

**Vietnam: Second Northern Mountains Poverty Reduction Project – Additional Financing
 (Cr. 5596-VN)
 Implementation Support Mission: December 7 – 21, 2017
 Aide-memoire**

Key Project Data			
Project Number:	P113493	Credit Number:	5596-VN
Effectiveness Date:	October 7, 2015	Closing Date:	June 30, 2018
Project Age:	27 months	Current Credit Amount:	US\$99.23M (SDR 71 M)
Disbursement:	IDA: US\$58.3 M (58.05%)		
Date of Last Mission:	June 2017	Date of Next Mission:	May 2018
<i>Key issues and agreed actions: paragraphs 8-12</i>			

I. INTRODUCTION

1. A World Bank mission¹ conducted an Implementation Support Mission to the NMPRP-2 AF during December 7-21, 2017. The mission visited four communes in Sin Ho district in Lai Chau province and one commune each in Dien Bien Dong and Muong Ang districts in Dien Bien province. The mission expresses its appreciation and thanks for the hospitality and assistance received from the Central Project Coordination Office (CPO), project staff and leaders in the visited sites. This Aide Memoire summarizes the issues discussed and agreement reached during the mission, which are subject to confirmation by World Bank management.

2. The objectives of the mission are to (i) review the implementation progress and quality of sub-component 1.1, including social and environmental safeguards compliance; (ii) review the operation of established farmer groups-enterprises partnerships under sub-component 1.2 and discuss the legal formalization of such partnership for sustainable results; (iii) review the overall progress of the Commune Development Budget Component (CDBC); (iv) discuss the fiduciary issues; v) review the progress of SEDP institutionalization and discuss how the process can be more engaging and showing the ownership of the PPCs; and (vi) discuss the preparatory work for the project impact evaluation and completion report.

3. **Project Development Objective (PDO)** is to enhance the living standards of the Project Beneficiaries by improving: (i) their access to productive infrastructure; (ii) the productive and institutional capacity of local governments and communities; (iii) commune integrated investment planning; and (iv) market linkages and business innovations.

II. UPDATE OF IMPLEMENTATION PROGRESS

4. **Overall Implementation Progress.** Many of the targets set in the project result framework were met or overachieved, including the key ones on Common Interest Groups' (CIGs) sustained increase of their livelihoods production assets value; women and ethnic minorities' participation in planning and decision making process; CIGs' attainment of formal status as collaborative groups; and insitutionalization of the Commune SEDP in all project provinces (details are in Annex 1).

¹ The mission comprised of Lan Thi Thu Nguyen (Task Team Leader), Son Thanh Vo (Senior Rural Development Specialist), Cung Van Pham (Senior Financial Management Specialist), Thang Toan Le (Procurement Specialist), Quang Nhat Nguyen (Social Safeguard Consultant), Khang Van Pham (Environmental Safeguard Consultant), Hoa Phuong Kieu (Program Assistant). The mission was joined in the field by the Central Project Office (CPO) team led by Ms. Nguyen Thi Minh Nghia, Project Deputy Director and the TAPI team.

5. As of Oct. 31, 2017, the AF project has achieved the following results: 212 out of total 252 packages (84%) have been awarded and 168 subprojects completed and put into use under sub-component 1.1. Of the planned sub-projects under the CDBC, over 54% CDBC sub-projects have been completed. Agribusiness Productive Partnerships have also made solid progress and 40 partnership proposals have been endorsed (out of 67 proposals) and rolled out for implementation. There have been 921 training courses organized for 28,170 trainees, in which 65% is for CIG training classes.

6. *Disbursement Progress.* The Project has disbursed approximately US\$ 57.07 million to date (or 58.05% of the AF amount denominated in USD - which is about US\$99.23 million (as of December 15, 2017). There has been an impressive disbursement amount of US\$17.4 million achieved in the first half of 2017 but the 2nd half of this calendar year has seen a much lower rate, of only US\$9 mil., due to the shortage of IDA fund allocation.

7. The present (original) closing date of the project is June 30, 2018. If there is no extension, it is estimated that an amount of US\$ 26 million of the undisbursed IDA Credit would be cancelled while there are still planned infrastructure and communities' livelihood improvement subprojects unfinished or incomplete. The mission was informed that CPO will seek for endorsement by the concerned ministries (i.e. MPI, MOF, and SBV) for an extension of the closing date of the project for 12 months to complete all the planned activities.

