

Project:	Second Northern Mountains Poverty Reduction Project – Additional Financing (NMPRP-2 AF)
Project Stage:	Implementation
Country:	Vietnam

Key project data

Project Number	IDA P148733	Closing Date	30-Jun-2018
Credit No.	CR 5596-VN		
Total Financing	US\$ 100M (current ~96.4M) (SDR 71M)	Total IDA Disbursements	US\$26.4M (~27.4%)
Board Approval Date	27-Feb-2015	Mission Start Date	20-Nov-2016
Effectiveness date	07-Oct-2015	Mission End Date	03-Dec-2016

A. Introduction and Acknowledgements

1. A World Bank mission¹ conducted an Implementation Support Mission to the NMPRP-2 during 20 November – 3 December, 2016. The mission visited Luc Yen and Van Yen districts in Yen Bai and Si Ma Cai and Bac Ha Districts in Lao Cai 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 solutions to accelerate disbursement pace in the context of limited IDA budget allocation.

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.

B. Implementation Status

4. *Overall Implementation Progress.* To date, the project has achieved the following results: 57% of infrastructure investments under sub-component 1.1 (89/157 planned packages) and 68.7% of

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Commune Development Budget Component (CDBC) sub-projects (3,890/5,659 planned ones) have been awarded. Agribusiness Productive Partnerships have also made solid progress and 20 partnership proposals have been endorsed and rolled out for implementation. There have been 479 training courses organized for 14,891 times of trainees, in which 43% is for CIG training classes.

5. Progress with livelihoods development under sub components 2.2 and 2.3 is just satisfactory and more emphasis must be placed upon CIG sustainability over the final year of the Project. For livelihood groups and sub-project, 9,392 CIGs have been profiled and monitored. Among them, 21% belong to Category 1 (weak group), 71% are in Category 2, and 8% are under Category 3 (good-performance one). So far, 3,532 CIGs (37.6%) have maintained their activities over more than 3 production cycles. 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.

6. All of the agreed actions from the last ISM have been addressed and completed, except the issue of counterpart funding in Dien Bien PPMU which has partly been solved.

7. *Disbursement Progress.* The Project has disbursed approximately US\$ 26.4 million to date (or 27.4% of the amount in USD which is about US\$96.4 million as of December 1, 2016 due to changes in SDR/USD exchange rate), with about US\$4.4 million disbursed in the second half of 2016.

C. Key Issues and Actions/Recommendations

8. **Outstanding implementation issues.** The mission identified a number of issues affecting the project implementation which will require immediate solutions, as follows:

- a) ***Project fund allocation.*** The annual budget allocation for 2016 has been negatively affected due to changes in ODA management and treatment by the central government. The overall budget allocation for the project was only US\$19.9 million compared to the approved annual plan of US\$37.5 million, i.e., the levels of available funding for 2016 has been only around 53% of the original plan. This has created additional constraints on project implementation. Among the provinces, only Lao Cai managed to have full allocation per their proposed plan. Lai Chau and Yen Bai were allocated a fraction of what they planned for, US\$450,000 (VND10 billion) and US\$2.15 million (VND 47.3 billion, including some additions during the year), respectively. For 2017, the situation might be improved but the potential limits placed on ODA allocations could still further constrain implementation progress for the coming year. The current projected gap for 2017 is around US\$28 million (VND620 billion), or 50% of total projected budget. This has been recognized as a national issue that affect all ODA-funded projects. ***The mission urged the CPO and PPMUs to realistically calculate and project the annual disbursement targets for the next 1.5 years. Based on such calculations, there might be justification for the re-allocation of the remaining project funds to be spent effectively by June 30, 2018.***
- b) ***Market linkages between CIGs and agribusiness enterprises.*** Since the start of the Additional Funding (AF) phase until now, 73 proposals have been prepared and submitted for review in three batches. 20 of them have received NOLs for implementation. Among them, one partnership has stopped working and three have asked for delay of startup. Some of the partnerships encountered unfavorable weather conditions (i.e., drought, typhoons) and/or technical issues (i.e., plant diseases, poor quality of seedlings, etc). The mission noted that those risks could have been identified and mitigated earlier. CPO and TAPI's technical support should have been requested earlier at the problem's onset. The mission is particularly concerned for the quality and progress of the partnerships in Lao Cai province. The partnerships in the new district of Si Ma Cai was poorly monitored, implemented and

