Capacity Strengthening for Sustainable Fisheries Management

7. This component is important in providing the fundamental support to improve sustainability of the coastal aquaculture and near-shore fisheries components. It comprises three subcomponents: (a) Inter-sectoral spatial planning for coastal areas; (b) Upgrading of Vietnam Fisheries database; and (c) Selected policy research to support implementation of the Fisheries Master Plan to 2020, vision to 2030.

8. (A1) Inter-sectoral spatial planning (ISP) for coastal areas: To date, 31 out of 39 project districts (79%) and 136 out of 219 project communes (64%) have received ISP training from

the project; 174 provincial officers, 164 district officers, and 142 commune officers have been trained. Regarding implementation of ISP in pilot districts (one in each province in the first year), implementation of field activities was slow in all provinces. All provinces have not recruited consulting services for field surveys (i.e. aquatic resources, environmental and social aspects). So far, only Khanh Hoa and Ca Mau have made progress in identifying overlap/conflict areas among different sectors' planning in the pilot districts; other provinces only stopped at collecting necessary data and information.

9. (A2) Upgrading of Vietnam fisheries database (Vnfishbase): The consultant for the Vnfishbase upgrade was recruited and already started their work. In parallel with the software upgrade, the consultant will assist the PCU to finalize the equipment packages for the central and provincial levels.

10. (A3) Selected policy research: The Bank has provided no objection to a list of 18 research topics recommended by DOF to support the implementation of the Fisheries Sector Master Plan and 22 research topics proposed by the PPMUs. Four studies are being carried out, of which 2 studies are managed by the PCU and 2 studies by Binh Dinh PPMU. Since A Strategic Environmental Assessment (SEA) for the fisheries sector was conducted in 2012 (to serve the preparation of the Fisheries Master Plan to 2020, vision to 2030, which was then approved by Prime Minister in August 2013), there is no need to conduct another SEA under CRSD.

11. **Agreed Actions**: It was agreed that:

- All PPMUs would accelerate and complete ISP for pilot districts by July 2015 and for the remaining coastal districts by December 31, 2015. It is suggested that the ISP conducted by Khanh Hoa for Ninh Hoa district be written up and shared with other PPMUs. PPMUs should seek support from the PCU in recruiting consulting services for field surveys and assessments. In case MARD research institutes have technical capacity, PPMUs may discuss and sign responsibility contracts with them to carry out the necessary field surveys and assessments.
- DOF/PCU would closely monitor the progress and quality of the *Vnfishbase* upgrade, organize appropriate consultation workshops with the provincial and local levels to collect comments and feedback to ensure the software after upgrade will be fully operational, practical, and user-friendly; finalize the equipment packages for the central and provincial levels to allow the procurement processes to start in October 2015.
- DOF/PCU would consider including a study on allocation of rights to local fishing communities in open- access waters with long term legal status.

## **(B) Good Practices for Sustainable Aquaculture**

12. This component is aimed at addressing environmental problems caused by shrimp farming, improving its sustainability, and where appropriate promoting diversification out of shrimp. It comprises three subcomponents; (a) improved bio-security management; (b) improved seed quality management; and (c) improved environmental management. Below is the summary of progress under each subcomponent. Details are presented in Annex 4.

13. (B1) Improved bio-security management: Good progress has been made by PPMUs in promoting Good Aquaculture Practices (GAP) in shrimp farming through: (i) the establishment

of GAP zones, GAP groups, and farmer training; (ii) biosecurity infrastructure upgrades in GAP zones; (iii) strengthening of veterinary networks and disease monitoring and control; and (iv) promoting diversification of new species where shrimp farming is no longer suitable.

14. To date, 60 GAP groups in 31 selected GAP zones have been formed in 8 project provinces (around 10,000 ha, with some 6,000 participating shrimp farmers). Some 64 demonstration sites have been established as farmer field schools (FFS) to train shrimp farmers in improved/advanced technologies. The project has trained 280 trainers (TOT) on GAP, 10 specialists on GAP certification, and 3,000 shrimp farmers on GAP standards. Five (05) biosecurity infrastructure schemes supporting GAP zones have been constructed and put into use. Guidelines for disease monitoring and surveillance has been issued by DAH, followed by training for provincial staff in disease reporting and epidemiological mapping, and for farmers in disease identification. Disease surveillance have been carried out for all GAP zones. To support diversification out of shrimp, 22 diversification zones have been identified where intensive shrimp farming is no longer suitable (around 2,520 ha, with 1,373 participating farmers). Various demonstration farming models such as shrimp-fish, shrimp-seaweed-algae, etc. have been established to train farmers together with some limited infrastructure development to improve water supply/discharge systems.

15. (B2) Improved seed quality management: Good progress has been made in (i) domestication, selective breeding, and producing white shrimp SPF broodstock led by RIA1 in Cat Ba and tiger shrimp SPF broodstock led by RIA2 in Vung Tau (details are presented in Annex 4). Equipment package for RIA3 procured by the project was delivered; (ii) completing technical design for the SPF hatchery area in Ninh Van, which has been approved by Khanh Hoa PPC; (iii) biosecurity assessments of existing hatcheries in the project provinces by PPMUs based on the guidelines developed by the FAO shrimp hatchery consultant in the previous mission. Procurement packages for RIAs and for Ninh Van SPF hatchery area will start soon.

16. (B3) Improved environmental management: All PPMUs have signed and implemented responsibility contracts with DONREs to conduct regular water quality monitoring programs at GAP zones and in main surrounding supply and discharge canals. However, at present all water analysis results were returned to PPMUs without analysis and thorough reporting. The results so far are only confined to providing technical advice/warnings to farmers on water quality rather than serving environmental monitoring and enforcement purposes.

17. **Agreed Actions:** Below are the key agreed actions (more are presented in Annex 4).

- PPMUs should assist in strengthening GAP groups, providing repeated training and technical assistance, and monitor their compliance. All GAP groups should develop their own operational regulations. In this year, PPMUs should focus on assisting farmers in adopting biosecurity criteria first (the first step towards GAP). PCU should cooperate with RIAs to provide additional technical support to PPMUs. Alternative options such as the use of closed biological systems for water treatment should be a priority before considering expensive infrastructure options. PPMU staff should update disease data monthly for each GAP zone.
- Procurement of equipment and civil works packages for RIAs and Ninh Van SPF hatchery area should start as soon as possible, preferably in May 2015 to allow construction to start in September 2015. The mission supported RIA1's proposal of adding an additional \$500,000 to construct additional SPF broodstock growth-out ponds and RIA2's request of an additional \$200,000 to procure a spare generator and

other needed equipment. It is suggested RIA1 and RIA2 submit their detailed proposals to DOF for review before July 31, 2015.

- DONREs should analyze water quality data at farm and zonal levels. Based on the results, DONREs should inform and cooperate with PPMUs and local governments to enforce environmental compliance of farmers in GAP zones. DONREs, PPMUs, RIAs, and project consultants should also discuss and recommend to farmers appropriate technologies to treat their pond effluents to meet the national standards.

### **(C) Sustainable management of near-shore capture fisheries**

18. This component is aimed at addressing overfishing in near-shore capture fisheries (within 6 miles from the coastline) and improving hygienic conditions and handling practices at selected fishing ports/landing sites. It comprises two subcomponents: (a) co-management of near-shore capture fisheries; and (b) rehabilitation of fishing ports and landing sites. Below is the summary of progress under each subcomponents. Details are presented in Annex 5.

19. (C1) Co-Management of near-shore capture fisheries: Good progress has been made in (i) implementing fisheries co-management plans (CMPs) in 15 pilot communes and preparing CMPs for 49 new communes, (ii) identifying in locally managed marine areas (LMMAs) for co-management, and (iii) implementing Monitoring, control, and surveillance plans (MCS).

20. The baseline survey for the IE work was completed in September 2014. (i) 15 CMPs for the first 15 pilot communes are being implemented over 164 km coastline of 8 project provinces (involving around 3,900 participating local fishing households). Some 3,768 local fishers in co-management have been trained. In general, local communities responded to co-management positively and participated actively. 17 new CMPs have been prepared and received no objection from the Bank. 32 new CMPs are being drafted and finalized by May 2015. (ii) 3 LMMA sites with total area of 62,000 ha have been identified in Khanh Hoa, Phu Yen, and Binh Dinh. CMPs for these sites are being drafted by the PPMUs with technical assistance from the Bank's Biodiversity Specialist. (iii) PCU in cooperation with DECAFIREP conducted MCS training for 344 government staff in project provinces; 17 of 27 field MCS stations have been upgraded. Procurement of patrol boats is underway. Hotlines have been established and put into operation in Thanh Hoa, Nghe An, Ha Tinh, Binh Dinh, and Ca Mau. MCS activities to date, however, mostly focused on surveillance. All provinces have prepared their 2015 MCS plans (following the IE plan) and received no objection from the Bank.