III. KEY ISSUES AND ACTIONS

8. *Project fund allocation for 2017 does not meet the implementation progress.* Changes in ODA management by the central government limiting the ODA allocation to projects have negatively affected the project's implementation since 2016. The overall 2017 budget allocation for the project was only US\$26.88 million as compared to the original approved annual plan of US\$42.59 million (around 63%). With the approved supplemental plans, the real funding gap for 2017 is around US\$23.2 million (VND520 billion), or in the other words the IDA allocation meets only 53% of the real demand. Some provinces are more constrained than the others. Specifically, Lai Chau's allocation met only around 20% or Hoa Binh's only 35% of their demand. Many provinces had to suspend their implementation since early July 2017. Requests for additional fund allocation have been submitted to MPI but until the time of the mission, none of the provinces have received additional allocation.

9. Medium-term public investment plan approved a much lower amount for the project and did not include the contingency's unallocated budget of USD21 million. If the medium-term plan is not adjusted to increase for more project's funding allocation soon, it is estimated that by the closing date (June 30, 2018), USD26 million will be undisbursed.

10. *Sustainability beyond the project.* The project is approaching the June 30, 2018 closing date and the importance of *sustainability* beyond the project was emphasized by the mission. The approach to ensure that the project results have long-term impacts was also discussed. For the invested infrastructure, the O&M mechanism should be in place with well-functioning O&M groups that have adequate funds. Funding for O&M should be an item included in the local recurrent budget. For livelihoods support, linkage with markets, and for CIGs partnering with agribusinesses these should all be further enhanced during the remaining time of the project to ensure their sustainability after the project. The project should further support the advanced and better performing CIGs to become cooperatives or collaborative groups and achieve higher levels of commercial performance. For planning approach, the commune Socio-Economic Development Planning (SEDP) has proved to be a good tool for participatory planning, especially in the context of the Government of Viet Nam's recent move to medium term planning. It is necessary for the project provinces to show a stronger commitment for institutionalization and implementation of participatory commune SEDP (C-SEDP) in the context that the current national targeted programs (NTPs) are mandating the C-SEDP tools.

11. *Preparation for impact evaluation.* Significant positive lessons learnt have been identified during the project's implementation, as well as some aspects that have had less than satisfactory results. Many good practices and approaches have already been applied in the Government of Viet Nam's (GoV) programs (NTP for New Rural Areas, NTP for Sustainable Poverty Reduction/P135, or provincial owned programs), including the SEDP at the commune level, simplified community procurement, and CIG based livelihoods support, among others. These lessons, both positive and negative, should be well documented and shared. The CPO has been proactively preparing the TORs and outlining the end of project assessments. Economic and Financial Analysis will also be prepared with support from FAO economist mobilized for the upcoming interim mission in March 2018.

12. The following table summarizes the key agreed actions.

	Action	By whom	By when
1.	IDA budget allocation issues to be solved	CPO, PPMUs	Immediately
2.	Medium term investment plan should be approved for the unallocated budget (USD21mil.)	CPO working with MPI	Immediately
3.	Scenarios of project extension be analyzed and inputs provided by the PPMUs	CPO and PPMUs	Immediately
4.	The issue of late salary payment to Community Facilitators (CFs) needs to be solved immediately, especially Lai Chau	PPMUs, DPMUs	January 31, 2018
5.	Preparatory work for final impact evaluation	WB, CPO and PPMUs	March, 2018

IV. DETAILED IMPLEMENTATION PROGRESS REVIEW

Infrastructure quality and arrangement for O&M

13. The mission was pleased to note that overall quality of infrastructure invested under the project was very good. Field visits showed that the districts and the communes have applied the project development logic very well. The communities have identified and prioritized their needs through the commune annual planning process to select the interventions. The De Phin road in Sin Ho district, Lai Chau province was a good example of this which connects the majority of the commune population to the main production sites and market and is a modality of integration of different sources of funds to support the community development. The fundamental project objective of poor people (especially women) of having better access to productive infrastructure that will enable them to enhance the commercial and social aspects of their livelihoods is being achieved.

