

**GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM
ASIAN DEVELOPMENT BANK**

MEMORANDUM OF UNDERSTANDING

LOAN 2968 - VIE: LOW CARBON AGRICULTURE SUPPORT PROJECT

LOAN REVIEW MISSION

August 17 – 24, 2015

I. INTRODUCTION

1. On 12 December 2012, ADB approved the provision of a loan in the amount equivalent to SDR48,170,000 (\$74 million equivalent) to the Socialist Republic of Viet Nam for the Low Carbon Agriculture Support Project (Project/LCASP). The Loan Agreements were signed on 7 March 2013 and became effective on 5 June 2013 with the closing date of 30 June 2019. ADB fielded a loan inception mission during 16 – 20 September 2013 and the most recent loan review mission was fielded during 26 to 30 January 2015.

2. A loan review and handover mission (the Mission)¹ from the ADB visited Viet Nam from 17 to 24th August 2015. The purpose of the Mission was to review project progress since the last review mission and address implementation issues. The Mission introduced the new ADB officer, Mr. Sanath D.B. Ranawana, who will henceforth be responsible for the administration of the Project, to MARD and the Central Project Management Unit (CPMU).

3. The Mission met with the representatives of the CPMU within MARD's Agriculture Projects Management Board (APMB), Department of Science Technology and Environment (DSTE), Department of Livestock Production (DLP), and MARD's International Cooperation Department (ICD). In addition the Mission met with the participating financial intermediaries (PFIs) — Co-operative Bank of Viet Nam (Co-opBank), and the Viet Nam Bank for Agriculture and Rural Development (VBARD). A wrap-up meeting, chaired by MARD Vice Minister Mr. Le Quoc Doanh, was held on 24 August 2015. A list of persons met and attendees at the wrap-up meeting is given in *Attachment 1*.

4. The Mission and the Government discussed the progress of the Project components, and the status of ongoing procurement and consultant recruitment packages. This MoU summarizes the Mission's findings and agreed actions to be taken. It is understood that the agreements recorded in this MoU are subject to review and approval by higher authorities of the Government and ADB.

II. MISSION DISCUSSIONS AND FINDINGS

A. Overall Progress

5. Per ADB records based on submitted withdrawal applications, as of 17 August 2015 (more than 26 months since Loan Effectiveness), the Project has awarded approximately

¹ The Mission comprised Mr. David Salter, Sr. Natural Resources and Agriculture Specialist, Environment, Natural Resources and Agriculture Division (SEER), who passed the mission leadership to Mr. Sanath D.B. Ranawana, Senior Natural Resources Economist, SEER; and Oscar Badiola, Project Analyst, SEER. Mr. Rustam Ishenaliev, Project Administration Unit Head of VRM/SERD, attended the wrap – up meeting.

\$4.67 million worth of contracts and disbursed a total of approximately \$9.9 million² representing 6.3% and 13.4% of the loan net amount,³ respectively

6. The statuses of the follow-up actions agreed upon during the last review mission are presented in Table 1.

Table 1: Status of Agreed Follow-up Actions from the January Review Mission

No	Issue	Agreed Action	Time frame (2015)	Responsibility	Status
1	Output 1: Expanded Use of Livestock Waste Management Infrastructure	Submit ADB a request with justification for the proposed change in the implementation arrangements.	28 Feb.	EA	EA decided not to proceed
		Elaborate a system for provincial allocation of financial incentives based upon measured demand for SBVCs.	30 Jun.	CPMU / EA	Done
		Complete the recognition of medium and large BVC construction companies.	30 Jun.	CPMU	Done
		Clarify justifications for the institutes to be IAs.	28 Feb.	CPMU / EA	EA Decided not to proceed
2	Output 2: Credit Lines for Biogas Value Chains	The disbursement of the initial advance to each of the PFIs' imprest accounts	15 Feb.	ADB	Done
		PFI VBARD to provide a letter requesting an increase in the loan ceiling.	15 Feb.	VBARD	Done.
		The CPMU will update the PAM for the increased sub-loan ceiling and the definition of bio-digester size.	15 Feb.	CPMU	Done
		Confirm diversified sub-loan scope	6 Feb.	ADB	Not agreed - credit study to be completed
3	Output 3: Enhanced Climate Smart Agricultural Waste Management Practices Technology Transfer	Draft the research strategy and detailed implementation plan for Output 3 and related changes in procurement plan.	31 Mar.	CPMU / EA	Received.

² The funds disbursed to the Project include the advance made by ADB to the Project's imprest accounts amounting to US\$6.8 million.

³ As of 17 August 2015, the US dollar value of the loan amount is US\$67,914,598.