21. (C2) Rehabilitation of fishing ports and landing sites: Contracts for the upgrades of 12 out of 17 selected fishing ports/and landing sites have been awarded and construction is underway (2 in Thanh Hoa, 2 Nghe An, 2 Ha Tinh, 1 Phu Yen, 2 Khanh Hoa, 1 in Binh Dinh, 1 in Soc Trang, and 1 in Ca Mau). Some of them have been nearly completed. Bid evaluation for Ho Gui landing site in Mau and Dan Phuoc in Phu Yen is being conducted and contracts will be awarded soon. Technical design for the three remaining landing sites (Mo o in Soc Trang, Tan Phung and Nhon Ly in Binh Dinh) have been completed. Procurement processes can start now.

22. During this ISM, the FAO Fishing Port Specialist conducted visited fishing ports under construction in all project provinces (except Phu Yen). In general, there appear to be no design errors. However, there are rooms for improvement, especially in construction supervision, submission of the required monthly progress reports, environmental management, health and safety issues (details are presented in Annex 5).

23. **Agreed Actions:** Below are the key agreed actions (more are presented in Annex 5):

- All provinces should accelerate implementation of the approved CMPs for 15 pilot communes and complete preparation of CMPs for 50 selected fishing communes (the second batch) by May 31, 2015. At least one LMMA will have CMP drafted and approved by May 31, 2015.
- Thanh Hoa, Khanh Hoa, and Soc Trang should accelerate upgrades of MCS field stations and complete them by September 2015. All PPMUs should have their 2015 MCS plans prepared and approved by May 31, 2015.
- PPMUs should implement the recommendations made by FAO Fishing Port Specialist in Annex 5.
- PCU would hire a short-term international consultant (about 6 months) to assisting in developing operational regulations, and O&M for fishing ports/landing sites, followed by training.
- The mission supported the PPC's proposal of upgrading Quy Nhon fishing port to improve its environmental treatments and hygienic conditions. The PPMU would work with concerned agencies to complete the government's internal procedures, then conduct a feasibility study and technical design for the Bank's review as soon as possible. The mission also supported the PPC's proposal of conducting a study on the causes and preventive/protective measures to address the present quick sandy sedimentation at Tam Quan Bac estuary in Hoai Nhon district. The PPMU should work with DOF agencies to prepare appropriate TOR and submit the Bank for review.

**(D) Project management, monitoring and evaluation**

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

25. (D1) Project management: The project have recruited the CTA and other key positions. Consultants are providing technical advice to PCU and PPMUs. The cooperation between the PCU and DOF technical departments is good. At the provincial level, the cooperation between the PPMU and DARD technical departments is also good. The capacity and the performance of PPMUs in Ca Mau, Soc Trang, Khanh Hoa need further strengthening. Ha Tinh PPMU's performance has improved significantly especially in Component C.

26. (D2) Monitoring and Evaluation: Good progress has been made in improving the M&E system, especially in (a) introduction of template tables/excel sheets and the draft guideline by PCU, (b) conducting an M&E workshop in October 2014 to guide PPMUs in data collection and analysis at different levels; (c) completion of baseline survey; and (d) improvement of project reporting system from the PPMUs to PCU on regular basis. The PCU has also recruited a national consultant to develop MIS software which is being tested.

27. Despite good improvement in M&E from the project, the mission noted some issues that need attention as follows: (a) in both PCU and PPMUs' progress reports, up-to-date achievements against targets for all project outcome and output indicators have not been analyzed to inform the project leaders and managers on gaps for timely action and adjustment of annual planning and budgeting; (b) quality of the progress reports varied among provinces and PCU, especially with regard to level of details on effects/changes of implemented outputs and activities; (c) inconsistent data collection methods; (d) some

concepts and indicators are not fully understood by provincial M&E and component staffs; and (e) constraints in management of collected data among PPMU staff for M&E, reporting and planning.

28. **Agreed Action:** It was agreed that:

- DOF, PCU, and PPCs would provide greater support to Ca Mau, Soc Trang, and Khanh Hoa. PPMUs should be more pro-active and innovative in implementing all components/activities than as passive implementers waiting for instruction and guidance from PCU and consultants.
- PCU would organize an M&E training workshop in May. The Bank will provide technical support through FAO consultants to assist PCU in improving and finalizing the M&E guideline, focusing on (i) clarification of concepts/indicators and data collection methods to ensure high quality and comparable analysis; (ii) definition of level of details on effects/changes to report on implemented activities and outputs, and different sheets for consistent data collection and analysis; (iii) improving report templates; (iv) producing a summary table of up-to-date progress in which annual and cumulative achievements against the set targets for all 17 indicators reported for the whole project and by province/zones as appropriate; (v) guiding PPMUs to set up its own targets to achieve for all 17 indicators; (vi) defining roles and responsibilities among staffs and managers responsible for collecting, data inputting, analyzing, reporting and using for planning and budgeting.
- M&E database should be linked to the project's MIS that are being developed.
- PPMUs should recruit an interpreter to help PPMUs in translating project's documents into English and Vietnamese.

### **Impact Evaluation (IE)**

29. PCU completed the data collection for the baseline survey in September 2014. After that PPMUs started preparation of CMPs for the second batch of 49 communes, of which 47 communes will participate in the IE process. According to the IE plan, preparation of CMPs for the second batch should be completed by end-December 2014. However, most PPMUs now are behind schedule. To date, only Ha Tinh and Thanh Hoa have completed all planned communes in the second batch, other PPMUs will complete by the end of May 2015. This delay will affect the mid-term impact evaluation quality as well as progress of the next year batch of communes.

30. As stipulated in the Financing Agreement, by the end of the project sixteen (16) districts will have co-management for near-shore capture fisheries successfully adopted and carried out. To comply with this legal requirement, each province would need to implement co-management in at least 2 coastal districts. This requirement would affect some communes selected in the control group and it requires some adjustment to the IE plan (see Annex 6).

31. **Agreed Actions:** It was agreed that

- PPMUs should speed up to complete all co-management plans by May 31, 2015 and at the same time implement the approved plans right away.
- The midterm evaluation data collection process will be scheduled for October/November 2015. The PCU could start the procurement process now to

choose the consultant. It is suggested the previous firm conducting the baseline to be selected to maintain consistency in data collection and analysis.

- Adjustment will be made to the short-term and external control groups. A new list is presented in Annex 6.

#### IV. FIDUCIARY AND SAFEGUARDS

32. **Procurement.** Overall, the procurement performance of the project implementing agencies (PCU and PPMUs) is considered to be satisfactory. Although procurement progress is still behind the originally planned schedule, it has been progressing well recently, especially in completing a significant number of civil works contracts at the PPMU level.

33. A post review was carried out during the mission. Findings are presented in Annex 7.

34. **Recommendations:** The mission had following recommendations:

- PCU and PPMU staff should carefully study project documents including the Financing Agreement, Bank's Consultant Guidelines and Procurement Guidelines, and Project Operations Manual. The PCU would organize a workshop to provide additional training to all procurement staff and to share experience among PPMUs.
- Since there are many small value contracts in all project components, especially in the fisheries co-management plans, in order to facilitate project implementation and disbursement in the remaining period it is suggested that PPCs delegate to DARD to approve the procurement plan and procurement contract for all small packages below VND 1 billion (below US\$50,000).

35. **Updating procurement plans:** The mission advised the PCU and PPMUs to update their procurement plans to (i) reflect the current status of all contracts being included in the first 18 month procurement plan, and (ii) add new packages to be procured in the next 12 month period as needed.

36. **Financial Management (FM):** The Bank FM team visited PCU, Ca Mau, Soc Trang, Thanh Hoa and Nghe An PPMUs to review the current FM arrangement and to follow up on the implementation status of the previous mission's recommendations and of the auditor in the FY2013 audited reports. In general, the Project FM performance is considered to be 'moderately satisfactory'. Regular interim financial reports have been timely submitted with acceptable quality. However, the submission of the Project first audit report was late due to the slow procurement process.

37. **Recommendations:** Below are the FM issues that require attention of the PCU and PPMUs. Details are presented in Annex 7.

- A report on the implementation status of the recommendations made by the Bank and the auditors prepared by PCU and PPMUs should be submitted to the Bank by April 30, 2015.
- PCU and PPMUs should accelerate their budgeting processes; arrange sufficient resources during the absence of accounting staff; consider requesting an increase in the DA ceiling for all Project implementing agencies.

- Improving contract management systems, especially in MOU mechanisms, including timely extension of expired contracts, provision of bank guarantee for warranty clause for equipment purchase, indicating the name of the project in the partners' invoices, and improving control of time-based consultancy contracts.
- Enhancing the accounting practices to comply with the general accepted accounting practices. Timely submission of the FY2014 financial audits by June 30, 2015.

### Social Safeguards

38. The project triggers two World Bank's social safeguards policies: OP 4.12 (Involuntary Resettlement) and OP4.10 (Indigenous Peoples). In addition, the process framework, as specified under OP 4.12, is applied for fisheries co-management schemes under Component C.

