

Annex 4: Operational planning Q1-2011

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ABBREVIATION

BTC	Belgian Development Agency
BTC's RR	The Resident Representative of BTC in Vietnam
DARD	Department of Agriculture and Rural Development
DCIPMU	District Construction and Investment Project Management Unit
DGDC	Directorate General of Development Cooperation
DoC	Department of Construction
DoF	Department of Finance
DoNRE	Department of Natural Resource and Environment
DPC	District People's Committee
DPI	Department of Planning and Investment
DPIU	District Project Implementation Unit
DSWMP	District Solid Waste Management Plan
EUR	Euro
GoB	Government of Belgium
GoV	Government of Vietnam
ITA	International Technical Advisor
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MPI	Ministry of Planning and Investment
ODA	Official Development Assistance
O&M	Operation and Maintenance
pCERWASS	Provincial Center for Rural Water Supply and Sanitation
PMU	Project Management Unit
POM	Project Operation Manual
PPC	Provincial People's Committee
PPMU	Provincial Project Management Unit
PSC	Project Steering Committee
PSWMP	Provincial Solid Waste Master Plan
TFF	Technical and Financial File
TOR	Terms of Reference
VAT	Value Added Tax
VND	Vietnamese Dong
WSSP	Water Supply and Sanitation Project in Binh Dinh Province

I. PROJECT SUMMARY

1. GENERAL INFORMATION

Project Title	:	Water Supply and Sanitation Project in Binh Dinh province
Duration	:	60 months
General Objectives	:	To contribute to poverty reduction, enhancing public health and improving living conditions and quality of life of the people of the target areas
Specific Objectives	:	To improve the quality of life of the population of some communes of 6 districts of Binh Dinh province (Phu Cat, Phu My, Tuy Phuoc, Tay Son, An Nhon and Hoai Nhon districts) through the provision of efficient facilities for both irrigation and drinking water as well as solid waste management, including appropriate capacity building, awareness raising and operation and maintenance modalities.
Budget	:	Total budget: 8,950,000 Euro <i>In which:</i> <div style="margin-left: 40px;"> - Belgian contribution: 7,500,000 Euro - Counterpart Fund: 1,450,000 Euro </div>
Sector	:	Water supply and Sanitation

2. THE PROGRAM'S EXPECTED RESULTS AND ACTIVITIES

➤ *Result 1: Capacity building of the related agencies*

All the related agencies in charge of the planning, design, implementation and management of the rural water schemes and the solid waste management systems of the province are reinforced through adapted trainings.

➤ *Result 2: Awareness raising*

A strategy is developed to raise awareness on the use of safe drinking water and on the preservation of the water resource as well as on the importance of protecting the environment with proper recycling, disposal and treatment of domestic solid waste.

➤ *Result 3: Rural water system*

Cost efficient rural water systems designed for both flooding and dry seasons, for 5+2 communes are implemented, while, possibly, Hoc Mon dam, its spillway and the related irrigation canals are rehabilitated, with efficient operation and maintenance modalities and secured funding.

➤ *Result 4: Solid waste treatment schemes*

Proper infrastructure on basis of District Master Plans on solid waste management are provided for the treatment of solid waste for the target areas of all or part of 3 or 4 selected districts (An Nhon, Tay Son, Phu My, and/or Hoai Nhon districts) with the setting up of proper operation and maintenance modalities, including availability of funds to operate and maintain the schemes in good conditions.

3. EXECUTIVE SUMMARY

a. Progress of planned Project activities:

After the second PSC meeting in June 2010, the PPMU concentrated strongly on the execution of the project components and accelerated the implementation of the activity plan for the second semester of 2010.

So far, all activities have been performed according to plan, as illustrated in the summary table below. However, there were some minor slips in the speed of implementation, when compared to the planning.

Table 1: Summary completion status of planned activities in second semester of 2010

Activities approved by previous PSC	Status on 31 December 2010
Results 1: Capacity building of concerned agencies	
Capacity Building Program	- Capacity need assessment completed; - Implementation strategy for 2011-2012 prepared, but still under discussion before approval.
Guidance on Master Plan Preparation	- A coaching program for the planners of 4 District Solid Waste Management Plans was completed from 19 till 22 October 2010.
Seminar & Study Tour in VN on Solid Waste management and treatment practices	- Completed from 18 till 23 July 2010.
Additional training on Integrated Solid Waste Management	- Study tour to Bangladesh completed from 18 till 25 September 2010.
Results 2: Awareness raising	
Assessment & Coordination	- Agreements on coordination of the awareness raising programs completed: <ul style="list-style-type: none"> • For Solid Waste: the PPMU signed the contract with DONRE- EPA for the implementation of the awareness raising program on solid waste at the four districts of Hoai Nhon, Phu My, An Nhon and Tay Son. • For Water Supply: the PPMU signed the contract with pCERWASS for the implementation of the awareness raising program on water supply at the two districts of Phu Cat and Tuy Phuoc.
Development of an Awareness Raising Strategy	- After PSC2 approved the Awareness Raising Strategy of the project, sectoral awareness raising plans were made for Solid waste and Water supply; - Implementation contracts for the pilot phase were signed with EPA and pCERWASS as mentioned above
Training	- Trainings on environmental communication for the awareness raising teams of the pilot phase completed.
Pilot Activities	- Draft Communal Awareness Raising plans were developed during these trainings. - Further development of the plans by the communes is ongoing.
Results 3: Rural water systems	

<u>Phu Cat Water Supply</u>	
Set up pCERWASS PMU	- Established
Land acquisition	- Completed (for both headwork and water supply piping networks.
Detail design and Cost estimate	- Completed by ENCOR, approved and paid.
Investment plan, Basic design and Tender plan	- PPC approved the revised Investment Plan; - Project owner approved the Detail design and Cost estimate at the Decision nr.06/QD-TTN dated 15 October 2010; - PPC approved the tender plan for construction at the Decision Nr.35/QD-CTUBND dated 11 January 2011. The tender is now ongoing.
Construction contractor and equipment supply contractor	- BTC issued non-objection letter on the TID of all packages; - the Phu Cat Running Water Supply PMU revised the TID, taking into account the comments proposed in the legal advice; - Project owner announced the tender invitation notification;
Consultant for supervision of construction and equipment supply and installation	- BTC issued non-objection letter on the TID of all packages; - The project owner revised the TID, taking into account the comments proposed in the legal advice; - Project owner announced the tender invitation notification;
<u>Hoc Mon Dam</u>	
Decision to supplement the project duties to the DCIPMU	- DPC of Phu My appointed DCIPMU in February 2010.
Consultant for surveys, Detailed design and Cost estimate	- Bid evaluation completed on 6 December 2010; - The project owner signed the contract with Joint Venture CTC-BIHECCO in December 2010. However, after checking, BTC detected there are some provisions of the contract not in line with the TID and there is inconsistency between the Vietnamese version and the English version, so the contract is now under revision by the project owner and the contractor.
Results 4: Solid waste treatment schemes	
Decision to supplement the project duties to the DCIPMU	- DPCs of Hoai Nhon, Phu My, An Nhon and Tay Son appointed their DCIPMU.
DSWMP	- Contract signed with EP&T on 2 December 2010; - DSWMP's will be completed on 22 May 2011 as contracted.
Involve private sector entities in the district's solid waste collection and treatment	- Contract for study on valorization of organic waste signed with Somers Livestock Solutions on 7 October 2010; - Study will be completed on 7 February 2011.
General means	
Procurement of project car	- Supply contract signed with Kartenex on 20 November 2010.