No	Issue	Agreed Action	Time frame (2015)	Respon-sibility	Status
4	Output 4: Effective Project Management	Clearance of Project Management Consulting Services shortlist and the draft RFP.	15 Feb.	EA / APMB	Done.
		Clearance of Baseline Survey consultants	31 Mar.	ADB	On-going
		Clearance of proposed shortlist and draft RFP for audit consultants	6 Feb.	ADB	Done.
		Updated project procurement plan posted in ADB's website	28 Feb.	ADB	Not done.
5	Cooperation with other programs	Work-plan for 2015 cooperation with BGP.	15 Mar.	CPMU	In Process
6	Review mission	Next		ADB	November

B. Project Implementation Progress by Component

7. The rationale of LCASP is to promote climate friendly agricultural waste management practices in Viet Nam. In particular, the Project aims to promote the use and commercialization of the biogas sector. The Project supports upscaling of the sector at the household level, and increasing the support for adoption of medium and large scale biogas technology – Output 1. Credit facilities seek to address financing of upfront costs of entering the sector across size and types of technology – Output 2. The Project also supports research, pilots and demonstrations of climate smart waste management innovation within agriculture value chains – Output 3.

Output 1: Expanded Use of Livestock Waste Management Infrastructure

8. As accumulative by Q2/2015, the Project has organized: (i) 739 training courses on small biogas plant value chain (SBVC) operation⁴ for 22,233 farmer households; (ii) 11 study tour to study and exchange experience of biogas technology for 210 staff; (iii) 132 workshops on disseminating policies, institutions and standards of biogas technology and comprehensive livestock management for more than 5,213 HHs; and (iv) 31 technical training courses for 1,117 participants to construct SBVCs.

9. Through these trainings, a total of 19,066 SBVCs have been constructed by livestock farming HH. 12,374 of these HHs have received the financial incentive from the project, after their SBVCs were certified by the PPMUs as meeting the criteria for technical construction and environmental improvements.

10. To date, the Project has only supported the construction of SBVCs. It has not yet supported the construction of medium and large scale value chains (M&LVC). The Project completed a survey of the potential demand for SBVCs and M&LVCs in April 2015 which revealed that around 218,000 HH farming operations with more than 10 pigs, or equivalent in cattle exist, in the project provinces. These constitute the potential SBVCs users.⁵ Based on the survey findings MARD endorsed a revised provincial allocation of the budget for financial incentives. The changes resulted in increased budget allocation for: Phu Tho, Bac Giang, Nam Dinh, Ha Tinh, Binh Dinh offset by reduced budget allocations for: Son La, Lao Cai, Tien Giang, Soc Trang provinces.

⁴ SBVC refers to the small biogas plants and surrounding environment

⁵ SBVC are of digester size 1 – 50 m³, MBVC are of digester size 51 – 499 m³, LBVC are of digester size 500m³ and larger.

11. The CPMU signaled to the mission that due to the rapid implementation of rural households scale bio-digesters that it would like to consider reallocation of project funds to extend the program beyond 36,000 targets. While too early to decide, the mission conveyed to the CPMU that given the necessity of moving to a market based program any increase in physical targets for subsidized digesters was unlikely. CPMU reported that there is an existing system to record the construction and disbursement of incentive of biogas plants and provided the Mission with an inventory of SBVCs constructed by Province. However, the mission expressed concern about the lack of a unified data base for recording all BVCs for carbon credit tracking. The Mission requested that MARD hasten the utilization of such a system to avoid any possible integrity issues.

12. Furthermore, the Mission noted concern that the rapid implementation of the incentive program and construction of many SBVCs may also compromise the quality of construction and sustainability. Thus upon achieving the original targets the Mission requested that a physical audit of the SBVCs be carried out to check that the technical standards are being met and that the subsidies have reached the intended beneficiaries..

13. In February 2015 the Project advertised for private Biogas suppliers to register interest in participating in LCASP programs to construct medium and large biogas plants together with environment packages. Private companies that meet the eligibility criteria are provided training/orientation under the Project and are then qualified to participate in project activities. In the initial round which was completed in Q2 2015, five private companies were considered eligible for training/orientation and four of them participated in LCASP training.

14. Currently only High Density Polyethylene (HDPE) covered lagoon digester technology constructed by recognized companies are eligible for the financial incentives, technical assistance and biogas credit. The Mission requested the CPMU to consider opening participation to all biogas technologies and for CPMU to indicate their decision at the next administration mission. CPMU will continue to engage with biogas companies to increase the number and distribution of eligible biogas technology providers.

15. CPMU has organized two M-LBVC training courses for potential contractors, engineers, and PPMU staff on HDPE biogas technology. CPMU has also drafted guidelines for HPDE and submitted these to DLP and the LCASP Technical Support Unit for comments. The final draft will be submitted to ADB for review prior to final endorsement.

16. Following the previous review mission and in recognition of the requirements and procedures required for adding implementing agencies, the CPMU, in discussion with the EA, has decided not to seek the inclusion of Vietnam Academy of Agricultural Sciences (VAAS) and National Institute of Agriculture Science (NIAS) as implementing agencies.

17. To date, no medium and large scale digesters installations have been supported by the Project, largely due to the lack of officially recognized technical standards. The Mission considers the need for "national standards" for medium and large scale digesters as unnecessary within a commercial environment. The mission questioned the effectiveness of subsidizing large scale technology which is generally funded through commercial lending and investment decisions without any public sector involvement.

18. The CPMU survey data indicates potential market size for large scale technology to be around 130 and for medium scale around 3,200. However a more detailed assessment of the demand for large and medium scale biogas technology is required to better understand the potential for the Project to support this scale of operations.

