Research into the Role of the Private Sector in Rural Transport

South East Asia Community Access Programme (SEACAP)
SEACAP 014/001

FINAL REPORT

Volume 2 - Attachments

18 May 2005

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ABBREVIATIONS AND TERMS

ADB	Asian Development Bank
BAR	Basic Access Road to commune centre
Bn	Billion VND
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DAF	Department of Administration and Finance
DFID	Department for International Development (UK)
DPC	District People Committee
DPI	Department of Planning and Investment in line ministry
GOV	Government of the Socialist Republic of Vietnam
ICB	International Competitive Bidding
JBIC	Japanese Bank for International Cooperation
LBT	Labour-based Technology
MARD	Ministry of Agriculture and Rural Development
MC	Motorcycle
MOF	Ministry of Finance
MOT	Ministry of Transport
Mn	Million VND
MPI	Ministry of Planning and Investment
MTEF	Medium Term Expenditure framework
NCB	National Competitive Bidding
ODA	Official Development Assistance
PDAF	Provincial Department of Administration and Finance
PDOT	Provincial Department of Transport
PER	Public Expenditure Review
PIP	Public Investment Programme
PFMP	Public Finance Management Programme
PPC	Province Peoples Committee
PMU	Project Management Unit
PPMU	Provincial Project Management Unit
PRIP	Provincial Road Improvement Project
PS	Private sector
RITST	Research Institute for Technology and Science in Transport
RT2, RT3	World Bank Rural Transport Project 2, 3
RTSS	Rural Transport Strategy Study
RTU	Rural Transport Unit, MOT
SEACAP	South East Asia Community Access Programme
SOE	State-Owned Enterprise
SWAp	Sector Wide Approach
TOR	Terms of Reference
VND	Vietnam Dong Currency
VOC	Vehicle Operating Costs
VRA	Vietnam Roads Administration

ATTACHMENTS

Attachment 1 NOTES

1a. Government and donor policy is to support the development of private sector [PS] companies so as to develop greater commercial participation and more competitive services. The trend is accelerating through newly formed private companies and fully equitised ex-SOEs. The present study under SEACAP now focuses on rural transport [RT] to identify initiatives for consideration by Government and for attention during Rural Transport Project 3 [RT3].

1b. **Private Sector**: the domestic private sector includes households, cooperatives, private enterprises registered under the enterprise law (private business, partnerships, limited liability companies and joint-stock companies), and enterprises with mixed ownership (but the state's shares in the ownership shall not exceed 51%).

2. **Rural Transport.** An institutional definition produces a hierarchy of national, provincial, district and commune roads. The latter are usually referred to as 'rural roads', and include the RT2 category of "Basic Access Roads". 'Rural transport' may occur between all levels of the institutional road hierarchy, although most of the usage is on district and commune roads.

3. **Coverage** by the Study has included stakeholders: in GOV agencies, donors, contractors, consultants, transport service operators, and representatives of users. Meetings and consultations in Hanoi = 17; meetings in four provinces, districts and communes = 20; individual interviews = 90; discussions with stakeholders = about 200. Fieldwork has been completed in Phu Tho, Lao Cai, Quang Nam and Vinh Long.

4. "**Noise**" includes the lobbying by hopeful entrepreneurs and their advocates, and the public complaints by disappointed bidders, both of which can attract the discomforting attention of more senior officials or potential investors.

5. **Diversification**. 80% of contractors compete in services other than construction; typically more than 50% of gross revenue is from non-transport activities.

6. **Transport infrastructure** is dominated by a single client (GOV) which is also owner, regulator and competitor in the market. Market information is centralized around GOV, procurement announcements and partly transparent information for appointed contracts. Annual and seasonal variations in total demand depend mainly on public budget allocations and actual disbursements.

7. In general, **viability** will depend on:

a) total market available
b) market share of a contractor, relating to number of competitors, information about opportunities, connections and relationships
c) structure of the contractor's business, especially assets, debts, overheads
d) suitability of bid price per contract
e) efficiency of contractor's work, management of suppliers and site management
f) control on resource use and business costs including borrowings
g) control on informal payments in winning and implementing the contract
h) efficiency of resolving any disputes and variations

i) efficiency of obtaining payments for work completed.

Some of these factors are more external to the enterprise (such as a, b, i); and some are more internal (such as c,e,f).

8a. **“Leakage”** means the differences between funds approved for a job, agreed in a contract and the real value of resources applied to the works.

8b. **Managed market** means a market where officials and entrepreneurs cooperate in supply of contractors and allocation of jobs.

9. District **demand for RT** works: Typically 1 – 4 Bn VND, spread among 10-15 enterprises/groups in a district and its communes.

10. **Design**: There is a complex of inter-related considerations in design of roadworks

> design standard – complexity of solution – technical capability – cost per km – contract packaging – interest of more capable bidders – quality of work – quality of clients’ supervision and management - supply and viability of contractors in the next cycle.

11. **Payments**: Some enterprises are signing contracts for work which include delayed payments with interest, spread over three years. These arrangements weaken the viability of enterprises, mainly because of business uncertainty, dependency on the debtors, and borrowing for working capital on the next job. Dependency increases the opportunities for corrupt practices.

12. **Payment Procedures**: Some informants are frustrated by Treasury Offices, and suggested that RT3 funds be channeled to the district branches of a Bank, to be paid on presentation of a signed Payment Certificate. RT3 should focus on close monitoring and early intervention in processing, so as to isolate and treat causes, deficiencies and personnel involved in delays.

13. **Management and skills**: Most directors have diploma in construction or economics and in the later stage management (Management training was widely applicable from the introduction of “Doi Moi’ policy in the late eighties). Majority of them have improved their management knowledge from lower level (gained in technical high school – called “trung cap”) to higher university diploma, which was valuable in proving capability of the company in competitive bidding.

The management skill was also gained essentially from many year experiences in the contracting industry. With ex-SOE personnel, the common picture is: a man was promoted from simple technical supervision at construction site to chief supervisor of the SOE, then he ran “both-hand” activity for his SOE and for other enterprises (SOE and private), who needed his expertise. The time passed, market and alliance established, he start obtaining own contract and has to use (buy) legal status of other companies to settle official declaration and payment. At the end, he setup his own company. Another scenario is emerging from private contracting team, which consisted of members of a family or group of people from the same commune. The team is independent, autonomous, high-skilled, owning simple mechanized hand equipment, specialized in one or more work in a package (tunnel team, asphalt team). These teams attached to a certain number of contractors and will implement their work under the technical supervision of the main contractor. Head of these teams gained a lot of experience in dealing with his own people, with the contractors, with local authorities, with allocating resources and at the end, he start his own company with high and practical skill of management.

14. **Complexity in Implementation**: In RT2 there are MOT, PMU18, PPMUs and consultants (Chapter 7 – Organization - *RT2 Operation Manual*). In ADB project, Loan No.1888-VIE(SF) being managed by PMU5, the situation is similar. *(See Organizational Chart for Implementation of ADB Provincial Road project as Attachment 5.2.A)*

15. **Eligibility:** RT2 allows SOEs from other provinces to bid for RT2 works. In the ADB Loan No.1888-VIE(SF), being managed by PMU.5, it is specified that, from 1/1/2005,

a) enterprises **under direct control** of the Employer are not eligible to bid for ADB funded contracts, and
b) SOEs **not under direct control** of the Employer are eligible for ADB funded contracts **with the condition** that they are equitised and operate under Enterprise Law.

16. **Equipment for typical RT job**:

- Rollers: recommended only 6-tonne steel-wheel roller
- Trucks: need only in case the material source located far away; cong nongs are competitive
- Excavators: little need; compare use of local labour with transporting a machine.

17. **Contractors need land** for:

Office:	PS companies are normally using a part of their houses for office facility. Some other bigger ones already have their office place (or inherited from former SOE)
Workshop:	For mechanical maintenance and repairing and storing equipment. As the same to office, contractors in provinces already have land for workshops and in case of new land need, companies said they can buy (as investment in land) or apply for land to province. Some big contractors/investors are capable to obtain good lands when they invest in a big infrastructure project (open new road and get land in return, develop residential area and get a part in it)
Site accessing:	The question is about obtaining the land for staff quarters and equipment at a specific location. There was no complaining on this matter for RT works, nor about access to work sites.

18. **Consultants supply**: Due to GOV policy of encouraging PS, and demands from private investors, the number and capacity of consulting firms is now adequate for the present RT workload and probable demand. Although they prefer more professional specialization, the strong tendency is to diversity in business.

a) Most firms set up with a restricted number of permanent staff. When getting a job, they call for co-operators from other firms, and from professional departments of GOV.
b) Only firms having good reputation and experience through previous work, and having good relations with employers, can achieve a stable and sustainable workload; thus can afford to run an office of various administrative & professional departments.
c) Most enterprises evolve from equitised SOEs; and are recently established (2-3 years). The field surveys show that their business is improving in terms of turnover and number of staff and number of contracts awarded. They are mainly operating in RT

sector on internationally funded projects and provincial budget, with a lot of very small contracts of low technical standard. This context does not facilitate professional and business development.

d) To be allowed to practice Construction Supervision, Consultants are requested to get a *Supervising Consultant Certification* awarded by MOT (the Quality Control and Management Bureau and RITST). The number of people being awarded from these short term training events is around 400 per year.

19. **Consultants selection**: The selection of consultant through shortlisting, evaluation and scoring of technical and financial proposals has been applied, but only for large donor projects where Consultants were mostly international.

From *PER page 19 Implementation monitoring*

For the ODA projects consultants are competitively selected to monitor preparation, implementation and the completion of construction. The cost of these consultants typically accounts for 5-6 percent of the civil works contract value. In general, ODA projects have relatively better quality than domestically funded projects. Domestically funded projects do not invest as much in quality supervision of the works and they lack sufficiently experienced people adequately to monitor progress.

Funds invested in good supervision during preparation and construction will be more than paid back through improved quality. It is recommended that particularly for domestically funded projects that greater priority be given to consultant services.

20. **RT Demand for Labour**
With current budgets, the economic impact of roadworks is small - in a typical district, the potential RT demand for labour per year may be around two or three paid days [0r 30,000 VND per rural adult].

21. The restricted width and low load-bearing capacity, the contract size and scope of works of RT are not suited to the deployment of larger equipment, in both technical and economic terms. LBT can cover almost all operations on site (earthwork construction, gravel/laterite spreading, bitumen spraying). Only light steel roller compacting and longer distance hauling require machinery.

22. **Employment of women**
In term of creating employment for women and poor rural households in construction and maintenance, and to participate in transport service operations: the survey question:
"Is there opportunity for women and poor people to get employment on RTN?"
Almost all responses are "much" & "very much" [Attachment 7.14]

23**. Bid Procedures**
In RT2, there were two procedures for bidding, evaluation of bid, approval and contract signing, depending on *"pilot provinces" or "excepting pilot provinces" (RT2 Operation Manual – RT2 Procurement Process - page 89).* It seems to add to complications without gains in certainty of proper execution. RT3 needs a single, simple procedure.

24. **Project Implementation Organization**
Taking in mind the project management/implementation system in RT2 and ADB PRIP, being managed by PMU18 & PMU5 respectively, with the two levels of management/implementation:

- MOT, PMU18 or PMU5, main international consultants, State treasury and bank
- PPC, PDOT, PPMU, representatives of PMUs and main consultant at site, local sub-consultant, Provincial. treasurer, P. bank

The potential for cumbersome/confused procedures is unavoidable. In addition to that, bureaucracy, informal requirements, lack of knowledge in international procedures… are of real concern.
(see Attachment 5.2.A *Organizational Chart for Project Implementation of ADB project* and Attachment 5.3 *Procurement processes of RT2*).

Options:

a) To keep the traditional project management system for implementation with only three entities working (PMU – Main Consultant – Contractor). Provincial level will assume the main task of resettlement & rehabilitation, the role of advisor and co-ordinator in other fields. This seems not to be the policy of donors requesting more delegation and promotion of provincial skills.
b) More training to Provincial level and more delegation of power so that to have again only three entities working on the site (PPMU – Local Consultant – Contractor). The upper level will take the role of adviser and monitor.

