

**BỘ KẾ HOẠCH VÀ ĐẦU TƯ CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM**  
**Độc lập - Tự do - Hạnh phúc**

Số: 1078 /BKHĐT-KTĐN

V/v góp ý Biên bản ghi nhớ của  
Đoàn tái cấu trúc dự án của ADB.

Hà Nội, ngày 20 tháng 02 năm 2013

Kính gửi:

- Văn phòng Chính phủ;
- Ngân hàng Nhà nước Việt Nam;
- Các Bộ: Tài chính, Giao thông Vận tải, Nông nghiệp và Phát triển nông thôn, Xây dựng, Công Thương, Bộ Lao động – Thương Binh và Xã hội, Bộ Văn hoá - Thể thao và Du lịch, Bộ Giáo dục và Đào tạo, Y tế, Tài nguyên và Môi trường;
- Ủy ban nhân dân tỉnh Thanh Hoá;
- Tập đoàn Điện lực Việt Nam;

Trong thời gian vừa qua Đoàn tái cấu trúc dự án của ADB (Đoàn Spring Cleaning) đã tiến hành làm việc với các cơ quan liên quan. Ngày 30/1/2013, Bộ Kế hoạch và Đầu tư đã tổ chức cuộc họp tổng kết với Đoàn ADB và các cơ quan liên quan. Ngày 19/02/2013, ADB đã chuyển cho Bộ Kế hoạch và Đầu tư Biên bản ghi nhớ của Đoàn. Theo đánh giá của Đoàn, tình hình thực hiện các dự án của ADB là rất chậm và sẽ tiến hành cắt giảm quy mô đầu tư của 4 dự án (nêu tại mục A của Biên bản ghi nhớ) và xem xét khả năng cắt giảm quy mô của 10 dự án khác nếu tình hình thực hiện không được cải thiện trong 6 tháng tới (nêu tại mục B của Biên bản ghi nhớ).

Biên bản ghi nhớ này sẽ được Bộ Kế hoạch và Đầu tư và ADB ký kết và sẽ trình Thủ tướng Chính phủ xem xét và quyết định. Bộ Kế hoạch và Đầu tư xin gửi Quý cơ quan dự thảo Biên bản ghi nhớ nói trên và đề nghị Quý Cơ quan nghiên cứu và đóng góp ý kiến bằng văn bản trước ngày 28/02/2013.

Bộ Kế hoạch và Đầu tư mong nhận được sự phối hợp của Quý Cơ quan./.

**Nơi nhận:**

- Như trên;
- UBND các tỉnh: Ngh.An, H.Tĩnh, Q.Bình, Q.Nam và B.Định (để biết)
- Các Vụ: KTNN, LĐVX, KTCN, KHGD, KCHT&ĐT (để góp ý);
- Lưu VT, KTĐN (H.Phương 26).

**KT. BỘ TRƯỞNG**  
**THỦ TRƯỞNG**



*Đào Quang Thu*

**ỦY BAN NHÂN DÂN  
TỈNH BÌNH ĐỊNH**

**SAO Y BẢN CHÍNH**

Số: **283 /SY-UBND**

*Bình Định, ngày 25 tháng 02 năm 2013*

**Nơi nhận:**

- Sở Kế hoạch và Đầu tư;
- K1, K17;
- Lưu: VT (03b).

**TL. CHỦ TỊCH  
KT. CHÁNH VĂN PHÒNG  
PHÓ VĂN PHÒNG**



**Lê Nhuận**





**ADB-FUNDED PORTFOLIO IN VIETNAM: SPRING CLEANING MISSION**  
**17 December 2012 – 30 January 2013**

**MEMORANDUM OF UNDERSTANDING**

**I. INTRODUCTION**

1. The objective of the Spring Cleaning Mission is to improve the performance of the ADB-funded portfolio in Viet Nam by cancelling surplus funds or unutilized funds due to implementation problems. The Mission was a natural continuation of the July 2012 Country Portfolio Review Mission where Government of Viet Nam (GoV) and ADB recommended Spring Cleaning as a key measure to address the slow moving portfolio.