39. **Ethnic minority development (OP 4.10):** Soc Trang is the only one province where there is a significant number of EM peoples living in the project area. Two EMDPs have been prepared by Soc Trang PPMU: one for Vinh Tan commune (Vinh Chau district) and one for Tran De Township, where there are large proportions of Khmer and Hoa people present in the project area. The EMDPs have been reviewed and given no objection by the Bank.

40. **Involuntary resettlement (OP 4.12):** Rehabilitation of fishing ports/landing sites did not involve land acquisition as it took place in the existing government's land. Only upgrades of public infrastructure in aquaculture zones involved small scale land acquisition. In such cases, RAPs were prepared and submitted to the Bank for prior review. Overall, it has been in compliance with the project's RPF. In subprojects where land market is present, replacement costs surveys and consultation were conducted by PPMUs to establish the basis for compensation.

41. **Agreed Actions:** It was agreed that:

- Soc Trang PPMU would disclose the EMDPs at local levels immediately before proceeding to implementation. The PPMU should also send the English version of these plans to the Bank for disclosure at the Bank's VIDC.
- Despite of small scale land acquisition, PPMUs and PCU should closely monitor the RAP implementation. The RAP/EMDP implementation should be updated regularly and reflected in the progress reports prepared for the Bank's missions.
- To maintain good quality internal monitoring, PCU should appoint one full time staff for social safeguards to provide technical support to PPMUs and monitor the RAP/EMDP implementation.
- Regarding independent external monitoring, the mission is pleased that a consulting firm had been recruited to support PCU and PPMUs in social and environmental safeguards monitoring. The Bank team will provide guidance to the consultant to improve the quality of social and environmental safeguards monitoring.

42. **Social Assessments to support CMPs.** Fisheries co-management of near-shore capture fisheries may result in negative impacts on a few groups of local people in the short term and the impacts might not be fully assessed and addressed in the approved CMP. It was agreed

that PPMUs prepare an additional plan including estimated budgets based on a quick social assessment to address the negative impacts on affected groups (especially the poor and vulnerable groups) and attach it to the CMP, which will be sent the Bank for review. The TOR for the social assessment prepared by Thanh Hoa PPMU, which has been given no objection by the Bank could be shared with other PPMUs for reference.

43. **Agreed Action:** It was agreed that:

- A quick social analysis will be conducted for all 15 pilot communes. Reports and financing plans will be sent to the Bank for review and no objection by May 31, 2015.
- A quick social analysis will be conducted and completed for the next batch of 50 communes by July 31, 2015.

44. **Gender mainstreaming:** Men and women in fishing households have very different roles and are different in labor division and in contributing family incomes. Thus, any fisheries co-management activities that affect incomes of the fishing household would also affect men and women's decision and commitment – from a gender perspective. So, the quick SA, as mentioned above, should also reflect such gender dimensions in the TOR.

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

- When conducting the quick SA, PPMUs should also carefully examine the potential impact of the fisheries co-management scheme on men and women at household level from the gender perspective.
- Since the baseline survey has not yet captured the gender dimensions, the PCU should pay attention to gender issues to prepare for the upcoming mid-term review. The PCU may use qualitative gender information (which will be collected from the quick SA) as baseline qualitative information to support the planned impact evaluation at the end of the project. Lessons learned from the project would generate important knowledge about gender in relation to sustainability of fisheries co-management.

### **Environmental safeguards**

46. The mission discussed with the PCU and PPMUs about environmental safeguards compliance and conducted site visits to (i) the hatchery under RIA2 in Ba Ria-Vung Tau and under RIA3 in Khanh Hoa, (ii) fishing ports and landing sites in Ca Mau, Soc Trang, Khanh Hoa, and (iii) aquaculture areas applying GAP in Khanh Hoa and Binh Dinh. Key findings and recommendations are summarized below.

47. Staffing and training: An independent social and environmental consulting firm was mobilized in mid-February 2015 to support PCU in monitoring and evaluation of the project's environmental safeguard compliance. It is suggested the PCU work with the environmental consultant to organize training in environmental monitoring for all environmental safeguards staff of PPMUs as soon as possible.

48. Environmental monitoring reports: Regarding water quality monitoring program for bio-security areas supported by the project, the mission recommended that wastewater quality needs to be discussed in detail and the PPMU should closely work with DONRE to assess if the existing measures has satisfied the requirement of wastewater treatment or if further

treatment of wastewater is required. The PPMU should also include in the monitoring report a discussion on monitoring results of ambient environmental quality, such as air quality, noise and water quality, which may be affected by construction activities. The mission requested PCU, with support of the environmental consultant, to prepare a template for the environment safeguards report and send it to PPMUs for their use in preparing regular progress reports on environmental compliance.

49. Upgrades of shrimp hatcheries: The project supports to upgrade facilities and works under RIAs. The PCU and RIAs with the assistant of the consultants should prepare appropriate environmental documents and send to the Bank for review before proceeding to the procurement processes.

50. Upgrades of fishing ports: In general, construction activities appeared to be in compliance with EPC/EMPs. The mission recommended PPMUs and contractors pay more attention to health and safety issues, such as requesting workers to wear ear-cap to reduce noises, and transporting soil to landfill as soon as possible to avoid sedimentation and pollution at the port area.

51. Aquaculture GAP Zones. It is suggested that DONRE analyze results of water quality monitoring and follow up with PPMU on technical solution to improve environmental compliance in GAP zones.

## **V. NEXT STEPS**

52. The MTR is scheduled for May/June 2015.

## **VI. ANNEXES**

**Annex 1: Implementation of Agreed Action Plan for period ending January 31, 2015**

**Annex 2: Agreed Action Plan for the period ending September 30, 2015**

**Annex 3: Component A - Progress and Plan for ISP**

**Annex 4: Component B – Progress in Promoting Good Practices for Sustainable Aquaculture**

**Annex 5: Component C – Progress in Sustainable Management of Near-shore Capture Fisheries**

**Annex 6: Adjustment to Lists of Communes Participating in Impact Evaluation**

**Annex 7: Procurement and Financial Management Review**

**Annex 1: Implementation of Agreed Action Plan for period ending January 31, 2015**

No.	Task	Responsibility	Agreed Dates	Status
1	<b>Component A:</b> <ul style="list-style-type: none"> <li>ISP training for all coastal districts and at least 50% of coastal communes in project provinces.</li> <li>Identifying the overlap/conflict areas among sectors.</li> <li>Strengthen ISP teams, adding relevant missing members.</li> <li>Start and complete recruiting consulting services for SEA.</li> <li>Mobilize consultant for Vnfishbase upgrade.</li> <li>Initial training for staff at DECAFIREP and IC.</li> <li>Develop 10 TORs; at least two contracts awarded.</li> </ul>	PPMUs  PPMUs PPCs PCU PCU/DOF PCU/DOF PCU/DOF	Dec 31, 14  Dec 31, 14 Dec 31, 14 Aug-Dec, 14 Sep 30, 14 Oct 2014 Sep-Dec, 14	Completed  Partially completed Largely completed Dropped Completed Completed Completed
2	<b>Component B:</b> <ul style="list-style-type: none"> <li>Hire a consultant to develop a communication program.</li> <li>Complete recruitment of the Biofloc Technology consultant.</li> <li>Support Soc Trang; review GAP program Binh Dinh, Khanh Hoa, Phu Yen, Ha Tinh, Nghe An, and Ca Mau.</li> <li>Work with the DAH to develop a detailed program for strengthening disease monitoring and control.</li> <li>One equipment contract for RIAs awarded.</li> <li>Complete technical design for Ninh Van SPF hatchery area.</li> <li>Biosecurity assessments for shrimp hatcheries.</li> <li>Consolidate the results of DONRE's water quality monitoring reports send them to the Bank.</li> <li>Complete procurement of equipment for DONREs.</li> </ul>	PCU PCU  PCU/PPMU  PCU/DAH  PCU/RIAs  Khanh Hoa PPMUs PCU/PPMU  PCU	Oct 31, 2014 Sep 30, 14  Oct 31, 2014  Oct 31, 2014  Oct 31, 2014  Nov 30, 2014 Dec 31, 2014 Jan 31, 2015  Dec 31, 2014	Delayed Completed  Completed  Dropped  Completed  Completed Partially completed Partially completed  Delayed
3	<b>Component C:</b> <ul style="list-style-type: none"> <li>Khanh Hoa complete draft CMPs for the pilot communes</li> <li>Identify and training for village facilitators (VFs) for 50 selected fishing communes.</li> <li>Accelerate upgrades of MCS field stations.</li> </ul>	PPMUs PPMUs  PPMUs	Aug 15, 14 Oct 31, 2014  Mar 31, 14	Completed Delayed  Partially completed
4	<b>Component D</b> <ul style="list-style-type: none"> <li>Complete and mobilize CTA.</li> <li>Complete and mobilize the MIS consultant.</li> <li>Organize an M&amp;E training workshop</li> </ul>	PCU PCU PCU/PPMU	Oct 31, 2014 Oct 31, 2014 August 14	Completed Completed Completed
5	<b>GEF</b> <ul style="list-style-type: none"> <li>Conduct training on LMMA guidelines.</li> <li>Conduct LMMA design and management planning for the three first sites in Khanh Hoa, Phu Yen, and Binh Dinh.</li> <li>Conduct initial assessments for potential LMMA sites in the remaining provinces.</li> </ul>	PCU/PPMU PCU/PPMU  PCU/PPMU	August 14 Dec 31, 2014  Jan 31, 2015	Completed Delayed  Delayed
6	<b>Impact Evaluation</b> <ul style="list-style-type: none"> <li>Complete field interviews of the baseline survey.</li> </ul>	Con. firm	Sep 3, 14	Completed
7	<b>Fiduciary and safeguards</b> Implement recommendations in paras: # 45, 46, 49, and 59.	PCU/PPMU	Immediately	Partially completed