25. **Corrupt payments**. Operators' payouts may be around 20% on long distance trips; and around 10% within a province. There are additional payments at licensing, registration, vehicle inspection, and concerning accidents or drivers' errors. Some operators believe that the big gains in seasonal peaks are 'taken' by Police, when drivers 'cannot avoid' overloading and speeding.

26. **Freight**. There is such variation in ways of setting/agreeing prices for freight in diverse packages and vehicles, that these brief surveys could determine a typical 'price'.

27. **Pricing**. PER draft report page 3 "….. there is evidence from recent evaluations of National Highway 1, and surveys of bus operators, that savings in operating costs are not being passed on to customers in the form of lower prices (GRIPS Development Forum, Nov 2003)." Our evidence is that competitive pricing is being practiced, despite informal cartels and formal cooperatives.

28. **Traffic**. Agencies' surveys indicate that motorcycle traffic has doubled in 4 years, and income trends suggest another doubling in the next 4-5 years. Perhaps an extreme case is on Phu Tho QL32A, years 2000 to 2004: cars per day rose from 10,000 to 17,500; while motorcycles rose from 9,200 to 38,000. The staff of the Duy Xuyen transport office, Quang Nam, estimate that motorcycle ownership "has doubled in three years".

29. **Complementary links**: RT users appear to accept the 'trade-off' in local transport, of walking or using animals, motorcycles and bicycles 'for a few more years', provided that they can obtain an all-weather road with more vehicle services and lower fares, to cover the longer distance to larger market centers.

30. **Opinions of clients** (traders, farmers, services and non-farm workers)
Travelling on national and province roads, passengers prefer bus because of its comfort, low price and safety. On district road, they are choosing between bus and motorcycle, due to motorcycle mobility despite doubling of the cost. Commune road is totally the domain of motorbike, bicycle and animal cart. Buses are constrained by bad condition of the roads, and high VOC.

Passengers choose waterway services only when there is no road transport available, due to long travel time even though fares rather low.

For freight transport, people want to have reliable feeder road or narrow track, so as to bring their produce to an all-weather road. Waterway transport can service products that are not affected by long travel time (construction materials, minerals, wood).

31. **Opinion of women, children handicapped, poor people, vulnerable groups**.
There groups live mostly in villages and expect that all village roads will receive the 1.6-2m wide concrete pavement for 2 wheels vehicles and pedestrians; and that commune roads will receive bitumen sealed gravel pavement for 4 wheel vehicles. These two all-weather roads can improve greatly their condition of life, mainly to:

a) reach public facilities: school, hospital, market, post office
b) set up some small businesses: transport of farm products to market, open a shop.

32. **Vehicles**. *from PER page 12 – "….The number of 4-wheel vehicles in Vietnam grew slightly faster than GDP, ... to 7.5 vehicles per 1000 population. ... motorcycles grew exponentially at over 20 percent per annum and totaled over 11 million in 2003 or 140 per 1000 people…."*

PER Table 11.4: Vehicle Fleet in Vietnam

<table>
<tr><th>Vehicle</th><th>2000</th><th>2001</th><th>2002</th><th>2003</th></tr>
<tr><td>Cars and Utility</td><td>285,000</td><td>303,627</td><td>346,218</td><td rowspan="4">675,000</td></tr>
<tr><td>Truck</td><td>130,800</td><td>144,526</td><td>162,552</td></tr>
<tr><td>Articulated truck</td><td>12,500</td><td>13,317</td><td>15,185</td></tr>
<tr><td>Bus</td><td>65,000</td><td>69,250</td><td>78,962</td></tr>
<tr><td>Sub total</td><td>500,000</td><td>532,681</td><td>607,400</td><td>675,000</td></tr>
<tr><td>Motorcycles</td><td>6,478,000</td><td>8,395,835</td><td>10,273,000</td><td>11,379,000</td></tr>
</table>

33. **Waterways** (from PER, page 22) *"The waterways and railways have been relatively under invested and this has affected performance in these sub-sectors. It is recommended that expenditure shares between the sub-sectors should be more in line with the figures proposed in the 2001-2005 PIP and VITRANSS. At the very least expenditure should be re-directed from the road sub-sector to the rail and waterway sub-sectors."* This last recommendation was **not** supported in recent consultations where water transport is significant (Phu Tho, Quang Nam, Vinh Long) – perhaps because the value of time has greatly increased in recent years because of wage labouring, market competition and larger capital investments.

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WB(2)- Public Expenditure Review, 2004.

WB(3) - Project Information Document (p10) Concept Stage, 2004.

WB(4) - Procurement Ex-post Review, April 2003.

WSPI(1) - Contractor Capacity Report, May 2003.

WSPI(2) - Report on Contracting Constraints in the Rural Roadworks Sector, May 2003.

Attachment 3.1 WORK COMPLETED BY FEBRUARY 2005

1. **Review of existing experience and documentation**

- Read main documents for common understanding
- Consultation with Representatives from Rural Transport Unit at MoT, PMU5, PMU18, DFID, the World Bank and Rural Transport 2 Programme Consultants (WSP and LBI) and other related Stakeholder such as Vietnam Association of Construction Contractors *Total meetings and consultations in Hanoi: 21*

2. **Consultations at provinces: (Phu Tho, Lao Cai, Quang Nam and Vinh Long)**

- consult with PDOTs, PPMUs and Transport Units at Districts
- interview enterprises, organisations, associations and agencies working in rural transport (contractors, consultants etc.)
- Survey 4 provinces of transport operators (freight and passenger)
- Interview users at communes

Meetings in four provinces, districts and communes = 20 ; Individual interviews = 90; Consultations involving stakeholders = about 200

3. **Information sharing**

Presentation of Inception Report September 14
Roundtable arranged by DFID November 4
Discussion Workshop arranged by Mekong Economics November 23
Workshop arranged by TDSI November 30
Presentation of Draft Final Report February 1

WORK PROGRAMME

Task	Time	Location
1.Review of experience and documentation	31 Aug. – 29 Sep.	Hanoi
2. Consultations at provincial level:		
Phu Tho Previsit Field work	30 Sep. 6 Oct. – 14 Oct.	Phu Tho
Lao Cai Previsit Field work	5 Oct. 14 Oct.- 21 Oct.	Lao Cai
Quang Nam Previsit Field work	27 Sep. 22 Oct.-30 Oct.	Quang Nam
Vinh Long Field work	1 Nov. - 5 Nov.	Vinh Long
3. Data Processing, Workshop and Draft Report	4-30 Nov	Hanoi
4. Receiving comments, feedback and draft the Final Report	Dec. – Feb.	Hanoi

Attachment 3.2 COMPARISON OF PLAN IN THE TECHNICAL PROPOSAL WITH ACTIVITIES IMPLEMENTED/CONDUCTED

Plan in the Technical Proposal			Activities implemented/conducted
Phase		**Activity**	
	1.1	Project inception	
	1.2	Prepare detailed project work programme	Please find Attachment 3A in the Inception Report
	1.3	Literature search	Please find the list of references and documents in Attachment 2.
	1.4	Prepare list of key stakeholders	Please find it in Attachment 4.
Inception Phase	1.5	Inception report	Submitted and organising a Workshop on Sep. 14 to present it.
	2.1	Analyses key documents and materials	Please find a major part of this analysis in Attachment 11; plus use of websites RT2, World Bank, DFID, ADB.
Issues Analysis	2.2	Meeting with key stakeholders	Please find the list of people consulted in Hanoi in Attachment 4.
Development of hypotheses	3.1	Develop hypotheses & key research questions	Key findings and forward hypotheses were discussed with main stakeholders/informants 10-30 September, including PMU5, RT2, TDSI, PMU18, VACC; and 'floated' in Inception Workshop Sep 14
	4.1	Draft survey tools	2-24 September; using comparisons with forms used by RT2, CONCETTI, CIEM
Survey tools design & sampling	4.2	Select survey sites	The provinces of Phu Tho, Lao Cai, Quang Nam and Vinh Long represented different geographic and economic areas. Within each province, the Study consulted with PDOTs to select two districts which represented more developed/less developed rural networks and rural activity.
	5.1	Discussion with stakeholders	Please find the list of people consulted in Hanoi in Attachment 4.
	5.2	Complete survey tools	Please find the Questionnaires in the Attachments.
Pre-fieldwork group discussion	5.3	Obtain permission to conduct survey	Obtain Introduction Letters from PMU5 and PMU18 to visit the 4 provinces
	6.1	Survey in 4 provinces	6 Oct. - 5 Nov. Attachment 3
Field work	6.2	Submit mid-term report	Work in Progress Presentation at Roundtable Workshop arranged by DFID on Nove.4
Analysis of Field work results	7.1	Data and translations	From 10 October until 25 November
	7.2	Data analysis	From 20 October until 28 November
Post fieldwork group discussion	8.1	Discussion with stakeholders	Discussion Workshop arranged by Mekong Economics on Nov. 23 to discuss findings and probable recommendations
Writing report	9.1	Draft report and recommendations	Submitted in Dec. 3
Workshop	10.1	Feedback and Workshop	Comments received from Dec 8 until Feb 16; MS Powerpoint presentation circulated to stakeholders; second draft structured on Powerpoint structure; informal discussion with key stakeholders 21 January; Final Presentation at combined World Bank/DFID MIssion on Feb 3.
Final report	11.1	Finalise report	Checking all queries and taking in all responses, to submit by end of Feb. 2005. Distributing copies of the Final Report to all stakeholders.

Attachment 3.3 RECORDS OF MAIN ITEMS IN CONSULTATIONS

Attachment 3.3.A - PRESENTATION OF INCEPTION REPORT SEPTEMBER 14

Inception Report

Contents *page*

1. Introduction

Government and donor policy is to support the development of private sector [PS] companies so as to develop greater commercial participation and more competitive services. The trend appears to be accelerating through newly formed private companies and fully equitised ex-SOEs. The present study under SEACAP now focuses on rural transport [RT]; to identify possible initiatives for consideration by Government and for attention during the preparation and implementation of Rural Transport Project 3 [RTP3].

Objectives of the Study

1. To determine the existing capacity for, and constraints to, PS participation in consultancy, construction, maintenance and transport services, including roads, waterways, motorised and non-motorised vehicles.
2. To recommend approaches for resolving key issues that can be considered by the Ministry of Transport [MoT].
3. To recommend specific measures for PS support within the scope of RTP3.

Scope of the Study

An institutional definition produces a hierarchy of national, provincial, district and commune roads. The latter are usually referred to as 'rural roads', and include the RTP2 category of "Basic Access Roads".

This study, however, sees "rural transport" as including all users, providers, regulators, managers and vehicles involved in transport, by land or water, from home (farm) to market, home to services, market to home, home to home, services to services – excluding those which are intra-urban and inter-urban movements. Thus 'rural transport' may occur between all levels of the institutional hierarchy.

This view conforms with the operating environment of the PS – the perceived potential market is broad, restricted only by regulations on entry (for example, licensing of bus routes), and sometimes informally by personal connections and relationships. Contractors appear to be taking a broad view of markets, across administrative boundaries and across business sectors (various surveys show that 50-70% of contractors compete in services other than construction).

2. Approach

2.1 Different markets

The market for infrastructure construction and related business services is fundamentally different from the market for transport services and other transport related business services. Infrastructure development is dominated by a single client (Government) which also plays the role as 'owner', regulator and competitor in the market. More than 80% of a typical contractor's revenue is from Government contracts. Market information is centralized around Government offices and procurement announcements. Positioning in the market depends critically on personal connections to Government staff, and a presence in terms of assets, equipment and technical reputation. Annual and seasonal variations in total demand depend mainly on 'packages' of public budget allocations.

Transport services, on the other hand, is an open, multi-point market, with numerous small clients whose demand depends mainly on seasonal production, trade and the general business cycle. Information about the market is widely dispersed such that numerous small services are needed, and can survive. Thus capital and expertise requirements are usually low, and non-transport service providers (for example, food processors) can often meet their transport needs ‘in-house’. State-owned services have comprised a smaller share of rural area markets in both land and water. Private ownership is rapidly increasing, enabling more users to provide their own services.