2. While the portfolio more than doubled in size in the past five years (currently \$8.1b) and became the 3rd largest portfolio in ADB, at the same time the performance of the portfolio deteriorated. The results in 2012 were particularly disappointing, with a disbursement ratio of only 11.5%, being the lowest since 1996. Cancellation of surplus funds at an early stage will immediately improve the key monitoring indicators, but more importantly, it aims to help Project Management Units (PMUs) to focus efforts on resolving bottlenecks quickly with decisive action. This needs to be coupled with a much more restrictive approach to granting loan extensions in the future.

3. The Mission was undertaken jointly by GoV and ADB and was led by the Foreign Economic Relations Department (FERD), Ministry of Planning and Investment (MPI) and ADB's Vietnam Resident Mission (VRM).<sup>1</sup> It commenced with a kick-off meeting on 17 December 2012 and ended with a wrap-up meeting on 30 January 2013 chaired by Mr. Dao Quang Thu and Mr. Cao Viet Sinh, Vice Ministers, MPI. Consultation meetings with key line ministries were held to discuss specific issues on projects under consideration for Spring Cleaning. A schedule of the meetings is presented in **Attachment 1**.

**II. APPROACH TO SPRING CLEARING**

4. No Spring Cleaning has been attempted in the past in Viet Nam. Hence, prior to the commencement of the Mission, MPI and VRM prepared a set of 12 criteria (**Attachment 2**) to guide the initial screening of projects subject to potential Spring Cleaning. These were agreed in consultation with ADB sector divisions. All parties also decided that Spring Cleaning should not reduce the intended impacts and outcomes of projects, and would not involve cancelling funds covering ongoing contracts. The Mission also considered the performance indicators in ADB's portfolio assessment system ("e-operations"), especially projects that were rated "actual problem" or "potential problem".

5. Importantly, the Mission assessed projects with a large gap between the percentage of contract awards and disbursements compared to the percentage of elapsed time. While the focus was on problem projects with slow progress and low utilization of loan funds, good performing older projects nearing completion were also considered if there are substantial

<sup>1</sup> The ADB Mission comprised: Mr Jesper Klindt Petersen, Head of Project Administration Unit, VRM (Mission Leader), Ms Nguyen Binh, Senior Portfolio Management Officer; Ms Do Nguyet Que, Associate Project Analyst, all VRM. The Mission was supported by VRM and Sector Division staff and was guided by Mr. Tomoyuki Kimura, CD VRM. It was assisted by Dr Ho Quang Minh and Mr. Peter Logan, consultants for VRM.



amounts of uncommitted funds with all procurement completed. Projects with a closing date already extended by two years or more were also scrutinized.

6. The Spring Cleaning Mission reviewed 56 ongoing projects in the Viet Nam portfolio. Projects closing or approved during 2012 were not considered. After an initial desk review screening, the Mission narrowed the list to 30 projects for closer review. This was followed by consultations with the concerned Line Ministries/EAs to discuss the projects under review. To allay fears of a massive restructuring of the portfolio, the Mission stressed that even if a project triggered the Spring Cleaning criteria, it did not automatically mean it would be Spring Cleaned, but rather that it should be more closely reviewed. Following consultations with Line Ministries/EAs, separate meetings were held with concerned PMUs to more closely review the project situation and potential for Spring Cleaning. In many cases, discussions during the meetings with the Line Ministries/EAs were sufficient to confirm that there was no potential for Spring Cleaning.

### III. MISSION FINDINGS & RECOMMENDED ACTIONS

7. **Summary of Assessment Results** Of the 30 projects under review, 20 projects triggered the Spring Cleaning criteria #1-11, while 10 projects triggered criteria #12 (a large proportion of unutilized loan funds compared to the remaining implementation time). From the review and consultation meetings with Line Ministries/EAs, 16 of the 30 projects were dropped from immediate consideration. It was confirmed that funds would be fully utilized for 12 projects, while for the other 4 projects it was concluded that that it was too early in the implementation period to consider Spring Cleaning. For the remaining 14 projects, the Mission recommends that:

- 4 should be Spring Cleared immediately; and
- 10 should be placed on a "Spring Cleaning Watch List" and be kept under close review over the coming months.