14. Positive community engagement in both C-SEDP and the community management of infrastructure was a highlight. Given the relatively limited time that the O&M group program has had to develop it can be considered to be successful (based upon the mission visits). The water fee charging for community water scheme operations is a positive feature, and should be applied more widely. The current O&M survey shows that about 10% of the O&M groups get some funding through fees paid by community members. Good O&M practice was observed in most of the communes visited during the mission including the inclusion of O&M provision in the village's traditional agreement (*huong ước*) which proved to be very effective.

15. **Recommendations:** i) Given the critical role of O&M, the established O&M groups under the project should maintain their activities beyond the project. Traditional village agreement where appropriate should contain the provisions on protecting the public assets; and ii) Infrastructure subprojects should be handed over to the community for maintenance. O&M resources as budgeted under the NTPs (e.g., 6% in Program 135) should be would be combined with locally mobilized resources for effective O&M.

Livelihoods sub-projects

16. Progress with livelihoods development under sub components 2.2 and 2.3 is satisfactory. For livelihood groups and their sub-projects, 9,849 CIGs have been profiled and monitored. Among them, 20.6% belong to Category 1 (most vulnerable group), 70.7% are in Category 2, and 8.6% are under Category 3 (better commercial performing groups, an increase from 741 to 851 CIGs over the last 12 months). So far, 60% of the monitored CIGs have maintained their activities over more than 4 production cycles; 38% of the monitored CIGs have expanded their production scale, as compared to the first production cycle that the project supported with grants, and; 78.5% has a sustained increase in the value of their livelihoods production assets with an average of VND95.3mil. /CIG increase (target is 60%). This is a strong indication that these CIGs have been able to establish the momentum for further collective actions within, and among themselves, for sustainable livelihood activities. More emphasis must be placed upon CIG sustainability over the final year of the Project

17. Livelihood sub-projects continue to underline the good project achievement toward reaching its development objective. The mission was pleased to see many successful CIGs of goats, pigs and fish in the visited communes. CIGs of local pigs/sows have high productivity results and have entered into the third round/cycle of production. The mission was pleased to note that women-focused CIGs for pigs and goats have active leaders who enacted daily monitoring of members' activities and practiced regularly the note taking tasks. One CIG leader for goat group have just completed her evening literacy class but still managed to take note very regularly and fully. This is a good example of functional literacy for poor ethnic minority women. Very strong and active leaders of the CIGs really underlined the success of the CIGs activities.

18. The mission noted that the vaccination for animal breeds in project areas required better understanding among CIGs members as well as that of livelihood officers. In Lai Chau, CIGs members appeared not considering vaccination as important and they only turn to veterinary medicines when they detect signs of diseases in the animals. Due to shortage of funding, the payments for breed animal and feed were made available first, whilst veterinary medicines and vaccination were delayed and not available at the same time. Whilst in Dien Bien, on the other hand, vaccination was reportedly done for all breed animal before handing over to CIGs. Some CIGs have few goats and sows experienced miscarriages due to being vaccinated while pregnant. Both issues (no vaccination and vaccination at the wrong time) reflect the wide spectrum of understanding and implementation of fundamental veterinary practices.

19. In both Lai Chau and Dien Bien, there needs to be much more emphasis upon supporting the CIG farmers to capitalize upon their livelihoods livestock activities. Once the livelihoods activities are established the farmers need an ongoing program in basic husbandry skills and knowledge. Limited knowledge about livestock breeding, housing and waste management, and animal health are main constraints to achieving higher per animal productivity and expansion of the livestock activity.

20. Marketing was a positive feature of the CIGs. Project survey data shows that a very high proportion of the CIG farmers sell their produce on-farm (farm gate sales). The pig and goat CIGs in both Lai Chau and Dien Bien confirmed this marketing method. Traders are well aware of the increased livestock numbers due to the project's CIG program, and through much improved telephone communications and better roads traders actively maintain their linkages with the farmers. One goat farmer group in Pu Nhi commune said they had very regular visits from traders and there were at least five different traders they could deal with. The group also said they used their own scales to weigh the goats before sale.