Therefore, the two sectors require different approaches and initiatives for the common objective of ‘promoting PS participation’. In infrastructure sector, the dominant client protects the public interest, so the main challenge appears to be opening and levelling out the field of competition, and in strengthening professional and business associations. In services, consumer interests might have to be protected through judicious regulation and competitive arrangements as operating companies expand and mature.

2.2 Appreciating the challenge

Reports and opinions confirm that PS enterprises have a strong interest in participating in work and services. There are many new entrants, and many failing enterprises, and competition is intense for even small contracts. In such conditions, the main challenge for planners is to identify and treat the constraints to **viability**.

In general, **viability** will depend on:

a) total market available
b) market share of a contractor, relating to number of competitors, information about opportunities, connections and relationships
c) structure of the contractor’s business, especially assets, debts, overheads
d) suitability of bid price per contract
e) efficiency of contractor’s work, management of suppliers and site management
f) control on resource use and business costs including borrowings
g) control on informal payments in winning and implementing the contract
h) efficiency of resolving any disputes and variations
i) efficiency of obtaining payments for work completed.

Some of these factors are more external to the enterprise (such as a, b, i); and some are more internal (such as c,e,f).

To organise the study of such factors, to weigh up opinions and information, and to consider options, solutions and recommendations, Figure 1 (attached) will be developed from further readings, consultations and field surveys. The study team will develop a consensus on the main elements and main relationships in the system of supplying infrastructure; then identify constraints to participation and viability; then present findings and recommendations on that framework.

3. Consultations

The team has conducted initial consultations with the main stakeholders of Government and donors. It is apparent that key informants are very busy with diverse assignments, and that there will be few opportunities for discussions on any particular matter. The team will rely on written notes and documents – such as this Inception Report – to understand the concerns and advice of central stakeholders.

Reports and documents from Government and donors have quite clearly established a 'central institutional consensus' on the objectives and modes of PS participation, so the team will move quickly to give more attention to PS situations and interests at national, provincial and district levels. It is probable that viability in provincial and regional markets may depend very much on specific conditions such as competition, connections, SOE dominance and supporting business services. The team believes that value-added by the study to the 'central institutional consensus' will be mainly from its explorations in the real conditions of markets and job performance.

The team will draw on surveys and interviews of private businesses already conducted in previous studies, such as in RTP2 in 2002-3, 'CONCETTI' 2001, and CIEM 2002; and on recent reviews of expansion of services in state companies. This background, including re-analysis of some data sets, will hone the points of discussion towards the more critical matters in viability and the possible options for interventions. These will be organized as research hypotheses to guide the intensive surveys, interviews and group consultations.

Previous studies have indicated the need and potential of industry associations and state-sponsored "Cooperative Alliances" in support of PS development and viability. The team will make extensive consultations with associations in order to understand their evolution and activities, to make a more definitive assessment of how they are actually affecting participation and viability, and to appreciate what services they might usefully offer to members.

To expand the coverage of consultations in the time available, the team will split into two pairs each with a set of basic questions and the guidance of the Figure 1 Framework. The team opts for a smaller number of longer, in-depth consultations in a semi-formal conducive environment, in order to engage productively with key stakeholders in both land and water sectors.

4. Main Areas of Research

From recent reports and opinions, certain areas are indicated as being more significant and fruitful in appreciating and possibly intervening in PS participation in RT. These will include:

4.1 Context

The business context is shifting rapidly across all Vietnam. An important challenge to the study is to 'grasp' the situation and trends in any particular market, province or region. Thus the team will use what is available on databases in Hanoi, as well as provide to Provincial offices requests for basic data to be prepared before the field surveys are mobilized. The TOR require an assessment of potential supply and demand issues, so the team will need to assess how contractors are shifting between provinces; and how they are considering market opportunities across all sectors – for example, industrial parks, housing estates, irrigation – and/or, how they are tending to specialize in construction and transport.

4.2 Current markets

The key data will include work volume, number of contracts, successful bidders, ownership and size and experience of bidders, bid prices, assigned/limited bidding, subcontracting, business services, work progress, variations, payments progress, disputes, and any follow-on work. Some of this data is available in RTP2 monitoring system, additional information will be gathered from PPMUs. Data from the contractors will be collected during surveys and interviews.

4.3 Ongoing biases towards SOEs

Evidence of any biases may be provided in data on current markets, and may indicate special advantages in connections and relationships, in access to capital and equipment, transactions costs, job management and disputes/variations in contracts. Debt burdens may be a factor in local officials' support for SOEs, as will the actual ownership of SOEs. The team will identify the changing relationships between SOEs, other contractors and suppliers of works and business services.

4.4 Specific jobs

The team will then explore some recent procurement of construction works. Following from previous studies, the team expects to focus on bid open-ness, bid evaluation decisions and bid prices, as a window on viability. A second window will be in the job management by clients [mainly the supervision, community relations, certification, payments], as the team will examine some typical works in progress as part of the field surveys.

4.5 Contractor's performance

The team will then shift to exploring the contractors' situation and performance, especially the assets, resources, financing, business costs, transaction costs, informal payments, and job management. The guiding orientation will be on those factors which most influence viability in a particular contract, and in the business as a continuing entity. The team will be concerned to appreciate the business planning as resolved in a bid price, and the managers' steps towards ensuring both profit and good outputs.

4.6 Legal arrangements

Reports and interviews show that the legal context for contracting is uncertain and mainly informal. The need for more certainty of legal process and consistent decision making may evolve as the enterprises become larger [more overheads, more sensitive to time and costs, more professional] and individual contracts become larger. The team will appreciate the present conditions and trends, with particular attention to the role of intermediaries, business facilitation services and professional representative associations.

4.7 Stakeholders' opinions

The team will maximize the opportunities for contractors, clients and business service providers to explain their particular circumstances, needs and hopes. The team will use the Framework to organize ideas, as well as the recommendations and options which were presented in RTP2 [see attachment], in "CONCETTI" and in CIEM. The team will strive to dispense with 'old solutions' which have been seen to be impractical or ineffective.

4.8 Transport services

Given the complexity of this market in land and water sectors, the study will be more illustrative rather than analytical. The team will show examples of freight and passenger needs, stock of vehicles, services, fares, charges and fees, resources costs, competition, collusion, supporting services and any deficiencies in several district and provincial markets. The team expects that historical data will be less available [than for infrastructure matters], so there will be more dependence on the impressions of focus groups, operators and system managers.

5. Surveys in Four Provinces

With limited time available, the team seeks from stakeholders clear guidance on which four provinces are most suitable for the diverse interests of Government and donors; and seeks supporting letters of introduction to provincial agencies and private sector associations.

Possible criteria for selection of survey provinces are:

a) some study link to related work, such as Public Expenditure Review
b) known to have a strong PS participation
c) known to be lagging in PS participation
d) representative of a region
e) % urbanized
f) population density high/low
g) intermodal competition exists [with waterways]
h) at least one 'poor, very poor province'

Provinces which have been suggested are:
Lao Cai, Phu Tho, Tay Binh, Ning Binh, Ha Tay, Vin Phuc, Dong Ngai, Vinh Long, Dak Lak, Bac Ninh, Hai Duong, Nghe An, Thanh Hoa, Quang Nam.

PMU5 has collected socio-economic reports from 33 provinces, which may serve as a model for the study's appreciation of the local context.

The team is tending towards selection of:
Lao Cai, Phu Tho, Nghe An, Quang Nam, Dak Lak and Vinh Long.

6. Workplan

A detailed workplan is attached. It will be refined as stakeholders provide responses to this Inception Report, and as the logistics for province surveys are detailed.

The team expects to spend most of October in the field surveys; to have a broad workshop after the field surveys, in mid-November; and to produce the Draft Final Report in the last week of November.

Attachment 1
Figure 1 Framework of Procurement and Performance *(not included)*

Attachment 2
GUIDANCE for CONSULTATIONS

RT2 contractor constraints investigation 2002, issues ranked by clients:

1. Improved and Sustainable Levels of Funding?
2. Coordination of Donor and Government Inputs

3. Appropriate Contract Procedures
4. Road Maintenance Organisation and Planned Maintenance
5. Planning and Spending Cycle is in conflict with Works Season (due to weather)
6. Simple and Legally Approved Contract Documentation, Possibly Separate documents for Construction and Maintenance
7. Rural Road Fund or to mobilise New Sources of Funds?
8. Works Planning Process and Importance of Adequate Preparatory Work
9. Continuity in Staffing Required
10. The amount of work available is too large and there are not enough contractors

RT2 Contractor constraints investigation 2002, issues ranked by contractors:

1. Qualification Criteria are too Difficult for New or Small Contractors
2. Capital and Finance Constraints of Private & Small Scale Contractors
3. Lack of Affordable Loans, or Encouragement of Credit Schemes for Small Contractors
4. The amount of work available is too small and contractors are competing too strongly
5. Some Protection/Encouragement Needed for new Contractors
6. Organisation and National/Local Representation of Contractors (e.g. Associations)
7. Availability & use of Good Quality Hand tools
8. Contractors have difficulty in growing (& expanding into other sectors)
9. Continuity of Sector Workload (through the year or from year to year)
10. Late payment of Invoices

HERE ARE SOME RESPONSES SUGGESTED IN 2002-3 *[and some questions, in capitals]*

RT2: **Initiatives that could be taken in RT2** to reduce these constraints and to create an 'enabling environment' for private contractors:

1. Rationalise bidding requirements CHANGE WHAT??? for each category of roadworks,
2. Reduce capital requirements of contractors through less stringent bid and equipment requirements, WHAT OPTIONS ARE FEASIBLE?
3. Develop a new market for spot improvement and maintenance suitable for small private contractors, WHO TO DO THIS MARKET? WITH WHAT BUDGET??
4. Appropriate policy and strategy development for private contracting
    a. MEANING? CHANGE WHAT?
5. Develop regular and sustainable funding arrangements for rural road maintenance,
    a. MACRO ISSUE – ASK PROVINCES IF THEY WILL DO IT?
6. Ensure efficient financial planning and payment systems for contractors,
7. THIS MEANS CLOSE TRAINING AND DEVT WITH PS BUSINESSES
8. HOW TO DO IT? WHO WILL PAY???
9. Appropriate contract documentation and procedures for each category of workCHANGE WHAT?
10. Use of appropriate specifications WHO CAN VARY THE SPECS REQUIREMENTS?? suitable for small contractor implementation (e.g. alternative surfaces, allowing labour and light equipment methods where suitable),
11. Encourage development HOW TO DO?? of availability of hire equipment services for heavy and light equipment,
12. Encourage availability of construction quality handtools HOW TO DO?
13. Improve supervision and quality control arrangements BY WHOM?
14. Training IN WHAT? and awareness OF WHAT ? creation for contractors' personnel,
15. Improve support for contractors BY DOING WHAT? through representative associations
16. Encourage the move from compulsory labour for maintenance works to paid local labour under petty contract arrangements. USING WHAT BUDGET?
17. Improve client capacity IN WHAT? through institution building and training initiatives

TEAM MUST UPDATE THE MAIN ISSUES OF CLIENTS AND OF CONTRACTORS…..

THEN GATHER IDEAS ON RESPONSES TO EACH OF THE PRIORITY ISSUES [INCLUDING GUIDANCE FROM THE INITIATIVES, ABOVE]

THEN MAKE ASSUMPTIONS/JUDGMENTS ON WHAT CAN/CANNOT FIT INTO THE CONCEPT AND SCOPE OF RT3…
THEN FOCUS ON THE DOABLE THINGS as RECOMMENDATIONS FOR EACH CHANGE

Attachment 3 Workplan *(not included)*

Meeting Notes - Inception Report for SEACAP 14
The Role of Private Sector in Rural Transport

Time and Date	:	Wednesday, 22 September 2004, 9:00 am
Location	:	Ministry of Transport, Hanoi
Present	:	Mr. Hoang Cong Quy, Head of Rural Transport Unit, MOT. Mr. Son, Rural Transport Unit, MOT. Ms. Nguyen Thanh Huyen, Expert, PID 1, PMU 5 Mr. Simon Ellis, Transport Sector Coordinator, the World Bank Viet Nam. Mdm. Tran Thi Minh Phuong, Programme Officer, the World Bank Viet Nam Mr. Pham Ngoc Son, Rural Transport Unit, TDSI. Mr. Muoi, Rural Transport Unit, Transport Development Strategy Institute. Mr. Nguyen Chi Thanh, Bridge Engineer – WSP, Rural Transport 2 Project. Mr. Nguyen Dong Tuan, Road Engieer –WSP, Rural Transport 2 Project Mr. Pham Hai Bang, Local Programme Engineer, Halcrow Group Limited. Ms. Le Minh Nguyet, SEACAP Local Programme Manager, Crown Agents Viet Nam Mekong Economics's Consulting Team: Mr. Don Townsend - Team Leader, Mr. Phan Manh Tuan – Private Sector Development Specialist, Ms. Pham Thi Hang – Interpreter, and Ms. Tran Ngoc Diep – Project Coordinator.
Agenda	:	General discussion on the Inception Report and selection of the four provinces for the survey.

