

First Quarterly Report for the period October – December 2010

Project: Technical assistance for enhancement capacity of HFIC and project owners financed under AFD's credit line (HCE Project)

Bidding package: Program of improving actual methods on responsibility of social and environmental protection (HCE2 Package)

In accordance with the contract between HFIC and DWW, from 20th September 2010

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Abbreviations

AFD French Development Agency

DONRE Department of Natural Resources and Environment of Ho Chi Minh City

DWW Development Worldwide

EIA Environmental Impact Assessment

E&S Environmental and social

HCMC Ho Chi Minh City

HFIC Ho Chi Minh City Finance and Investment State-owned Company

WB World Bank

WWTP Waste Water Treatment Plant

Introduction/Background

The Quarterly Report covering the period October – December 2010 was elaborated according to Terms of Reference for HCE-2 Bidding Package. It describes activities carried out by the DWW (“Consultant”) from October to December 2010. The report also contains detailed training program for all beneficiaries. The annexes to the report include a package of activities related documentation.

The following key activities were undertaken within the monitoring period:

- Submission of the Inception report
- Training of Trainers
- Opening Ceremony and General training
- Consultations with the AFD and HFIC representatives
- Response to HFIC’s and AFD’s comments on the Inception report
- Development of detailed Training program for the beneficiaries
- Abstracts for training themes covered in the trainings for beneficiaries
- Elaboration of the Overview of Vietnamese and international standards and legislation in the area of E&S safety

The report submitted is the second one in sequence in the frame of above mentioned project, after the Inception report, which was submitted in October 2010 for comments to HFIC.

HFIC comments to the report were incorporated and/or clarified and the final version of the Inception report was submitted in the beginning of November 2010. A few comments and questions from AFD were received in the middle of December and upon their answering, clarification and incorporation, the AFD issued non-objection letter.

Concerning the financial management, DWW submitted the bank guarantee confirmation and related payment request and invoice upon acceptance of the Inception report, in accordance with the Contract conditions.

No payment was received by the time of submission of this report.

Next report will cover the period of January – March 2011.

1 Activities carried out during the monitoring period

1.1 Organizational arrangements for the Opening Ceremony and General training

Meeting with HFIC representatives

Date and place: 18 November 2010 from 8.30 at HFIC office, HCMC

Participants: HFIC HCE2 project team (Ms. Nguyen Ngoc Hoang Lan, Ms. Van Thi Hai Duong, Mr. Duong The Vu), DWW project team (Mr. Jan Stejfa, Ms. Monika Pribylova)

At the beginning, DWW representatives handed over two copies of the final version of the Inception report with the invoice for the inception phase.

During the meeting, the program of the Opening Ceremony was confirmed. Training material prepared by DWW for the Opening ceremony was discussed and agreed to be reviewed by HFIC. Mr. Stejfa presented the presentations prepared for the Opening ceremony.

HFIC informed that they contacted 3 Vietnamese newspapers for publication of the information about the HCE2 project. Also HFIC stated that they expect around 100 – 120 participants on the Opening Ceremony based on the responses on invitations.

Representatives of HFIC informed that they finished the approval procedure of the first payment (the bank guarantee) and submitted the request for payment to the Ministry of Finance. After approval by the Ministry the request for payment will be submitted to AFD.

At the end of the meeting it was agreed to visit hotel REX which was arranged by HFIC for checking the meeting room and relevant equipment for the Opening ceremony. (As the price for the meeting room and related services in hotel REX were significantly higher than standard meeting premises in FIDES Center and than the approved budget, it was agreed the DWW will cover the standard price and HFIC will contribute to pay the remaining difference in the price.)

Visit of the REX hotel, HCMC

Date: 18 November 2010

HFIC and DWW representatives discussed and agreed on arrangements in the Sunflower ballroom for the Opening ceremony with the hotel REX conference manager.

1.2 Training of trainers

Date and place: 19th and 20th November 2010, Hanoi

Participants: Vietnamese DWW consultants (Mr. Dinh Nhat Dao, Mrs. Duong Thuy Kim, Mrs. Nguyen Ngoc Ly, Mrs. Phung Thi Huong, Mrs. Phung Thi Phuong Hien), DWW: Mr. Jan Stejfa, Mrs. Simona Kosikova, Mrs. Monika Pribylova

Meetings and trainings with Vietnamese DWW consultants (Dinh Nhat Dao, Duong Thuy Kim, Nguyen Ngoc Ly, Phung Thi Huong, Phung) took place separately with each consultant, and were half day long each. DWW local project coordinator Phung Thi Phuong Hien took also part in some of the meetings.

At the beginning, DWW team introduced to Vietnamese consultants the project HCE2, training programs and workshops.