PSC	- PSC Nr.3 shall be organized on 24 February 2011
Audit	- Coordinated by BTC RR; - Completed by Deloitte, from 18 October to 21 October 2010; - The project received a positive audit result on 26 November 2010.
Baseline survey	- Completed and final report distributed to stakeholders.
POM	- POM was approved on 17 September 2010 by the PPC Chairperson at the Decision Nr.2124/QD-CTUBND and distributed to concerned stakeholders on 5 November 2010.
JA	- Ashley Hennekam: 1-year contract extension agreed on 25 November 2010.
	- Anke Boone: start working with the PPMU since 9 January 2011.

b. Summary of disbursement progress in 2010

After the PSC Nr.2, from 1 June 2010 to 31 December 2010, the actual disbursement was Euro 344,842, equivalent to 80.78% of the planned disbursement, including Euro 252,588 under Belgian fund (75.61% of the planned disbursement) and Euro 92,254 under Vietnamese counterpart fund (99.40% of the planned disbursement).

The accumulated disbursement since 1 January 2010 till 31 December 2010 is Euro 468,107, equivalent to 85.09% of the yearly plan, including Euro 372,328 under Belgian fund (82.04% of the plan) and Euro 95,779 (99.43% of the plan) under Vietnamese counterpart fund.

In 2010, the project disbursement was mainly for the training, study tour, operation cost, consultancy, land acquisition of Phu Cat Running Water Supply work and so on.

II. PROGRAM RESOURCES

1. HUMAN RESOURCES

1.1. Composition of the Provincial Program Management Unit (PPMU)

The composition of the PPMU remains as reported in the second PSC meeting, apart from one driver who has just been seconded to the project by the DPI since 11 January 2011.

1.2. International Technical Advisor

Mr. Jozef De Smet, Belgian nationality, continued to work as ITA of the program VIE0703511-WSSP, and was appointed part-time CTA for Phu My Irrigation project – VIE0402211. The latter project closed on 31st December 2010.

1.3. Composition of Program Implementation Units

pCERWASS is the project owner of the Running water supply work in Phu Cat district. The project owner has made a decision on the establishment of the Phu Cat Running Water Supply PMU as the representative of the project owner to implement the Phu Cat running water supply project.

For the sub-projects which project owners are DPCs, the existing District DCIPMUs are appointed to be the representative of the project owner and carry out the pilot project in the districts. Appointment decisions have been issued for Hoai Nhon, Phu My, An Nhon and Tay Son DCIPMUs.

1.4. Junior Assistant

Miss Hennekam Ashley of Belgium who joined the project as Junior Assistant (formerly called VSDC volunteer) on 6 February 2010 has been extended for a second and final year. She will, within the PPMU, primarily work on Capacity building activities.

Miss Anke Boone of Belgium joined the project as 2nd Junior Assistant on 9 January 2011. She will, within the PPMU, primarily work on the Awareness Raising activities.

In order to assist the Junior Assistants in translation and interpretation, BTC signed a service contract with Ms. Tran Thi Bich Khoi for the translation and interpretation tasks (from English to Vietnamese and vice versa) for the Capacity building and Awareness raising components. The contract duration is from 1 January 2011 to 31 December 2011.

1.5. Standing Unit of PSC

The PPC established the Standing Unit of PSC, including the Head of the Standing Unit who is the provincial vice chairman, and the members who are the leaders of DoF, DoC, DARD, DoNRE and the 6 districts.

The Standing Unit of PSC provides the PPC with advice to resolve issues that are beyond the authority of the PPMU between semi-annual meetings of the PSC. In addition, the Standing Unit is also responsible for supporting the project implementation at local level to help attain the project's objectives.

2. FINANCIAL RESOURCES

The Program finance as listed in the TFF includes two fund sources: Vietnamese contribution is 1,450,000 Euro, and Belgian contribution is 7,500,000 Euro. The total fund is 8,950,000 Euro.

In addition to the above-mentioned amounts, the Belgian Government also pays an estimated 212,425 Euro from the Belgo-Vietnamese Study and Consultancy Fund for the detailed

designs of the water projects and the development of the DSWMPs of the four districts (the cost of these studies was estimated about 261,000 Euro before when the contracts of these studies had not been made); and annually a budget is transferred to the Regie account for covering the cost of the Junior Assistants (i.e. 3,000 Euro/year/JA, 2 JAs).

Also in addition to the above-mentioned amounts, the Vietnamese Government further contributes substantial amounts to the project for the expenditures of: office space, office furniture, salaries and allowances for PPMU staff (except CAS, Coordinator cum Water and Sanitation Engineer and Secretary/Translator), Land Acquisition (LA) and taxes (if any).

(See Annex 2 for more detailed information)

III. PROGRESS SINCE THE LAST PSC

3. RESULT 1: CAPACITY BUILDING OF THE RELATED AGENCIES

In agreement with the activity plan for the second semester of 2010, approved by the 2nd PSC meeting, the following work was performed and the following results achieved:

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Capacity Building Program</i>	A capacity building program will be developed under the guidance of a consultant	<ul style="list-style-type: none"> - Consultant (Mme Pham Thi Minh Thu) selected; the consultant, under the coordination of the PPMU, took field missions to the 6 districts and the relating provincial agencies for capacity need assessment; - Draft Capacity need assessment report received on 25 October 2010; - Implementation strategy prepared for capacity building program with planning for 2011-2012; this program is still under discussion before approval; - Assisted by the JA (Ashley), the CAS prepared budgeted implementation plan for the first semester of 2011.
<i>Ad Hoc Trainings</i>		
<i>Guidance on Master Plan Preparation</i>	Organization of a coaching program for the planners of 4 District Solid Waste Management Plans, including PPMU members, District staff, commune leaders and some other stakeholders	<ul style="list-style-type: none"> - Training on Guidance on making DSWMP organized for the decision makers. - TID published on 6 August 2010; Consultant team: Dr Pham Hong Nhat PhD. selected; - Training completed from 19 till 22 October 2010. - Participants: 47 people from PPMU, districts and relating provincial agencies.
		<ul style="list-style-type: none"> - Study tour to Dalat municipal waste management project (ADEME) from 9 till 12 December 2010. Participants: 5 PPMU staff and 2 DoNRE-EPA staff in charge of the project's awareness raising program.
<i>Seminar & Study Tour in VN</i>	Organization of a study tour in Vietnam on integrated solid waste management practices for the stakeholders of the districts An Nhon, Hoai Nhon, Phu My, Tay Son and for the members of the PPMU	<ul style="list-style-type: none"> - Completed ; - The team visited 6 solid waste management facilities and/or projects in Central and North Vietnam from 18 till 23 July 2010; - Participants: 8 PPMU staff, 8 representatives of the four districts concerned by the project's solid waste component, 1 representative of DoC and 1 of EPA;