- **Introduction session: Ms Le Minh Nguyet at Crown Agents introduces all stakeholders participating at the meeting.**

- **Mr Townsend presents an overview of the Inception Report.**

- **Mr Simon Ellis:**

- The Study should stress the important role of Consultant: in planning, in designing, in procurement etc. MOT concerns about qualify of supervision consultant.
- Some parts in the Framework for Procurement and should be put into RT3.
- What are expected from the Output of the Study:
- Sort of recommendations should be on those area when the Team can be able to produce.
- Two levels of recommendations:
- Policy, regularly level: these recommendations are outside of RT3, but support RT3.
- Specific elements those could tackle the RT3. For example training for contractors.

- **Mr Townsend's feedback:**

- Consultancy services: big concern of the construction industry. He quotes from Mr Vu Khoa (Chairman of Vietnam Association for Construction Contractors) that the capability of the consultancy plays an important role in the development of the construction industry; and more transparency to contracting and procurement should be brought in. The Team will look at provision of consultancy services.

- Recommendations: as suggested in the TOR, the Team will only propose durable recommendations and will split clearly the policy issues from local issues.

❖ **Mr Pham Hai Bang:**

- In general, the Inception Report is produced closely with the TOR regarding the three Objectives.
- Lack of list of relevant documents
- List of recommendations from previous studies.
- Lack of method to collect data and the draft questionnaire.
- Agrees with Mr Ellis on the two levels of the recommendations.
- Should check with WB project cycle when developing the Framework for Procurement and Performance.
- Not choose the 4 provinces yet.

❖ **Mr. Townsend's feedback:**

- The list of relevant documents is not available because readings accumulate everyday.
- Will find the draft questionnaire with hypothesis coming Friday with reference from previous studies of RT2, ILO, CONCETTI and MPDF. The Team will have fewer case studies but will study in more-depth.
- The Framework for Procurement and Performance is an instrument to help discussion.

❖ **Mdm Tran Thi Minh Phuong**:

- The Study should highlight different points and recommendations of previous studies by developing a Matrix.
- The Study should be realistic so it should review current legal framework and specific issues to put into RT3.
- The Study should analyse policy issues in RT3 with focus on enhancing the participation of private contractors such as trainings.
- The Study should focus on the small and medium private contractors.
- The Study should have comprehensive Legal Framework at (1) national level, and at (2) particular province as things might differ from province to province.
- The Study should define recommendations at different levels: (1) at national level, and (2) at project level.
- The MOT has standard cost for each type of road (e.g.: level 1, level 2 etc.). However, it differs from donor to donor.

❖ **Mr Townsend's feedback:**

- The Recommendation Matrix is being developed.
- The Study, of course is focus on small and medium private contractors. Currently the MOT is conducting a study about equitised enterprises: their market share, sub-contract, hiring equipments, their roles in the coming 5-10 years. The survey sample will depend on the specific context of the province.
- It is interesting to note that there are not-written legal regulations at a particular province so the Team will take this fact into consideration.
- One common recommendation is that there are complaints about favourism and difficulties in procurement procedures. Sometimes the contractor use these two difficulties to raise other constraints.

❖ **Mr Tuan –WSP**

- The draft questionnaire should be sent to all workshop participants.
- The Study should stress the maintenance because:
- In reality it has not been done properly and adequately.
- This Study emphasised the role of private companies. But also we should call for government's support.

❖ **Mr Ellis**

- Mentioning the problem of maintenance is very good point. One of the component of RT3 will be maintenances. However the issue of budget for maintenance if beyond the TOR but the role of private contractors should be examined.

❖ **Ms Le Minh Nguyet**

- The Study should examine the qualification of the company to join a certain bid.

❖ **Mr Townsend:**

- Points out the potential demand and the real market for building roads. The is a false market as a lot of construction work is done but the contractors have not been paid. This is not a sustainable financing. It can affect viability of contractor. The Team will look at the issues of provinces and of the contractors.

❖ **Selection of provinces:**

- Mr Ellis: for the donors: Lao Cai, Phu Tho and Vinh Long would be OK.
- Mr Quy: As RT3 only cover the region from the North to Quang Nam so should choose the provinces in this area. Agrees on Lao Cai and Phu Tho, and proposes one province in the Central (Quang Nam), and one province in Red River Delta (Nam Dinh).
- Mr Tuan: As RT3 is a poverty reduction project, so should choose one 'very, very poor' province, like Bac Giang.
- Mr Townsend: Agrees on Lao Cai, Phu Tho and Vinh Long. There should be one in the Central (can be Quang Nam or Nghe An or Dak Lak. As the Study is not only for RT3 so it should cover all regions in the country.
- Mr Son –TDSI: Agrees on Lao Cai and Quang Nam and Phu Tho. But would like to choose Bac Giang or Vinh Phuc, instead of Vinh Long.
- Finally, Ms Le Minh Nguyet concluded with three provinces agreed: Lao Cai, Quang Nam and Vinh Long. Will discuss with DFID to finalise the last province: Phu Tho or Bac Giang.

Attachment 3.3.B – QUESTIONNAIRES FOR CONSULTATION WITH PDOTS, CONTRACTORS AND CONSULTANTS AT THE FOUR PROVINCES

TABLE 1A: CONTRACTORS AVAILABLE IN PROVINCE **BẢNG 1A: CÁC NHÀ THẦU Ở TỈNH**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Name of Business - **Tên doanh nghiệp**	Main services provided by the business - **Ngành nghề kinh doanh chính**	Year set up - **Năm thành lập**	Form: SOE; Non-SOE - **Loại DN: Q/doanh, ngoài QD,**	Number of staff 2004 - **Số lượng CB CNV hiện tại**	Registered Capital Mn VND- **Vốn đăng ký (triệu đồng)**	BIDS SUBMITTED **Tổng số gói thầu đã nộp**						CONTRACTS AWARDED **Tổng số hợp đồng đã trúng**					
						2002		2003		2004		2002		2003		2004	
A. REGISTERED IN PROVINCE **ĐĂNG KÝ TẠI TỈNH**						All **Tất cả**	**GTNT**	All **Tất cả**	**GTNT**	All **Tất cả**	**GTNT**	All **Tất cả**	**GTNT**	All **Tất cả**	**GTNT**	All **Tất cả**	**GTNT**
B. OTHER CONTRACTORS **CÁC NHÀ THẦU KHÁC**																	

TABLE 1B: CONSULTANTS AVAIALABLE IN PROVINCE **BẢNG 1B: CÁC TƯ VẤN Ở TỈNH**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Name - **Tên DN**	Main services provided by the business - **Ngành nghề kinh doanh chính**	Year set up - **Năm thành lập**	Form: SOE; Non-SOE - **Loại DN: QD, ngoài QD,**	Number of staff 2004 - **Số lượng CB CNV hiện tại**	Registered Capital Mn VND - **Vốn đăng ký (triệu đồng)**	BIDS SUBMITTED **TỔNG SỐ GÓI THẦU ĐÃ NỘP**						CONTRACTS AWARDED **TỔNG SỐ HỢP ĐỒNG ĐÃ TRÚNG**					
						2002		2003		2004		2002		2003		2004	
						All **Tất cả**	GTNT	All **Tất cả**	GTNT	All **Tất cả**	GTNT	All **Tất cả**	GTNT	All **Tất cả**	GTNT	All **Tất cả**	GTN T

TABLE 2: CONTRACTS IN TRANSPORT SECTOR **YEAR:** **BẢNG 2: HỢP ĐỒNG TRONG NGÀNH GT** **NĂM:**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Name of Contract and Brief Description - **Tên hợp đồng và mô tả ngắn gọn**	Dates month /year - **Ngày tháng năm**							Value, million VND - **Giá trị (triệu**		Number of bidders - **Số Doanh nghiệp bỏ thầu**			Contract winner - **Doanh nghiệp trúng thầu**		
	Advertised - **Ngày Thông báo mời thầu**	Bid opening - **Ngày Mở thầu**	Evaluation Report submitted- **Ngày nộp báo cáo xét thầu**	Contract signed - **Ngày ký hợp đồng**	Contract period from - to - **Thời gian hợp đồng từ - đến**	Works completed - **Thời điểm hoàn thành thực tế**	Payment completed - **Thời điểm Quyết toán**	Ceiling - **Giá dự toán**	Contract **Gía trúng thầu**	SOE - **Quốc doanh**	Non-SOE - **Ngoài QD**	Total - **Tổng số**	Name - **Tên**	Form: SOE; non-SOE **Quốc doanh; Ngoài QD**	Winner province of origin - **Nơi đăng ký kinh doanh**

TABLE 3: VALUE OF WORK IN TRANSPORT SECTOR

BẢNG 3: GIÁ TRỊ CÔNG TRÌNH NGÀNH GIAO THÔNG

1	2	3	4	5	6	7	8	9	10	11
Year - **Năm**	Value of Work Awarded millions VND - **Giá trị các công trình được trao (triệu đồng)**				Total - **Tổng số**	Valued of Works Paid millions VND - **Giá trị các công trình đã được thanh toán (triệu đồng)**				Total **Tổng số**
	National - **Cấp quốc gia**	Province - **Cấp tỉnh**	District - **Cấp huyện**	Commune - **Cấp xã**		National - **Cấp quốc gia**	Province - **Cấp tỉnh**	District - **Cấp huyện**	Commune - **Cấp xã**	
2002										
2003										
2004										

TABLE 4: TRANSPORT SERVICE PROVIDERS **PROVINCE:** **BẢNG 4: CÁC CƠ SỞ DỊCH VỤ VẬN TẢI** **TỈNH:**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Company/Enterprise Name - **Tên Công ty/Xí nghiệp**	Year set up **Năm thành lập**	Form SOE, non-SOE - **Loại hình : QD, ngoài QD**	Registered capital Mn VND - **Vốn đăng ký**	Number of staff **Số CB CNV 2004**	Location of office (town, district) - **Địa điểm Văn phòng(thị xã, huyện)**	Services provided [transport and related services] - **Các loại hình vận tải và dịch vụ liên quan đến vận tải**	Route licences (if any) - **Tuyến đường được cấp phép (nếu có)**	Vehicles in operation - **Các loại xe đang vận hành**								
								Công Nông	Car - **Xe con**	Truck - **Xe tải**			Bus - **Xe buýt**			Others including boats **Các loại khác kể cả thuyền**
										S - **Nhỏ**	M **Vừa**	H **Nặng**	S **Nhỏ**	M **Vừa**	H **Lớn**	

TABLE 5: TRAFFIC SURVEYS COMPLETED 2000-2004 PROVINCE______

BẢNG 5: KHẢO SÁT ĐẾM XE GIAI ĐOẠN 2000-2004 TỈNH:

1	2	3	4	5
Year - **Năm**	Month - **Tháng**	Link - **Đoạn khảo sát**	Locations of Survey Points - **Vị trí các điểm khảo sát**	Report available at: - **Nơi giữ Báo cáo**

TABLE 6: ACCIDENTS IN TRANSPORT SECTOR | **BẢNG 6: TAI NẠN TRONG NGÀNH GT**

Province: | **Tỉnh :**

1	2	3	4	5	6	7	8
District - **Huyện**	Total Population - **Tổng dân số**	Number of Incidents Reported - **Số vụ đã báo cáo**			Incidents in 2003 - **Số vụ năm 2003**		
		2001	2002	2003	Number of deaths - **Số người chết**	Number of injured - **Số người bị thương**	Losses, million VND- **Số tiền Thiệt hại (triệu đồng)**
TOTAL FOR PROVINCE: **TỔNG SỐ CỦA TỈNH :**							

TABLE 7: VEHICLE REGISTRATIONS | **PROVINCE ______**

BẢNG 7: ĐĂNG KÝ PHƯƠNG TIỆN | **TỈNH ______**

1	2	3	4	5	6	7	8	9	10	11	12	13
Year - **Năm**	Motor-cycles- **Xe máy**	**Công nông**	Car - **Xe con**	Trucks - **Xe tải**			Buses - **Xe buýt**			Others - **Các loại khác**	Total Land Vehicles - **Tổng số phương tiện đường bộ**	Boats **Thuyền**
				S - **Nhỏ**	M - **Vừa**	H - **Nặng**	S - **Nhỏ**	M - **Vừa**	H - **Lớn**			
2002												
2003												
2004												

Attachment 3.3.C - SEACAP 14 PRESENTATION AT ROUNDTABLE WORKSHOP ARRANGED BY DFID NOVEMBER 4

WORK IN PROGRESS PRESENTATION

1. Objectives of the Study:

1) To determine the existing capacity for, and constraints to, PS participation in consultancy, construction, maintenance and transport services, including roads, waterways, motorised and non-motorised vehicles.
2) To recommend approaches for resolving key issues that can be considered by the MoT.
3) To recommend specific measures for PS support within the scope of RTP3.