#### A. Projects for Immediate Spring Cleaning (4 Projects)

8. The 4 projects recommended for immediate Spring Cleaning through cancellation of surplus loan funds are listed below. None of these involve reduction in the current scope of the projects. Each of these projects was discussed during meetings with the Line Ministries/EAs in the presence of Vice Ministers, and the notes below incorporate the outcome of what was discussed. The issues were discussed again during the wrap-up meeting, and key comments are incorporated.

- (i) **Loan 2025 /2747-VIE: Phuoc Hoa Water Resources Project (MARD).** The loans are due to close in Sep 2014; L2025 has already been extended 3 years, and since L2747 is supplementary funding, no further loan extension is possible. The final civil work contracts will be awarded during Q1 2013. Based on utilization of the loans to date, and the expected remaining costs, the Mission concluded there will be at least \$10m of surplus loan funds that cannot be utilized within the loan period, and recommended that these be cancelled immediately. This was agreed in principle by MARD in a meeting (23 January 2013) chaired by the Vice Minister. A note providing the details was forwarded to the EA for review and comment. During the wrap-up meeting, the EA raised concerns as to whether sufficient allowance had been made for both physical and price contingencies, and the Mission confirmed this was taken into account. Accordingly, it is recommended to **cancel \$10m** loan savings and VRM to prepare cancellation notice to MARD and State Bank of Viet Nam (SBV).
- (ii) **Loan 2451-VIE: HCMC-Long Thanh-Dau Giay Expressway Project (HLD Expressway) (MOT):** The loan is due to close in December 2014. After implementation



of the land acquisition and resettlement, substantial loan savings were identified during 2012. In a meeting with MOT (17 January 2013), the Vice Minister agreed there would be substantial loan savings to be cancelled. However, a significant amount of the savings will be needed for physical and price contingencies for the ongoing civil works contracts. Accordingly, it is recommended to **cancel \$83m** loan savings and ADBs transport division (SETC) to prepare cancellation notice to MOT and SBV.

- (iii) **Loan 2353-VIE: Mong Doung 1 Thermal Power Project (MOIT):** The loan is due to close in June 2013; \$6.4 million is still uncommitted and no contract awards projections for 2013 are recorded. However, during the meeting with MOIT/EVN on 14 January 2013 chaired by the Vice Minister, the EA confirmed it wants to use about half of this to implement urgent river training works. The EA acknowledged the remaining \$3m would be surplus, but requested that the balance is transferred to top up Loan 2610 (related loan under the same project). However, the Mission advised against this, and at the wrap-up meeting EVN agreed. Accordingly, it is recommended to **cancel \$3m** loan savings and ADBs energy division (SEEN) to prepare cancellation notice to MOIT and SBV.
- (iv) **Loan 2272-VIE: Central Region Small/ Medium Towns Development Project (MOC):** This loan is due to close in June 2014 (already extended two years); \$6.3 million remained uncommitted at the end of 2012; the contract awards projection for 2013 is only \$2 million; hence a projected uncommitted balance of \$4.4m at the end of 2013. In consultations with the MOC in a meeting on 14 January 2013, the EA indicated there was about \$1m surplus loan funds that could be cancelled immediately. However, this estimate was further reviewed by the EA and ADB. It was agreed, and confirmed by the EA during the wrap-up meeting, that surplus funds of \$2m can be cancelled. This has been formally notified by ADB in a letter to the MOC dated 23 January 2013. Accordingly, it is recommended to **cancel \$2m** loan savings and VRM to prepare cancellation notice to SBV.

#### B. Projects on Spring Cleaning Watch List (10 Projects)

9. The 10 projects proposed for the Spring Cleaning Watch List are listed in Table 1 below, giving a brief outline of the key issues. Most of the projects on the Watch List are suffering from slow implementation and low fund utilization when compared to the elapsed time. However, after consultations with the EAs or from findings of recent project review missions, it was determined that most of these had prepared plans that in theory could accelerate implementation in the coming months. Since the Mission stressed that the first priority was to achieve satisfactory progress, and Spring Cleaning was a secondary priority, it was recommended they be given a bit more time to improve performance.