21. **Recommendations:** i) highest priority for additional budget allocation should be for livelihoods due to seasonality demands; ii) CDBs in Lai Chau should actively organized villages meetings to inform villagers about the issues of fund shortage so that community members are fully aware of the situation to avoid unnecessary confusions; iii) For livestock development sub-projects, vaccinations should be further explained, emphasizes and promoted for more effective compliance; and iv) O&M group should coordinate with CIGs for livestock development (i.e., goats and buffaloes) to promote good practices of

collecting animal wastes on village roads for hygienic and sanitation purpose as well as increase the CIG members' income from selling the animal wastes to nearby coffee farms, for instance.

Strong partnerships for market linkage

22. One of the most important indicators showing the sustainability of project support on livelihood is the maturity of the CIGs when they advance to become "co-operatives" or "collaborative groups". To date, 121 collaborative groups (To hop tac) and 11 cooperatives have been established with up-scaled business showing the sign of sustainability of the project livelihood support (target is 50). The mission recommended that the PPMUs should make use of the remaining time of the project to further enhance the results on this aspect by helping the collaborative groups and cooperatives to become more marketable and increasing the product values through linking them to the high value agriculture product supply chain and improving their trade mark and product labels and business registration, etc.

V. FIDUCIARY AND SAFEGUARDS

Procurement Management

23. Overall. Under Additional Financing, by the end of October 2017, 212 out of 252 packages have been awarded (accounting for 84%) and 168 out of 212 contracts have been completed (accounting for 67%). It is expected that by April 2018, all the subprojects will be completed and put into operation if supplemental budget allocation is made available within the next month. Hoa Binh has the highest cases of delay with 24 packages pending for contract awarding. Therefore, Hoa Binh needs to focus more efforts in the near future to complete the packages as planned.

Financial Management

24. The mission has significant concerns on the issues of Medium Term Public Investment Plan for 2016- 2020 (MTIP) and the annual budget allocation. The MTIP does not include sufficient funds for the project. To enable the project to close effectively on 30 June 2018, additional fund allocation must be made now. Otherwise a substantial amount of undisbursed project funds will be cancelled. The annual budget allocations were not made sufficiently and timely either. To date, total amount of arrears was about VND 50 billion (mostly with Lai Chau of VND 26 billion) and salaries of CFs have not been paid for a number of months (6 months). Also in Lai Chau, the mission noted that the provincial allocation for 2017 was made in March 2017, but funds were only available in May 2017. The mission strongly urges i) the MPI, MOF and Provinces to ensure that sufficient additions are made into the MTIP and allocation for 2018 is made timely and sufficiently for project implementation; and ii) unpaid salary for CFs should be paid highest attention to be resolved by January 2018.

25. On a more positive note, the mission is pleased to learn that the MOF agreed that for 2017, eligible Incremental Operation Costs (IOC) continued to be sourced from IDA. The mission requests for official clarification from MOF for the guidance for the IOC from 2018 onward so that sufficient funds from appropriate sources will be arranged for IOC.

Social and Environment Safeguard

26. **Social:** In general, the land acquisition activities for the sub-projects scheduled to be implemented in 2016 and the preparation of the land acquisition for the sub-projects planned to be implemented in 2017 meet the Social Safeguards requirements satisfactorily. Followings are the main results: (i) Resettlement activities for the sub-projects implemented in 2016 were already completed; (ii) As for the sub-projects planned to be implemented in 2017, 3 out of 4 provinces that have land acquisition for component 1.1 finished RAP and cleared by the bank. For Hoa Binh province, according to the WB's request, the PPMU is now reviewing the impacts, studying the mitigating measures for the impacts, and

revising the RAP within December 2017; (iii) Monitoring report on Social safeguards was completed by the consultant and submitted to the WB at the beginning of December 2017.

27. **Environment:** Overall, the project has been implemented in accordance with the Bank safeguard policy requirements and the existing GoV's environmental regulations. All proposed subprojects have been prepared with ECOPs/EPPs. Environmental covenants have been included in bidding documents and contracts for compliance purpose. Supervision plan has been well implemented by CBD/DPMU in coordination with PPMU/CPO during construction. There were no significant environmental issues and complaint from local people against environmental impacts associated with civil works so far. It was recognized that raising environmental awareness for CIGs through hands-on training and communication program has brought a better animal waste management and disease control, and limited use of synthetic chemical pesticides. However, there remain some CIGs that need to continuously improve animal waste management, so the training and communication program should be annually kept on implementing for CIGs. In addition, CDB/DPMU should pay particular attention to O&M to ensure traffic safety and good drainage on the upgraded roads. Further details are given in Annex 5.