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Additional training on Integrated Solid Waste Management</i>	Training workshop on pro-poor community based solid waste management, decentralized composting and resource recovery (e.g. IRRC), by UNESCAP and Waste Concern in Dhaka, Bangladesh	<ul style="list-style-type: none"> - Study tour from 18 till 25 September 2010 (with formal training by UNESCAP on Waste Management in Bangladesh from 20 till 23 September included); Participants: 3 PPMU staff (the project director, the coordinator, the environmental engineer) and one DoC staff (who is in charge of DSWMP); - Basic training on ISWM for 6 collection enterprises and 34 communes with collection service of 4 districts (Hoai Nhon, Phu My, An Nhon and Tay Son); - Join the training on environmental education organized by VVOB on 12-13 November 2010 in Tam Ky city of Quang Nam province. Participants: 1 PPMU staff and 2 pCERWASS staff
	The project's environmental engineer may also take part in a two day training workshop on solid waste management and recycling, focused on operational aspects, organized in August 2010, by Waste Concern in Bangladesh;	<ul style="list-style-type: none"> - UNESCAP cancelled this training
<i>Disbursement rate</i>		The activities of the Result 1 are completely paid by the Belgian fund. In the period from 1 June 2010 to 31 December 2010, the disbursement for the Result 1 was Euro 97,242, which is 86.48 % of the planned disbursement.

4. RESULT 2: AWARENESS RAISING

In agreement with the activity plan for the second semester of 2010 approved by the 2nd PSC meeting, the following work was performed:

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
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<p><i>Assessment & Coordination</i></p>	<p>Start up the coordination of the awareness raising programs by:</p> <ul style="list-style-type: none"> - DONRE-EPA for solid waste; - pCERWASS for water supply 	<ul style="list-style-type: none"> - For solid waste sector: <ul style="list-style-type: none"> • Considering the proposal of PPMU, BTC issued non-objection letter on the plan and budget for the first year of the Awareness raising program on solid waste in 4 districts of Hoai Nhon, Phu My, An Nhon and Tay Son on 22 September 2010; • PPC approved the Awareness raising program on solid waste at the Decision Nr.2256/QD-CTUBND dated 4 October 2010 and appointed EPA to be the implementer; In addition, the PPC agreed to pay income tax, VAT and license tax incurred from the contract with the PPMU for EPA (Decision Nr.3116/QD-CTUBND dated 30 December 2010); • PPMU signed economic contract with EPA on 31 December 2010 for the implementation of the Awareness raising program on solid waste in the pilot phase of year 1 (from Dec 2010 to Dec 2011) at 4 communes/towns of the 4 districts (Bong Son town of Hoai Nhon district, Phu My town of Phu My district, Nhon Thanh commune of An Nhon district and Tay Phu commune of Tay Son district); • The 4 commune/town PCs have made decisions on the establishment of the environment communication teams. - For water supply sector: <ul style="list-style-type: none"> • Considering the proposal of PPMU, BTC issued non-objection letter on the plan and budget for the first year of the Awareness raising program on water supply in 2 districts Phu Cat and Tuy Phuoc on 11 October 2010; • PPC approved the Awareness raising program on water supply at the Decision Nr.2717/QD-CTUBND dated 23 November 2010 and appointed pCERWASS to be the implementer; • PPMU signed the contract with pCERWASS on 24 December 2010 for the implementation of the Awareness raising program on water supply in the pilot phase of year 1 (from Dec 2010 to Dec 2011) at 2 communes of the 2 districts (Cat Tien commune of Phu Cat district and Phuoc Thang commune of Tuy Phuoc district). • The 2 commune PCs have made decisions on the establishment of the environment communication teams.
<p><i>Training for the development of an Awareness Raising Strategy</i></p>	<p>Organization of trainings for pCERWASS/DONRE-EPA to improve the performance of their awareness raising strategies and implementation plans</p>	<ul style="list-style-type: none"> - Cancelled: No separate training was needed, but the agency's staff participated in the training on environmental communication for the awareness raising teams mentioned below.

	Organization of trainings on environmental communication for the awareness raising teams of the pilot phase	<ul style="list-style-type: none"> - For solid waste sector: Training on “Solid waste, environment, awareness raising on environment and making communication plans” carried out successfully from 22 till 24 November 2010 with 40 participants (including the participants from environment communication teams at 4 communes/towns, district DoNRE, district Women Union and district Youth Union of the 4 districts and EPA). - For water supply sector: Training carried out successfully from 29 November till 1 December 2010 with 22 participants (including the participants from environment communication teams at 2 communes, district DARD, district Women Union and district Youth Union of the 4 districts and pCERWASS).
<i>Pilot Activities</i>	Start up of the implementation of the pilot phase (such as organizational arrangements with district and commune authorities and mass organizations, set up the awareness raising teams and support these teams for setting up their activity plans, development of Information-Education-Communication tools and materials, ...)	<ul style="list-style-type: none"> - For solid waste sector: After the training on “Solid waste, environment, awareness raising on environment and making communication plans”, in December 2010, the PPMU received the Communal Awareness Raising plans of the pilot phase (which is from December 2010 to December 2011) prepared by 4 environmental communication teams of 4 communes/towns (Bong Son town, Phu My town, Nhon Thanh commune and Tay Phu commune). On 18 and 19 January 2011, PPMU and EPA worked with the 4 communes/towns and selected 2 hamlets per commune/town for the implementation of the communication activities. The limitation of the number of the hamlets aims to focus the available resources to gain better effects and results. In addition, it is also to help the communes/towns to withdraw good lessons learnt and to replicate the model to the other hamlets after the end of the pilot phase. - For water supply sector: After the training on “Awareness raising on clean water use, water source protection and making communication plans”, in December PPMU received the Communal Awareness Raising plans of the pilot phase (which is from December 2010 to December 2011) prepared by 2 environmental communication teams of 2 communes (Cat Tien and Phuoc Thang).
<i>Disbursement rate</i>		The activities of the Result 2 are completely paid by the Belgian fund. In the period from 1 June 2010 to 31 December 2010, the disbursement for the Result 2 was Euro 3,027, which is 8.90 % of the planned disbursement. This rate is rather low because of the delay in payments for the contracts with EPA and pCERWASS (which delayed amount is 22,164 Euro).