2. Progress

2.1. Fieldwork in Phu Tho, Lao Cai, Quang Nam and Vinh Long will be completed on November 5. There might be some follow-up visits to check any critical matters.

2.2. Coverage: Meetings and consultations in Hanoi = 14; Meetings in four provinces, districts and communes = 20; Individual interviews = 90; Meetings stakeholders = about 200

2.3 Prospect:

a) Processing of data and opinions;
b) Consultation with Alan Johnson – ADB Project Coordinator
c) Consultation with Daniel Musson – World Bank SOE Reform Specialist;
d) Workshop on 22nd November
e) Draft Final Report to be submitted on 30 November
f) In December: circulation of Draft Final Report and receiving feedback
g) In January: finalise the Report

3.Key findings (at end of field work, prior to processing)

1. There is adequate capacity, diversity and mobility of contractors to supply services in RT. There are many new entrants, and many failing enterprises, and competition is intense for even small contracts. In such conditions, the main challenge for planners is to identify and treat the constraints to **viability of enterprises and quality of their work**.

2. Over-capacity in construction generally may be depressing prices. Low prices may be depressing quality, especially on smaller jobs typical of RT. Duty of care is apparently less practised on the smaller, remoter jobs.

3. Positioning of enterprises in the provincial and local markets depends critically on personal connections to Government staff, and a presence in terms of assets, equipment and technical reputation. In areas surveyed, it apparently suits the interests and beliefs of both GOV staff and the enterprises to manage the supply and competition. Owners do not want to risk employing the lowest bidder if bid price is unrealistic. ‘Supply management’ includes rotation of enterprises, subcontracting, sharing of equipment and key staff, and probably some protection of SOEs in transition to private businesses. It is difficult to assess some contractors’ capacity, because of voluntary and ‘recommended’ job sharing including equipment hire, in managed markets, and alleged lesser supervision on smaller jobs.

4. The common belief is that:

a) there are enough contractors and service operators available;
b) the main private and public concerns are now stability of work, viability and quality;
c) viability and quality will be threatened by more small competitors.

5. There appears to be a need to strengthen supervision consultants, as the managed markets [by clients and contractors] make the consultants vulnerable to discrimination. A common view is that supervision consultants must be recruited from within Provinces.

6. Strengthening of supervision consultants might include promotion of their professional associations, and training focused on relationships with contractors.

7. Transport services generally are operating in open, multi-point markets, with numerous small clients. State-owned services have comprised a smaller share of rural area markets in both land and water, hence less tendency to manage supply. Cooperatives are still influential in mediating supply and disputes in operations.

8. Private ownership of vehicles is rapidly increasing. Motorcycle ownership is suppressing the need for bus services in some areas.

9. The business context is shifting rapidly across all Vietnam. The evidence is that entrepreneurs are responding very keenly. Contractors appear to be taking a broad view of markets, across administrative boundaries and across business sectors (70% of contractors compete in services other than construction; typically more than 50% of gross revenue is from non-transport activities). Their constraints are more in 'over-competition' and the attitudes about state management of economy and society.

10. The main constraints to viability and quality of enterprises and services are **corrupt practices, high transaction costs and delayed payments.** Gains from other kinds of interventions will be negligible, so long as these factors are not improved. Change is happening gradually, and can be abetted by consistent standards and procedures which provide more public information and interest.

11. Many enterprises are signing contracts for work which include delayed payments, spread over three years. These arrangements weaken the viability of enterprises, mainly because of business uncertainty, dependency on the debtors, and borrowing for working capital on the next job. A common opinion is that work on delayed payment contracts is not below required standards; however those on deferred payments usually slow down inputs and progress.

12. It seems likely that most locally-grown district-based contractors will be squeezed out by more central enterprises with broader, diverse revenues and business networks, including better access to various donor projects [which give more certainty in revenues]. The general opinion is that the former cannot grow from the typical demand and typical packages in RT sector.

13. There was little interest expressed in forming/joining professional associations. The more probable medium term evolution is through general business associations.

Note 1: Packages

There is a complex of inter-related considerations in design of RT3 roadworks: design standard – complexity – technical capability – cost per km – contract packaging – interest of more capable bidders – quality of work – quality of clients' supervision and management - supply and viability of contractors in the next cycle.

Smaller, simpler jobs will help keep alive a greater number of small and local enterprises. There is, of course, a consensus among stakeholders that a period of consolidation of the supply would be effective in developing a strong contracting industry; and that continued 'splitting' of demand is weakening all enterprises.

The typical RT basic access project is less than 1 Billion – for these, contractor is usually appointed, hence the supply is managed by PMU, PDOT etc.

All say that bigger and more capable contractors will not bid for RT contracts less than 1 BN – they are usually in more distant places, and offer a small margin of profit.

Some contractors say that quality of supervision on these is minimal.

Note 2: Transport services

The big gain in basic access [and market participation] by road comes with the shift from walking (and animals) to motorcycles (say, from 4 kmh with 50 kgs load; to 20 kmh with 100-200 kgs).

Most stakeholders say that RT2 road standards are too low; and that a good level of service is provided for only 2-3 years [some PDOTs want to use RT3 funds to upgrade RT2 roads]. All say that they prefer fewer kms of roads, but with higher standard, and protected by sealing. Many people want to combine funds from donors and PG and District and community, to seal vital sections. All this has implications for packaging, technical capacity and the viability of various enterprises [see Note 1].

4. Effectiveness of Research

4a. Content

4a.1 Our main concern is about the diversity of issues/topics to be covered according to TOR. (For example, the legal framework has been/is being analysed by various studies and projects; we can only take an interest if it is mentioned by stakeholders.). We would suggest a sharper focus on the core issues [as identified by previous research].

4a.2 The idea that this study is 'for RT3' narrowed the concerns of Provincial and District staff, and was apparently passed on to stakeholders. Some of them wanted to discuss RT2 in detail. We had to make a special effort to widen the discussions and promote the wider purpose of the strategy review.

4b. Process

4b.1 It is apparent that key informants throughout GoV are very busy with diverse assignments, and that there are few opportunities for discussions on any particular matter. Donors, and consultants on tight schedules, add to their workloads. The sheer number of studies and projects seems ‘too much’. Fewer, larger activities, with counterpart staff involved and responsible for results, seems more suitable at this stage of GOV’s evolution.

4b.2 Our field enquiries show that knowledge and documents from programmes and projects and studies are not flowing well in the GOV, nor to enterprises. There is some doubt about the application and transfer of knowledge. From our short exposure, we cannot identify the extent or reasons for this condition [if true]. Some experienced observers opine that there is some reaction and aversion to the intensity and speed of change in Vietnam, hence reluctance of some people to be interested in the next document etc.

4b.3 Stakeholders’ opinions
In areas where public officials and private entrepreneurs prefer a managed economy and society, it is difficult for short term researchers to access and assess particular stakeholders and their opinions. Hosts generally have a strong interest in showing to visitors that ‘everything is ready‘ for participation in the next project. To the extent possible, donors and GOV should encourage medium term development of locally based research capability, perhaps as service agency contracted to Provincial Governments, which can be deployed/consulted in special studies and projects such as SEACAP.

Attachment 3.3.D - SEACAP 14 WORKSHOP NOVEMBER 23, 2004 TO DISCUSS FINDINGS AND PROBABLE RECOMMENDATIONS

1. Objectives of the Study

a) To determine existing capacity and constraints to greater PS participation in RT;
b) Recommend approaches to resolving key issues that can be considered by MoT; and
c) Recommend specific measures for PS within RT3.

2. Context for PS

2.1 Market forces are mitigated by social, cultural and political relationships; and business transactions are conducted in a weak legal framework. Socio-political forces are especially strong in provincial, district and commune situations.

2.2 In transport sector, 'over-supply' and 'excess competition' and state management lead on to managed markets.

2.3 Managing the supply and competition in RT sector includes rotation of work for enterprises, subcontracting, sharing of equipment and key staff, some arranged opportunities for SOEs/ex-SOEs; and bid prices which are very close to Engineer's estimates.

2.4 There are suggestions – but with no hard evidence - of biases towards SOEs in relationships, access to information, land, capital and equipment, in transactions costs, job management and disputes/variations in contracts.

2.5 There are some advantages to the public interest from this close networking. However, the disadvantages include the limiting of competitive forces and reluctance among investors due to the uncertainties of collusion.

3. Infrastructure Services

3.1 Capacity in RT

3.1.1 There is generally adequate capacity, diversity and mobility of contractors to supply services in RT.

3.1.2 The common belief is that:

a) there are enough contractors and service operators available;
b) the main private and public concerns are now stability of work, viability and quality;
c) viability and quality will be threatened by more small competitors;
d) hence there is a need to slow down new entrants, to allow a process of consolidation.

3.2 Prequalification and information

Registration of Contractors and Consultants (with profiles, capacity, works done, etc) appears to be an incomplete, informal process among provinces and districts. However, it seems that GOV agencies know exactly the capacity of enterprises in their areas.

3.3 Eligibility of Bidders

3.3.1 RT2 allows SOEs from other provinces to bid for RT2 works. In the ADB Loan, it is specified that:

a) enterprises **under direct control** of the Employer are not eligible to bid for ADB funded contracts, and
b) SOEs **not under direct control** of the Employer are eligible for ADB funded contracts **with the condition** that they are equitised and operate under Enterprise Law.

3.3.2 To promote PS, it would be better to reserve RT3 works for non–SOEs.

3.4 Bid Procedures

In RT2, there were two procedures for procurement, depending on "delegated provinces" or "not delegated provinces" (RT2 Operation Manual – page 89). What reasons are there for RT3 to follow the same procedure?

3.5 Small enterprises' development

3.5.1 RT works contribute around 40-50% of the revenue of a typical small, district-based contractor, and around 20-30 % of a typical, larger, province-based contractor.

3.5.2 Small contractors in RT get almost all of their work through Appointed Contracts. The skills and personnel and resources to prosper in this appointments market are not simply expandable into the competitive bidding market. The small contractors cannot grow from the typical demand and packages in RT sector.

3.5.3 It seems likely that most locally-grown district-based contractors will be squeezed out of wider markets by more central enterprises with broader, diverse revenues and business networks.

3.6 Viability

The main constraints to viability and quality of enterprises and services are **corrupt practices, high transaction costs and delayed payments.** 'Leakage' is probably around 30% of contract value. Gains from other kinds of interventions will be negligible, so long as these factors are not improved.

3.7 Quality of works

If there is 'leakage', the public must ask: where is the contractor 'saving' funds?

a) Is the engineer's cost estimate 'too high'?
b) Is the supervising consultant's checking too lenient?
c) Are the actual wages paid according to the cost estimates?

3.8 Delayed payments

3.81 Some delays are agreed in the contract; and some are caused by deficiencies in the processing of claims. These arrangements cause business uncertainty, dependency on the debtors, and borrowing for working capital.