**Annex 2- Agreed Action Plan for the period ending September 30, 2015**

No	Task	Responsibility	Agreed Dates
1	<p><b>Component A:</b></p> <ul style="list-style-type: none"> <li>Accelerate and complete ISP for pilot districts and for the remaining coastal districts.</li> <li>Finalize the equipment packages for the central and provincial levels and start procurement processes.</li> <li>Include a study on allocation of rights to local fishing communities in open- access waters with long term legal status.</li> </ul>	<p>PPMUs</p> <p>PCU /DOF</p> <p>PCU/DOF</p>	<p>July 31, 15</p> <p>Dec 31, 15</p> <p>Oct 31, 15</p> <p>July 31, 15</p>
2	<p><b>Component B:</b></p> <ul style="list-style-type: none"> <li>Develop simple biosecurity criteria (the first step towards GAP) followed by training for farmers.</li> <li>Start procurement processes for equipment and civil works packages for RIAs and Ninh Van SPF hatchery area.</li> <li>Report on compliance of GAP zones in treating their pond effluents to meet the national standards.</li> </ul>	<p>PCU TA</p> <p>PCU/RIA/Khanh Hoa</p> <p>DONRE/PPMUs</p>	<p>July 31, 15</p> <p>May 31, 15</p> <p>July 31, 15</p>
3	<p><b>Component C:</b></p> <ul style="list-style-type: none"> <li>Accelerate implementation of the approved CMPs for 15 pilot communes and complete preparation of CMPs for 50 selected fishing communes (the second batch).</li> <li>One LMMA will have CMP drafted and approved.</li> <li>Implement the recommendations of FAO fishing port specialist in Annex 5.</li> <li>Recruit a short-term international consultant (about 6 months) to assisting in developing operational regulations, and O&amp;M for fishing ports/landing sites, followed by training.</li> </ul>	<p>PPMUs</p> <p>PPMUs</p> <p>PPMUs</p> <p>PCU</p>	<p>May 31, 15</p> <p>May 31, 2015</p> <p>Immediately</p> <p>Oct 31, 15</p>
4	<p><b>Component D:</b></p> <ul style="list-style-type: none"> <li>Organize a project M&amp;E training workshop.</li> <li>M&amp;E database should be linked to the project's MIS.</li> <li>Recruit an interpreter for PPMUs to translate project documents</li> </ul>	<p>PCU</p> <p>PCU</p> <p>PPMUs</p>	<p>May 31, 15</p> <p>July 31, 15</p> <p>July 31, 15</p>
5	<p><b>Impact evaluation:</b></p> <ul style="list-style-type: none"> <li>Select consultant for conducting midterm evaluation data collection.</li> </ul>	<p>PCU/PPMUs</p>	<p>Oct/Nov, 15</p>
6	<p><b>Fiduciary</b></p> <p>Implement recommendations in paras: # 34, 37.</p>	<p>PCU/PPMUs</p>	<p>Immediately</p>
7	<p><b>Safeguards</b></p> <ul style="list-style-type: none"> <li>Implement the agreed actions in para # 41, 43, 45, 47-51.</li> </ul>	<p>PCU/Con. firm</p>	<p>Immediately</p>

**Annex 3: Component A - Progress and Plan for ISP**

	Thanh Hoa	Nghe An	Ha Tinh	Binh Dinh	Phu Yen	Khanh Hoa	Soc Trang	Ca Mau	Total
# Pilot districts (Y1)	1	1	1	1	1	1	1	1	8
# Pilot communes (Y1)	5	10	7	6	8	6	2	2	46
# Planned districts (Y3-Y5)	5	4	5	4	2	4	2	5	31
# Planned communes (Y3-Y5)	57	27	7	28	21	6	10	22	173

**ISP Training Organized by PCU and PPMUs for Provincial, District, and Commune Officials**

	Thanh Hoa	Nghe An	Ha Tinh	Binh Dinh	Phu Yen	Khanh Hoa	Soc Trang	Ca Mau	Total
# Provincial officials (persons)	6	25	22	18	15	14	21	26	174
# District officials (persons)	52	27	7	28	21	6	8	22	164
# Commune officials (persons)	40	14	7	16	21	8	14	22	142

**ISP for Ninh Hoa District in Khanh Hoa: Case Study for Sharing Experience among PPMUs**

In the field visit to Khanh Hoa, Khanh Hoa PPMU presented to the mission their progress in conducting ISP for Nha Phu Lagoon in Ninh Hoa District. The mission suggested Khanh Hoa prepare a short report to share with other PPMUs. Below are some suggestions to the PPM to prepare the summary note:

1. A short description of the ISP area: geographical location, areas, resources, key stakeholders, present use of resources by key stakeholders in different sectors. This type of information could be collected from secondary data, local consultations, and specialist interviews, etc.
2. Which sector(s) has had or will have their sector plan for this area?
3. Which types of maps have been used for overlaying to identify overlapped areas: type, size, name of maps, etc.?
4. Number of overlapped areas (hotspots) identified (present or future overlaps), nature and scale of overlap, conflicting or complementary, etc.
5. Preliminary consultants conducted among ISP team carried out to discuss and find out solutions for each of the overlapped hotspots.
6. Propose studies/assessments to be carried out provide additional information for the ISP to find out appropriate solutions for each overlapped hotspots (area).

#### **Annex 4: Component B – Progress in Promoting Good Practices for Sustainable Aquaculture**

**(B1) Improved bio-security management:** Progress has been made in the following:

- *Promoting Good Aquaculture Practices (GAP):* To date, 31 shrimp production zones (around 10,000 ha) have been selected in 8 project provinces, directly involving around 6,000 shrimp farmers. These zones are facing problems of water pollution and diseases. A comprehensive technical support package is being provided to these zones to assist farmers in adopting GAP on a zonal basis.
- *Establishment of GAP groups and farmer training:* Sixty (60) GAP groups in the selected GAP zones have been established. GAP groups' regulations with clear defined rights and responsibilities have been developed to guide collective action, especially in disease monitoring and control. Some 64 demonstration sites have been established as farmer field schools (FFS) to train farmers in improved/advanced technologies (i.e. biological water treatments, closed water recirculation pond systems, etc.). To date, some 3,000 farmers have been trained. PCU and PPMUs have also trained 280 trainers on GAP and 10 specialists on GAP certification.
- *Biosecurity infrastructure upgrades:* All selected GAP zones lacked biosecurity infrastructure (i.e. no separate canals for water intake and discharge, no sedimentation and wastewater treatment ponds). To date, the project has completed construction of 5 biosecurity infrastructure schemes and put them into use; 14 schemes are under construction; and 14 schemes are being designed.
- *Strengthening veterinary networks and disease monitoring and control:* PCU in cooperation with DAH has developed and issued guidelines for disease monitoring and surveillance followed by training for technical staff in project provinces in disease reporting and epidemiological mapping. The project also supported grades of provincial and district veterinary offices. Some 650 farmers in GAP zones have been trained in disease identification. Disease reporting systems have been established through GAP groups and hotlines. Regular disease surveillance for all GAP zones were being carried out by the provincial sub-DAH. Stockpiles of disinfectants were provided to GAP groups for disease containment when outbreaks occurred. Farmers were required to treat wastewater in their ponds at least 5-7 days before discharge.
- *Diversification away from shrimp farming:* In areas where biosecurity conditions are unsuitable for shrimp, farmers are encouraged and supported to change to other species, such as fish, mollusk, seaweeds farming, etc. To date, 22 diversification zones have been identified and are being supported by the project (2,520 ha, involving 1,373 farmers). The project has developed various demonstration models such as shrimp-fish, shrimp-seaweed-algae, etc. to train farmers and supported limited infrastructure development to improve water supply and discharge systems.

**Agreed Actions:** It was agreed that:

- Capacity building for GAP groups and management of GAP zones: PPMU would assist all GAP groups to develop their operational regulations and they should strictly monitored for their compliance.