5. RESULT 3: RURAL WATER SYSTEMS

3.1. Phu Cat Water Supply

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Implementing Unit</i>	Set up Phu Cat Running Water Supply PMU	- pCERWASS made the decision on the establishment of the Phu Cat Running Water Supply PMU on 6 October 2010.

<i>Investment plan, basic design</i>	The investment plan and basic design will be modified and submitted for approval (extension by 2 communes of Cat Nhon and Cat Hung) ;	<ul style="list-style-type: none"> - pCERWASS prepared a new Investment Plan, Basic Design and Cost Estimate; - The PPC approved the Investment Plan at the Decision Nr.2359/QD-CTUBND dated 13 October 2010.
<i>Land acquisition</i>	District prepares plan of land acquisition, direct compensation to the people and clearance	<ul style="list-style-type: none"> - The 1st phase: Complete the compensation to the households whose lands (the total area is 14,000m²) are acquired at Cat Nhon and Cat Chanh communes (Phu Cat district). Complete the compensation to the households whose crops are damaged by the pipeline construction at Phuoc Thang and Phuoc Hoa communes; - The 2nd phase: Complete the compensation to the households whose crops are damaged by the pipeline construction.
<i>Detailed design and Cost estimate</i>	The detailed design and cost estimate will be assessed and approved after the non-objection of BTC	<ul style="list-style-type: none"> - Detailed design and Cost estimate completed by consultant (ENCOR); BTC's non-objection letter received on 29 September 2010; - pCERWASS approved the Detailed design and cost estimate at the Decision Nr.06/QD-TTN dated 15 October 2010; - Final payment to ENCOR on 7 December 2010.
<i>Recruit contractor</i>	Necessary tender procedures will be carried out as required by the regulations on tender to recruit the construction contractor and the consultant for construction supervision of the 1 st phase (5 communes) as from September 2010	<ul style="list-style-type: none"> - The construction tender plan (for 7 communes) was submitted to the DPI on 7 October 2010 for assessment. It was approved by the PPC at the Decision Nr.35/QD-CTUBND dated 11 January 2011; - The TIDs for all packages (construction, equipment supply and installation, and construction supervision) have been prepared by the project owner, checked by PPMU and sent to BTC for non-objection on 15 December 2010; - After the non-objection of BTC on the TIDs, the project owner carried out the tender procedures to recruit the contractor as regulated by the Vietnamese law and required by the donor.
	The tender result on selection of construction contractor and construction supervision consultant of the 1 st phase will be submitted to BTC for legal advice and non-objection before being submitted to the project owner for approval	<ul style="list-style-type: none"> - Planned to be done in February 2011; - In general, the progress of the 1st phase is not on schedule. However, on 3 November 2010, BTC sent a letter Nr.211/VA/2010 accepting the flat implementation of all packages (not splitting into 2 phases as planned at the 2nd PSC). Therefore, the construction duration shall be 12 month shorter than the duration planned before.

<i>Disbursement rate</i>		<ul style="list-style-type: none"> - From 1 June 2010 to 31 December 2010, the disbursement was Euro 142,722, which is 99.61% of the planned disbursement, including: <ul style="list-style-type: none"> o Vietnamese counterpart fund: Euro 75,447 Euro, which is 99.27% of the planned disbursement, spending on land acquisition, consultancy on making investment plan, assessment and verification of investment plan; o Belgian-Vietnamese Consultancy and Study fund: Euro 67,275 (estimate), which is 100 % of the planned disbursement, spent on second and final payment for making surveys, detailed design and cost estimate.
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3.2. Hoc Mon reservoir, Phu My district:

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Implementing Unit</i>	Phu My DPC shall add the mission of water supply and sanitation to the DCIPMU to be a representative of the project owner	<ul style="list-style-type: none"> - Phu My DPC issued the decision on 8 February 2010.
<i>Consultant for surveys, Detailed design and Cost estimate</i>	Carry out necessary procedures for the re-tender of the consultancy on survey, detailed design and cost estimate	<ul style="list-style-type: none"> - The new tender plan was approved by the PPC at the Decision Nr.1556/QD-CTUBND dated 20 July 2010; - The TID was approved on 15 September 2010 and issued on 22 September 2010; - Technical proposals were opened on 22 October 2020 and financial proposals were opened on 17 November 2010. Although at the closure time, only 2 bids were received (CTC-BIHECCO and Hoang Le-ENCOR). BTC agreed upon the opening; - Bid evaluation completed on 6 December 2010; - BTC issued non-object on contract award to Joint Venture of CTC-BIHECCO on 10 December 2010; - The project owner signed the contract with the successful contractor (Joint Venture of CTC-BIHECCO) in December 2010. However, after checking, BTC detected there are some provisions of the contract not in line with the TID and there is inconsistency between the Vietnamese version and the English version, so the contract is now under revision by the project owner and the contractor.
<i>Disbursement rate</i>		<ul style="list-style-type: none"> - The contract has just been signed by the project owner at the end of December 2010, and now is under revision, so the advance for the contractor was not able to be made in 2010.

6. RESULT 4: SOLID WASTE TREATMENT SCHEMES

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
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Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Implementing Unit</i>	DPC's will add the mission of solid waste management for the project to the DCIPMU to be a representative of the project owner;	<ul style="list-style-type: none"> - Completed for the districts of Hoai Nhon, Phu My, An Nhon and Tay Son;
<i>DSWMP</i>	Tender the consultancy: Recruitment of service provider for review of the Provincial Solid Waste Master Plan and for developing District Solid Waste Management Plans for the four districts of Hoai Nhon, Phu My, An Nhon and Tay Son and sign contract;	<ul style="list-style-type: none"> - Tender form: Selective tendering. PPMU published TID on 29 July 2010. The invitation letters were sent to 6 shortlisted consultant companies, but at the closure time, only 2 bids from 2 consultant companies were received; - Technical proposals were opened on 15 September 2010 (2 bids received: EP&T and Colenco); - Financial proposal of only EP&T were opened on 19 October 2010; - BTC issued non-objection letter on the tender result on 19 November 2010; - PPC approved the tender result on 2 December 2010; - Contract signed on 2 December 2010;
	Establish four DSWMP's for Hoai Nhon, Phu My, An Nhon and Tay Son Districts	<ul style="list-style-type: none"> - Draft report of Phase 1 received on 15 December 2010; - The DSWMPs will be completed in June 2011 as contracted;
	PPMU participates and supervises the work of the consultant, verifies the work progress and the quality of the consultancy;	<ul style="list-style-type: none"> - Ongoing; Progress as described above; - Workshop on Phase 1 held on 7 January 2011;
<i>Involve private sector entities in the district's solid waste collection and treatment</i>	<p>Launch a market survey of the actual and potential situation:</p> <ul style="list-style-type: none"> - On treatment and commercialization of recyclable wastes (such as paper, carton, metals, plastics, etc...); - On the potential for using compost made from organic waste; 	<ul style="list-style-type: none"> - Recyclable wastes: No action yet; - Organic waste: <ul style="list-style-type: none"> o TID for the valorization of the organic waste fraction was published on 17 August 2010; o 3 bids received on 15 September 2010; o Contract signed with Somers Livestock Solutions on 7 October 2010. The contract performance duration is 4 months; o Draft reports on 1st and 2nd phase received on 7 December 2010 o A workshop to announce and discuss the draft findings organized in 8 January 2011; o Draft reports on 3rd and 4th phase were presented at the workshop and the revised versions were received on 15 and 18 January 2010 (following the workshop) o The study will be completed on 7 February 2011;