During the training individual themes of the training modules were discussed in order to identify the suitable Vietnamese practice and experience across the environmental and social safety. The discussion focused at finding suitable case studies to illustrate the application of the various environmental, social and project management standards for the HCE2 project beneficiaries during the trainings. Also the organisation of training material preparation and trainings themselves was discussed and agreed. Each training theme is assigned to one Czech DWW trainer and where relevant appropriate Vietnamese DWW consultant is invited to present national experience on a case study. The selected case studies shall be from sectors which are eligible for HFIC loans or where such a case study is not available, sector with similar environmental impact is picked out.

Vietnamese experts, namely Mrs. Phung Thi Huong introduced the environmental regulatory system. Finalization of the overview of the relevant Vietnamese legislation and also the structure of the trainings and training materials was discussed. The overview is attached in Annex 11.

The training phase helped to better understanding between Czech and Vietnamese members of the team about their positions in the projects, organisation and expert preparation of Vietnamese trainers and establishing conditions for good and smooth cooperation in the frame of whole project.

1.3 The overview of Vietnamese and international standards and legislation in the area of E&S safety

The overview of international and Vietnamese standards and legislation in the area of E&S safety was elaborated in the scope relevant to activities and sectors which are eligible for the HFIC loans from AFD credit lines. The overview was carried out by the Czech DWW experts in cooperation with Vietnamese consultants.

The overview consists of the following main parts:

1. International conventions and treaties
2. European legislation in areas of environmental management and protection, social and employment policy, health, hygiene and safety at work
3. International standards from International Standard Organisation and International Finance Corporation
4. Relevant Vietnamese valid standards and legislation in the area of E&S safety

The overview is attached in Annex 11.

1.4 Opening Ceremony and General training

Date and place: 22 November 2010, from 8 to 12 am, hotel REX, HCMC

Participants: The list of participants is listed in Annex 1.

AFD: Mr. Samuel Lefevre, Mr. Yann Martres, Mr. Kristen Chauvin, Ms. Le Thu Huong

DWW: Mr. Jan Stejfa, Mrs. Simona Kosikova, Mrs. Monika Pribylova, Mrs. Nguyen Ngoc Ly, Mrs. Phung Thi Phuong Hien

The Opening Ceremony took place in accordance with the agreed program (see Annex 2) and was attended by more than 100 participants.

Participants were given information and written training material in Vietnamese and English (see Annexes 3 and 4).

Representatives of newspapers were given the press release, which is in Annex 6 and 7.

The moderator of the program (MC), Mrs. Nguyen Ngoc Ly started the Ceremony by inviting the representatives from HFIC, AFD, and DWW for the opening speeches.

The opening was followed up by introduction of the HCE2 program, training topics and presentation of example of training materials on Integrated Management systems.

The second part of the program included presentation of the community participation in environmental protection in Vietnam and sharing experience with financing infrastructure projects in EU and CR.

At the end of the program, there were raised many questions from the participants. Most of these questions were about the HFIC practice and procedure for obtaining funding for infrastructure project.

During the coffee break, DWW team spoke informally with AFD representatives. AFD recommended to ask for all relevant HFIC's handbooks, instructions, recommendation on how to apply for loans from AFD. Further, the requirements of WB and AFD on environmental and social safety were discussed. AFD stated that they had not had any specific requirements in this respect during the first credit line for HFIC. But they would like to introduce the requirements similar to WB requirements step by step based on feasibility/applicability in Vietnam/ by HFIC. It was agreed that AFD will send to DWW the requirements or recommendation which can be relevant to the project.

Photographs from the Opening Ceremony are in Annex 5.

1.5 Meeting with AFD and HFIC

Date and place: 22 November 2010, from 14h at HFIC office, HCMC

Participants:

HFIC: HCE2 project team (Mr. Vuong Duc Hoang Quan, Ms. Nguyen Ngoc Hoang Lan, Ms. Van Thi Hai Duong, Mr. Duong The Vu, Mr. Lam Hoai Anh)

AFD: Mr. Samuel Lefevre, Mr. Yann Martres, Mr. Kristen Chauvin, Ms. Le Thu Huong

DWW: Mr. Jan Stejfa, Mrs. Simona Kosikova, Mrs. Monika Pribylova, Mrs. Nguyen Ngoc Ly, Mrs. Phung Thi Phuong Hien

At the beginning, representatives of AFD asked DWW to present the progress in activities of the project. DWW replied that description of activities is contained in the Inception report which was submitted to HFIC in October and after receipt of comments from HFIC the revised report was send back to HFIC by email in the first half of November. Following this, HFIC handed a copy of the Inception report to AFD.