- Facilitating farmers' adoption of GAP standards: It is difficult for farmers to adopt all GAP criteria in 1 or 2 years. It is suggested that PPMUs focus on assisting farmers to adopt biosecurity criteria first (Step 1 toward GAP). PCU consultants would modify biosecurity guidelines to each farming systems (i.e. intensive, improved extensive, and extensive) and provide training to farmers.
- Monitoring of GAP compliance: Before each farming season, PPMU staff would work closely with the group leaders, visit and discuss with all individual farmers in the GAP groups to review their farming plans to ensure they are in compliance with GAP requirements and try to get farmers to use GAP criterial score card checklists for criteria achieved and criteria to try and achieve during the next year. During the farming season, actual implementation by individuals in each zone should be randomly checked and compared with the agreed plan. PPMU should collect and analyze data for each GAP zone (i.e. using score cards) and submit the results to PCU for consolidation and reporting at the project level.
- Improving quality of demonstration models: It is suggested that PCU cooperate with RIA2 to provide technical support for Ca Mau and Soc Trang; with RIA3 to provide technical support for Khanh Hoa, Phu Yen, and Binh Dinh; and with RIA1 to provide technical support for Ha Tinh, Nghe An, and Thanh Hoa. Advanced farming packages should be selected and introduced to farmers in GAP zones through demonstration models. The PCU would assist PPMUs to prepare and submit work plans and responsibility contracts with RIAs and send them to the Bank for review and no objection by July 31, 2015.
- Selecting biosecurity infrastructure for upgrade: All PPMUs are requested to stop using the project funds for upgrading rural roads without directly contributing to improved biosecurity for GAP zones. PPMUs should consider alternative options such as the use of closed farming systems and biotechnologies for water treatments before considering expensive infrastructure options.
- Disease monitoring and control: The project would continue providing training for farmers on disease identification, reporting, and recording. Data and information on diseases and losses should be daily recorded by farmers in their farm books. PPMU staff would update disease data monthly for each GAP zone. In Ca Mau, where extensive farms are located in the same zone with intensive farms, all farmers should be required to apply biosecurity measures, regardless of low stocking densities. No daily/monthly free water exchange should be allowed. Water in ponds should be treated appropriated before discharge into surrounding canals and rivers.
- Diversification: In polyculture where shrimp is still a main culture species, biosecurity enforcement should be strictly required and applied as set for a GAP zone. To support diversification to new culture species, it is suggested PPMUs cooperate with RIAs to select and introduce new farming models (i.e. fish, mollusks, seaweeds, sea cucumber, etc.) based on their demonstrated technical suitability and marketability.

(B2) Improved seed quality management:

RIA1: DOF has assigned RIA1 to lead a research program on white shrimp SPF breeding in Cat Ba in coordination with RIA2 and RIA3 to test the results in different regions. Following a previous research program on applying biotechnology in producing SPF broodstock, in 2012 RIA1 started conducting two new research programs (i) genetic breeding to select the best

growth families, and (ii) producing large quantity of SPF broodstock from the best selected family. The results so far are very good. From the populations of white shrimp imported from Mexico, Ecuador, Colombia, USA, India, Thailand, Indonesia, Thailand, and Singapore, RIA1 conducted cross-breeding and selected two best families that have the highest growth rates in local conditions. Produced post-larvae were cultured in nearby private sector farm and the results on growth rate have been re-confirmed. According to RIA1, they could produce some 100,000 pairs of SPF broodstock of white shrimp this year.

RIA2 has been assigned to lead a similar research program on tiger shrimp. In 2012, RIA2 started a cross-breeding program between the imported broodstock from the Pacific and India and native populations. Produced post-larvae of 77 different families are being grown in raceway systems at Vung Tau Hatchery to select the best families based on the growth rate. After that, they will be used for mass production of SPF broodstock.

RIA3: In 2009, RIA3 also started a research program on producing white shrimp SPF broodstock using seed imported from Hawaii. In 2013, RIA also conducted cross-breeding between Hawaii and Thailand sources. To coordinate the research on white shrimp, DOF has assigned RIA1 to lead and RIA3 will cooperate with RIA1 to test the selected families in the central region.

**Agreed Actions:** It was agreed that:

- Procurement of equipment and civil works packages for RIAs and Ninh Van SPF hatchery area should start in May 2015 to allow construction to start in September 2015.
- RIA1's: Given the strong capacity of the research team in Cat Ba and a demand to increase production capacity of white shrimp SPF broodstock, the mission supported RIA1's proposal of adding an additional \$500,000 to construct additional SPF broodstock growth-out ponds. This will help increase production capacity in Cat Ba to 150,000 pairs of SPF broodstock per year. It is suggested RIA1 carry out technical designs for the additional part and submit to DOF for approval before July 31, 2015.
- RIA2's tiger shrimp breeding program in Vung Tau and RIA3's white shrimp SPF breeding program in Khanh Hoa: At present, biosecurity conditions at these two sites are substandard, which may affect the results of the on-going research programs. It is suggested DOF carefully review RIA2 and RIA3's operational plans when the hatcheries have been upgraded. The mission supported RIA2's request of an additional \$200,000 to procure a spare generator and other needed equipment. It is suggested RIA2 submit a detailed proposal to DOF for approval before July 31, 2015
- Launching hatchery standardization program in project provinces: PCU consultants should work with RIAs prepare (a) draft guidelines and training materials on hatchery operation practice to improve seed quality without major infrastructure investment; (b) shrimp seed quality assessment criteria manual, and (c) a guideline on design and operation of SPF hatcheries. In project provinces, an information campaign on hatchery standards would be launched, followed training for all existing hatcheries that do not meet the required biosecurity standards. This activity should start before September 2015. In GAP zones, farmers would be advised to buy seed from certified or reliable sources. PPMU staff should check receipts and seed certification or documentation to ensure at least 80% seed supplies to GAP zones come from high quality sources.

### Training of TOT and farmers in GAP

	Thanh Hoa	Nghe An	Ha Tinh	Binh Dinh	Phu Yen	Khanh Hoa	Soc Trang	Ca Mau	Total
TOTs (by PCU)	3	2	2	2	2	4	5	1	21
TOTs (by PPMU)			24	48	76	74	6	30	258
GAP certification specialists (by PCU)	1	2	1	1	1	2	2	0	10
Total farmers in GAP zones	239	143	78	88	210	271	4,656	398	6,083
# farmers inside GAP zones trained	227	143	43	88	179	271	1,130	398	2,479
# farmers outside the GAP zones trained				78		482			560
<b>Total farmers trained</b>	<b>227</b>	<b>143</b>	<b>43</b>	<b>166</b>		<b>753</b>	<b>1,130</b>	<b>398</b>	<b>3,039</b>
# female	41	4	13	23	16	227	364	N/A	592
# ethnic minorities	0	0	0	0	0	0	192	0	192
<b># training person-days</b>	<b>951</b>	<b>710</b>	<b>215</b>	<b>1,044</b>	<b>179</b>	<b>2,753</b>	<b>1,130</b>	<b>2,040</b>	<b>9,022</b>

\* Sources: PCU's progress report, March 2015

### Comparison of disease losses in GAP and outside zones

	Unit	Thanh Hoa	Nghe An	Ha Tinh	Binh Dinh	Phu Yen	Khanh Hoa	Soc Trang	Ca Mau	Total
# GAP zones		6	6	3	2	2	2	5	5	31
Area	ha	643	185	80	43	120	640	7,428	712	9,851
# farming households	HH	239	143	78	88	210	271	4,656	398	6,083
# biosecurity schemes to be upgraded	scheme	6	6	3	2	2	2	5	5	31
# schemes have been upgraded	scheme	3	2	0	0	0	0	0	0	5
# farms using quality seed	farm	139	211	65	54	51	41	1727	240	2,674
% farms using quality seed	%	58%	70%	84%	78%	29%	58%	47%	60%	43%
% disease losses outside project area (value)	%	15%	18%	10%	N/A	16%	N/A	N/A	12%	18%
% disease losses inside GAP zones (value)	%	5%	11%	2%	8%	3%	12%	36%	4%	12%
Reduction in disease losses	%	64%	41%	N/A	N/A	31%	N/A	36%		17%*

\* Sources: PCU's progress report, March 2015

**Treatments of supply water, wastewater, solid wastes in GAP zones**

	Unit	Thanh Hoa	Nghe An	Ha Tinh	Binh Dinh	Phu Yen	Khanh Hoa	Soc Trang	Ca Mau	Total
# GAP zones	site	6	6	3	2	2	2	5	5	31
# farming households	HH	239	143	78	88	210	271	4,656	398	6,083
Area	ha	643	185	80	43	120	640	7,428	712	9,851
% HHs having sedimentary ponds for treatment of supply water	%	2%	77%	50%	11%	29%	36%	64%	18%	56%
% HHs having wastewater treatment	%	21%	11%	100%	0%	29%	25%	N/A	84%	40%
% HHs having sludge treatment	%	2%	9%	0%	0%	29%	8%			3%
% HHs having solid waste treatment	%	2%	38%		0%	29%	9%		0%	4%

\* Sources: PCU's progress report, March 2015

## **Annex 5: Component C – Progress in Sustainable Management of Near-shore Capture Fisheries**

### **Co-management in Near-Shore Capture Fisheries**

Fisheries co-management: Fifteen fisheries co-management plans (CMPs) for the first 15 pilot communes have been approved and are being implemented over 164 km coastline of 8 project provinces, involving around 3,900 local fishing households (1 pilot plan in Soc Trang and 2 in each province of the remaining provinces). In the past 6 months, PPMUs mainly focused on conducting fisher training and information campaigns. To date, the project has trained some 3768 local fishers in co-management. Implementation of the approved CMPs in pilot communes was slow as the local fisher organizations were still not clear about their roles in implementation and they tended to wait for instruction from PPMUs. Regarding the next 50 communes (following the IE design), PPMUs have conducted consultations with local communities and prepared draft CMPs for most of them, but only 17 CMPs have received no objection from the Bank so far (7 in Ha Tinh, 4 in Thanh Hoa, 2 in Nghe An, 2 in Phu Yen, 1 in Khanh Hoa, and 1 in Ca Mau). Khanh Hoa, Ca Mau, Binh Dinh, and Soc Trang were among the slowest provinces. This progress is about 4 months slower than planned. The baseline survey for the IE work was completed in September 2014.