28. The next ISM is scheduled for May 2018.

ANNEXES

Annex 1: Project Results Framework and Monitoring

Annex 2. Status of Implementation of Agreed Action Plan for period ending Dec. 31, 2017

Annex 3: Procurement Management

Annex 4: Social Safeguards

Annex 5: Environmental Safeguards

Annex 1: Project Results Framework and Monitoring

Indicator	Value updated by 31/10/2017	Source/ mean of verification
Project Outcome Indicators		
(i) An increase in per capita income among Project beneficiaries of at least 15%	-	End-line survey
(ii) At least 60% of the Common Interest Groups (CIGs) have a sustained increase in the value of their livelihoods production assets	78.5%	CIG profiles – 2016. Data from 9,106 CIGs
INTERMEDIATE Outcome Indicators		
Improvement of access to productive infrastructure		
(iii) Travel time to their farm production areas is reduced for at least 60% of farmers	N/a	On survey process, data will be available by the 4th quarter of 2017
(iv) At least 60% of households have increased their frequency of visits to local markets and farm input suppliers	-	On survey process, data will be available by the 4th quarter of 2017
Improvement of productive and institutional capacity for local government and communities		
(v) At least 60% of women and ethnic minorities regularly participate in planning and decision making process.	82%	PPMU quarterly reports/ annex on performance status of Component 3
(vi) At least 80% targeted clients satisfied with agricultural services	-	End line survey
(vii) At least 50 CIGs attain formal status as collaborative groups	121 collective groups and 11 Cooperatives	PPMU progress reports
Improvement of market linkages and business innovations		
(viii) At least 60% of the productive partnership CIGs established by the project have an ongoing contractual business relationship with their agribusiness partner	-	On survey process - data will be available by 1st quarter of 2018

(ix) At least 60% of CIG farmers make their marketing decisions using market information from a minimum of two different sources.	91%	CIG profiles for 2016
Improvement of commune integrated investment planning		
(x) Participatory C-SEDP Guidelines are institutionalised in all project provinces by 2017	Completed in all 6 provinces	PPMU progress reports
(xi) At least 60% of Project districts consolidate the C-SEDPs into their district SEDPs	Completed in Hoa Binh and Lao Cai	On survey process

Note: (a) measurement of indicators (v) and (ix) will also be included in the Project end –line survey which will be conducted in the 1st quarter of 2018.

(b) For the measurement of indicators (iii) and (iv), data will be collected annually and reported at the 4th quarterly report. In 2016, these indicators have not measured because of the limited number of infrastructure schemes completed and put into usage. The 2017 survey is on-going the data will be available by the 4th quarterly report.

Annex 2 – Status of Agreed Action Plan for the period ending December 31, 2017

	Action	By whom	By when	Status
1.	Budget allocation for 2017 shall be sufficient for the prioritized activities. Necessary justification for the re-allocation of the remaining project funds to be spent effectively by end of project (June 30, 2018).	CPO, PPMUs	Immediately and regularly	Budget allocation for 2017 solved but budget for supplementary plans of 2017 remains a big issue
2.	Finalization of the review report of Partnerships under sub-component 1.2	FAO consultant, WB, CPO and PPMUs	July 14, 2017	Completed
3.	Review of infrastructure investments with corrective measures and O&M plan.	CPO and PPMUs	August 31, 2017	Completed
4.	Update on transitioning mature and advanced CIGs into “Collaborative Groups” or “Cooperatives” and proposed additional support.	CPO, PPMUs, DPMUs	July 31, 2017	Completed (97 Collaborative Groups and 10 Cooperatives established)
5.	Son La’s institutionalization of SEDP.	Son La PPMU	August 31, 2017	Completed
6.	Report on the temporary suspension bridge in Suoi Bang Commune plan for strengthening or replacement.	Son La PPMU, Van Ho DPMU and Suoi Bang CDB	July 31, 2017	Completed