managed. CIGs involved in the partnership did not show that they understood about the partnership at all. DPMU's technical supervision and monitoring was not adequate. Overall, DPMUs are not actively monitoring the partnerships and reporting upon their progress as required under the project regulations. Thus the status of the partnerships, especially those that are at the end of their first production cycle, is not known or regularly updated. There is little sharing of partnerships experience between the DPMUs and the PPMU needs to be more active in facilitating this process. ***The mission requested CPO to review the progress of 1.2 subcomponent and furnish a short technical report to the Bank, by January 31, 2017, on the overall progress, common issues, proposed solutions to improve the efficiency, efficacy and sustainability of the partnership approach.***

- c) ***Animal husbandry practices for small-scale livestock sub-projects.*** Almost 92.6% of the project's livelihood sub-projects involve livestock production at the household small scale level. The CIG approach has helped to group farmers together for more effective cross support, capacity building and collective actions. But as the production still take place at individual household level, the quality and efficiency depends on the uptake and application of good animal husbandry practices (GAHP). The mission noted that: (i) there have been some cases of animal death due to poor practices; (ii) poor adoption of disease prevention techniques; (iii) poor animal waste management; (iv) low comprehension among CIGs members of GAHP leading to lack of application of better practices; and (v) district livelihood officers have not been active in reminding and monitoring the CIGs in applying these practices. All of these factors have increased the risk of livestock-based livelihood sub-projects failing to achieve their targets and falling short of expected long term sustainability. ***The mission recommended that CPO and the PPMUs review the training materials for all livestock-related livelihoods activities to improve and emphasize the importance of better application of GAHP.***

D. Detailed technical issues and recommendations

Infrastructure Quality and arrangement for O&M

9. ***Operations and Maintenance of Rural Roads.*** The mission observed that the project investments in the communes visited in Yen Bai were of adequate quality and were put to good use. All completed civil works funded by the project were duly transferred to local village's O&M team to care for per project manual. However, the mission also noted that in the visited road sub-projects, there were cracks at the corners of the corners of the road surface. These happened because of overweight truck transporting agriculture products (cassava, corn, acacia logs, cinnamon, etc) that exceeded the carrying capacity of the road which has no fortified foundations. ***It is recommended that the village O&M group, in coordination with CDB, set up certain regulation to limit those roads to trucks below 1.5 tonnes to ensure they will be well maintained.***

10. ***Connectivity and integration.*** The mission also noted that several rural roads stopped prior to the section that intersected with small streams. Due to limited scope and scale of the investment sub-project, these intersections parts were usually too big to be covered under the sub-component 2.1 and/or even 1.1. However, without being able to improve and invest in those critical intersections of the roads and the streams, the usage and connectivity of the improved sections are reduced. This is especially for farmers who still have difficulties in accessing markets and other business services. This is a typical case where integration of the different projects and national programs could show its strength to help achieve enhanced connectivity. Resources from the National Target Programs (NTPs) of New Rural Areas, and Sustainable Poverty Reduction (P135 and 30A) and other sources could be mobilized at the commune level to invest in those intersections to realize better connectivity and improve accessibility of the poor communes and villages. ***It is therefore recommended that CDBs and respective communes should take the participatory***

SEDPs seriously to ensure that due priority is given to those critical investments to achieve better coordination of connectivity functions.