53. Locally managed marine areas (LMMA): As part of co-management activities, the project will provide additional funds from GEF for areas that possess high biodiversity values. With technical guidance from the Bank biodiversity consultant, the project has identified 3 LMMA sites with total area of 62,000 ha: Nha Phu site in Khanh Hoa with LMMA planning area approx. 7,000 ha; Tuy An site in Phu Yen with LMMA planning area approx. 40,000 ha; and Qui Nhon site in Binh Dinh with LMMA planning area approx. 15,000 ha. Consultation meetings were held with the provinces' technical teams and training has been provided to them. Based on lessons learned from the first 3 provinces, the PCU has issued a guideline for all remaining provinces to identify LMMAs in their provinces.

54. Monitoring, control, and surveillance (MCS): The PCU in cooperation with DECAFIREP conducted training for 344 government staff in the project provinces, who are in charge of boat registration, safety inspection, fisheries resources protection and management. The project has completed upgrades of 17 field MCS stations of out total 27 planned stations (5/5 in Binh Dinh, 4/5 in Ca Mau, 3/3 in Nghe An, 3/3 in Phu Yen, and 2/4 in Ha Tinh). Thanh Hoa, Khanh Hoa, and Soc Trang were among the slowest provinces which did not upgrade any MCS field stations. Regarding procurement of patrol boats, only Nghe An has completed upgrades of its two patrol boats and Binh Dinh has sent the Bank for review the bid evaluation report, other provinces were still in the bidding process or preparation of bid documents. MCS activities to date mostly focused on surveillance while not many activities on monitoring and control have been carried out. Hotlines have been established in Thanh Hoa, Nghe An, Ha Tinh, Binh Dinh, and Ca Mau. Fishers' awareness have been improved with evidence that violations have been reported via hotlines. So far, all provinces have received no objection from the Bank for their 2015 MCS plans (following the IE plan).

55. **Agreed Actions**: It was agreed that:

- All provinces should accelerate implementation of the approved co-management plans for 15 pilot communes.

- Preparation of co-management plans for 50 selected fishing communes (the second batch) should be completed by May 31, 2015. Khanh Hoa, Binh Dinh, Ca Mau, and Soc Trang should accelerate their work to meet the deadline.
- The Bank biodiversity consultant will work with PCU consultants to guide Binh Dinh and Phu Yen PPMUs to draft co-management plans for Tuy An and Qui Nhon sites. The first drafts should be available for review in May 2015. Other PPMUs will identify and nominate LMMAs in their provinces (one per province) by May 2015. The PCU consultants will consultant with the Bank' consultant to review the proposed sites and guide PPMUs to prepare draft co-management plans for those sites if accepted. These drafts should be available for review by September 2015.
- Thanh Hoa, Khanh Hoa, and Soc Trang should accelerate upgrades of MCS field stations and complete them by September 2015. All PPMUs should have their 2015 MCS plans prepared and approved by May 31, 2015.
- PCU consultants should work with central and provincial DECAFIREPs to identify and implement more activities on monitoring (i.e. collection of data on catches), and control (i.e. regulations on sustainable use of resources and protection).

#### Rehabilitation of fishing ports and landing sites: Status of works

1	Cà Mau	Status	Comments
	1. Song Doc	Construction started Dec 2014	The piling works have just commenced
	2. Ho Gui	Construction started Feb 2015	Site not visited due to lack of time
<b>2</b>	<b>Sóc Trăng</b>		
	3. Tran De	Construction started Dec 2014	First package under construction
	24 Mo O	Construction started Dec 2014	Site not visited as design not complete
<b>3</b>	<b>Khánh Hòa</b>		
	5. Hon Ro	Construction started June 2014	Construction at advanced stage
	6. Vinh Luong	Construction started July 2014	Construction at advanced stage
<b>4</b>	<b>Phú Yên</b>		
	7. Dong Tac	Construction started March 2014	Construction of new quay wall and reclamation at advanced stage
	8. Dan Phuoc	Construction started Oct 2014	Site not visited due to lack of time
<b>5</b>	<b>Bình Định</b>		
	9. De Gi	Construction started March 2014	Construction at advanced stage
	10. Tan Phung	Awaiting funding	
	11. Nhon Ly	Awaiting funding	
<b>6</b>	<b>Thanh Hóa</b>		
	12. Hoang Hoa	Construction started May 2014	Construction at advanced stage
	13. Hai Chau	Construction started May 2014	Construction at advanced stage
<b>7</b>	<b>Nghệ An</b>		
	14. Lach Van	Construction started Dec 2013	Construction complete. Snag-list to be implemented for design defects.
	15. Lach Lo	Construction started July 2014	Construction at early stage due to pre-casting of piles on site
<b>8</b>	<b>Hà Tĩnh</b>		
	16. Thạch Kim	Construction started March 2014	Construction of first package completed
	17. Xuan Hoi	Construction started Oct 2014	Construction at advanced stage

## **OBSERVATIONS AND RECOMMENDATIONS FOR FISHING PORTS/LANDING SITES**

The total number of fishing ports being refurbished and/or newly built amounts to 17. Of these, the mission managed to visit 10 that were under construction. Due to the short time available for travel, 4 ports were not inspected. A further 3 ports have yet to go for bidding.

Between October 2011 and April 2013, the PPMUs and their Design Consultants were updated on the most recent guidelines on the design of fishing ports to meet the ever-increasing stringent requirements for fishing ports to comply with international conventions, food hygiene regulations and health and safety issues. In June 2014, in preparation for the supervision of the projects, the PPMUs and their third party Project Managers or Supervising Engineers, were updated on the appropriate Best Management Practice for reporting procedures to take into account construction management, environmental management and Health & Safety issues in to account during the construction phase.

1. Design and specification defects;
2. Weaknesses in the supervision;
3. Workmanship;
4. EMP and CMP (Environmental and Construction Management planning);
5. Health and Safety;

### **1. DESIGN & SPECIFICATION DEFECTS**

Overall, no recurrent design errors were noticed on the completed items and indicates that the design guidelines were fully adopted by practically all the designers. The only items of concern are:

- The incorrect specification of the painting cycle on metal structures (1 topcoat instead of a structured 3-coat cycle), noted at Lach Van fishing port;
- Specification of tiles anywhere in the fish hall (instead of more durable epoxy resin), noted at Lac Van and De Gi fishing ports.

It is recommended to remind the concerned designers to remove tiles from the fish halls and apply the more durable recommended epoxy resin. The defective paintwork must be replaced with the appropriate paint cycle (zinc primer undercoat and 2 approved top coats). The existing coat must be removed.

### **2. WEAKNESSES IN THE SUPERVISION**

The project managers or supervising engineers (third party firms), despite the satisfactory results observed on site, tend to be passive observers rather than active managers. The workmanship is more a function of the individual contractor's own standards rather than the active control by the supervising engineers.

Only 1 PPMU (Phu Yen for the port of Dong Tac) submitted a monthly progress report in English vaguely resembling the format required and missing many items. All PPMUs blamed a shortage of translators as the main obstacle to submitting the report in English. Instead, the PPMUs are submitting the much shorter version in Vietnamese as required by national legislation. This version is too short on detail and provides no feedback on environmental and construction management and H&S issues. It is recommended to remind the supervising engineers on site and their respective head offices that the monthly reporting has to improve in quality. Lack of translators is not an excuse for not submitting the report in the correct format.

### **3. WORKMANSHIP**

Overall, the workmanship on site is good but with a few errors due mainly to the passive nature of the supervising engineer or inexperience or both. The errors included:

- Badly manufactured piles noted at Hai Chau;
- Unacceptable surface finishes in the permanent works due to unsuitable formwork noted at Hai Chau and De Gi ports;
- Incorrect concrete cover to steel noted at De Gi;
- Sub-standard external painting noted on fish box station at Thach Kim.