Ms. Pribylova made a brief overview of the activities carried out in the inception phase and presented also the plan for the training activities as listed in the inception report.

AFD expressed satisfaction with the progress of activities carried out and planned. Nevertheless AFD had a few remarks. Firstly they asked whether DWW find out the current practice of evaluating application for HFIC loans from AFD credit line. Secondly they commented on the training program which shall focus on basic risk characteristics in environmental and social safety issues.

DWW replied that HFIC described their approach to projects proposed for financing from their loans in the inception phase meeting, but no written material was submitted. DWW stated that it would be useful to look in detail on any specific requirements related to evaluation criteria of the loan applications. Mr. Stejfa also confirmed that the training themes will be focused on the main environmental and social risks.

Mr. Vuong Duc Hoang Quan had also several comments and recommendations. He asked whether DWW provides written material about the training themes and requested to add shorter training for HFIC management as the managers cannot afford to spend two days on the training.

DWW agreed to add ½ day training for HFIC management which will focus on the management related issues.

AFD proposed to set up Steering Committee, which could meet approximately once in 3 – 4 months to review the progress in the HCE2 project. DWW and HFIC agreed. DWW proposed to organize the first meeting of the steering committee around March – after performing all trainings.

DWW asked which reports shall be approved by AFD. AFD replied that they approve only the Inception and Final report as listed in the contract.

Further, the meeting continued without AFD and Mr. Vuong Duc Hoang Quan.

Discussion about the procedure for granting a loan from HFIC to infrastructure projects continued. HFIC handed over to DWW requirements for the applicants and description of the loan approval procedure in Vietnamese, which is enclosed in Annex 8.

Program for January training was agreed as follows:

- Environmental companies: 6.-7. 1. 2011
- HFIC Management: 10. 1. 2011
- HFIC: 11.-12. 1. 2011
- Hospitals: 13. - 14. 1. 2011

The program of the HFIC training was discussed and HFIC proposed that the training topics shall be introduced to directors of HFIC departments so they could comment on the content of the training and time allocated to each theme. It was agreed that this will take place on 23 November 2010 on a meeting with available HFIC managers.

1.6 Meeting with HFIC department directors

Date and place: 23 November 2010, from 9h at HFIC office, HCMC

Participants:

HFIC: Ms. Nguyen Ngoc Hoang Lan, Mr. Duong The Vu, Mr. Lam Hoai Anh - Director of credit line department, Mr. Nguyen Ha Lam - Deputy director of planning and investment promotion department, Mr. Nguyen Huu Nam - Director of appraisal department

DWW: Mr. Jan Stejfa, Mrs. Monika Pribylova, Mrs. Simona Kosikova, Mrs. Nguyen Ngoc Ly, Mrs. Phung Thi Phuong Hien

Discussion of training program for January (days, participation of Vietnamese experts, Fideco premises, introduction to the training topics to HFIC managers and their deputies, proposal for adjustments in the times allocated to the training topics for HFIC).

Discussion about the training themes:

Waste water management – HFIC asked whether they will receive information about parameters of wastewaters from households, hospitals and industry; they are also interested in the ways of how to assess environmental risk and what solutions exist for solving the identified risk.

HFIC proposed to shorten the theme WB guidance and enlarge the topic Relation between loan provider and receiver. Also Water management and CSR shall be shorter.

HFIC informed that they plan max. 40 participants for the two days training.

HFIC requested to prepare abstracts for training themes and program for HFIC management training. (Required abstracts were elaborated and send to HFIC on 14.12.2010, see Annex 10.)

Based on the description of the loan approval procedure, DWW asked about the way of evaluating the loan applications and what social impacts are being considered.

HFIC: the evaluation is two fold - yes/no based on the information in application and point evaluation. There is a risk assessment being carried out in order to evaluate whether the project has high or low risk.

From the social aspects, in the case of people relocating, it is necessary to state this information. Also if there are new jobs or the project has positive impact on the people's life it shall be stated, but this information is secondary.

DWW asked to list types of projects financed from AFD credit line. HFIC listed: hospitals, waste treatment, social housing and schools. It is expected that the scope will enlarge for the next credit line. HFIC will inform DWW on any new type of project which shall be financed by AFD credit line.

1.7 Written communication with AFD and HFIC after the Opening Ceremony

1.12.2010 - email from AFD with different documents related to the Common Policy Framework for Environment Impacts Assessment and Social Impacts Assessment of the 6 Development Banks group in Vietnam, which could be a support for the program HCE.

14.12.2010 – email from AFD with questions on the Inception report.