Agreed Actions

19. The system of multiple data bases to record SBVC for carbon credit that are not aligned must be addressed through the development of a consolidated dataset, populated and reconciled prior to 30 June 2016. The CPMU confirmed with the Mission that within LCASP Provinces, based on CPMU's guidelines and random checking process, there is no overlapping among different biogas technology programs. Further, the program support to

households involving a VND 3 million project payment⁶ towards the cost of the technology is part of a wider agreement of Incentives for Carbon Market Development (ICMD) where the household transfers its right to potential carbon financing benefits from its use of biogas to the Government. The Government may or may not choose to monetize these rights.

20. The mission requested CPMU to clarify the status of current environmental protection and regulatory requirements for livestock, and biogas waste streams and the need for additional strengthening. To do so, it is suggested that LCASP funds be allocated to cover incremental costs of MARD to participate in this review while the ADB Project Officer committed to seek matching financing through the Regional CEP program managed by ADB to enable MONRE to review the current status and future needs from regulatory systems.

21. The CPMU agreed to carry out a physical audit of the SBVCs and will prepare the ToR, for ADB review, by the end of October 2015.

Output 2: Credit Lines for Biogas Value Chains

22. The Mission noted the disparity between projections by PFIs and the level of applications for the loan products offered. The PFIs have only received six applications (all of which were received by one PFI). Advances cumulatively valued at US\$3.4 million (i.e., US\$1.7 million for each PFI) are only expected to result in a total disbursement of \$200,000 by the first week of December 2015.

23. The CPMU has supported the request from the PFIs for a change in scope for the use of credit under the credit line. The proposal was initially to further increase the size of the credit product as well as to expand the scope of eligible use of credit to include the purchase of livestock, reconstruction⁷ of livestock houses, and other CSAWMP technologies.

24. The Mission acknowledges that the credit facility is non-functional and that the assumptions upon which the facility was proposed and agreed were either inaccurate or no longer hold. In response to the request for a broader scope for the use of the credit line the Mission has requested that the CPMU contract a national consultant to conduct a credit study that will identify the need for credit from the differing biogas sectors and value chains that are included within the scope of the project. The study (*see attachment 2 for a draft TOR*) will provide necessary information on the size and nature of the demand for credit, the type of credit products that best suit this demand, and the expected use of the credit line resources. It is proposed that the study would be completed prior to the Mid Term Review at which point the Government and ADB would agree on changes to the credit line. During the wrap up meeting, PFIs stressed on the importance of this study and requested that it be expedited.

Agreed Actions

25. CPMU to finalize the terms of reference and obtain clearance from the EA and ADB to recruit the consultant prior to 30th October 2015.

Output 3: Enhanced Climate Smart Agricultural Waste Management Practices Technology Transfer

26. The loan agreement under schedule 1 requires the development of a research strategy to direct project activities described under subcomponent 3.1 including (i) a farmer based research program, (ii) an information system, (iii) support to research and training of staff, (iv) a beneficiary training program, and (v) mapping system of the climate change impacts.

27. In March 2014, ADB noted the lack of clarity in specific investments planned under this Output and suspended planned consultancy recruitments until an investment plan was

⁶ The project support currently allows the Government to buy the carbon rights from each household

⁷ Biogas is often constructed under the livestock pens, however the credit amount does not cover the reconstruction costs of livestock facilities.

developed. An ADB agribusiness staff consultant was recruited in April 2014 to clarify the substance of the research strategy and associated investment activities under this Output. The consultant's report clarified the role of the strategy vis a vis MARD's Decision 3119/QD-BNN-KHCN-MARD "Program of GHG emissions in Agriculture and Rural Development Sector up to 2020". The Report explains how it may inform the investments under output 3 and recommended that the research strategy would need to be continuously updated throughout the LCASP implementation period.⁸ As such the consultant noted that the strategy did not require ADB approval.

28. The mission agreed that the strategy should align with MARD Decision 3119/QD-BNN-KHCN-MARD. In response, CPMU has worked on the strategy whilst at the same time seeking research ideas and demonstration topics. The initial draft strategy was submitted to ADB by CPMU on 21 July 2015 and was considered by the mission. After review the Mission requested the CPMU to elaborate on several aspects of the strategy. CPMU agreed pointing out that this was consistent with the recommendation of the ADB staff agribusiness consultant (April 2014) who recommended that the strategy be continually updated and reviewed based on lessons learned and new information. The research strategy would be a working document during the remainder of the project.

29. The CPMU agreed to continue to work on the strategy with strengthening that provides (i) clear articulation of the strategy objectives; (ii) clearly presents the current situation with respect to agricultural waste management and GHG emissions on a province by province basis both at source and along value chains; (iii) identify both knowledge and practice gaps relevant to the utilization of appropriate technologies; (iv) develop the rationale that links the current situation, proposed priorities and the objectives of the project; (v) develop criteria for the selection, development and promotion of appropriate technologies and practices; (vi) elaborate the content and process for assessing the feasibility of the proposals for activities to implement Output 3. The CPMU has agreed to provide the next iteration of the strategy by 30 October 2015. *Recommendations of ADB staff consultants with respect to Output 3: Research Strategy can be found in Attachment 3.*

30. Once the revised strategy is presented the CPMU will review the short list of pilot proposals to ensure consistency with the Governments' strategic directions. A review of the current pilot concepts suggests these comprise a mix of value chain pilots and demonstration proposals. The mission requests that CPMU to confirm current proposals are justified within either the requirements of subcomponent 3.1 or subcomponent 3.6 as guided by the revised research strategy. Further, where proposals for the same technology mix are presented for two sites within the same Province as separate proposals, the mission seeks CPMU support to merge this into one concept that covers the required number of sites.