Livelihoods sub-projects

11. Sustainable growth path for the CIG/livelihood sub-projects. The mission noted that the project has facilitated the establishment of almost 11,000 CIGs up to now. Out of those, 9,392 CIGs have been reviewed and profiled. The reported issues with livelihood CIGs involved: (i) slow progress due to the shortage of funds; (ii) lengthy review and appraisal processes by district technical sections; (iii) new CIGs had difficulties in fulfilling the project procedures leading to late implementation; (iv) older CIGs had difficulties in contributing the 20% of funds required for the second round of project support; and (v) fluctuation of pig market recently led to issues of adequate budgeting and implementation of pig sub-project which accounted for large proportion of livelihood sub-projects. Some CIGs have since ceased to function while many other CIGs will need further support to make the large leap to become a collaborative group or cooperative. The sustainability of those CIGs would be an essential issue for the project to focus on for the next 18 months.

12. Application of best practice in livelihoods and production. As discussed above, the success of the livelihood sub-projects would depend on the effective application of GAHP. Applying these better practices has contributed to reducing the farming risk and improving the income opportunities for the CIGs. At this stage, CIGs should also pay more attention to their group management skills. CPO has developed a good quality set of training materials for the CIG management tool kit. It is important that the CIGs are facilitated to apply these tool kits in their CIG management activities. *Further detailed discussion and recommendations are presented in Annex 2 of the Aide Memoire.*

Other issues

13. Social Economic Development Planning (SEDP). This is one of the “pillars” for the AF period. It carried the strong legacy of NMPRP-2 as the AF has put a high stake on the piloting of the SEDP institutionalization process. The mission noted that the level of readiness and application varied among provinces. It is necessary for the project to show stronger commitment for institutionalization and implementation of participatory SEDP in the context that the current NTPs will make SEDP use mandatory.

14. Communications. The mission noted that the new districts in Lao Cai have not done this well. There has been too much emphasis on the hard communications inputs - notice boards - and not on the use of regular soft systems through community village meetings, etc. The project data (Independent Process Monitoring surveys) have shown project beneficiaries get most information from community villages meetings and it has been the critical areas where the CFs need to work with the village leaders. Also, the mission noted that the communication though national languages only did suffice. The communication means should be adapted to be relevant to project beneficiaries whose proficiency of national language is low and illiteracy is high.

Procurement Management

15. Procurement progress for activities under the AF is slow. Until now, a few civil works and goods packages have been procured. Slowness of procurement implementation has occurred due to: (1) delays in the preparation of packages such as: detailed design, updating of cost estimates etc.; and (2) unavailability of funds for activities due to delay in allocation. Procurement performance is rated as “Moderate”.

16. The mission also advises that the required annual average turnover for civil works packages included in evaluation criteria of NCB bidding documents / Shopping request for quotations from

now on will be calculated equaling to 2x cost estimates for all packages which have contract duration of less than one (1) year. PPMUs / DPMUs are kindly reminded that all TORs and cost estimates for consulting services must be submitted to the Bank for clearance before proceeding to the selection process.

17. The mission conducted procurement post review (PPR) for some contracts under sub-component 1.1 in Luc Yen and Van Yen districts. The PPR shows that some deficiencies exist in RFQs, QERs as well as procurement processes such as: (i) environmental mitigation plan is not included in RFQs and signed contracts; (ii) evaluating the financial statement as well as other similar projects bids is not completed diligently, thus some financial figures have not been verified correctly; (iii) liquid assets / line credit have not been evaluated correctly etc. Detailed findings and recommendations will be included in a report and will be sent to the Yen Bai PPMU and CPO later.

18. Packaging in procurement plan: As observed during PPR, ***the mission advises the PPMUs/DPMUs that all small packages under the same sector, and the same district, should be combined so that they will have more interest to potential bigger bidders and also to reduce procurement/contract management workloads.*** This should be taken into account during the preparation of the next procurement plan.

19. Contract Management: Due to delay in the budget allocation, there has been some breaching of the contract payment provision by both the Luc Yen and Van Yen DPMUs. In response to this delayed budget allocation and payment problem the PPMUs/DPMUs should either: (i) work with relevant agencies to ensure all contractors/suppliers/consultants are paid as per the provisions of the contract; or (ii) prepare a procurement plan based on the availability of budget.