**Table 1: Spring Cleaning Watch List (as of February 2013)**

Ministry /EA	Project Name	Loan Amount	Key Issue
MARD	L-2513: Quality & Safety Enhancement of Agriculture Products	\$96.2 m	Delayed implementation, fund utilization well behind elapsed time
	L-2269/G-0065: Forest & Livelihood Improvement in the Central Highlands	\$46.1 m	Delayed implementation, fund utilization well behind elapsed time
	L-2636: Strengthening Water Mngt & Irrigation System Rehab. (ADB5)	\$100.4 m	Delayed implementation, fund utilization well behind elapsed time
	L-2609: Central Region Rural WSS Project	\$43 m	Delayed implementation, fund utilization well behind elapsed time
MOIT	L-2814: O Mon IV Combined Cycle Power Plant Project	\$309 m	Not signed after 14 months



Ministry /EA	Project Name	Loan Amount	Key Issue
MOET	L-2750/51: University of Science & Technology of Hanoi	\$189 m (2 loans)	Major resettlement issues to be resolved.
MOLISA	L-2652/53-VIE: Skills Enhancement Project	\$74 m (2 loans)	Slow start up. Fund utilization well behind elapsed time.
MOF	L-2614: SOE Reform & Corporate Governance (project loan only) <sup>2</sup>	\$9 m	70% of time elapsed with almost no fund utilization
Thanh Hoa	L-2511: Thanh Hoa Comprehensive Socio Economic Development Project	\$72 m	Nearing completion with significant contracts still to be awarded.
MCST	L-2457: Sustainable Tourism Development Project	\$10 m	Nearing completion with significant uncommitted funds remaining

10. The wrap up meeting agreed that these 10 projects be monitored closely and the Watch List updated later in the year. A second round of Spring Cleaning towards the end of 2013 may be fielded to determine if the project recovery plans are implemented as intended.

### C. Procedures for Loan Cancellation

11. Guidelines for cancellation of loan funds are provided in ADB's Project Administration Instructions, PAI 4.04. If it is determined after consultations between the EA and ADB, that any part of the loan will not be required for the project, cancellations may be formally initiated either by a written request from the Borrower or ADB providing written notification to the Borrower /EA. The effective date of cancellation is when notice (by either party) is received (or other date that may be agreed on a case by case basis).

12. The wrap-up meeting agreed that ADB will initiate the cancellation process.

## IV. CONCLUSION & AGREEMENTS

13. The Spring Cleaning criteria and consultations with GoV paved the way for the Mission to narrow the list of projects to be Spring Cleaned from 56 to 30 and further down to 14 and finally to 4. The Mission recommends immediate Spring Cleaning of \$98m. Following the wrap-up meeting on 30 January 2013, the key conclusions and agreed actions are as follows:

- (i) For the 4 projects recommended for immediate Spring Cleaning (para 8), that the concerned Line Ministries and ADB work out the details to determine the precise amount to be cancelled for each loan, and that ADB initiates the agreed cancellation by writing to the 4 concerned Line Ministries and SBV.
- (ii) That the detailed finding of the Spring Cleaning Mission be incorporated into the 2013 Country Portfolio Review Mission (CPRM) as part of the MOU for that Mission which is expected to be jointly discussed in April 2013.
- (iii) That a review of the remaining 10 projects on the Spring Cleaning Watch List be reviewed in a follow-up Spring Cleaning Mission in September 2013 to see if performance has improved, and if not, they will be considered for Spring Cleaned in the second round.

14. The Mission wishes to acknowledge and express its appreciation to staff of MPI and the Line Ministries for their assistance with the Spring Cleaning Mission.

<sup>2</sup> The project is catching up. SONGDA contract awards are expected to be completed by September 2013 and substantial progress is expected for DATC in Q1-3 2013. The project may be removed from the watch list later in the year.