31. There is a gap within the Project documentation with respect to procurement arrangements and how these would apply to the pilots under subcomponent 3.1. The mission discussed the range of options that would align with ADB procedures. Key issues include (i) the ineligibility of the EA or its related institutions (or their related centers or entities), (ii) the need to ensure that the assessment of proposals is undertaken in a neutral manner with no conflict of interest using appropriate criteria, and (iii) that the number of contract awards be kept to a minimum.

32. Of the current short listed concepts most are provided by Provincial institutions with no Central Government or MARD involvement. For such concepts, either for Pilots and Provincial demonstrations, the option of provincial agencies submitting all proposals is suggested in the ADB Agribusiness Staff consultant report. The process would start with a request for full proposals for the short listed concepts. A MARD evaluation committee would

⁸ The consultant recommended that CPMU could initiate activities prior to the completion of the strategy with appropriate technical review

review each of the full proposals for technical and financial feasibility with input from the LIC consultants. For successful proposals, contracting would be done using ADB procedures.

33. For larger infrastructure/equipment where assets would be transferred to private entities, LCASP should seek financing of such items through Output 2 credit facilities where infrastructure/equipment will be procured using commercial entities. Details of the proposed financing will be required within the final proposals to be reviewed by MARD and ADB. The Mission requests the CPMU to propose how procurement of the proposed pilots either at or before the next review mission tentatively scheduled for November 2015. The CPMU will use the LIC to assist in preparing the proposal.

34. The provincial demonstration program needs to identify options to reduce the number of contract awards. Here options for developing thematic packages such as: wet-dry SRI rice systems, climate friendly rice diversification, bio-fertilizer production and use etc., being implemented across a number of sites within and across provinces need to be considered. The mission requests that the CPMU detail a proposed procedure for eliciting proposals, and develop the criteria, review procedures and responsibilities (within MARD) for reviewing such proposals on the basis that no IA and EA related institution is eligible for implementation roles.

35. As per the Loan Schedule definition for "Works" includes demonstrations of CSAWMP" under Article I item (m), as such the procurement plan revision will include demonstration costs under works packages. The CPMU will submit the findings of the proposal assessment and obtain ADB's prior approval for the first contract award within each Province. CPMU is requested to provide the procedures for the evaluation and contracting of the provincial demonstrations, prior to the mission scheduled for November 2015. The Mission asked the CPMU to prepare the first proposal with a proposed procurement packaging for discussion and review with VRM ADB Procurement staff prior to November 2015.

36. During the wrap up meeting MARD's senior management (Vice Minister) and representative from the ICD, VAAS and DSTE pointed out that the technical skills and capacity to undertake certain research and pilot activities was available only within institutions associated with MARD and that it was therefore necessary to consider the possibility to engage such entities in the Project. The Mission explained that there could be cases where such entities are permitted to participate. However CPMU would first need to follow the steps described in the paras above and call for full proposals to assess the demand to undertake such activities. The Mission noted that every effort should be made to engage private entities to participate in these activities since the MARDs decision on agriculture restructuring specifically supports a shift towards commercialization and market oriented operations in the sector.

Output 4: Effective Project Management

37. The Mission expressed deep concern about the progress of the Project against elapsed time. The Mission pointed out that the Project is on both the Government's and ADB's watch list of problem projects. The Mission foresees that it will be very difficult for the Project to reach its output targets unless immediate measures are taken to address the delays especially relating to Output 2 and 3. The Mission and CPMU agreed on a set of actions which are expected to put the Project back on track. These actions will be closely monitored by ADB and will be the basis for the next review mission proposed in November 2015.

38. The Mission discussed the need for moving future review missions into a work plan review basis where the annual work plan of CPMU would become the guiding document for understanding progress, delays and implementation issues needing to be reviewed.

39. Three key consultancy engagements are currently being recruited by the CPMU: (i) Project Management Consulting Services: Currently at submission 2. The ADB, Manila has requested that a technical evaluation be undertaken by the Project Officer to validate the

EA's evaluation outcomes. It was noted by CPMU and the mission that the LIC consultancy package will need to be adjusted for the extent of lost time and as such will require adjustment of the inputs for each position; (ii) Baseline Surveys: Submission 1 approval is in process; and (iii) Audit. Contract negotiations are on-going. Audit reports not received by 31 December 2015 will result in the suspension of project disbursements from ADB.

40. The CPMU and the mission agreed on adjustment to the consulting services with the addition of (i) a finance and credit specialist (national for four person months), (ii) an extension for Ms. Le Thi Thoa, the national Agribusiness business specialist for (an additional 10 person months), (iii) a commercial business planner - finance expert (national 10 person months). Given the urgency of the credit specialist the Mission has provided a draft TOR as attachment 2 of this MOU. The CPMU will provide draft TORs to ADB for the agribusiness expert extension and the proposed business planner before September 15th, 2015.