Financial Management

20. The mission focused on the financial management of the Yen Bai districts: Luc Yen and Van Yen. There are three particular issues which the CPO, Yen Bai PPMU and relevant authorities (Ministry of Planning and Investment and the Yen Bai Provincial People's Committee) should pay attention to: (i) Budget allocation for the project; (ii) Cash practices; and (iii) Supporting documentation of payments for CIG and O&M contracts.

21. **Budget allocation.** Budget allocated was critically low comparing to the actual demand. The gap (between demand and allocation) was VND 100 billion. As result, only limited activities of the Project could be implemented in 2016, which puts pressure on spending 90% of the project funds over the last 18 months of the project (to 30 June 2018). In addition, the budget allocation for recurrent expenditure (salaries and project management expenses) for 2016 was only available in late March 2016, and was only enough for the first six months. Only in late November 2016, was the additional of recurrent expenditure allocated. The project staff (including Commune Facilitators (CFs)) have had to work for nearly six months without any payment. ***The mission requested that the budget allocation for 2017 shall be sufficient for the prioritized activities which includes: (i) all recurrent activities for project management; and (ii) all the critical investment and livelihood activities with the view that the project's funds have to be fully utilized by the closing date of the project which is 30 June 2018.***

22. **Cash practices.** It is common that the payments for salaries, individual consulting services and livelihoods (to CIGs) are all made by cash-in-hand. ***As cash is vulnerable for misappropriation, it is proposed that the PPMU review the current practices, and provide the guidance to the DPMUs and CDBs so the payments by bank transfers are utilized, at least for salaries and consulting services. Cash checks are highly recommended to be used for payments to CIGs.***

23. **Supporting Documentation of payments to CIG and O&M contracts.** Supporting documentation of payments to CIG and O&M contracts should be simplified and reduced. These agreements/contracts shall be considered as the output/performance based contracts of which payments shall be made on the acceptance of outputs/performance, rather than by the evidences/supporting documentation of inputs. ***The responsibilities of retaining supporting documentation of input shall be that of the CIGs and the O&M groups rather than the CDBs. The local (district) State Treasury, who acts as verifying requests for payment, shall be communicated over: (i) the nature of the contracts; (ii) the procedures and right documentation that are required.***

Social and Environment Safeguard

24. The mission did not find any major issue with the social and environmental safeguard compliance of the project. Annex 3 of this AM presents detailed review, observation and recommendations related to the social and environmental safeguard. Safeguard rating: Moderately Satisfactory

E. Agreed actions

25. The following table summarizes the key agreed actions. All other recommendations and agreed actions presented in the Annexes should be treated equally.

Action	By whom	By when
1. Budget allocation for 2017 shall be sufficient for the prioritized activities.	CPO, PPMUs	January 31, 2017
2. Short technical report on the overall progress, common issues, proposed solutions to improve the efficiency, efficacy and sustainability of the Partnership under sub-component 1.2	CPO	January 30, 2017
3. Review the training materials for all livestock-related livelihoods activities to improve and emphasize the importance of GAHP for better application.	CPO and PPMUs	February 20, 2017
4. Regulations prepared to limit small inter-village roads to trucks below 1.5 tonnes	DPMUs, CDBs	February 20, 2017
5. Connectivity junctions are prioritized in the integrated and participatory SEDP.	CPO, PPMUs, DPMUs, CDBs	Immediately
6. Screening and restructuring of CIGs for their upgrading to collaborative groups, focusing more on group management and technical assistance.	CPO, PPMUs, DPMUs, CDBs	March 15, 2017
7. Detailed report on market linkage partnerships in Lao Cai to be furnished to the Bank and CPO.	Lao Cai PPMU	January 31, 2017
8. All small packages under the same sector, and the same district, should be combined so that they will have more interest to potential bigger bidders and to reduce procurement / contract management workloads.	CPO, PPMUs, DPMUs	Immediately
9. Payments by bank transfers are utilized at least for salaries and consulting services. Cash checks are highly recommended to be used for payments to CIGs.	PPMUs, DPMUs, CDBs	Immediately

