



ANNUAL REPORT 2009

CREATION OF A BELGO-VIETNAMESE STUDY AND CONSULTANCY
FUND

VIE0001311
NN1894311



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1 INFORMATION SHEET

The Specific Agreement on creation of the Belgo-Vietnam Study and Consultancy Fund was signed on August 8th 2000. The original implementation arrangement foreseen in this SA proved slow and cumbersome to implement. It therefore leads to the amendment of the SA by exchange of letters two times on October 28th 2003 and April 14th 2004 respectively with aims mainly to assure the bidding procedures to be competitive and transparent. The SA had the duration of 5 years and stayed valid until 13 April 2009.

In 2006, the two parties agreed to replenish the Fund by a new grant of the Belgian government to amount of Euro 500,000 and extended the validity of the SA until 31 December 2009.

In order to make the Fund available for preparation of the new Indicative Cooperation Programme and the Joint Commission, it was agreed by both Vietnamese and Belgian sides at the Extended Joint Working Team meeting on October 23rd, 2009 to extend the Specific Agreement. The validity of the Specific Agreement has been extended until end of 2010 by exchange of letters between the two governments on February 10th, 2010.

The objectives of establishing the Study and Consultancy Fund (the Fund) is to finance in full or in part consultancies to realize studies, missions, seminars, workshops and other services in the framework of the development cooperation between Belgium and Vietnam.

Target groups of the Fund are Vietnamese government agencies and organizations.

The total budget of the project after the first replenishment comes up to Euro 871,840.29.

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2 BRIEF FACTUAL OVERVIEW

The Fund is managed by the representatives of both governments. Vietnamese ministries or government agencies that wish to call upon the Fund to finance studies or consultancies can apply for funding.

In order to be eligible for financing by the Fund, the consultancy under the projects/programmes has to fit to the Indicative Cooperation Programme agreed upon between Vietnam and Belgium and also, fit to the Vietnamese relevant development policy. The use of the Fund is clearly stated in the Specific Agreement and detailed in the Technical and Financial File of each project/programme.

A Vietnamese ministry or government agency wanting to benefit from a financial support by the Fund has to submit a request to both the Fund Director and the Counsellor for International Cooperation at the Belgian Embassy in Hanoi.

Tendering for the consultancy services to implement the studies is carried out by a Vietnamese ministry or government agency in line with the existing Vietnamese legislation on procurement where multiple candidates are asked to submit qualified bids simultaneously. The selection procedure results in a contract between the successful bidder and BTC stipulating the TOR of the study, the expected outputs, the timeframe and the payment schedule. All payments are approved by both BTC and the Fund Director at the Ministry of Planning and Investment.

At the Joint Commission meeting in October 2009, BTC and MPI agreed to finance the external support by the Center for Procurement Support (under MPI) in order to avoid delays and to strengthen the tendering capacity of Vietnamese ministries/agencies.

3 OVERVIEW OF ACTIVITY PLANNING

3.1 Activity overview

For 2009, the following studies were agreed to be financed by the Fund:

1. Procurement of consulting services for the Capacity and Risk Assessment of Ninh Thuan province.

This study is in the framework of the project VIE0803711 "Capacity Development of Water Management and Services in Ninh Thuan province". Implementation of the services was completed in June 2009.

2. Consulting services for formulation of the Project URBIS Hanoi 2010.

The implementation is on going.

3. Procurement of the consulting services for making the surveys, detailed design and cost estimate for construction of the Phu Cat Water Supply network.

The study is in the framework of the Project VIE0703511 water supply and sanitation in Binh Dinh province. Implementation is on going.

4. Procurement of the consulting services for making the surveys, detailed design and cost estimate for the rehabilitation of Hoc Mon reservoir irrigation network.

The study is in the framework of the Project VIE0703511 water supply and sanitation in Binh Dinh province. Tendering is under preparation.

3.2 Analysis of activity planning

Procurement of consulting services for the Capacity and Risk Assessment of Ninh Thuan province.

The study was completed as schedule.

Consulting services for formulation of the Project URBIS Hanoi 2010.

The tender was launched in September 2009 but opening was delayed after observations from MPI on the missing evaluation criteria. The invitation then was checked and adjusted by the Center for Procurement Support. The Center was also invited to help DONRE Hanoi to evaluate bids. Invitation document checking and tender evaluation costs were covered by the Fund.