Signed in Hanoi, \_\_ February 2013

Mr. Cao Viet Sinh  
Vice Minister  
Ministry of Planning and Investment

Mr. Tomoyuki Kimura  
Country Director, VRM  
Asian Development Bank

**Attachment 1: Schedule of Spring Cleaning (SC) Mission Meetings Held**

Date	Meeting	Chair	Venue
17 Dec 2012	Kick-off Meeting: MPI, line ministries /EAs to introduce the SC Mission	Mr. Hoang Viet Khang, DG, FERD, MPI	MPI
18 Dec 2012	Review MARD projects for potential SC	Mr. Hoang Van Thang, Vice Minister, MARD	MARD
19 Dec 2012	Meeting with PMU of L2513 – QSEAP, to discuss detailed work plan & issues	Mr. Pham Quang Toan, Project Director	PMU, MARD
20 Dec 2012	Review of MOET projects for potential SC	Mr. Bui Hong Quang, DG, DFP, MOET	MOET
14 Jan 2013	Review MOC project for potential SC	Mr. Nguyen Tuong Van, Director of Loan 2272-VIE	MOC
14 Jan 2013	Review MOIT projects for potential SC	Mr. Tran Tuan Anh, Vice Minister, MOIT	MOIT
15-16 Jan 13	Review mission of L2511- Thanh Hoa City Comprehensive Socio Economic Development Project	Deputy Chairman, Thanh Hoa PPC	Thanh Hoa
17 Jan 2013	Review MOT projects for potential SC	Mr. Nguyen Ngoc Dong, Vice Minister, MOT	MOT
17 Jan 2013	Review MOH projects for potential SC	Mrs. Nguyen Kim Tien, Minister, MOH	MOH
17 Jan 2013	Meeting with PMU of L2468 – Health Care in South Central Region, to discuss detailed work plan & issues	Mr. Nguyen Doan Tu, Project Director	PMU, MOH
21 Jan 2013	Review MOLISA project for potential SC	Dr. Nguyen Tien Dzung, DG of GOVT, MOLISA	MOLISA
23 Jan 2013	Discuss specific SC of Phuoc Hoa Project, and others on SC Watchlist	Hoang Van Thang, Vice Minister, MARD	MARD
29 Jan 2013	Pre Wrap-up meeting with MPI staff	Mr. Hoang Viet Khang, DG, FERD, MPI	MPI
29 Jan 2013	PMU meeting, L2457: Sustainable Tourism, MCST	Mr. Tran Van Ngoi, National Director	PMU, MCST
30 Jan 2013	Mission Wrap-up Meeting with MPI and Line Ministries /EAs	Mr. Dao Quang Thu and Mr. Cao Viet Sinh, Vice Ministers, MPI	MPI

## Attachment 2: Spring Cleaning Criteria

The criteria will be used to develop a short list of selected projects that will be examined very closely during the spring cleaning mission. On one hand, if a project is on the short list it does not necessarily mean that it will be spring cleaned. It means that the project will be examined for the potential of spring cleaning. On the other hand, a project that attracts just one red flag may be treated the same way as a project that attracts five flags. It depends on the severity of the action subject to the criteria in question.

The criteria are as follows:

1. Loan Agreement is not signed within one year after the loan approval.
2. Loan Agreement is not effective within 6 months after the loan signing.
3. Counterpart fund is not available at the time of the loan effectiveness.
4. Counterpart funds are not forthcoming during implementation.
5. Slow disbursement: A project is effective more than 50% of the time but yet to achieve 30% disbursement
6. Slow start-up: A project is effective more than 20% of the time but no contract award yet
7. Slow start-up: A project is effective more than 40% of the time but no civil works contract
8. Project implementation has been delayed by 2 years or more.
9. Land acquisition has not yet started within 1 year after the loan effectiveness.
10. Major land acquisition and resettlement issues during implementation
11. Slow progress within 12 months in meeting policy based lending conditions for tranche release.
12. A project that has awarded all main contracts and still have large uncommitted funds left.