Annex 1: Status of Agreed Actions from last mission

Actions	By whom	Status
<i>Review of staffing situation especially at commune level after the recent election to address the staffing change issue (eg. training for new staff)</i>	<i>PPMUs, DPMUs, CDBs</i>	Completed
<i>Update and adjustment of MIS forms</i>	<i>CPO, PPMUs</i>	Completed <i>MIS could provide necessary data for 3rd Quarter Progress report</i>
<i>Improvement of project's M&E Activities Framework (forms of quarterly/annual reports; reporting skills, organization of workshops and training on M&E)</i>	<i>CPO, PPMUs</i>	Completed <i>(M&E Framework issued and trainings delivered in August/Sept. 16 Some improvements of report quality have been seen)</i>
<i>SEDP procedure implementation and SEDP institutionalization roadmap at commune level</i>	<i>CPO</i>	Completed <i>Commune SEDPs are evaluated in August, 2016 Workshops for SEDP institutionalization roadmap have been put into provincial implementation plans and under preparation</i>
<i>Additional CIG profile update</i>	<i>CPO, PPMUs</i>	Completed
<i>Solving counterpart funding situation in Dien Bien province</i>	<i>Dien Bien PPMU</i>	Partly Done
<i>SEDP consultation and planning 2017 at commune level</i>	<i>PPMUs, DPMUs</i>	Completed

Annex 2: Technical Review of Livelihoods

26. Sustainability of CIG/Farmer organizations. The mission noted the continued positive impacts from the livelihoods support through the CIGs, set up and supported under the Project. However, beside the majority of CIGs that continue to function and generate extra income for their members, there have been some CIGs have stopped and disbanded due to low harvests, some members opting

out for migration labor, low commitments among members, etc. ***The mission reiterated its recommendation that it is the good time for the project to focus on the quality and sustainability of CIGs or their elevation to formalized status of Collaborative Group or Cooperative. To do so, it is suggested for the project to guide the CIGs in screening and restructuring of CIGs for their upgrading to collaborative groups, focusing more on group management and technical assistance.***

27. Application of disease prevention measures. Given the majority of the livelihood sub-projects are on livestock development, it is critical that CIGs members took sufficient precaution actions and good practices in preventing their animals from getting disease. However, the mission noted that bio-security measures (aka disease preventions measures) have been weakly practiced. Very simple techniques such as quarantine period of at least 7 days for the new animals bought, use of disinfection and limestone powder to disinfect the surrounding of the animal areas, etc could be easily applied. However, visited CIGs members did not show that they have practiced those techniques on regular basis which increase the risks of their animal contracting diseases. ***It is recommended that the CFs and livelihood officers remind CIGs of those good practices.***

28. CIG Training and Quality of Training materials. The mission noted that the training materials were too general and at some cases not relevant for the target audiences. Most of the training materials were direct copy from text books, without being tailored to fit with the specifics of livelihood activities. On top of that, in many communes in Si Ma Cai and Bac Ha where illiteracy rate is high, training materials were without pictures and simple step-by-step guidance proved least effective. Furthermore, the mission learnt in Si Ma Cai and Bac Ha that CIGs members received 4 days training at the district center when they started their livelihoods sub-projects. The practice of long training period (4 days in those cases) have been advised against at the beginning of the project because it is hard for farmers (especially for female CIG members) to be away from home and their farms for that long. It may end up that only male CIG members can afford the time to be at the training. ***It is recommended that the district livelihood officers, together with CFs, to review the training materials for livelihood sub-projects to ensure they are relevant for the groups. Also, the training period should be no more than 2 days per course and should be repeated after 5-6 months.***

29. Note taking practices. The mission observed that the CIG members did not practice the note-taking of their livelihood activities. Even the heads of the CIG failed to capture the critical information related to production (such as name, type and time of taking vaccine for their animals, reasons of animals that died, names and time of animal that got disease and treated, etc). ***It is critical that CFs and CDBs guide CIGs in better taking of notes related to critical information such as good practices which could help them in livelihood and production activities.***