The only site with consistent bad workmanship is the port site at Hai Chau. The concrete works across the causeway should be rejected and replaced and closer attention should be exercised on the piled jetty. It is recommended that the PPMUs officially write to all the supervising engineers reminding them of the duty to manage the site on their behalf as explained in the QCP lecture. The supervising engineer at Hai Chau should be replaced.

#### **4. ENVIRONMENTAL MANAGEMENT PLAN (EMP) AND CONSTRUCTION MANAGEMENT PLAN (CMP)**

The EMPs and CMPs are totally absent from all PPMU reporting, even in the Vietnamese version of the monthly report. This matter has been taken too lightly by the PPMUs and must be remedied. The absence of the CMP has led in one case (Hai Chau) for structures to be built early on in the construction schedule when they should have been constructed last (after settlement). The absence of the EMP is a serious disregard of environmental legislation and also leaves the M&E of the environmental performance short of input. It is recommended that the PPMUs officially write to all the supervising engineers reminding them of their duty to compile CMPs and EMPs and to submit them in their monthly reports.

#### **5 HEALTH & SAFETY**

All sites had an appointed Safety Officer on site. However, these officers could not lead by example as they themselves were lacking in basic PPE. The most commonly observed shortcomings were:

- Inappropriate foot ware
- No high visibility vests
- Unprotected temporary electrical junction boxes
- Lack of billboard warning signs for workforce and public alike
- General lack of on-site ablution services for the work force

It is recommended that contractors train their appointed Safety Officers

#### **6. ISSUES – ADDITIONAL WORKS**

The additional works currently in the pipeline consist of:

- Further improvement and embellishment of Lac Van fishing port, Nghe An Province;
- Doubling the mooring and shore facilities at Tran De port, Soc Trang Province.

The extra infrastructure works suggested for Lac Van are relatively minor upgrades and embellishment that require no EIA studies. It is recommended that the proposals be sent through the appropriate channels for a N.O.

The doubling in size of Tran De, however, is not as straight forward as it is made out to be. Although technically feasible, the increase in berthing space will accommodate an extra 200 large vessels. Shore space is being made available for additional fish processing. Although the PPMU insists that all the

studies have been carried out, this could not be verified at the time of the mission. Before the request can be entertained, the following studies would probably be required to assess the validity of the proposal:

- A strategic ports review to assess the socio-economic feasibility of removing so many vessels from other home ports and concentrating them in one place;
- An environmental and social impact assessment on the port area of Tran De that includes the influx of more crews and fish processing industries producing more wastes and potentially more nuisance processes like the current fishmeal factory;
- The potential risk of impacting the inshore fisheries if strict guidelines are not enforced on fishing operations to and from the home port.

**7. NEXT INPUT – PORT MANAGEMENT**

With the majority of the ports now under construction and/or rehabilitation, the management aspects of the ports should be formulated in order that training may be undertaken in time. The activities envisaged under this heading are:

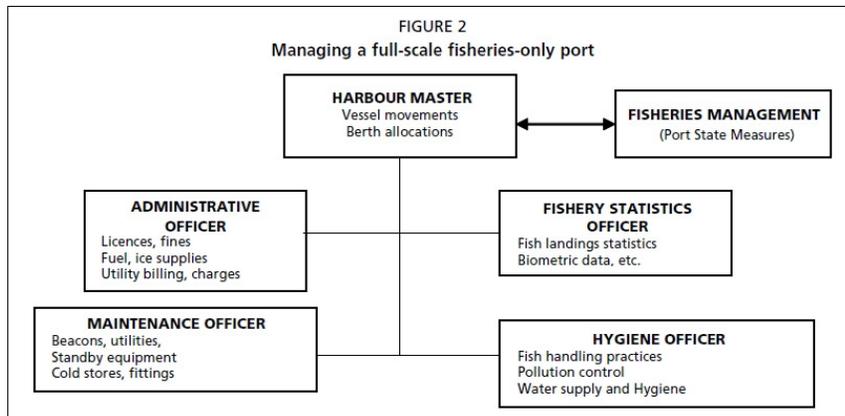
- The port operations manual;
- Training of both the management and the work force;
- Installation of the fishing port hardware.

**7.1. Port Operations Manual (POM)**

The Port Operations Manual is a set list of documents and guidelines particular to each and every fishing port or landing that needs to be managed. The POM covers the overall responsibility and day to day operations like berthing, unloading, washing, sorting, icing and onward dispatch of the catch, book keeping, landing statistics, house-keeping and maintaining hygiene standards throughout.

**7.2. Training**

Irrespective of the size of the landing site, a facility cannot be abandoned in the hope that it will run itself. Experience demonstrates that even small facilities need to be managed if they are to sustain themselves operationally and financially and are to meet required hygiene conditions. The figure below illustrates the typical makeup of a fishing port management team. Whereas in a proper fishing port the entire team should be full time, in small ports or fish landings, some members of the team may be part-time or seasonal. Each of these members, except for the Maintenance engineer, should undergo appropriate training.



**Typical port management structure**

In line with food hygiene and safety regulations, also the work force inside the fishing port handling and sorting the catch should be trained in basic and personal hygiene.

### **7.3 Fishing Port Hardware**

In order for management to be able to carry out its functions, a range of port hardware is required to be installed, including:

- Scales, laptops/tablets and software for the recording of landing statistics;
- Waste reception facilities for the handling of a wide range of port wastes;
- Cleaning equipment and disinfection chemicals to clean fish boxes

## **Annex 6: Adjustment to Lists of Communes Participating in Impact Evaluation**

During the mission, all provinces have decided on the 2 districts they want to implement co-management.

- Thanh Hóa: Hoằng Hóa, Hậu Lộc
- Nghệ An: Diễn Châu, phường Quỳnh Mai
- Hà Tĩnh: Lộc Hà, Cẩm Xuyên, Kỳ Anh
- Bình Định: thành phố Quy Nhơn, Phù Cát
- Phú Yên: Sông Cầu, Tuy An
- Khánh Hòa: Vạn Ninh, Ninh Hòa
- Sóc Trăng: thị xã Vĩnh Châu, Cù Lao Dung
- Cà Mau: U Minh, Phú Tân

As a result, about 17/46 of the assigned external controlled communes will be lost, while some provinces have to implement too many communes to fulfill both the 2 districts and the impact evaluation requirement.

### **Suggested Actions**

- PPMUs need to speed up to complete all co-management plans by May 31, 2015 and at the same time implement the approved plans right away.
- The midterm evaluation data collection process will be scheduled for October/November 2015. The PCU could start the procurement process now to choose a consultant.
- To preserve the number of communes in the treatment, short-term control and external control groups, DIME decides to have some adjustment to the short-term and external control groups. Those short term controls that don't have to implement co-management to fulfill the 2 districts requirement (about 13/20) will be moved to the external control list.

**New list of Communes to implement co-management in the next phase (short-term control): (2016 – 2017)**

- CM: Tân Hải
- ST: ---
- BD: Gành Ráng, Cát Minh, Hải Cảng,
- PY: Xuân Yên, Xuân Phú, Xuân Thịnh, An Ninh Tây, An Mỹ,
- KH: Ninh Vân, Ninh Thủy, Đại Lãnh, Vạn Lương
- TH: Hoằng Phú, Hoằng Thanh, Ngư Lộc, Hải Lộc
- NA: Diễn Trung, Diễn Hùng, Diễn Ngọc
- HT: Commune group # 5, số 12, số 18, số 19,

**Controlled communes**

- CM: Nguyễn Huân, Khánh Bình Tây, Khánh Hội, Khánh Hải, Lâm Hải, Phong Điền, Tân Ân, Tân Thuận
- ST: Group 3
- BD: Phước Hòa, Phước Thuận, Tam Quan Bắc, Mỹ Đức, Mỹ An, Mỹ Thắng, Hoài Hải, Nhơn Hội, Nhơn Châu
- PY: Hòa Hiệp Nam, Hòa Hiệp Trung, Hòa Tâm, Hòa Xuân Nam, An Phú
- KH: Cam Phúc Bắc, Cam Bình, Cam Nghĩa, Cam Lập (thay Ninh Thọ), Cam Hải Tây, Cam Hải Đông
- TH: Nga Bạch, Phường Trung Sơn, Nga Tiến, Quảng Thái, Hải Bình
- NA: An Hòa, Nghi Thiết, Nghi Quang, phường Nghi Tân
- HT: Commune group # 2, #7, # 8, #10

DIME will work with each province to finalize this list.

## **Annex 7: Procurement and Financial Management Review**

### **Procurement Post Review's Findings:**

Below are the key findings from the post procurement review conducted by the mission that need attention of the PCU and PPMU.