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Disbursement rate</i>		- While contract with Somers Livestock Solutions is paid from the Consultancy budget and since EP&T did not request for payment of advance on the contract of consultancy service on developing the DSWMPs for the 4 districts, in the period from 1 June to 31 December 2010, there was no disbursement under Result 4.

7. GENERAL MEANS

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Procurement of project car</i>	Complete necessary procedures and procure a project car in Quarter 3/2010;	- TID approved on 17 September 2010; - Bid opening on 20 October 2010; - Contract signed with Kartenex on 20 November 2010; - PPMU paid the advance of Euro 17,145 to the contractor on 1 December 2010.
<i>Driver</i>	Second/recruit a driver, security guard as needed;	- PPMU recruited a driver (who is DPI staff and seconded to the PPMU according to the Decision Nr.07/QD-SKH&DT dated 11 January 2011).
<i>PSC</i>	Organize the 3 rd PSC meeting in December 2010;	- PSC3 meeting on 24 February 2011;
<i>Audit</i>	The first local audit mission, which will cover the period August 2009 – 30 th of June 2010, will start on the 1st of October 2010;	- First audit mission completed; - Audit managed directly by BTC RR and completed by Deloitte from 18 October to 21 October 2010; - BTC received the final audit report on 26 November 2010. The audit result is positive for the project. - Training on accountancy software (SmartBook) by supplier for PPMU Chief accountant, pCERWASS accountant and Phu My DCIPMU accountant from 2 till 4 December 2010;
<i>Baseline survey</i>	Completed; Distribute copies to stakeholders;	- Copies were sent to all key stakeholders on 30 September 2010;
<i>POM</i>	Finalize approval process and printing; Finalize payments to KPMG	- POM issued and sent to concerned stakeholders on 5 November 2010; - Final payment to KPMG completed;
<i>JA</i>	JA 1: Ashley Hennekam	- Initial job evaluation completed; - Mid-term job evaluation completed; - Contract extension agreed by BTC on 25 November 2010; - Job description for extension year agreed, concentrating on the topic of Capacity Development in the project;
	JA 2: Anke Boone	- 2nd junior assistant requested early September; - Job description for JA2 agreed, concentrating on the topic of Awareness Raising in the project; - Anke Boone proposed by BTC and accepted on 27 October 2010; - Start to work for PPMU on 9 January 2011.

Item	Planning for 2nd semester of 2010, approved by PSC2	Progress achieved in the reporting period
<i>Disbursement rate</i>		- In the last 7 months of 2010, the disbursement was Euro 100,518, which is 74.81% of the planned disbursement, including: <ul style="list-style-type: none">o Vietnamese counterpart fund: Euro 16,807, which is 100% of the planned disbursement (spending on staff salaries, office, furniture and so on).o Belgian fund: Euro 83,711, which is 71.21% of the planned disbursement (spending on project staff salaries, consultants, office running cost, advance to car supplier and so on).

IV. ACTIVITY PLAN

8. REVISION OF THE FIVE - YEAR ACTIVITY PLAN (2009 – 2014)

- In order to be in line with the actual implementation of the ongoing period, some details of the General activity plan (2009-2014) approved in the 2nd PSC meeting need to be revised.
- Project duration: from August 2009 to August 2014 (unchanged as planned in TFF).

Table 2: Revised Five-year activity plan (2009-2014)

Nr	Activities	Previous plan approved by the 2 nd PSC	Currently revised plan
1	Awareness raising		
	Start the implementation of the activities in community and schools	Aug 2010 – Dec 2010	Continuous starting from Dec 2010
2	Rural water systems		
2.1	<i>Phu Cat water supply system</i>		
	Tendering for construction of 1 st + 2 nd phases (the previous plan was only for the 1 st); Note: there will be no phasing; all water supply networks will be built simultaneously in the 7 communes;	Sept 2010 – Jan 2011	Feb 2011 – June 2011
	Construction of the 1 st + 2 nd phase	Feb 2011 – July 2012	June 2011 – Dec 2012
	Tendering for construction of second phase (e.g. extension by 2 communes: Cat Nhon and Cat Hung of Phu Cat district); Note: Second Phase cancelled: water supply networks will be built simultaneously in all 7 communes as explained above	Aug 2012 – Dec 2012	Brought forward: included in 1 st Phase
	Construction of the 2 nd phase; Note: Second Phase cancelled (see above)	Jan 2013 – Dec 2013	Brought forward; included in 1 st Phase
3	Solid Waste Treatment Schemes		
3.1	<i>DSWMPs</i>		
	Tendering for the consultancy on developing 4 DSWMPs for the 4 districts of Hoai Nhon, Phu My, An Nhon and Tay Son	June 2010 – Sept 2010	Aug 2010 – Nov 2010
	Prepare the DSWMPs for the 4 districts of Hoai Nhon, Phu My, An Nhon and Tay Son, including activity plans for the period 2011 – 2015	Oct 2010 – Mar 2011	Dec 2010 – May 2011
3.2	<i>Sanitary landfills¹</i>		

¹ Proper infrastructure for solid waste management will be provided on the basis of approved District Solid Waste Management Plans and action plans. This infrastructure will include facilities for the treatment of solid waste for the target areas. It may cover facilities for waste recycling, waste separation, composting, energy recovery, sanitary landfill, etc... Decisions for selection of investment options will be made by the PSC, after the action plans have been approved. It is possible that only two landfills will be proposed, which will be selected based on regional criteria, rather than based on the administrative boundaries of the districts and that each landfill will be shared by two districts.