30. Agri-business partnerships in Lao Cai. The mission took an intensive review and discussion with Lao Cai PPMU and its DPMUs on their market linkage partnerships. The mission was particularly concerned about the implementation of the Female Ginseng and Jobs' Tears in Si Ma Cai District. For the former, the heat wave in the summer destroyed about 80% of the total contracted areas that were planted. The enterprises and the CIGs were replanting the damaged areas. It was noted that the issue was not reported in timely manner to CPO or the World Bank team as requested. For the Jobs Tears partnership, the plants were about to be harvested. The mission observed that the yield from the Jobs Tear would be quite low due to poor sloping soils and farming techniques. CIG members from both partnerships were not aware of the companies involved in the linkages and they were rather passive in their production activities. This was considered as high risk for the partnerships as the CIG members could cease to produce the same crops in the next cycle and their partnership could discontinue. The visited farmers/CIG members appeared as ad hoc producers for the Female Ginseng and Jobs Tears. Without strong and long term commitment, they could switch

back to planting maize or tobacco for the upcoming seasons. The mission noted that to ensure the viability of such partnership, farmers involved should be fully aware of the partnership and they should strive to be “professional” or “semi-professional” in their farming to form the strong bases of commitment. From the company side, the expected technical assistance was not effective. For the partnership of hemp processing in Sa Pa, the mission received confusing information about the status of the partnership. The mission was also very concerned about that partnership due to the late start up and low commitment by the partner Company. ***With those concerns, the mission has discussed and agreed with CPO that Lao Cai should furnish to the Bank and CPO a report detailing exact situation of each partnership together with proposed solutions. This should be done by January 31, 2017. Until the Bank team and CPO are better informed of the current situation of the existing partnership, new proposals for agri-business partnership will not be reviewed.***

31. There are a number of common issues with the majority of the CIGs that constrain their sustainable growth. A large proportion of the CIGs in the four districts visited by the mission follow traditional livelihood activities and there is little initiative being shown to expand the scale of their farm production activities. For instance, the buffalo group in Xuan Tam commune Van Yen district have no plans for development once the current first cycle crop of buffalos is sold.

32. Group operations in all the four districts are limited in scope and are not active in using the group platform for better information sharing, emphasizing increasing productivity, and better marketing. Even the better performing CIGs eg the goat CIG in Tan Lap commune in Luc Yen district have limited breeding programs and need to work more effectively as a group to market their animals.

33. Waste management and sanitation practice associated with the pig CIGs has shown some improvement. But better consideration needs to be made over the location of piggeries (especially their proximity to beneficiaries’ houses) and the regular treatment of the livestock waste and its use as manure.

34. Livelihoods activities in the two new districts on Si Ma Cai and Bac Ha in Lao Cai are all in their first production cycle. The initial performance of the CIGs visited by the ISM is satisfactory but there needs to be much greater emphasis placed upon preparations and plans for the CIGs to move to the second production cycle. Group cohesiveness and main functions need to be enhanced so that the CIGs have a higher probability of achieving sustainable production systems over 2017. A much greater effort must be made by the two DPMUs and CFs to communicate using the CIG members’ ethnic languages.

35. Livestock death rates have been too high in the new districts and must be addressed by better preparations and CIG member training. The death rates can be significantly reduced by reducing the stress upon animals in transport to the CIG farms, ensuring there is well prepared housing on the new farms, the new animals are well fed on their arrival, there is a withholding period before they mixed with any existing farm animals, and that the correct animal health and vaccination program is followed.

36. CIG development support by the Project over 2017 needs to focus more upon the sustainability of the group operations, and the group member’s farming systems. This includes emphasizing greater self-reliance through CIG operations, ongoing productivity improvements, and increasing output and income over each successive production cycle.

Annex 3. Detailed Review and Observations for Social and Environmental Safeguard

Social Safeguards

37. From 23 – 28 November, 2016, the mission worked with Luc Yen and Van Yen districts (Yen Bai Province) and Si Ma Cai and Bac Ha districts (Lao Cai Province). The mission conducted site visits at several partnership subprojects (Component 1.2) and livelihood subprojects (Components 2.2 and 2.3). The mission also had discussions with PMUs of 2 provinces on social safeguards. The contents are as follows:

38. ***Ethnic minority development:*** The specific activities of the project have been designed to facilitate and give priorities for the ethnic minority households to participate in the project and it has been implemented well. However, some consultation activities, information and communication for ethnic minorities should be strengthened in the direction of: (i) increase the number of times of communication and consultation; and (ii) documents for consultation need to be more image-visualized and easy to understand. Instructions and information may be prepared in audio type in minority languages to be broadcasted through the village radio system or through personal Media Player.