	Action	By whom	By when	Status
7.	Documentation for capturing and distilling the lessons learnt under the project	CPO and PPMUs	December, 2017	On-going under Project completion activities
8.	Preparation work and plan for the end of project survey and evaluation	CPO, PPMUs and WB	August 31, 2017	Completed. (some internal surveys done, TORs for independent surveys drafted)

Annex 3: Procurement Management

1. No major issue has been found in implementation of procurement activities under all levels of procuring entity. The mission reviewed some packages were undertaken by Sin Ho DPMU and found a few shortcomings in: (1) preparation of RFP: criteria was set up under actual requirements in average annual turnover, liquid assets/line credit etc.; (2) unsystematic record keeping.
2. *Contract Management*: Due to insufficient budget allocation, thus several contracts in Lai Chau are *not* paid as contract provisions. CPO and Lai Chau PPMU should spend more efforts to have adequate budget in order to pay contractors in time as agreed in the sign contracts.
3. *O&M*: In previous missions, the Bank team has urged/reminded all IA levels to have long-term plan in post-investment management for both sub-component 1.1 and 2.1. During this ISM, we found that O&M is one of the best done by IAs. As information provided, *immediately* after handing over the completed works, the Project assists local beneficiaries in developing regulations and management regulations and establishing a O&M team. Beneficiaries are responsible for maintaining and managing all works invested in the village to ensure the sustainability of the post-investment works. The mission visited several contracts under sub-component 2.1 and one (1) contract under sub-component 1.1 in Muong Lan Commune, Muong Ang district, Dien Bien province and found all those contracts are in good quality of routine maintenance, though two of them have been completed from 2014. An experience is derived from Muong Lan is that Commune Development Board requested beneficiaries to sign into a commitment / village convention, accordingly all villagers have to undertake their responsibility to maintain the works assigned to them. This is very good practice, therefore the mission would strongly advise CPO to guide / request all lower IA levels to learn and to implement.

Annex 4: Social safeguards

The land acquisition for sub-projects implemented in 2016: There are totally 37 sub-projects. The sub-project 1.1 scheduled to be implemented in 2016 has land acquisition of 37,667m² from 372 affected HHs. The impact to affected HHs is marginal. There are no relocated HHs and no HHs severely affected on productive land. According to the Monitoring report submitted to the WB at the beginning of December 2017, the land acquisition of the sub-projects was completed by October 2017 and there is no complaints or grievance from affected households.

Preparation and submission for approval of the RAPs for the sub-projects in 2017 plan: 3/4 provinces completed the RAPs for the sub-projects in 2017 plan and cleared by the bank. The draft RAP of Hoa

Binh province was reviewed and commented by the WB at the end of October 2017. The PPMU schedules to revise the RAP and submit to the Bank in December 2017.

Social safeguards monitoring: In early December 2017, the CPO submitted to the WB the Monitoring Report on Social safeguards prepared by the project technical assistance consultant. According to the monitoring result, the land acquisition for the sub-projects planned to be implemented in 2016 was already finished complying with the project social safeguards requirements. According to the plan of the consultant, the next Monitoring report will be carried out in May-June 2018. On December 5th 2017, the mission worked with the CPO and the Social Safeguards consultant, and recommended the Consultant to prepare the next report combining with the contents of the final report, considering: (i) Overall Assess the impact and the possibility to restore the livelihood of affected HHS; (ii) Assess the compliance of the social safeguards procedures and process; (iv) existing issues and lessons learnt.

Annex 5: Environmental Safeguards

During mission, the Bank task team (i) reviewed project progress report, CPO's environmental monitoring reports, (ii) conducted field visits to Phin Ho and Hong Thu communes of Sin Ho district of Lai Chau province and Pu Nhi commune of Dien Bien Dong district of Dien Bien province, and (iii) discussed with CPO, PPMU, DPMUs and CDBs about environmental aspects of the project. Key findings and recommendations are presented below.