Nr	Activities	Previous plan approved by the 2 nd PSC	Currently revised plan
	Tendering for the consultancy on making detailed design and cost estimate of An Nhon landfill and Hoai Nhon landfill	Jan 2012 – Apr 2012	June 2011 – Sept 2011
	Detailed design and cost estimate of An Nhon landfill and Hoai Nhon landfill	May 2012 – Sept 2012	Oct 2011 – Feb 2012
	Construction of Phu My landfill and Hoai Nhon landfill	Jan 2013 – Mar 2014	Oct 2012 – Dec 2013

(See Annex 1 and Table 1 for full Five-Year Activity Plan as revised)

9. DETAILED ACTIVITY PLAN FOR THE FIRST SEMESTER OF 2011

a. Result 1: Capacity Building

The Need Assessment Report, a Capacity Building Strategy Concept report and a brief Action Plan for Capacity Development in the project are submitted to PSC3, targeting the related agencies in charge of planning, design, implementation and management of the rural water schemes and solid waste management systems. Upon their approval, the strategies will be the basis to further concretize the facilitation of the project's Capacity Development approaches.

The Leadership & Management Groups and the Inter-institutional, Sector-wide Improvement Groups, described in the concept report, will be created and the targeted Leaders and Managers will be organized for tailored capacity development. For all groups, facilitation modalities will be identified and activities implemented accordingly. Already ongoing capacity building activities will be continued. Support activities to facilitate the work of these groups and to improve their capacity and performance in the first semester of 2011 will include:

- **Rural Water Schemes**

- *Hoc Mon dam*

- A workshop for local decision makers and social organizations shall be organized as an introduction to the Participatory Irrigation Management (PIM) topic and is considered as the start of the capacity building process on PIM. The workshop shall also serve as preparation for the study tour to the Philippines.
- A study tour to the Philippines shall be organized jointly with Phu My Irrigation Project (VIE0302211) and Lanh Ra Irrigation project (VIE0402111) to expose the decision makers (DPI, PPMU, DCIPMU, My Chau Communal PC, and My Chau Agricultural Cooperative) involved to PIM and the management model of the "irrigator association" plus ITA (if necessary). The Philippine National Irrigation Administration is appointed to set up the program of the study tour, thereby making use of workshops/trainings, field visits and meetings. The estimated cost is about 1,200 Euro/person x 7 people.

- *Phu Cat Water Supply*

- Inventory of management models in the clean water supply sector shall be organized to find out what management models are currently applied in Vietnam and internationally, thereby making an overview of advantages and disadvantages, costs and benefits that characterise these management models.
- An overseas study tour to Europe on "European management models for utility service companies" shall be organized for members of the PPC, DPI, PPMU and pCERWASS (see the part of Solid Waste Management below).
- Exploring cooperation mechanisms between pCERWASS and water supply institutes for further capacity development.

- **Solid Waste Management Systems**

Started in the previous semester, the development of the DSWMPs shall continue in the next semester. The development is lead by the consultant team EP&T. The consultant facilitates the four districts to envision their waste management strategy, set priorities and develop detailed action plans for their waste management schemes. This development process goes along with the following supporting activities:

- Cooperation with NGOs or other organizations to facilitate the implementation of local waste management schemes and pilot projects;
- Setting up pilot projects to experiment with socialization models for local solid waste management.

- Workshop guiding EP&T's consultancy work: These workshops are a combination of presenting and getting feedback on EP&T's results of every phase, and extra exposure to and/or training in topics of solid waste management that need deepening and further discussion.

An overseas study tour to Europe on "European management models for utility service companies" shall be organized for members of the PPC, DPI, PPMU and pCERWASS (6 participants, translator and ITA). The study tour will be budgeted on the lines "Definition of responsibilities" of Result 3: Rural water systems and Result 4: Solid Waste Management.

Estimated budget required for the first semester of 2011 is Euro 91,650 Euro, not including the European study tour. This amount will be entirely financed by the Belgian fund (Euro 29,000 under NatEx modality and 62,650 Euro under Regie modality).

b. Result 2: Awareness Raising

- *Assessment & Coordination*: Start to implement the agreements with pCERWASS and DONRE-EPA for the awareness raising programs efficiently and promptly;
- *Development of an Awareness Raising Strategy*: Consolidation trainings for pCERWASS/DONRE-EPA to improve the performance of their awareness raising strategies and implementation plans;
- *Training*: Organization of follow up trainings by pCERWASS and DONRE-EPA on environmental communication for the awareness raising teams of the pilot phase;
- *Commune Awareness Raising plans*: Support the communes for the finalization of the Draft Commune Awareness Raising plans;
- *Pilot Activities*: pCERWASS/DONRE-EPA speed up the implementation of the pilot phase (such as more detailed organizational arrangements with district and commune authorities and mass organizations, set up the awareness raising teams, development of Information-Education-Communication tools and materials, ...);

Estimated budget required for the first semester of 2011 is Euro 22,164. This amount will be financed entirely by the Belgian fund under the NatEx modality.

c. Result 3: Rural Water Schemes

• **Phu Cat Water supply**

- Tender the construction contractors for 16 Packages as in the tender plan approved by the PPC and sign contracts by June 2011;
- Tender the supervision consultant and sign the contract by June 2011;
- Start the construction of the entire Phu Cat water supply system. The construction period is 18 months, from June 2011 until December 2012;
- Pay advance to the contractors.

• **Hoc Mon dam**

- Have the Detailed design and Cost estimate of the work Rehabilitating Hoc Mon dam done (including the headwork of reservoir, irrigation canal system and My Chau water supply scheme). The allocated time for completion of the studies is 6 months, from January 2011 until June 2011;
- Assess and approve the detailed design and cost estimate after getting the non-objection of BTC;

Estimated budget required in the first semester of 2011 from GoB fund for Result 3 is Euro 529,511 (Natex modality), including advance payments to the contractors for the contracts on the Phu Cat water supply network investment and partly of the cost of the overseas study tour to Europe on "European management models for utility service

companies”. In addition, the Vietnamese counterpart fund allocated for this result in 2011 is Euro 177,211.

The Study Belgo-Vietnamese Study Fund will contribute 66.358 Euro for the full payments to the contract for the Detailed Design and Cost Estimate of Hoc Mon dam. Of which, the planned payment in the first semester of 2011 is 39,831 Euro (60% of the contract price), the remaining shall be paid in the second semester of 2011.