Contract was signed in December 2009 between DONRE Hanoi, BTC and EUROSENSE BELFOTOP N.V, the Belgian consultant. The consultant started their work on February 15th 2010 after the Lunar New Year holidays. The assignment is on going and will last until May 2010 and end up with a formulation report and a workshop for key stakeholders in early June 2010.

Procurement of the consulting services for making the surveys, detailed design and cost estimate for construction of the Phu Cat Water Supply network.

Belgium agreed to finance this study from the Belgo-Vietnamese Study and Consultancy Fund via BTC's Letter nr.291/DD/2009 dated 10 Nov 2009 and DGDC's Letter No. 09/00609 dated 17th March 2009.

The study was tendered by pCERWASS in July 2009 in form of national open bidding procedure. The Consortium of ENCOR, Bach Long in Ho Chi Minh city and Viet Long in Binh Dinh was evaluated to be the best qualified bidder. The bidding results and contract award were approved by DGDC via its Letter 09/02525 dated 9th November 2009 and by Binh Dinh PPC via its Letter 2660/QD-CTUBND dated 19 October 2009 after being provided with a positive legal advice on procurement procedure and results by the legal adviser Crown Agents.

The tendering process results in a contract signed on 25th November 2009 between pCERWASS, BTC and the successful bidder, the Consortium of ENCOR, Bach Long and Viet Long.

Implementation is on track. Completion of the contract is expected by the end of May 2010. The consultant will end up their assignment by providing the set of reports on geo and topo surveys, designs and cost estimates for the whole water supply network for 7 communes of Phu Cat district in Binh Dinh province. Presently, progress is on schedule.

Procurement of the consulting services for making the surveys, detailed design and cost estimate for the rehabilitation of Hoc Mon reservoir irrigation network.

Belgium also agreed to finance this study from the Belgo-Vietnamese Study and Consultancy Fund via BTC's Letter nr.291/DD/2009 dated 10 Nov 2009 and DGDC's Letter No. 09/00609 dated 17th March 2009.

The study was tendered by Phu My district PMU in May 2009 in form of national open bidding procedure. However, the bidding results were given very negative advice by BTC's legal adviser Bizlink which prevents BTC from providing a non-objection. The main problems lines in the tender invitation documents prepared by Phu My district show

some shortcomings, non-conformity and imperfectness as compared to the Vietnamese legislation on procurement. This results in a decision by BTC via its Letter 266/DD/2009 dated 7th October 2009 and Binh Dinh PPC's via its Letter 4396/UBND-NN dated 21st December 2009 to void the bidding results and re-tender the package. This was also confirmed at the first PSC meeting on December 2009.

The re-tendering process is under preparation with technical support from the provincial Department of Planning and Investment. A new invitation document has been made available by Phu My district and submitted to BTC for non-objection.

To avoid the risk of further delays due to the repetition of mistakes during tendering process, BTC requests the legal adviser Crown Agents to participate right at the beginning of the process by checking the tender invitation document before issuing to bidders.

It is estimated that the tendering process will take about 3 months from April to June and implementation expects to be in July providing that there are no delays in approval process by both parties.

4 FINANCIAL OVERVIEW

4.1 Overview of expenditure versus financial planning

The below table provides list of the completed and on-going studies since 2003 and an overview of the total amount disbursed as of 31 December 2009. This shows the usefulness of the Study Fund.