41. The Mission acknowledged CPMU's submission to revise the PAM to reflect the increase in sub-loan ceiling. The Mission requested CPMU to update the PAM using track changes and for this to be available to the special administration mission in November 2015 for joint consideration and finalization. The updating should include the implementation arrangements for Output 3.

42. **Procurement Plan.** The CPMU will submit a revised procurement plan by 30 September 2015. The plan will include additional consultancy requirements and procurement anticipated over the next 12 months. MARD would like ADB to support in accelerating project implementation by providing the no objection for LCASP's procurement packages as soonest as possible.

43. Currently procurement packages under process by CPMU /APMB include:

- i. Livestock environmental monitoring package (NCB – budget \$880,000)
- ii. E-library goods package (NCB – budget \$610,000)
- iii. Database software (Shopping – budget \$96,000)
- iv. Information and awareness (2 packages – shopping budget \$187,000)

44. The mission asked CPMU to prioritize the procurement of the mapping of biomass and waste to ensure that it is operational and supporting the ongoing updating of the research strategy.

45. **Project Reporting.** The Mission received the Q2 2015 quarterly project progress report from the CPMU.

46. The Mission also requested the CPMU to report on the status of ongoing consultant recruitment as well as a schedule of expected procurement action for the next 6 months.

47. The mission reminded the CPMU that the Project audit reports are due prior to December 31 2015; failure to meet this deadline results in suspension of disbursement from ADB until audit reports are provided and approved.

C. Compliance with Loan Covenants

48. The Mission requested the CPMU to include in the Project's quarterly reporting the compliance status of loan covenants described in the Project's Loan Agreement. The Mission highlights the following actions for the Project's compliance to these covenants:

- i. Submission of an Audit Report of Annual Financial Statements for the Project no later than 31 December 2015. The report should include (a) the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for the imprest fund and statement of expenditures and (b) a management letter, which sets out the

deficiencies in the internal control of the Project that were identified in the course of the audit, if any.

- ii. Update the Project Administration Manual to note the increase in the sub-loan ceiling for Biogas Credit (Output 2).
 - iii. Report progress on compliance to the Project's Gender Action Plan. An initial table is prepared by the Mission for the CPMU's consideration (Attachment 4). The Mission requested the CPMU to pay close attention to the gender targets when identifying beneficiaries for Project activities.
 - iv. Confirm the establishment of a Project website; accessible by the general public, to disclose various information concerning the Project including general information about the Project, public procurements related to the Project, Project progress and contact details in English and Vietnamese languages. The website shall also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. For each contract, the website shall include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services, including consulting services, procured.
49. In reference to item (iii) above, a copy of the GAP Update has been prepared and is attached herewith for the CPMU's reference and future use.

III. CONCLUSIONS

50. The Mission reiterates its concern for the progress of the project. The follow table presents the agreed upon actions that will be carried out before the next review mission.

Table 2: Agreed Follow-up Actions

No	Issue	Agreed Action	Time frame	Responsibility
1	Output 1: Expanded Use of Livestock Waste Management Infrastructure	(i) Biogas sector database consolidation - Procured - Operational	Oct 2015 June 2016	CPMU
		(ii) Study into Environmental regulation of agricultural waste - proposal and TOR	Oct 2015	CPMU
		(iii) Secure funding for MONRE participation	Oct 2015 Mar 2016	ADB PO MONRE/CPMU
		(iv) Report on the status and recommendations	Oct 2015	CPMU
		(v) TOR for physical audit		
2	Output 2: Credit Lines for Biogas Value Chains	(i) Contract credit specialist	1 Dec 2015	CPMU
		(ii) Credit study final report	June 2016	Cons.
		(iii) MTR briefing note of proposed changes to credit line resources and procedures	August 2016	CPMU
3	Output 3: Enhanced Climate Smart Agricultural Waste Management Practices Technology Transfer	(i) Research strategy elaboration	30 Oct 2015	CPMU
		(ii) Value Chain Pilot review and proposal formats	30 Oct 2015	CPMU/EA
		(iii) Procurement methods and procedures for Pilots	30 Oct 2015	ADB PO CPMU
		(iv) First Provincial demonstration full proposal with recommended procurement packaging and discussion with ADB on appropriate	30 Oct 2015	
				CPMU

No	Issue	Agreed Action	Time frame	Responsibility
		procurement procedures (v) Provincial Demonstration program procedures and procurement guidelines	30 Nov 2015	
4	Output 4: Effective Project Management	(i) Audit reports (ii) LIC technical review (ADB) (iii) Agribusiness and Commercial business planner ToRs submitted to ADB (iv) Baseline submission 1 approval (v) PAM Update (vi) Procurement Plan Update (vii) Uploading of revised procurement plan to website	30 Dec 2015 15 Sept 2015 30 Sept 2015 30 Aug 2015 30 Oct 2015 30 Sept 2015 30 Oct 2015	CPMU/Audit ADB PO CPMU ADB CPMU/ADB CPMU ADB
6	Review mission	Scheduling of - Special Administration Mission - Mid Term Review	30 Sept 2015 30 Nov 2015	ADB PO ADB PO/CPMU

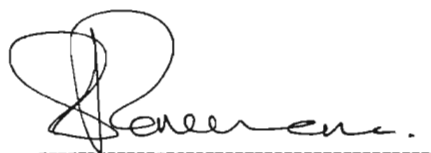
IV. ACKNOWLEDGMENT

51. The Mission wishes to express its sincere appreciation for the cooperation and assistance extended by MARD, MPI, APMB, and the PFIs, during the Mission. In particular the Mission noted its appreciation to Vice Minister Mr. Le Quoc Doanh for prioritizing this Project for close supervision.