The overseas study tour to Europe is described under Result 1: Capacity Building above. The total estimated cost is Euro 18,466, of which 50% is budgeted under the budget line: Definition of responsibilities of Result 3 and 50% under the budget line: Definition of responsibilities of Result 4.

d. Result 4: Solid Waste Treatment Schemes

- *Establish four (4) DSWMP's for An Nhon, Tay Son, Phu My, Hoai Nhon Districts:* The consultant will complete the studies in May 2010. PPMU continues to supervise the work of the consultant, verify the work progress and check the quality of the consultancy;
- *Implement coaching program:* During the whole duration of the consultancy, the PPMU continues to support the planners of the districts and other stakeholders, in order to ensure that they clearly understand the strategies and solutions proposed by the consultant and that they support them, as described above under result 1: Capacity Building;
- *Involve private sector entities in the district's solid waste collection and treatment:*

In line with the TFF, and in order to understand better the present and possible future involvement of the private sector in the revaluing and recycling of the district's solid waste, the PPMU made plans to undertake a market survey of the actual and potential situation on treatment and commercialization of recyclable wastes (such as paper, carton, metals, plastics, etc...) and on the potential for using compost made from organic waste. Implementation of these plans will continue as follows:

- a. *Recyclable waste:* Field observations indicate that the local business community for recyclable waste is booming. Almost the entire recyclable waste fraction is being recovered and the PPMU does not plan to undertake any action for this fraction in the next semester, but to investigate the situation further and await the results of the DSWMPs before deciding on new actions;
- b. *Organic Waste:* Follow up activities including:
 - o Pilot projects;
 - o Training and coaching programs;
 - o Further development of the models proposed by the consultant Somers Livestock Solutions.
- c. *Organization of an overseas study tour to Europe on “European management models for utility service companies”, as described above under result 1: Capacity Building.*

Estimated budget required from the GoB fund for the overseas study tour to Europe is Euro 9,233 for the partial cost of the overseas study tour to Europe. This amount does not include the costs of the following activities:

- Completion of the ongoing contract for “Feasibility study on development of biological reprocessing facilities for organic wastes from industries, businesses, markets and households in 4 districts of Binh Dinh Province” signed with

Somers Livestock Solutions, which is paid from the consultancy budget in Regie for the amount of 35,900 Euro. A first payment for the amount of 7,180 Euro and the second payment for the amount of 10,770 Euro have already been made. The remaining payment in 2011 is 17,950 Euro.

- Completion of the ongoing contract for the “Consultancy on developing district solid waste management detailed plans for the four districts of Hoai Nhon, Phu My, An Nhon and Tay Son” signed with EP&T, which is paid from the consultancy budget in Belgo-Vietnamese Study and Consultancy Fund for the amount of 61,665 Euro. The total contract amount will be paid in the 1st semester of 2011.

e. General means

- Continue the staffing, management and operation of the PPMU;
- Complete the handover and takeover procedures between Kartenex and PPMU, liquidate the contract;
- Prepare for the 4th PSC meeting;
- Receive the 2nd local audit mission, which should take place respectively in April 2011.

Estimated budget required for the first semester of 2011 from the GoB fund is Euro 73,891 (Euro 23,337 under NatEx modality and Euro 50,554 under Regie modality). The estimated budget required for the year of 2011 from the GoV fund is Euro 9,453.

V. FINANCIAL REPORT

1. GENERAL OVERVIEW OF THE FINANCIAL PROGRESS

a. General view of the disbursement progress

Since the beginning of 2010, the PPMU has concentrated strongly on the activities of Result 1 (Capacity building) and Result 2 (Awareness raising) as well as carried out the preparation of the Phu Cat water supply investment, the tendering for the detailed design of Hoc Mon Dam and for the solid waste related studies (DSWMP development and Valorization of organic waste).

In general, the project activities have progressed well, according to the expected plan of the second PSC. Nevertheless, administrative difficulties have led to some delays, however minor, so the disbursement progress is delayed accordingly.

b. Rate of disbursement progress until end of 2010

Table 3. The disbursement progress until 31 Dec 2010

Unit: Euro; X-rate: 23,036 VND/Euro

Nr	Fund source and modality	Last 7 months of 2010			2010			Accumulation on 31	
		Planned disbursement	Actual disbursement	Disbursement rate	Planned disbursement	Actual disbursement	Disbursement rate	Actual disbursement	Disbursement rate to the total budget
	1	2	3	4=3/2	5	6	7=6/5	8	9
I	GoB fund	334,077	252,588	75.61%	453,816	372,328	82.04%	435,996	5.65%
1	Regie	167,256	125,055	74.77%	245,198	202,997	82.79%	260,365	31.33%
2	Nat.ex	99,546	60,258	60.53%	124,243	84,955	68.38%	91,256	1.37%
3	Study fund	67,275	67,275	100.00%	84,375	84,375	100.00%	84,375	39.72%
II	GoV fund	92,807	92,254	99.40%	96,332	95,779	99.43%	108,489	7.27%
	Total	426,884	344,842	80.78%	550,148	468,107	85.09%	544,485	5.91%

After the PSC Nr.2, in the period from 1 June 2010 to 31 December 2010, the disbursement was Euro 344,842, which is 80.78% of the planned disbursement. Of which, the Vietnamese counterpart fund is Euro 92,254 (99.40% of the planned disbursement), and the GoB fund is Euro 252,588 (75.61% of the planned disbursement).

The accumulated disbursement since the beginning of the project till 31 December 2010 was Euro 544,485, of which the GoV fund was Euro 108,489, the GoB fund was Euro 435,996 (Euro 91,256 under Natex modality, Euro 260,365 under Regie modality and Euro 84,375 from the Study Fund).

(See Annex 2 for more detailed information)

c. Disbursement under National Execution Modality (NatEx)

Table 4: Cash flow under NatEx

Items	Amount in the reporting period (Euro)
Amount carried over from the previous reporting period	109,833
Total amount transferred to NatEx account in the reporting period	0
Bank interest from NatEx accounts in the reporting period	96

Total amount disbursed under NatEx in the reporting period	60,258
Amount carried over for disbursement in the next period	49,671

- The carryover from the previous reporting period is 109,833 Euro.
- The disbursement under NatEx in the reporting period (the last 7 months of 2010) is 60,258 Euro, which is 60.53% of the plan (*See Annex 2.1 for more detailed information*).
- The balance of funds available in the Natex account at the end of December 2010 is approximately 49,671 Euro (depending on exchange rate at the time of disbursement). This balance is carried over to 2011.

Table 5. The balance in the Natex accounts on 31 December 2010

Account	Balance on 31 December 2010	Currency	Equivalent in Euro
Account 58110140000169	42,690.49	Euro	42,690
Account 58110140000178	95.55	Euro	96
Account 58110000293416	176,434,159	VND	6,803
Petty cash	2,110,720	VND	82
Total			49,671

Exchange rate used is 1 Euro = 25,900 VND

2. FINANCIAL PLAN OF THE FIRST SEMESTER OF 2011

The planned budget for the first 6 months of 2011 for the GoB fund is 803,487 Euro, including 613,245 Euro under NatEx modality, 116,933 Euro under Regie modality and 101,496 Euro from Study fund. The planned budget for the year 2011 for the GoV fund is 186,664 Euro (equivalent to 4.3 billion VND).

The planned budget for the first 6 months of 2011 for the GoB fund and the planned budget for the year 2011 for the GoV fund is expected to be used for the activities described in the Detailed Activity Plan.