1. Infrastructure subprojects: ECOPs/EPPs have been prepared for all infrastructure subprojects of Subcomponents 1.1 and 2.1 supported by the project to address potential environmental impacts in line with the Bank-approved ESMF. The ECOPs/EPPs have been incorporated within the bidding documents and contracts to ensure contractor's environmental compliance. The ECOP/EPP implementation has been monitored and supervised by local authority and community, i.e. Commune Development Board, Local Community Monitoring Board, District Project Management Unit, and Provincial Project Management Unit. Monitoring results showed that contractors complied with agreed mitigation measures and locally-affected people were pleased with the implementation of environmental mitigation plan during construction. As a result, there were no significant environmental impacts as well as complaint from local people about environmental impacts connected with subproject activities throughout the construction period.

The Bank team visited to some infrastructure subprojects² in Phin Ho and Pu Nhi communes, including upgraded roads, tertiary irrigation canal and small-scale water supply scheme. Interview of local people showed that they were pleased with contractor's environmental compliance during construction. These subprojects have been contributing to local economic development by reducing traveling time and accident risk, facilitating access to agricultural production areas as well as market (road subprojects), meeting the water demand for sustainable agricultural production and reducing water loss (irrigation canal subprojects), and providing safe water for local people (water supply subprojects). However, it was observed that the slope in some sections of Ngai Cho road in Phin Ho commune is eroded causing earth spillage on road surface that would affect travel, and horizontal

² Ngai Cho concrete road 285-m long in Phin Ho commune, completed and put into operation as of March 2017
Hang Tro concrete road 240-m long in Pu Nhi commune, completed and put into operation as of July 2017
Hang Tro tertiary irrigation canal in Pu Nhi commune, completed and put into operation as of June 2014
Huoi Tao C water supply scheme in Pu Nhi commune, completed and put into operation as of 2012

drainage system is obstructed by debris and garbage. Hang Tro road surface has a lot of animal waste that would potentially cause nearby soil and water pollution.

Recommendations: O&M groups should regularly do clean-up of road surface and drainage system to ensure traffic safety and good drainage and mitigate environmental pollution risk, especially during rainy season. Slope protection measures, such as construction of a retaining wall and/or grassing over, to prevent soil erosion need to be taken into account and added.

2. Livelihood subprojects: 100% of the livelihood subprojects have integrated environmental protection in the planning and prepared financial plan for environmental protection activities. All livelihood sub-projects under subcomponents 2.2 and 2.3 have included environmental sanitation costs. All CIGs have been provided with hands-on training in environmental management and animal disease control for livestock/poultry breeding and cultivation activities, such as clean-up of animal shelters, treatment of animal waste (e.g. composting), and proper use of pesticides. CIGs have applied such practices to their livelihood activities, so animal waste is better managed and most cultivation models do not use or use very little synthetic chemical pesticides under the direction of agricultural extension officers. Environmental screening has been done for all livelihood subprojects and it is confirmed that none of livelihood subprojects involve forest implications.

The Bank team visited some livelihood subprojects, including goat, buffalo and pig breeding in Phin Ho, Hong Thu and Pu Nhi communes. It was observed that CIGs visited in Pu Nhi commune have followed the good environmental practices, such as clean-up of animal shelters and construction of holes for composting animal waste, which would help reduce emission of unpleasant odor, potential water and soil pollution, and health risk. However, there remain some animal shelters, in Phin Ho commune, that lack holes constructed for composting animal waste that cause emission of offensive smell and potential pollution to soil and water and health risk by bacteria.

Recommendations: CDB/DPMU should keep on implementing the communication program on environmental management and disease control to CIGs, especially daily cleaning up of shelters, composting animal waste, vaccinating animals, no eating diseased/dead animals, and proper use of synthetic chemical pesticides. CDB/DPMU should closely monitor construction of animal shelters to ensure that holes for composting animal waste are adequately included. It was agreed that CDB/DPMU should discuss with Hang A Xa household in Phin Ho commune about relocating the piggery – it would be ideal if the distance is determined at least 100 meters far from the roadside.



A buffalo shelter with a hole for composting waste in Hong Thu commune



A piggery without a hole for composting waste in Phin Ho commune



A goat cage without a hole for composting waste in Phin Ho commune



A section of Ngai Cho upgraded road with earth spillage on the road surface due to slope erosion in Phin Ho commune



A tertiary irrigation canal in Pu Nhi commune is well operated and maintained



A piggery is suggested to be relocated far from the roadside in Phin Ho commune



An upgraded road to agricultural production areas with animal waste on road surface in Pu Nhi commune