Signed in Ha Noi, 24 August 2015 by:



Mr. Chu Van Chuong
Deputy Director General
International Cooperation Department
Ministry of Agriculture and Rural Development



Mr. Sanath D.B. Ranawanna
Senior Natural Resources Economist
Environment, Natural Resources and
Agriculture Division
Asian Development Bank

Attachments

1. List of Person Met
2. Draft TOR: National Biogas Value Chains (BVC) Credit Market Specialist
3. Recommendations of ADB Staff, Consultant With Respect To Output 3: Research Strategy
4. Gender Action Plan (GAP) Monitoring Table

Attachment 1:

**LIST OF PEOPLE MET
ADB MISSION
17th – 24th August 2015**

No.	Full Name	Title	Organization
1	Sanath D.B. Ranawana	Economist	ADB
2	David Salter	Specialist	ADB
3	Oscar Badiola	Project Analyst	ADB
4	Lindsay Saunders	Consultant	
5	Tổng Xuân Chinh	Deputy General Director	DLP
6	Nguyễn Viết Hải	Specialist	VAAS
7	Nguyễn Văn Bộ	Specialist	VAAS
8	Nguyễn Ngọc Lầu	Deputy Head	APMB
9	Trần Văn Lam	Head	APMB
10	Lương Tuấn Dũng	Staff	Co-opbank
11	Lê Thu Hà	Staff	Co-opbank

**LIST OF PARTICIPANTS
WRAP-UP MEETING OF ADB MISSION – LOW CARBON AGRICULTURAL SUPPORT
PROJECT**

Hanoi, 24 August 2015

No.	Full Name	Title	Organization
1	Lê Quốc Doanh	Vice Minister	MARD
2	Đình Vũ Thanh	Deputy General Director	DSTE
3	Chu Văn Chuông	Deputy General Director	ICD
4	Nguyễn Thế Hình	Deputy General Director	APMB-LCASP
5	Trịnh Khắc Quang	Director	VAAS
6	Nguyễn Thế Yên	Deputy Head	VAAS
7	Hà Thủy Hạnh	Deputy Director	NAEC
8	Phùng Văn Hào	Deputy General Director	DCM
9	Rustam Isheraliev	PAU Head	ADB
10	Sanath D.B Ranawana	Economist	ADB
11	Nguyễn Thanh Sơn	Deputy Head	APMB
12	Bùi Chí Kiên	Staff	ICD
13	Trần Hoàng Hiệp	Staff	DSTE
14	Nguyễn Xuân Khôi	Staff	DSTE
15	Nguyễn Quỳnh Hoa	Deputy Head	DLP
16	Nguyễn Thanh Tùng	Deputy Head	DCM
17	Trần Minh Đáng	Staff	DPO
18	Hồ Thị Kim Thanh	Staff	VBARD
19	Nguyễn Văn Hà	Deputy Head	APMB
20	Nguyễn Văn Hanh	Staff	APMB
21	Lê Thị Thoa	Consultant	LCASP
22	Hoàng Thái Ninh	Deputy Director	LCASP

No.	Full Name	Title	Organization
23	Vũ Tiến Dũng	Deputy Director	LCASP
24	Nguyen Dinh Dieu	Chief Accountant	LCASP
25	Nguyễn Văn Chung	Staff	LCASP
26	Nguyễn Thị Minh Hương	Staff	LCASP
27	Nguyễn Thị Ngọc Lan	Staff	LCASP
28	Đỗ Ngọc Diệp	Staff	LCASP
29	Trần Diễm My	Staff	LCASP
30	Trần Phương Thảo	Staff	LCASP
31	Trần Thuý Dương	Staff	LCASP
32	Dương Thị Diễm Hằng	Staff	LCASP
33	Trịnh Thị Thuý Hôi	Staff	LCASP
34	Phạm Trà Vinh	Staff	LCASP
35	Phan Thuy Linh	Staff	LCASP

Attachment 2:

DRAFT TOR: NATIONAL BIOGAS VALUE CHAINS (BVC) CREDIT MARKET SPECIALIST

A. Introduction

LCASP seeks to understand the affordability of biogas technology (including digesters and supporting appliances and equipment), and how end users (i.e., households and/or medium or large scale commercial producers) who either have invested or seek to invest in biogas technology perceive its affordability. Currently in the 10 LCASP provinces there is an estimated 250,000 households that indicate an interest in adopting biogas technology.

As part of understanding biogas affordability, it is important to determine how households that have invested in biogas have resourced the up-front cost of the technology and its installation, the role and effect of the subsidy component, how households yet to adopt biogas technologies either are excluded due to inability to fund the technology, and their willingness to accept credit as a viable option to overcome these constraints.