Table 6. Financial plan for the first semester of 2011 for GoB fund and for the year 2011 for GoV fund

Unit: Euro; X-rate: 23,036 VND/Euro

Budget code	Item	Fund source		Financial plan for 2011							
		GoB	GoV	GoB contribution						GoV contribution	
				Total	First semester			Second semester			
					Regie	NatEx	SF	Regie	NatEx		SF
A__	Capacity building	nat.ex-regie		199,300	62,650	29,000			65,650	42,000	
B__	Awareness raising	nat.ex-regie		44,328		22,164				22,164	
C__	Rural water systems	nat.ex	V	1,390,353		529,511				860,842	177,211
D__	Solid waste	nat.ex	V	9,233		9,233					
Z__	General means	nat.ex-regie	V	110,780	50,554	23,337			18,589	18,300	9,453
Z_01_	Personnel	nat.ex-regie	V	81,943	45,554	11,400			13,589	11,400	9,453
Z_02_	Office equipment	nat.ex	V	18,837		11,937				6,900	
Z_03_	Monitoring and evaluation	regie		10,000	5,000				5,000		
	Additional available Belgian budget from other sources	SF-regie		135,509	3,729		101,496	3,730			26,554
	Survey, detailed design and cost estimate of Phu Cat Running Water Supply	SF									
	Survey, detailed design and cost estimate of Hoc Hon Dam Rehabilitation	SF		66,385			39,831				26,554
	District Solid Waste Management Plans for the 4 districts	SF		61,665			61,665				
	Junior Program (Junior Assistants 1&2)	regie		7,459	3,729			3,730			
	TOTAL (A + B + C + D + Z)			1,889,503	116,933	613,245	101,496	87,969	943,306	26,554	186,664

Note: Exchange rate for planning is 23,036 VND/EUR

(See Annexes 2, 2.1, 2.2, 2.3, 2.4 for more details)

VI. CHALLENGES AND DIFFICULTIES

1. CHALLENGES AND DIFFICULTIES

a. Financial contribution of the districts

The PPC issued the Decision Nr.103/QD-UBND dated 3 Mar 2010 on the financial contribution of the districts and city to the ODA projects based in the provincial area. Regarding to the WSSP, in every district, the district contributes 30% of the VN budget; the province contributes 70% of the VN budget. The socioeconomic conditions of the districts in the project area, which are still rather low, create a certain challenge in the timely contribution of the districts to the project budget.

b. Community awareness on water supply and sanitation

The water supply and sanitation activities have been implemented in Binh Dinh province for many years, but the community awareness on these sectors is rather limitative, particularly the people in rural areas. Therefore, the community awareness raising on the importance of the clean water usage, the willingness to pay for the clean water service and the solid waste service faces many difficulties, and requires a lot of time and budget.

According to the project plan, there are 27 communes/towns where the activities of the water supply and solid waste components are implemented (for solid waste: 21 communes/towns and for water supply: 7 communes/towns). The budget for the Awareness raising component (implemented by pCERWASS and EPA) is only enough for one year of implementation/commune/town. Therefore, it is foreseen that long-term efficiency and the sustainability after the project ends are hardly to be obtained. Moreover, according to the Baseline studies and the draft reports on the DSWMPs by EP&T, there are 66 communes/towns where the solid waste collection services are provided, not 21 communes/towns as described in the TFF. Thus, the awareness raising activities must be carried out at a number up to 73 communes/towns.

c. The investment cost increases due to the price fluctuation

Recently, the material and fuel prices keep increasing. The investment cost estimate increases by 20% in comparison to the initial estimate made at the time of the Specific Agreement. Therefore, the investment at the scale as planned before faces many difficulties because of budget shortfall.

d. The consultant of capacity building program

The Capacity building consultant does not meet the demand required in the term of reference. Therefore the contract performance duration was not on schedule and the project progress delayed accordingly. Now the Capacity building team of the PPMU is finalizing the program.

2. THE IMPORTANT ISSUES THE PSC NEEDS TO DECIDE

2.1. Approval of the progress report on the project's activity and financial performance for the reporting period

According to the Minutes of the PSC meeting nr.2, the PPMU accelerated the execution of the approved planning. The progress of the project components have been reported above.

Key issue nr.1

The PPMU requests the PSC to approve the progress report on the project's activity and financial performance for the reporting period.

2.2. Approval of action plan and financial plan

The revised 5-year activity plan (2009 – 2014) and the detailed activity plan for the first semester of 2011 was presented in the Chapter IV.

The financial plan for the first semester of 2011 for GoB fund and for the year 2011 for GoV fund was briefed in item 2 of Chapter V. The details are shown in the Annex 2.

A summary of the required budget related to these activities, by budget source and payment modality, is shown in the table below..

Table 7: Financial Plan for the first semester of 2011

Fund source in Euro and VND	GoB fund			GoV fund
	Nat.Ex	Regie	SF	
Currency	Euro	Euro	Euro	Triệu VND
Capacity building	29,000	62,650		0
Awareness raising	22,164	0		0
Rural water supply	529,511	0		4,082
Solid waste	9,233	0		0
General means	23,337	50,554		218
Additional available budget from other				
Study fund			101,496	
Junior assistant		3,729		
Total per modality	613,245	116,933	101,496	
Total per fund source		831,674		4,300

Key issue nr.2

The PPMU requests the PSC to approve the revised 5-year activity plan (2009 – 2014), the detailed activity plan for the first semester of 2011, and the Financial plan for the first semester of 2011 for GoB fund and for the year 2011 for the GoV fund to facilitate the implementation and the disbursement.

2.3. Deduct the district contribution to the project from the annual district budget allocated by the province according to the Decision Nr.28/2010/QD-UBND of the PPC

The PPC issued the Decision Nr.103/QD-UBND dated 3 Mar 2010 on the financial contribution of the districts and city to the ODA projects based in the provincial area. According to this Decision, regarding to the WSSP, in every district, the district contributes 30% of the VN budget; the province contributes 70% of the VN budget.

Key issue nr.3

To be more active in the contribution to the project budget as committed with the donor, the PPMU requests the DPI to advise the PPC, based on the annual budgeted plan of the WSSP, to deduct the district annual planned contribution to the project from the annual budget allocated to the district (according to the Decision Nr.28/2010/QD-UBND of the PPC).

2.4. The fuel norm of the project car

As reported above, the car supply contract was signed by PPMU and Kartenex JSC on 20 November 2010. According to the contract, Kartenex handed over a car of TOYOTA FORTUNER (2.7 liter, 7 seats, petrol consumption) to PPMU on 10 January 2011.

Key issue nr.4

To be a basis of budgeting plan and payment of petrol cost, the PPMU requests the PSC to approve the fuel norm of the project car (TOYOTA FORTUNER): 14 liters/100 km.

Signed:

Quy Nhon, 28 January 2011

**PROVINCIAL PROJECT MANAGEMENT UNIT
PROJECT DIRECTOR**

ITA

Jozef De Smet

Nguyen Minh Tam