- Advertisement of IFBs: The PIAs advertised the IFBs in both Vietnam Public Procurement Review (VPPR) and a national newspaper (such as Lao Dong or Nhan Dan). The mission clarified that under the NCB procedure, PIA may decide to advertise IFBs in VPPR only (additional advertisement in other national newspaper may be not necessary) provided that the full text of the IFB included in the bidding documents must be used. The mission noted that some PPMUs (i.e. Ca Mau) did not use the full text of the IFB. Instead, they used the format issued by MPI which does not contain sufficient information.
- Publication of contract awards: The PIAs had sent relevant information of each contract award to the VPPR for publication. However, it was found that (i) many PPMUs did not follow up with the VPPR to ensure that the contract award has been actually published; and (ii) in many cases, the information being sent to the PPVR is not sufficient as being required under the paragraph 15 of the Annex to Schedule 2 - National Competitive Bidding: Additional Procedures of the Financing Agreement.
- Bidding documents (BDs) for civil works contracts: Some PPMUs had included in the BDs relatively restrictive qualification criteria, especially those requirement about personnel. For instance, in many cases PPMUs required the bidder to provide a list of skill labors to be mobilized for the works, which does not appear necessary.
- Bid evaluation report (BER): It was found some cases that the BER did not include sufficient documents such as (i) evidence to support bid rejection; (ii) post qualification evaluation of the bidders that were disqualified; and (iii) other important documents such as copy of IFB's advertisement, and bid opening minutes.
- Contract documents: It was found that (i) several cases in Soc Trang, the bidding documents of several contracts did not allow price adjustment but the contracts allows; (ii) in Binh Dinh PPMU, incorrect form of lump sum contract was included in the RFP and the signed contract does not include a clear and specific payment schedule.
- Contract administration: In Soc Trang, completion time of several civil works contracts has been extended because of execution delay. However, the performance securities have not been extended accordingly.
- Other non-compliances: Some non-compliant cases were found, which negatively affected implementation progress, such as: (i) under contract 01-HH, Binh Dinh PPMU did not conduct bid opening at the time being stipulated in the bidding document when they received one bid. This led to cancellation of the procurement process; (ii) under contract 03-XL, Khanh Hoa PPMU conducted quotations evaluation and awarded the contract while only two quotations were received. This did not comply with the requirement of the Bank Procurement Guidelines for shopping procedure; and (iii) under contract 05-XL, Soc Trang PPMU did not require the bidders to extend

the bid validity before expiring date. This led to cancellation of the procurement process.

### **Financial Management Review:**

#### **PCU: findings and recommendations**

- PCU shall accelerate the budget approval process (currently approved on 11 March 2015 and 30 March 2015 for the 2015 financial budget and detailed IOC, respectively) to ensure that project activities start as early as possible at the beginning of the year.
- Repeated from the previous mission, PCU should accelerate selection process of internal audit contract so that the internal audit team can be built up capacity and internal audit activities can be carried out as planned.
- A comprehensive contract management file was maintained, but some key areas still need to be improved. For contract CS. 02/NSP/PCU with Mr. Nguyen Chu Hoi and CS. 24/CTA/PCU with Mr. Yasuhisa Kato, the timesheet should include specific details (such as work description for each day, specific outputs, locations) instead of ticking for presence. This is important for resource management. In addition, in the reimbursement of air tickets, the exchange rate applied is 180 JPY/USD, which is not reasonable with the market rate. PCU is recommended to double check the details of the payment vouchers to ensure its accuracy.
- With regards to the contract CS.16/IN/PCU (using counterpart funds), the list of experts providing consultancy services in the bidding documentation and in the contract is not consistent with the report writers. For example, Mr. Vu Thai Dung, lead consultant of field survey who is listed in the contract and report, but was not listed in the bidding documents. Similarly, Mr. Nguyen Dinh Nghia, who is listed as lead consultant of field survey in the bidding documents, but was not in the contract and signed on the report as Technical Supervisor. PCU is recommended to work with Consultancy Company to ensure consistency in all related documentations.
- Repeated from previous mission, the Bank requested PCU to provide detailed instructions for all PPMUs to record income when actually received (currently recorded as off balance sheet and transferred to income account when converting into VND or making payment to suppliers) and expenditure shall be recorded when incurred rather than awaiting for expenditure verification from State Treasury.
- Although majority of auditor recommendations have been implemented, PCU is requested to coordinate with all PPMUs to prepare a report on implementation of recommendations raised by external auditors as well as other stakeholders (World Bank, Government, etc.) and submit to the Bank by April 30, 2015. That will help PCU/PPMUs to quickly improve those areas and to avoid similar weakness in the future.

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### **Thanh Hoa**

The FM arrangement at Thanh Hoa PPMU is generally adequate. There are three FM staff including one part time chief accountant. The financial reports have been prepared and generated from the Project accounting software. The counterpart funds have been timely and

sufficiently allocated to the Project. Nevertheless, the sub-project disbursement is quite behind schedule, and one of the causes is the delay in approval of the detailed financial budget. It is expected that the disbursement will accelerate in the second half of the year after the release of the detailed financial budget in lately March 2015. Below are the key recommendations:

- It is noted that the maternity leave of Ms. Hoang Thi Uyen (Accountant) caused delays in updating project transactions into the accounting software in 2015. Thanh Hoa PPMU is recommended to make sure sufficient human resources for temporary replacement in order to ensure the normal operation of project activities.
- A bank guarantee for warranty of 5% shall be included in the clause of equipment purchase contracts to warrant liabilities of suppliers in case damages occur during that period.
- In the MOUs with project partners, Thanh Hoa PPMU is recommended to strengthen the transparency of supporting documents by requesting the name of the project in submitted invoices.
- A contract management system has been properly maintained to monitor the payment to suppliers. However, the terms in consultancy contracts should be improved as follows:
  - In the consultancy contract with Mr. Le Dinh Thuan, VND 109 million (over the total of VND 268 million) or 39% of the total contract value was allocated to provision fee. It is noted that this percentage is not reasonable in light of the project activities performed by this consultant, which have been mentioned in the contract terms and conditions.
  - In the detailed computation of consultancy contracts, it was noted that accommodation, stationaries and communication costs were on lump-sum basis although the supporting documents indicated that the payment for those expenses was on reimbursement basis with proper invoices submitted. It is recommended that a requirement for formal (red) invoices shall be clearly mentioned in the contracts to enhance its transparency.

### **Nghe An**

The FM arrangement at Nghe An PPMU is generally adequate. There are three FM staff including one part time chief accountant. The financial reports have been prepared and generated from the Project's accounting software. The counterpart funds have been timely and sufficiently allocated to the Project. Nevertheless, the sub-project disbursement is quite behind schedule, and one of the causes is the delay in approval of the detailed financial budget. It is expected that disbursement will accelerate in the second half of the year after the release of the detailed financial budget in March 2015. Below are the recommendations.

- In the MOUs with project partners (No. 31/HDTN CRSD TH with Department of Exploration and Protection of Sea Products Resources Thanh Hoa), Nghe An PPMU is

recommended to strengthen the transparency of supporting documents by requesting the name of the project in submitted invoices, obtaining public transport tickets for transport fees, clarifying the names of trainers with detailed amount and deduct relevant PIT (if any) to comply with current regulations.

### **Ca Mau**

The FM arrangement at Ca Mau PPMU is generally adequate. There are three FM staff including chief accountant. The financial reports have been prepared and generated from the Project's accounting software. The counterpart funds have been timely and sufficiently allocated to the Project. Nevertheless, the delay in approval of the detailed financial budget is also the main cause for delay of disbursement in the first quarter 2015. Below are the key recommendations:

- Ca Mau PPMU should timely extend all of the expired contracts and corresponding guarantees. In addition, all of the payments of time-based consultant contracts should strictly follow the terms and conditions in the signed contracts.
- In the MOUs with project partners, Ca Mau PPMU is recommended to timely extend the expired contracts and strengthen the transparency of supporting documents by requesting the name of the project in the submitted invoices.

### **Soc Trang**

The FM arrangement at Soc Trang PPMU is generally adequate. There are two FM staff including one chief accountant. The financial reports have been prepared and generated from the Project's accounting software. The counterpart funds have been timely and sufficiently allocated to the Project. Below are the key recommendations:

- Soc Trang PPMU has got the Bank's no objection to the recruitment of one additional Project accounting staff, but at the time of the mission the recruitment process has not yet started. The PPMU should accelerate the selection process to ensure sufficient resources are mobilized to support the Project's accounting activities.
- A contract management system has been maintained. However, it should include all contracts, not just for civil works whose all contract duration and accumulated disbursement are properly controlled. In addition, Soc Trang PPMU should timely extend all the expired contracts and guarantees. The local consultant contract form, used from international consultant contract should be revised to be more suitable with local conditions. All of the payments of time-based consultant contracts should strictly follow the terms and conditions in the signed contracts.
- In the MOUs with project partners, Soc Trang PPMU is recommended to timely extend the expired contracts and strengthen the transparency of supporting documents by requesting the name of the project in the submitted invoices. In addition, the advance payment should be revised to avoid over advance payment.
- The review and payment processes in MOU contracts should be accelerated.