No.	Name of studies	Budget	Status
1	Identification of VIE0402111 Ninh Thuan irrigation	45,645.56	Completed 2003
	Verification of the Feasibility of the proposed Lanh Ra Irrigation Scheme in the framework of the project VIE0402111 Ninh Thuan irrigation		Completed 2004
2	Identification of the project VIE0402611 Binh Thuan sanitation and environment	29,449.05	Completed 2005
3	Identification of the project VIE0402311 Phu My water supply	64,362.37	Completed 2003
4	Identification of the project Nha Trang – Khanh Hoa sanitation and environment	6,761.75	Completed 2003
5	Identification of the project VIE 0402211 Phu My Irrigation	52,942.18	Completed 2003
	Verification of the Feasibility Study of the Irrigation Scheme in the framework of the project VIE 0402211 Phu My Irrigation		
6	Identification of the project VIE0402411 Tuy Hoa - Phu Yen sanitation and environment	52,357.31	Completed 2004
7	Risk assessment of pollution for the project VIE 0402311 Phu My water supply	32,101.65	Completed 2004
	Identification of the project VIE 0402811 Vietnam Women's Union - Phase 3		Completed 2005
8	Technical supervision for risk assessment of pollution for the project VIE0402311 Phu My water supply	2,028.82	Completed 2004
9	A National Financial Management Advisor - preparation of Targeted Budget Support for EFA Plan Implementation	22,276.87	Completed 2005
	An International Financial Management Advisor - preparation of Targeted Budget Support for EFA Plan Implementation		
10	Long Term Test Pumping in Phu My (formulation)	32,729.52	Completed 2006
11	Identification of the Project VIE0702911 Textile Entrepreneurship	16,726.42	Completed 2006
12	Final Seminar Report of Environmental Education Programme	5,088.99	Completed
13	Documentary on 30 years of cooperation between Vietnam and Belgium	16,178.97	Completed 2008
14	Consulting services for the Capacity and Risk	19,713.06	Completed

Belgian Technical Cooperation

	Assessment of Ninh Thuan province		2009
15	Consultancy services for evaluation of the tendering procedures for formulation of the Project URBIS Hanoi 2010.	1,415.33	Completed 2009
16	Consultancy on Survey, detailed design and cost estimate for Phu Cat Water Supply under the project VIE0703511 Binh Dinh water supply and sanitation (advanced payment)	15,951.09	On-going
17	Consultancy services for formulation of the Project URBIS Hanoi 2010, advanced payment	17,687.63	On-going
18	Consultancy on Survey, detailed design and cost estimate for Hoc Mon Reservoir Rehabilitation and Water Supply under the project VIE0703511 Binh Dinh water supply and sanitation		Re-tendering preparation
	TOTAL expenditures as of 31 December 2010	433,416.57	

4.2 Analysis of financial planning

The table below shows the real expenses in 2009 and detailed planning expenses in 2010 for on-going studies per quarter:

Name of on-going studies	Year		2009			2010					2011
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	
Ninh Thuan capacity assessment		8,188.24	6,029.21	5,495.61	19,713.06						
Formulation URBIS 2010				17,687.63	17,687.63		41,160.00			41,160.00	
Detailed design Phu Cat				15,951.09	15,951.09		59,714.14			59,714.14	
Detailed design Hoc Mon								30,000.00		30,000.00	70,000.00
		8,188.24	6,029.21	39,134.33	53,351.78		100,874.14	30,000.00		130,874.14	70,000.00

The table below shows the status of the disbursements already done to completed studies or committed to the on-going ones and how much is available for new studies.

		VND	EURO	
I	Total Committed Budget		871,840.29	
1	<i>SA budget</i>		371,840.29	
2	<i>Replenished budget</i>		500,000.00	
II	Total disbursed amount		433,416.57	
	<i>Balance</i>		438,423.72	
III	Amount committed to on-going studies		200,871.50	
	<i>Procurement of consultancy to make surveys, detailed design and cost estimate for construction of Phu Cat Water Supply network</i>	1,967,240,380.86	59,711.50	
	<i>Procurement of consultancy for formulation of the Project on Building a GIS-based Information System for Hanoi's Urban Management by 2010</i>		41,160.00	
	<i>Procurement of consultancy to make surveys, detailed design and cost estimate for Hoc Mon Reservoir Rehabilitation and Water Supply</i>	2,500,000,000.00	100,000.00	Adjusted cost estimate
	Available		237,552.22	

The cost estimate for the consultancy on making surveys, detailed design and cost estimate for the rehabilitation of Hoc Mon reservoir irrigation network was initially VND1,903,342,000 (equivalent to EUR 76,133). The unsuccessful tendering process in May 2009 results in the delay of 9 months and escalation of price due to inflation and on the other hand, due to changes in the scope of the survey work. The total cost estimate to be requested for approval amounts to about VND 2,500,000,000 (or EUR 100,000).

Re-tendering is now under preparation and it is expected the tendering process takes at least 3 months until end of June 2010. Implementation is expected to be in July 2010 and be completed within 180days until end of December. An advance to the consultant will be needed in Q3 and a final payment will be in Q1/2011. Then, the validity of the Specific Agreement needs to be extended either.