3.8.2 A common opinion is that work on delayed payment contracts is not below required standards. However, there are cases where work is slowed, or even stopped, because of overdue payments. The policy question is: should GOV prohibit ‘no budget projects’?

3.8.3 Late payment due to multi-step procedures, interests of bureaucracy, and errors and deficiencies in information are more damaging to the enterprise. RT3 should focus on monitoring and early intervention in processing, so as to treat causes of delays.
[Recommend the ADB Project Disbursement Chart]

3.9 Consultants

3.9.1 Provincial and district agencies prefer to employ ex-SOE staff in design work, because of their reputations, knowledge of local situations and access to information.

3.9.2 Consultants are appointed through consideration of their dossiers and checking their statements of capability. Surveys show that PPMUs and Consultants still prefer this method; and it is recommended for RT3.

3.9.3 There appears to be a need to strengthen supervision consultants, as the managed markets may possibly expose the consultants to discrimination.

3.10 Labour and employment

3.10.1 There appears to be adequate experience in deploying local labour. Use of labour based technologies [LBT] is preferable in peripheral, basic access conditions with smaller packages; so RT3 needs to develop and support the skills of managers and technicians at district and commune level.

3.10.2 Actual wages being paid may be about 40-50% of the billing rate to owners; and fluctuate with the season, and the particular livelihood activities in a commune. With current budgets, the potential economic impact roadworks is small - may be around two or three paid days per year [0r 30,000 VND per rural adult].

3.11 Demand and supply of contractors

3.11.1 The overall demand for contractors comes mainly from non-RT investments and repairs. RT demand is around 1% of total civil works in a province. Non-RT civil works demand will grow faster than RT works

3.11.2 Specialization in road sector might not be realized because of new enterprises being set up, and because enterprises might be discouraged from committing more deeply in a managed market.

3.11.3 Supply to RT work, hence competitive forces, are being introduced through work opportunities in other sectors. Improvements in transport are reducing mobilisation costs and enabling contractors to seek work in other provinces and districts.

4. Recommendations on infrastructure

4.1 On policy, strategy, or regulatory steps, or administrative performance

4.1.1 Specifications

There is still a need to simplify technical specification in the bidding documents for small RT projects, and to encourage/require owners to:

a) work closely with small contractors on the solution and works
b) support the managers and technicians in LBT jobs.

4.1.2 Contract Packages.

There is a complex of inter-related considerations in design of RT3 roadworks:

> design standard – complexity of solution – technical capability – cost per km – contract packaging – interest of more capable bidders – quality of work – quality of clients' supervision and management - supply and viability of contractors in the next cycle.

Most stakeholders say that RT2 road standards are too low; and that a good level of service is provided for only 2-3 years. Many people expect that RT3 will focus on improvement of RT2 Basic Access gravel roads to bitumen sealing, instead of construction of more gravel road.

Smaller, simpler jobs will help keep alive a greater number of small and local enterprises. There is a consensus that continued 'splitting' of demand is weakening all enterprises. Bigger contractors generally will not bid for RT contracts less than 1 BN.

4.1.3 Project Implementation Organizational Chart

Each link between agencies multiplies the potential interactions and raises the risks in information flows and decision-making. The co-ordination between these entities is perceived by many entrepreneurs as complicated, as a potential constraint on planning and implementing works, and as a potential source of irregular payments. The general recommendation for RT3 design is to reduce the number of transactions and agencies involved.

4.2 On capacity development

4.2.1 Dissemination

It seems from consultations that the huge amounts of knowledge and documents from programmes and projects and studies are not flowing well in the GOV, nor to enterprises – this indicates a need for better targeted and coordinated propagation and training.

4.2.2 Design of a programme over three years

4.2.2.1 There are some suggestions that dissemination and capacity development has been 'trapped' at PDOT and PPMU. RT3 could shift towards a comprehensive programme, with better targeting of GOV and enterprises' staff; with some cost sharing, setting of competencies and certification of skills.

4.2.2.2 In Districts, technical and management capability is constrained by low budgets; and by the focusing of project support and contract management at PPMUs. It seems necessary to increase support to districts and to shift some responsibility there.

4.2.2.3 Training to contractors and consultants – needs are in job management, quality assurance, and the procedures, requirement and terms of donors. The training and guidance must be sustained – and NOT provided as a single event only.

4.3 Other interventions to support the industry.

4.3.1 Development effect

Stakeholders in donor projects must consider – what flow-on or crossover is being achieved to non-donor, normal operations under state budgets? Fewer and better-focused activities, with direct incentives and disincentives in implementation, seems more suitable to increasing the flow-on.

So the potential is small for a single project to influence the market and the practices in commercial and technical fields. The implication? – focus effort on fewer systems/organisations/stakeholders; to make more profound and lasting changes; with stronger potential demonstration effect.

4.3.2 Associations

There was little interest expressed in forming/joining professional associations. The more probable medium term evolution is through general business associations.

5. Transport services

5.1 Institutional arrangements

5.1.1 Services are partly de-regulated - state management applies in the registration of businesses and the approval of routes of operation at provincial and district levels. However, numerous small services are needed, and can survive. Thus capital and expertise requirements are usually low, and non-transport service providers can often meet their transport needs ‘in-house’. Private ownership is rapidly increasing, enabling more enterprises and consumers to provide their own services.

5.1.2 However, Cooperatives are still influential in mediating supply and disputes in operations.

5.1.3 Formal or informal cartels – the power of cooperatives of service operators persists in some provinces and districts. Their effect is much more on inter-province and inter-district services, rather than on the commune and village services typical of RT.

5.2 Service types and quality

5.2.1 On village and commune roads, around 90% of travel is pedestrian, animal, bicycle, motorcycle, tractor and cong nong. Rapidly increasing ownership of motor cycles slows the demand for RT bus services. High vehicle operating costs and slow travel speeds deter operators, especially in wet season.

5.2.2 Users are willing to pay the higher cost of motorcycles, because of flexibility and access to farms and houses]. Users change to cheaper buses on reliable road links.

5.2.3 The big gain in basic access [and market participation] comes with the shift from walking (and animals) to motorcycles.

5.2.4 All informants say that they prefer fewer kms of roads, but with higher standard, and protected by sealing. They accept the 'trade-off' in local transport, of walking or using animals, motorcycles and bicycles 'for a few more years', provided that they can be sure of reaching an all-weather road, to cover the larger distance to market centers.

5.3 Profitability

5.3.1 The common complaint of operators is that profits are too low. The apparent contradiction is that operators are borrowing, and paying off debts, for new vehicles. They all see 'new equipment' as the way to hold their share of markets.

5.3.2 The numbers of passengers carried per vehicle per day are reported to be falling. Inter-urban traffic is growing faster than RT traffic, so operators prefer to invest and operate at that level, with lower VOC.

5.4 Demand and supply issues

It appears that the supply is growing faster than demand in RT, due to the incomes, savings and credit of entrepreneurs – especially those based in provincial and district urban centers - rising faster than production and incomes of rural residents.

There was strong interest in setting up well-equipped workshops and providing training and certification for mechanics.

Meeting Notes - SEACAP 14 The Role of Private Sector in Rural Transport Open Discussion about Probable Recommendations

Time and Date	:	*TUESDAY, 23 NOVEMBER 2004, 1:30PM*
Location	:	**Ministry of Transport, Hanoi**
Present	:	Mr. Hoang Cong Quy, Head of Rural Transport Unit, MOT. Mr. Tran Tien Son, Rural Transport Unit, MOT. Mr. Simon Ellis, Transport Sector Coordinator, the World Bank Viet Nam. Ms Ngo Quynh Hoa, Programme Officer, DFID Vietnam Mr Le Nhat Cuong, Deputy Manager of PID1, PMU18 Mr. Pham Ngoc Son, Rural Transport Unit, TDSI. Mr. Muoi, Rural Transport Unit, Transport Development Strategy Institute. Mr. Nguyen Chi Thanh, Bridge Engineer – WSP, Rural Transport 2 Project. Mr. Nguyen Dong Tuan, Road Engieer –WSP, Rural Transport 2 Project Mr Luc, VRA Ms. Le Minh Nguyet, SEACAP Local Programme Manager, Crown Agents Viet Nam Mekong Economics's SEACAP 14 Consulting Team: Mr. Don Townsend - Team Leader, Mr. Phan Manh Tuan – Private Sector Development Specialist, nMr Vu Xuan Thuong – Transport Engieer and Ms. Tran Ngoc Diep – Project Coordinator. Mekong Economics's SEACAP 15 Consulting Team: Mr. Nguyen Van Thu - Team Leader
Agenda	:	**Open discussion on Main Findings and Probable Recommendations**

- ❖ **Introduction session: Mr Quy (MOT)** and **Mr Townsend (SEACAP 14)** introduce all stakeholders participating at the meeting.

- ❖ **Mr Townsend, Mr Thuong and Mr Tuan (SEACAP 14)** present an overview of the Main Findings and Probable Recommendations, based on a 7-page summary of discussion points, circulated to stakeholders.

- ❖ **Mr Simon Ellis:**
- ▪ Regarding procedures should compare the old and new projects: Consultants should explain why recommend to cut down some parts in the procedures.

- ❖ **Mr Townsend:**
- ▪ Private development and Public interests should be balanced. Too many small contractors but possibly resulting in low quality. Recommends that at district level, contracts should have value over 200 million VND
- ❖ **Mr Luc –VRA**
- ▪ Quality of contractors: Management style and the way to implement contract should be expanded.
- ▪ Should divide technical specifications for different size of contracts (low, high, etc.)
- ▪ Contractor Prequalification can be reviewed by checking previous works, equipments.
- ▪ Requirements for equipments to do rural transport works should be lowered.
- ▪ Supervision by community should be enhanced. However, local people should not involve in approving the works for payments. They should only work closely with Supervision Consultants and can be responsible for certificating when the work is completed. To reach this aim, representatives of the commune to do supervision should be well trained.
- ▪ Some percentage in the insurance article in the contract should be given to community to do the maintenance after works are handed over. It helps to improve community responsibilities in using the road.

- Penalties - regulations should be issued to deal with violating contractors.

- **Ms Hoa of WB –** notices that it is reported that 'capacity is adequate'; but is there enough concern about quality of work done?

- **Mr Thanh at WSP.**
- Agree with the rate of 30% of 'leakage' at Point 3.6 of Summary.
- It is very difficult to answer question a and b. – we can not really find out how the amounts are being recorded in monitoring and supervision reports

- **Mr Ellis:**
- Which should be preferred in RT3: Appointed contracts or Competitive bidding?

Most respondents prefer the latter; but are aware that local authorities want to retain the appointing methods

Follow up: all participants are invited to send to Mekong Economics any comments on the Summary notes; and to be ready to review and critique the Draft Final Report.

Meeting Notes - Meeting with contractors, consultants and transport providers for the survey for RT3 in Quang Nam province

Time and Date	:	2 pm October 22, 2004
Location	:	Quang Nam PDOT, Tam Ky, Quang Nam
Present	:	Mekong Economics Consultant Quang Nam PDOT Quang Nam PPMU Contractors, consultants and transport providers
Agenda	:	**Open discussion on General Issues**

1. Mr Tran Thanh An – Vice Director of PDOT delivered the opening speech.

Introduction of the meeting purpose: for MK consultant to have contact with contractors, consultants and transport providers to get information. Apart from that there 'd be also some information about RT3.

Following is the work programme of the survey team in Quang Nam:

- 26 and 28 October: meet and interview
  + 6 contractors (4 private contractors [PC] and 2 SOE contractors
  + 6 transport providers
  + 3 consultants
- 27 October; Work at Tien Phuoc district
- 29 October: Work at Duy Xuyen district

2. Mr Don Townsend to chair the meeting:

The GoV signed the agreement to borrow 150 million US$ from the WB to implement RT3 for 33 provinces nationwide (average cost is about 7 billion/province). The proposed time to start the project is October 2005. PMU 5 (MOT) has been assigned to managed this project and PMU 5 wants to make study to make the best use of the resource.