The following terms of reference outlines the expected outputs for conducting a study of the need and demand for credit as a means to address affordability constraints to Biogas value chains adoption as well as the size, structure and terms of related products that respond to these needs.

B. Skills and experience

The consultant shall have a degree in finance with work experience in commercial and retail banking, rural finance and rural credit programs. The candidate should have demonstrable experience (i) assessment of credit needs, (ii) understanding or assessing credit demand preferably within or including rural household credit needs, and (iii) in the development or customization of finance products to meet the needs of rural consumers. Further the consultant should preferably have had direct input to the planning, enumeration and reporting of credit or finance related surveys of retail customers and their needs.

C. Scope and Input

The scope of the work will cover all ten LCASP provinces within each of which the expected level of demand for credit based products to finance biogas value chain technologies investment by rural households and by SME and large commercial enterprises to invest in either medium or large scale biogas systems.

The level of input will be 4 person months within 6 calendar months.

D. Outputs and tasks

The following outputs will be provided to the CPMU:

- (i) An indicative work plan with proposed field survey work plans, methodology, timeline and draft survey instruments for the collection of data. The consultant shall:
 - a. be briefed by the LCASP CPMU
 - b. Undertake a review of secondary data or literature through interviews with the national Biogas Program personnel, LCASP staff and consultants, other key actors in the biogas sector including SNV, NGOs and large scale commercial producers
 - c. Conduct initial meetings with the PFIs of LCASP and other financial

- institutions including micro-finance institutions servicing rural credit needs
- d. Discuss with the NBP and provide the opportunity for the NBP to add questions to the surveying of households
 - e. Prepare a draft for household and PFI surveys, a prompt sheet for SME and enterprise interviews,
 - f. Prepare a work plan with a supporting approach and methodology that is time bound and clearly states the data to be collected and how this will be managed and assessed, The work plan should provide a detailed sampling plan for households in each province and also provide minimum samples for SME and commercial enterprises
 - g. Consolidate the above into an inception report and conduct a briefing meeting for LCASP, NBP, the PFIs, and technical support unit members for comment and review within 4 weeks of contract signing
- (ii) Prepare a report outlining the findings of the credit needs (i.e., credit demand) for biogas value chain technologies and the preferred or recommended structure of credit products that respond to their needs.

The consultant shall:

- a. Conduct a face to face survey of (i) rural households that are existing biogas users, (ii) rural households that seek to adopt biogas, (iii) SMEs that have used or have the potential to use medium scale technology, (iv) the two PFIs and (v) commercial enterprises that have used or have potential to use large scale biogas technology. The survey will assess the perceptions of the existing credit facilities, constraints faced by households and SMEs in accessing credit and feedback on measures to address these constraints.
 - b. Prepare a report of the findings. The data should be presented and reported disaggregated by Province, size of technology and the number of respondents (households and enterprises) that both demand or do not demand credit for biogas technology. With regard to households, the data should include both the number and characteristics of households (i.e., disaggregated by income and other defining social characteristics such as female headed households).
 - c. Present a briefing on the report findings at a workshop to the APMB, LCASP CPMU, NBP, PFIs, other partners involved in biogas programs (SNV, WB), QSEAP, LIFSAP.
- (iii) A report outlining recommendations to revise the current credit products established under the LCASP (i.e., credit supply). PFIs and the PFI management response to these recommendations.

The consultant shall:

- a. Conduct interviews with the two PFIs including PFI management, portfolio management personnel and commercial product development staff;
- b. Identify current institutional preferences, products and attitudes towards existing and proposed credit products;
- c. Prepare a brief report on the PFI position with respect to proposed levels of demand and likely preferences for credit products.

Attachment 3:

RECOMMENDATIONS OF ADB STAFF CONSULTANT WITH RESPECT TO OUTPUT 3: RESEARCH STRATEGY

As a first step, the consultants will identify potential pilots and demonstrations of CSAWMP technology that have potential merit and may be taken up for pilot testing and/or demonstration. The consultants will prepare a short- and medium-term operational Research Strategy on CSAWMP. The formulation of this Strategy will provide an overall concept and frame work for priorities on CSAWMP and in particular for the project. However, the identification of individual Pilots and Demonstrations (P&Ds) that may be pursued will be a dynamic process: within the scope of the overall LCASP, the prioritization of the P&D activities may change, expanded, modified, updated and adjusted during the course of project implementation because new information may become available once the consultants are involved in the field work. The Strategy will be a basis for the rationalization of proposed project activities but does not need to be formerly approved; only the proposed individual P&Ds will require prior approval from ADB as further discussed below⁹. The strategy will establish priorities for transfer (pilot testing, adaptation to local conditions; demonstration) of agricultural waste management technologies to be pursued under Part 3. For the latter, the consultants will prioritize the transfer and development of technologies that meet the following criteria:

- i. The technologies are within the scope and objectives of the LCASP;
- ii. The technology can reduce significantly GHG emissions of a substantial agricultural subsector (with a focus on methane gas; e.g. specific livestock and crop waste, and an agro-processing industry);
- iii. The technology has great potential for commercial application (e.g. through sale of energy; sale of organic fertilizer; earning of carbon credits; reduction of environmental pollution, and reduction in cost of production);
- iv. The technology will make a significant and measurable contribution to the LCASP and Government objectives during the course of project implementation (6 years);
- v. The technology is not already taken up by other projects or programs (avoiding of duplication).

