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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
NATURAL DISASTERS RISK MANAGEMENT PROJECT
SEPTEMBER 15, 2005
TO THE
SOCIALIST REPUBLIC OF VIETNAM
JUNE 27, 2011

ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Lending
ICB	International Competitive Bidding
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
MONRE	Ministry of Natural Resources and Environment

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**VIET NAM
NATURAL DISASTER RISK MANAGEMENT PROJECT**

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VIET NAM- NATURAL DISASTER RISK MANAGEMENT PROJECT (P0733610)
CREDIT NO. 4114-VN

Extension of Closing Date

1. The closing date for *Natural Disaster Risk Management Project [Credit No.4114-VN]* will be extended 6 months from June 30, 2011 until December 31, 2011.
2. The project was originally designed as an APL program with 2 phases and it comprises four (4) components. The project has been jointly executed by the Ministry of Agriculture and Rural Development (MARD) which is in charge of implementing three (3) components and by the Ministry of Finance in charge of one component e.g. post-disaster reconstruction support component. The project was approved in September 2005, and became effective on May 29, 2006. The original closing date was June 30, 2010. The first 12 months extension of the closing date was approved in June 2010 in order to provide more time for overall project implementation and allow the Government to process the additional financing for the post-disaster reconstruction support component following the destruction caused by Typhoon Ketsana in 2009. In September 2010, the additional financing of US\$75 million was approved and become effective in November 2010.
3. There has been good progress in implementation between July 2010 and June 2011, including: (a) start up of the activities funded by the additional financing for the post-disaster reconstruction support component, and (b) completion of two of the three pending infrastructure subprojects under Component 1. As of June 15, 2011, the total disbursement of the original IDA allocation (US\$93 million) reached about US\$84 million (or more than 90 percent of the total original IDA allocation). However there are still the following two significant investments pending under Component 1: (a) construction of a sea-dyke system in Ben Tre Province to protect communities from saline intrusions and (b) improvement of the hydro metrological data collection network for the Southern Hydromet Institute to enable the country to carry out effective flood and typhoon warning. The former has been delayed due to the prolonged discussion between the Government and the Bank task team on one ICB procurement package while the latter is under construction but delayed due to the bad weather during early 2011.
4. The proposed second 6 months extension of the closing date would allow the Borrower to fully complete the seadyke development to protect local communities from negative impacts caused by saline intrusion, and thus contribute to climate change adaptation. As of June 29, there remained a question as to whether all the issues associated with the hydromet equipment procurement had been resolved. This will be known in the coming weeks when the Client submits the final bidding documents. The Client had requested a 12 month extension to enable both the procurement and installation of the equipment. Provided that full agreement is reached regarding the

procurement document and process we would provide for a further 6 month extension to the end of June 2012 to enable the completion of the installation.

5. At present, the Bank is formulating a follow up disaster management project for FY12 delivery in which there will be a significant component to deal with hydromet services. The proposed extension of the ongoing project would also lay a better basis for implementing the hydromet component under the new project.

6. The implementation of the project has been moderately satisfactory and there are no significant issues related to either fiduciary or safeguards policies. Completing the procurement of hydro-metrological equipment has required more time than usual because of the complex technical nature. There is no overdue audit report and financial management has been rated marginally satisfactory.

7. The executing agency, the Ministry of Agriculture and Rural Development (MARD) in close collaboration with the Ministry of Natural Resources and Environment (MONRE), has prepared a detailed implementation plan for the remaining activities towards project completion. Agreement on the pending contents and procedures for a ICB procurement of hydromet equipment is expected to occur in the coming weeks enabling the start of the bidding process in July 2011. If this does indeed occur it is expected that the closing date would be extended for a further six months to the end of June 2012 to enable the completion of the procurement and the equipment installation.

8. This will be the second extension of the project. As a result, a total extension period of 18 months would be made from the original closing date.