The survey team had heard the recommendations from Mr Le Van Hinh – Director of Quang Nam PDOT and his coworkers. The survey team will report those recommendations to PMU 5 as well as the recommendations from contractors, consultants and transport providers. At today 's meeting the survey team wants to listen to experience, worries from contractors and report the recommendations to RT3.

Question: Does any one know how many contractors are in Quang Nam?

About 40.

Question: Does any one know how many transport providers are in Quang Nam?

20

Question: RT3 will only construct rural roads which means the roads that link commune centers to districts or from communes to villages and will only make gravel roads. The proposed value of contract ranged from 500 to 800 million. What do the contractors think about the above intention.

Opinion 1: When delivering investment attention should be paid to the mountainous areas as there is still great difficulty in those areas. If the value of the package is too little, the preparation cost/implementation productivity is too low causing great expense for contractors. The contractors will then have to add that to bid price and that will costly to Project and the economic effect will be low.

Opinion 2: For RT2 in Quang Nam province, contractors have won some projects but due to very limited investment rate – after completion the structures are not solid, and that make the maintenance burden on localities. In order to keep those structures the majority of the localities have to borrow money to make the surface solid.
The importance for the contractors here is that when they take those contracts they are afraid to loose their reputation to the localities.

Question: What is the acceptable rate for 1 km.

Opinion 1: it is difficult to assess the investment rate as it depends on topography, the road before investment and selected road surface.

Opinion 2: If we eliminate difference, the investment rate should be considered from 500 – 700 million/1 km.

Question: experience from RT2 showed that in the delta area the rate is about 300 million/1 km; and about 600 million/km. I have a question for consultant: What change in the survey and design steps we should make drawing from your experience from ADB and WB donors.

Opinion 1: RT2 used gravel roads and that have much weakness, the outstanding problem here is environment pollution and transport safety (due to the fact that gravel road surface will be peeled off after some time of using), so RT3 should propose measure to seal the roads.

Opinion 2: Apart from that the regulation on inflexible investment rate makes it difficult for consultants to select surface structure as well as measure to strengthen the subgrade.

Question: Currently PMU 5 has considered before making decision: either to increase investment rate and reduce the number of km of road, or to reduce the investment rate to increase the number of km to be rehabilitated. What option do the contractors prefer?

Opinion 1: need to make less road with better investment rate.

Opinion 2: RT2 showed that many roads have built but the service period is too short so not effective and we need to change the above opinion.

Vote: all participants agreed.

Question: How much is the load of vehicles the transport providers always use when they transport goods to rural areas.

Opinion 1: transport providers have many vehicles with load ranging from 1 to 15 tons (not including the vehicles load). They often use 6 to 9 ton trucks to transport good to rural areas.

Opinion 2: currently the competition between transport providers is very strong. If they want to be effective they need to increase the vehicle load but that ‘s not be possible due to the current road system.

Question: Is there an association of contractors in Quang Nam?

No.

Question: Does any one have an idea of how to set up that association?

No idea.

Question: Increase the quality of the contractors will also be an objective of WB. There are 2 strategies to obtain the above objective:
1/. Increase new contractors; currently we have 40 contractors, getting more contractors to do the work will help increase the number of contractors.
2/. Not increase new contractors – concentrate on the increase of current contractors' capacity.

Opinion 1: Increase more contractors means more competition, more risk. We 'd better concentrate on the current contractors.

Opinion 2: People at the PPMU are the one who work very often with contractors. We should take reference from PPMU people.

Question: Some people said that more people taking part in the bidding will make the bidding price lower. Does this happen in Quang Nam?

When joining the bidding all the contractors have to consider their benefit as well as reputation – so price reduction not happens when there are many contractors.

Question: When joining the bidding all the contractors have to consider their benefit as well as reputation. What is the reasonable rate of profit according to the contractors (especially the rural road contracts).

5 to 6 % is reasonable with the condition that the payment should be rapid, otherwise it is impossible to cover the interest of the bank loan (current 12 % per year).

Question: Is there any bank specializing in supporting construction industry?

Bank for Investment and Development, however it is difficult when contractors ask for support.

Question: Which difficulties the contractors meet in the process from preparation of tender document to request for payment and receive the first payment.

The most difficult step is to make payment profile, the procedures are very complicated and it always take so much time for contractors to have the payment. Bidding is also difficult.

Summary of the questionnaires: no need.

The Bidding and procurement framework has been delivered to the participants:

Question: Which steps in the framework make difficulty for contractors, any change or things to add in?

Need to delete the lobby.

Question: Does that happen in reality?

No.

The meeting with the contractors finished. We'd like to thank the contractors, consultants who presented at the meeting. We'd like to invite the transport providers to have short discussion now.

III. Discussion with the transport providers.

Question: One of the project objectives is serve for passenger and good transportation helping transport providers to increase their service especially to serve rural people.
In the reality where you go to, you go to each village or just to the commune centers?

Good transport goes to communes and villages and passenger transport goes to commune clusters or commune centers.

Question: What is the most difficult problem when you do the transport service?

Mr Dang Phuc Nhung – Song Thu cooperative: We provide transport on inland waterway. The most difficult problem is the transport route. Due to the topography in Quang Nam is very steep so the water runs very fast in the wet season and we have alluvial ground in the dry season. We have had a lot of contract to transport gravel, sand and stone for RT2.

Question: What do we do to make better if we have RT3?

Currently unhealthy competition everywhere in exploiting, transporting and providing construction material for structures, the private units always control market by illegal measures, however they have not yet been treated by functional agencies.

Currently it is difficult to transport passenger and goods to remote and sandy areas along the coast – so it is not possible to use low clearance vehicles and we have to use 4 wheel driver vehicles. In the passenger coach market now there are no high clearance vehicles although we have been looking everywhere. Does RT3 have any measures to support enterprises?

Currently rural roads are only designed for 6-8 ton vehicles – so it is difficult to use low clearance vehicles for passenger transport. RT3 will only concentrate on the development of transport but not provide fund for purchasing vehicles.

But there will be support programme to increase quality of transport service, especially transport safety. It is possible to support by organizing workshop to increase the awareness of the drivers and special attention will be paid to measures for treatment of steep and curve sections of roads.

Question: Do the cooperatives joint any associations?

We join the union of Quang Nam cooperative and the chairman is Mr Nguyen Kien Quoc.

Question: Does any enterprise increase transport fare in 2004?

Transport fare is applied to a common premises regulated by the Government. IN 2004 the fare has to be adjusted due to the change in the market price especially the prices of oil, petrol and steel etc. the increase in the price is from 10-30 %.

Question: How do you maintain your vehicles? You maintain them yourselves or you get someone to do it for you?

Some enterprises maintain their vehicles themselves, some get others to do it for them.

Question: Are there other recommendations:

Necessary to pay more attention to the transport of the material to avoid pollution.

There are enterprises that do business in transport and construction. We propose RT3 to support cooperatives to bid for construction contracts.

Question: Which of the above one is more effective?

There is mutual support, however transport is more risky and competitive.

The meeting finished at 4.30 pm.

Attachment 4.1 PEOPLE CONSULTED

HANOI

Name	Position	Organisation	Emai	Mobile
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PHU THO

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Hong Linh Construction Ltd,.Co		Group 1- Lot1 -Gia Cẩm		849.815
Thanh Cong Construction Jointventure Co		Phú Lộc- Phù Ninh	0912.068.818	
Phu Tho Construction Jointventure Co		1408 Hùng Vương		847.612
Thanh Cong Construction&Buiding Jointventure Co		Group 4- Phong Châu Town- Bạch Hạc		846.359
Phu Tho Buiding Jointventure Co		Phú Lộc- Phù Ninh	0913.350.029	
Dong A Jointventure Co.		Group 5- Đồng Giao 1 Lot- TT Phù Ninh		833.093
Hung Vuong Consultant & Building Jointventure Co		Lot 7- Cổ Tiết-Tam Nông		879.558
Ha Phuong Construction Jointventure Co		Group 32- Tiền Phong- Tiên Cát		846.216
Viet Phap Design Consultant&investment Jointventure Co		940 Hùng Vương- Thọ Sơn		846.031
Phu Hoa Construction Consultant Jointventure Co		1439 Hùng Vương		847.731
Thong Nhat Jointventure Co		Nỗ Lực - Thuy Vân		846.995
Thanh Huyền Jointventure Co		Group 34- Doi Cam 1- Thanh Miếu		849.978
Nam Ninh Jointventure Co		Khu đường Nam- TT Phong Châu- P.ninh		829.195
Hoang Phuong Jointventure Co		Minh Bột- Minh Nông		854.934
Phu Hai Trading and Services Jointventure Co		129 Group 18-Kiến Thiết- Thanh Miếu		845.995
Song Thao Jointventure Co		Group 14B- Hai Ms.Trưng- Thọ Sơn		849.116
Song Hong Construction - Trading Jointventure Co		Nỗ Lực Village -Thuy Vân		846.926
Song Lo Jointventure Co		97 Hai BaTrưng- Thọ Sơn		847.312
Thanh Van Construction Jointventure Co		Thanh Sơn Center		855.848
Phu Tho Construction works Co		Vân Phú		846.501
Phu tho Transportation Jointventure Co		Nông Trang		846.491
Phu Tho Maintanance & Construction road No.2 Company		Trung Hà- Tam Nông		
Phu Tho Maintanance & Construction road No.1 Company		Phu Tho Town		820.064
Song Hong infrastructure ConstructionJointventure Co		Khu 6B Nông trang Việt Trì		953.082
Van Hung Trading & Construction Jointventure Co		Hưng Hóa Town- Tam Nông		879.127
Phu Tho Design Consulting & Contruction Jointventure Co		Alley 286- Lê qúy Đôn- Gia Cẩm		846.532
14 Construction & Mechanical Company		2068 - Hùng Vương High way		
Hung Vuong Construction Company		Phú Lộc Town- Phù Ninh		
Phu Tho RD & Construction Jointventure Co		2124 Hùng Vương		952.121
Ha Thanh Construction Jointventure Co		No.12 Hoàng Trung Lot - Thanh Sơn Town		
Phu Tho Construction Design Center		No.1508- Hùng Vương		858.843
Dong Tam Construction Jointventure Co		Lot 6- Vân Phú- Vân Trì		952.446
Ha Oanh Construction Consultant Jointventure Co		Group 4- Lot1- Vân Phú		952.758
Phu Tho Construction Consultant Ltd,. Co		Group 16B- Gia Cẩm		845.069
Hoang Mai Construction Jointventure Co		Gia Cẩm		
Transporting Construction Jointventure Co		Tân Dân		848.102
Hoang Mai Ltd,.Co		Lê Quý Đôn Road-Phú Thọ		
Phu tho PassengerTransportation Jointventure Co		2256 Hùng Vương		
Dinh Nghia Enterprise		Khu3- Thanh Sơn Town		
Trần Văn Minh	Chief of Women Union	Tam Nong District, Phu Tho		
Hà Thị Xoan	Expert of Transportation-Construction Dept	Tam Nong District, Phu Tho		
Mr. Đỗ Văn Hương	Expert of Transportation-Construction Dept	Tam Nong District, Phu Tho		
Mr. Nguyễn Văn Khanh	Vice-Head of Transportation-Construction I	Tam Nong District, Phu Tho		
Ms.Thiều Thị Hiền	Vice- Director of PhuTho Transportation De	Tam Nong District, Phu Tho		
Mr. Phạm Ngọc Hoà	Head of Dept.	Transportation -Construction Dept		
Nguyễn Tiến Cam	Vice-Head of Dept.	Transportation -Construction Dept		
Thiều Thị Hiền	Expert	Transportation -Construction Dept		
Nguyễn Văn Khanh	Expert	Transportation -Construction Dept		
Đỗ Văn Hưởng	Chief	District Women Union		
Hà Thị Xoan	Chief	Veterans' Union		
Trần Văn Minh	Director	Provincial Transportation Dept	0913556847	
Hoa	Head of Dept.	Provincial Transportation Dept	0913351582	
Dai	Expert	Provincial Transportation Dept	0903291395	
Tài	Head of PM Dept.	Provincial Transportation Dept	0912116884	
Mr.Quan	Head of Transportation and industry Dept.	Tam Nong District, Phu Tho		0210879494
Nguyễn Tiến Cam	Director	Provincial Transportation Dept	0913282608	0210846240