The emphasis will be on the identification, adaptation and verification of commercial acceptance of known technologies and practices that are already successfully used elsewhere, and their uptake by farmers and commercial enterprises. This process will involve:

- identification of commercially available foreign waste management and agricultural production know-how and technology that are promising for Viet Nam,
- acquisition, pilot testing, adaptation and demonstration of this technology in a commercial setting (private farms and commercial agro-enterprises),
- identification of the required enabling environment (e.g. policies; feed-in-tariffs; tax breaks and other investment incentives) for successful commercial introduction of the technology and practice, and
- proposing modalities for the rolling out of the technology to farmers and other commercial enterprises.

⁹ This means that in order to avoid further implementation delay, a technical consultant may propose a pilot that have high potential before the Strategy is available. All what is needed is the approval on no-objection basis of the Pilot to go ahead with it.

Attachment 4:

GENDER ACTION PLAN (GAP) MONITORING TABLE

Date of Update: 19 August 2015

Project Title:	Low Carbon Agricultural Support Project
Country:	Viet Nam
Project No.:	45406
Type of Project (Loan/Grant):	L2968
Approval and Timeline:	12 December 2012
Gender Category:	Effective Gender Mainstreaming
Mission Leader:	Sanath Ranawana
Project Impact:	The impact will be less agriculture-related pollution, as measured by better water quality due to reduced presence of livestock waste effluence.
Project Outcome:	The outcome will be greater CSAWMP uptake, as measured by increased use of clean biogas energy and organic bio-slurry fertilizers.

Gender Action Plan Monitoring Table
L2968-VIE: Low Carbon Agricultural Support Project

Gender Action Plan (GAP Activities, Indicators and Targets, Timeframe and Responsibility)	Progress (as of) (This should include information on period of actual implementation, sex- disaggregated qualitative and quantitative updates (e.g. number of participating women, women beneficiaries of services, etc.). However, some would be in process - so explain what has happened towards meeting this target.	Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
Output 1: Expanded livestock waste management infrastructure		
1. At least 20% of those who are trained in biogas management and technical issues are women.	1120 people (165 female – 14.7%)	
2. At least 50% of trainees on biogas use will be women.	739 courses, 22,233 people (13,339 female – 60%)	
3. 20% of trainees on SBP construction, and 20% of those trained on biogas management and technical issues will be women.	Gender-disaggregated data not yet provided.	
4. At least 20% of members of participating associations (farmers, biogas, etc.) and 20% of their steering committee members are women.	Activity not yet initiated.	
5. Women account for at least 50% of those who are trained on farm management and waste management on farms.	Activity not yet initiated.	
6. At least 30% of trained employees in MBPs and LBPs are women.	2 courses, 59 people (9 female – 15%)	
Output 2: Credit lines for biogas value chains		
1. At least 50% of credit recipients will be registered under husband-wife joint accounts or on behalf of women.	05 households (female: 0 – 0%)	
2. Official registration of all the purchased biogas units	To be reported. Biogas credit operations were initiated Q2 of	

and plants under the project will be assisted. At least 50% of such will be under husband-wife joint accounts or on behalf of women.	2015.	
Output 3: Enhanced CSAWMP technology transfer		
1. Gender sensitive research strategy prepared.	Research strategy still being developed. Efforts will be made to mainstream gender issues/benefits to the strategy.	
2. Training materials of CSAWMP technology and methodology of dissemination are women friendly (avoiding gender stereotypes and using appropriate illustrations), and at least 50% of dissemination events and consultation will involve women-only groups (e.g. event will be carried out through commune women union's meetings).	CSAWMP training materials will be gathered for training delivery upon approval of CSAWMP research strategy.	
3. 30% of research project topics relate to gender issues/dimensions of biogas plants such as improved cooking stove, improved household water heating system, women friendly post-harvest processing tools/equipment that use biogas fuel.	Research strategy still being developed. Efforts will be made to mainstream gender issues/benefits to the strategy.	
4. Select and train at least 40% women as champions of smart-agriculture in research and dissemination of CSAWMP technology.	CSAWMP training will be carried out upon approval of CSAWMP research strategy.	
5. Ensure legal (e.g., employment contract) and remuneration support for champions.	Not yet initiated.	
6. 30% of personnel in participating institutions trained in O&M of research equipment are women.	CSAWMP training will be carried out upon approval of CSAWMP research strategy.	
Output 4: Effective project management		
1. Project management support: CPMU and each PPMU will have a focal point/person for gender and ethnic minority issues.	To be verified.	

2. Gender sensitivity workshops at provincial, district, and commune levels will be carried out for all project staff, contractors, agricultural extension and veterinary staff and participating association steering committee as part of the project orientation.	Not yet reported.	
3. Develop and update sex-disaggregated and ethnic minority data as part of project M&E and reporting system.	PPMS being developed.	
4. 30% of CPMU and PPMU staff are women.	To be verified.	