14.12.2010 – DWW sent reply to AFD questions on the Inception report

15.12.2010 – HFIC forwarded the AFD non-objection letter in email and informed about preparation of the January training as follows:

“We've got the environmental companies' confirmation that they are unable to attend training courses during this period due to their busy schedule for year-end operations. We still have to contact for more information of the hospitals' availability to send their staff to classes as scheduled and will give you the final update this week.”

18.12.2010 - HFIC informed that they cannot ensure participation of hospitals in the training.

Based on this information, DWW proposed to cancel the January training and postpone it after the Vietnamese New year (this was send by email to HFIC on 19.12.2010).

23.12.2010 - email from HFIC:

We would like to remind you about some important things as specified below.

- (i) Regarding the training schedule our HFIC staff will be available at any time DWW could deliver courses. However, for other beneficiaries gathering at a specific time for your convenience, the schedule should be arranged in the beginning of March 2011 for

such these beneficiaries. HFIC staff training then can be organized either later or sooner in late February 2011 which is up to your decision.

(ii) Concerning AFD additional suggestions which you can refer to in the French non-objection letter attached herein, we would like to have your attention to the second content which we already have AFD explanation in English as follows:

“As part of trainings, it would be appropriate to address specific/concrete points/aspects on standard clauses to be incorporated in job specifications (E&S requirements) of manufacturers and operators when drafting the request for proposal to hire them”.

In other words, and for example, when a client of HFIC drafts an RFP to hire a construction company to build a water treatment facility, the client of HFIC should include in the RFP (in its attached contract for example) clauses that will guarantee (i) the construction company's adherence to generally accepted E&S standards/requirements and (ii) regular reporting obligations in terms of E&S to HFIC's client.

Please keep this in mind when carrying out your tasks with HFIC clients.

(iii) Projects under AFD1 credit line selected for the training in E&S standard overview and evaluation will include 04 construction ones for university, hospital, social-house apartment and garbage processing center. Necessary documents are being collected and will be provided to DWW when available.

23.12.2010 - DWW reply to HFIC:

1) suggestion to arrange all trainings for all beneficiaries in the beginning of the March.
2) clarification concerning the additional requirement of AFD (suggestions: a) the way how to address it can be proposed after receiving information about HFIC projects and b) to leave this task for the workshop).

2.1.2011 - DWW email to HFIC with new dates and program of the training:

1) the completed program proposal for the next training (see Annex 9).
2) trainings' dates from 7. 3. till 22. 3. 2011 including these days.
3) request to confirm the trainings and specify the exact dates till February 7.

No information about relevant projects under AFD1 credit facility for analysis and evaluation were obtained till the time of elaboration of this report.

1.8 Financial management

Schedule of main steps which concerns the payment process and related documents:

20.9.2010 - Contract awarding

15.10.2010 - Banking guarantee establishment and sending the corresponding document to HFIC

13.10.2010 - Inception report submission (via email)

18.11.2010 - Handing over the first invoice (after inception phase) and hard copies of the Inception report with incorporation of comments from HFIC

15.12.2010 - Official AFD letter with non-objection on Inception report

16.12.2010 - Requirement for payment request for banking guarantee from HFIC was obtained

16.12.2010 - DWW sent the required request for payment to HFIC (via e-mail)

16.12.2010 - Payment request sent by regular post

30.12.2010 - based on HFIC request, DWW sent again payment request for the first 10 % (Bank guarantee) and the first invoice by express DHL service.

No payment was received until the time of this report elaboration. DWW would appreciate more efficient administration of the financing procedure due to a high level of pre-payment done by the consultant, according to the contract and the conditions of the bank guarantee.

2 Planned activities for next monitoring period

2.1 Finalization and translation of training materials

Training presentations and first drafts of handbooks for all training themes for all beneficiaries will be finalized and translated to Vietnamese by the end of February 2011. The handbooks will be copied and provided to participants of the training.

2.2 Training of beneficiaries in March (according HFIC confirmation)

This training was originally planned for January, but was postponed because the participation of the two groups of beneficiaries (environmental companies and hospitals) was not ensured. New proposed date for training of all beneficiaries is 7. 3. till 22. 3. 2011. See Annex 9 with the detailed training program.

2.3 Planning of field trips and workshops

Field trips and focus of workshops will be planned during trainings based on agreement with the relevant beneficiaries on the priority needs.

3 Annexes

1. List of invitees/participants for Opening Ceremony
2. Opening Ceremony Program
3. Material for Opening Ceremony and General Training (English version)
4. Material for Opening Ceremony and General Training (Vietnamese version)
5. Photographs from the Opening Ceremony
6. Press release from Opening Ceremony (English version)
7. Press release from Opening Ceremony (Vietnamese version)
8. Material concerning HFIC projects evaluation (Vietnamese version)
9. Plan of the trainings for March
10. Abstracts of training themes
11. Legal overview