39. ***Resettlement:*** According to CPO's report, in the process of implementing project - Additional Fund, by November, 2016, land acquisition occurred in 12 Sub-projects; there were 195 affected households in total. These subprojects are located in Dien Bien Province (3 Sub-projects), Son La Province (2 Sub-projects), Yen Bai Province (1 Sub-project) and Lao Cai Province (6 Sub-projects). Meanwhile, 65 households in 3 Sub-projects (1 Sub-project in Lao Cai Province, 2 Sub-projects in Son La Province) had been fully compensated. Donation of land and property applied for the rest (130 households) of 09 subprojects in Dien Bien Province, Yen Bai Province and Lao Cai Province. The procedure for land and asset donation of those 130 households has been completed.

40. In the *sub-project* "Road renovating and upgrading from Mr. Dua's house to Mr. Mua's house", Suoi Giang village, Van Chan district, Yen Bai Province, land and property donation applied for 12 affected households. However, the Resettlement Action Plan (RAP) had not been set up as required by the social safeguard procedure for the project. At the meeting on 25/11/2016, the mission informed PMU of Yen Bai Province and District PMUs about the above issue and required: (i) At the sub-projects where land and assets are acquired, RAP must be set up and submitted for the Bank's approval before any acquisition is done; (ii) Yen Bai PMU should prepare a Due Diligence Report to determine whether the activities to acquire land were in accordance with the Resettlement Policy Framework or not and prepare an Action Plan for addressing the gaps (if any). Yen Bai PMU agreed to do as required and submit the report to the Bank by 30/12/2016.

41. Independence Monitoring of Resettlement: As required by Resettlement Policy Framework and social safeguard guidance of Project, Independence Monitoring Consultant need to be mobilized in order to assess the compliances of resettlement activities. CPO informed the mission that consultant has been mobilized and is now preparing the report. The official report will be sent to the WB in December 2016.

Environmental Safeguard

42. During mission, the Bank Task Team discussed environmental issues with CPO, PPMU, DPMU and CDB of Yen Bai and Lao Cai provinces. Key findings and recommendations are summarized below.

43. Infrastructure subprojects of Subcomponents 1.1 and 2.1: For ongoing subprojects of the 2016 plan, construction contractors comply with approved Environmental Code of Practice (ECOP)/Environmental Protection Plan (EPP) under close supervision of DPMU, CDB and CMB. There were no significant environmental issues and complaints arising during construction. EPPs have been prepared for additional subprojects of the 2016 plan in line with the current law on environmental protection and relevant regulations of the Government of Vietnam. It is recommended that DPMU and CDB take into account incorporating ECOP into bidding documents and awarded civil contracts of the additional subprojects for compliance and monitoring purpose during construction.

44. Livelihood subprojects of Subcomponents 2.2 and 2.3: Given the traditional custom of ethnic people, strengthening of communication and regular hands-on training of livestock waste treatment and clean-up of breeding facilities is critical to the sustainability of livestock raising in terms of environmental hygiene and disease prevention. It is noted that at least 5% of total subproject cost have been allocated for waste treatment, i.e. collecting and composting of livestock waste. Integrated Pest Management training has been provided to cultivation CIGs by the district extension division. The main focus was upon the sustainable use of pesticides, especially synthetic chemical pesticides for pest control purpose, and it is suggested that such training should be regularly organized. It is worth noting that as per CPO's environmental monitoring report there are no subprojects which involve forest issues. PPMUs, DPMUs and CDBs are recommended to maintain paying attention to: (i) screening of food crop and medicine plant subprojects proposed by CIGs; (ii) communication; and (iii) close monitoring of implementation to ensure no impacts upon forests.