QUẢNG NAM				
Quang Nam Transportation Consulting Jointventure Co		10 Nguyễn Du- Tam Kỳ	913.480.454	510.812738
Nam Long Consulting Construction Jointventure Co		63 Trương Chí Cương & 70 Trần Cao Vân	913.420.420	511.89526
Quang Nam investment Consulting &Construction Ltd,.Co		2 Điện Biên Phủ- Tam Kỳ	914.041.772	
Quang Nam Transportation Jointventure Co		Provincial Transportation Dept	913.480.440	510.812251
Quang Nam Transportation Works Co		Số 10 Nguyễn Du- Tam Kỳ	913.480.579	510.851577
Quang Nam Transportation Construction Jointventure Co		52 Lê Hồng Phong- Hội An	913.480.376	
Mekong Ltd,.Co		Lot 6 - 2/9 Road- Đà Nẵng	903.350.177	511.641291
Minh Son Transport Construction Jointventure Co		03 Trương Chí Cương- Đà Nẵng		511.863744
My Son Construction and Services Ltd,.Co		Nam Phước- Duy Xuyên	913.480.186	
Tam Ky Transportation & Trading Cooperative		47 Phan Châu Trinh- Tam Kỳ	903.570.600	
Song Thu Transportation Cooperative		Lot 4- Vĩnh Dien Town		510.867213
Dai Loc Transportation Cooperative		Lot3 - Ái Nghĩa Town- Đại Lộc	903.551.545	510.865242
Duy Xuyen Transportation Ser & Genernal Trading Cooperative		1A High way- Nam Phước- Duy Xuyên	913.419.129	510.877225
Nguyễn Công Dũng	Vice- Chief	District People Community	913.415.551	
Dương Văn Hùng	Head of Dept.	Plan and Investment Dept	913.414.262	510.877794
PHạm Văn Sang	Vice- Head of Dept.	Plan and Investment Dept	914.000.972	
Ngô Tấn Hoà	Expert	Plan and Investment Dept	905.133.560	
Lê Thị Thu Ba	Chief	District's Women Union		510.877522
Ngô Đình Lục	Expert	Peasantry's Union		510.877941
Nguyễn Văn Sỹ	Secretary of Youth Union	Youth's Union		510.877978
Trần Thi	Expert	District People CommunityDept		510.766079
Lê Cữ	Vice-Head of Dept.	Resourse and Environment Dept		510.878466
Nguyễn Bốn	Vice- Head of Dept.	Finance Dept		510.87771
Võ Tấn Đức	Expert	District Front		510.877334
Mr. Nguyễn Công Dũng	Vice- Chief	Duy Xuyên District - Quảng Nam		
Mr. Thi	Expert	Duy Xuyên Transportation Dept		
Mr. Dương Văn Hùng	Head of Plan and investment Dept.	Duy Xuyên District - Quảng Nam		
Mr. Phạm Đức Nguyện	Head of RT PM Dept	Quang Nam Transportation Detp		
Mr. Trần Thanh An	Vice- Director of Transportation Dept	Quang Nam Transportation Detp		
Mr. Linh	Head of Transportation Management Dept	Quang Nam Transportation Detp		
Mr. Võ Kim Sơn	Chief	Tuyên Phước District Quảng Nam		
Mr. Trần Văn Thiều	Chief of Veterans' Union	Tuyên Phước District Quảng Nam		
Mr. Trần Ngọc Linh	Head of investment and Plan Dept.	Tuyên Phước District Quảng Nam		
Le Van Hinh	Technician	PDOT of QUANG NAM	**0913421101**	0510852374
LÀO CAI				
Hoang Son Ltd,.Co		009-Trần Nhật Duật Road- Kim Tân District		
Nam Tien Construction Co.		157 Nhạc Sơn Road- Cốc Leu Dist		
Phuc Khanh Construction Co.		K30 Slope - Nguyễn Huệ Dist		
Quyet Tien Construction Co.		154 Nhạc Sơn Road- Kim Tân Dist		
Cuong Linh Assembling Co.		Cao Sơn Road- Kim Tân Dist		
Minh Duc Construction Co.		096B- Lý Đạo Thành Road - Kim Tân Dist		
Hong Toan Ltd,.Co		038- Hoàng Hoa Thám Road		
Lao Cai Bridge Construction Jointventure Co		086- NHạc Sơn Road- Duyên Hải Dist		
Chien Thang Ltd,.Co		Group 54- Ngô Quyền road- Kim Tân Dist		
Ha Lao Construction Co.		154- Nhạc Sơn Road- Kim Tân Dist		
Dai Duong Ltd,.Co		027- Trần Đăng Ninh		
Hoa Phong Ltd,.Co		121- Nguyễn Huệ Road- Phố mới Dist		
Lao Cai Transportation Jointventure Co		Minh Khai Road - Phố mới Dist		
Ngoc Thuyen Enterprise		Tằng Loòng Town		
Bat Xat Community Unit		Bát Xát Dist		
Lao Cai Construction Consulting Jointventure Co		Hoàng Liên Road- Cốc Lêu Dist		
A-C Design Consult & Construction Co		140 Hoàng Liên Road- Cốc Lêu Dist		
Lao Cai industry Consult Co		Phan Đình Phùng Road- Phố Mới Town		
Lao Cai irrigation Construction & RD Jointventure Co		002- Hoàng Liên Road		
Bridge-Road Consulting Association Ltd,.Co	Head of RT Dept.	014- Phan Huy Chú- Cốc Lêu Town		
Nguyen Manh Yen	Expert	PDOT Lao Cai	**0913287273**	020820868
Nguyen Trung Dung	Head of industry- Transportation Dept.	PDOT Lao Cai		020820868
Đào Văn Tới	Vice-Head of industry- Transportation Dept	Bát Xát dist., Lào Cai		
Lê Phi Bằng	Vice- Chief of Lao Cai People Community	Lào Cai town		
Nguyen Ngoc Dung	Director	PDOT LAO CAi	**0913287244**	020821067

VĨNH LONG				
Lê Văn Lập	Head of Dept.	Vung Niem Industry and Commerce Dept	918.806647	70.870801
Phan Bửu Niên	Director	Vinh Thanh Ltd,.Co	903.927405	70.827174
Võ Văn Quan	Head of Construction Management Dept	Vinh Long Transportation Dept	903.614208	70.827534
Nguyễn Hữu Đức	Director	Transportation Jointventure Co	913.960061	70.822131
Nguyễn Minh Hoàng	Vice-.Director	Anh Dung Private Co	913.729601	70.820045
Đào NGọc Lợi	Director	Transportation Management Co		70.822504
Nguyễn Tấn Đạt	Director	Tien Dat Ltd,.Co	913.889375	70.831612
Võ Thị Đậm	Director	Tân Phước Thanh Private Co	918.024444	70.725018
Nguyễn Trụng Hậu	Director	Truong Thanh Investment Consult Ltd,.Co	918..243800	70.833411
Nguyễn Huy Hoàng	Director	The Southern Design Consultan &Construc	913.228.441	70.820604
Dương Văn Thời	P.Head of Dept.	Tam Binh Industry and Commerce Dept		70.860201
Đặng Xuân Hùng	Director	Dai An Ltd,.Co	913960138	70.827848
Nguyễn Hồng Anh	Secretary	Huynh Dat Private Com	918608086	70.832772
Dương Hữu Phú	Director	Phù Vĩnh Long Private Com	913889399	70.824634
Nguyễn Văn Minh	Head of Dept.	Phu Thanh Private Com	918684474	
Lê Văn Linh Khương	Technician	Hoan My Ltd.Co	903033171	70.823831
Mr. Thớt	Vice-Head of industry and Commerce Dept	Tam Binh Dist, Vinh Long Province		
Mr. Trung	Expert	Tam Binh Dist, Vinh Long Province		
Mr. Tài	Vice-Head of industry and Commerce Dept	Tam Binh Dist, Vinh Long Province		
Tang Van Lam	Director	Provincal Transportation Dept	**0913960126**	070827535
Mr. Nguyễn Văn Sơn	Vice- Director of District People Communit	Vung Liem Dist, Vinh Long Province		
Mr. Tiến	DistrictVice- Chief	Vung Liem Dist, Vinh Long Province		
Mr. Nam	Head of Construction - Building Dept	Vung Liem Dist, Vinh Long Province		

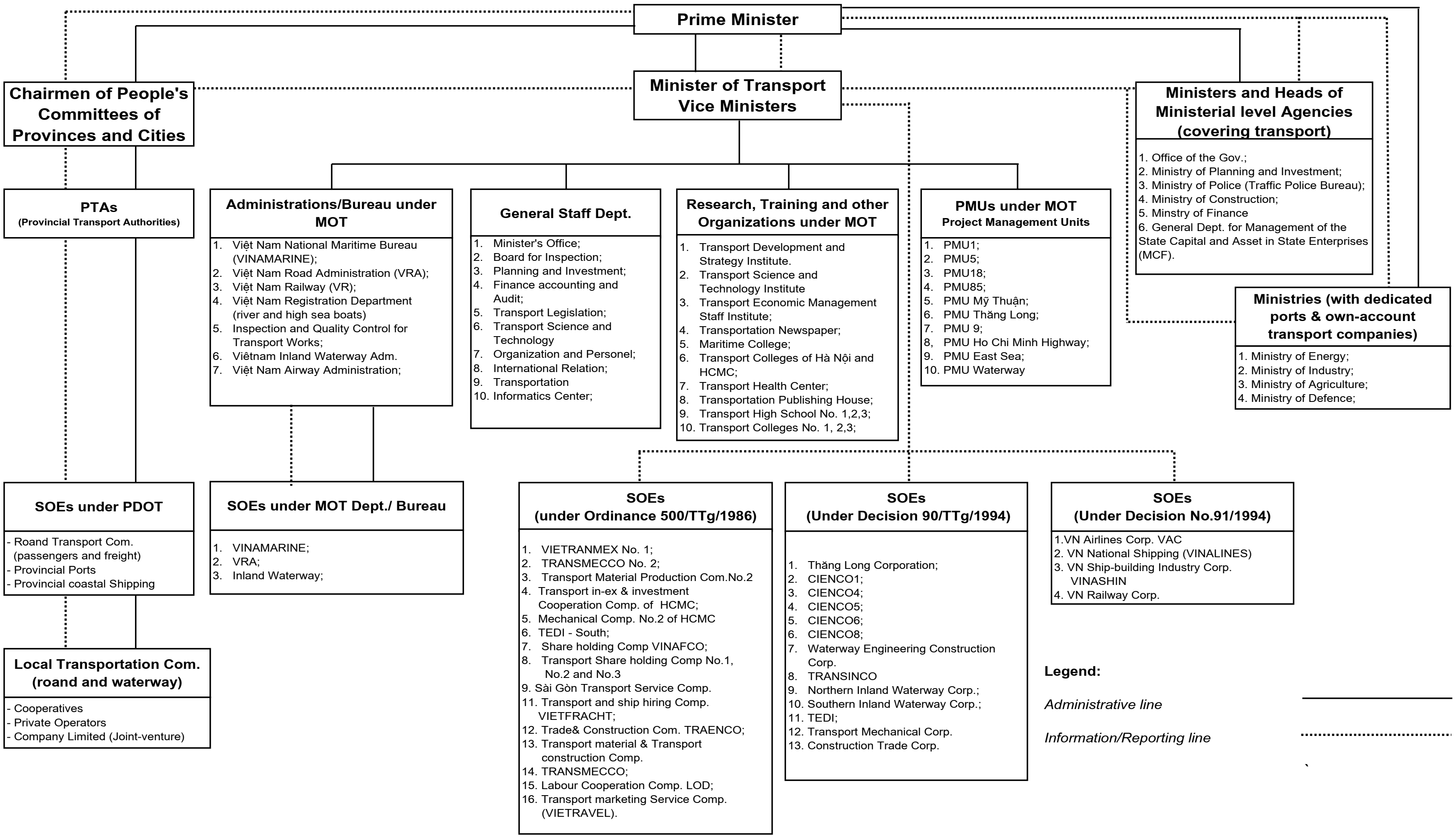
Attachment 4.2 FEEDBACK FROM PROVINCES SUMMARY

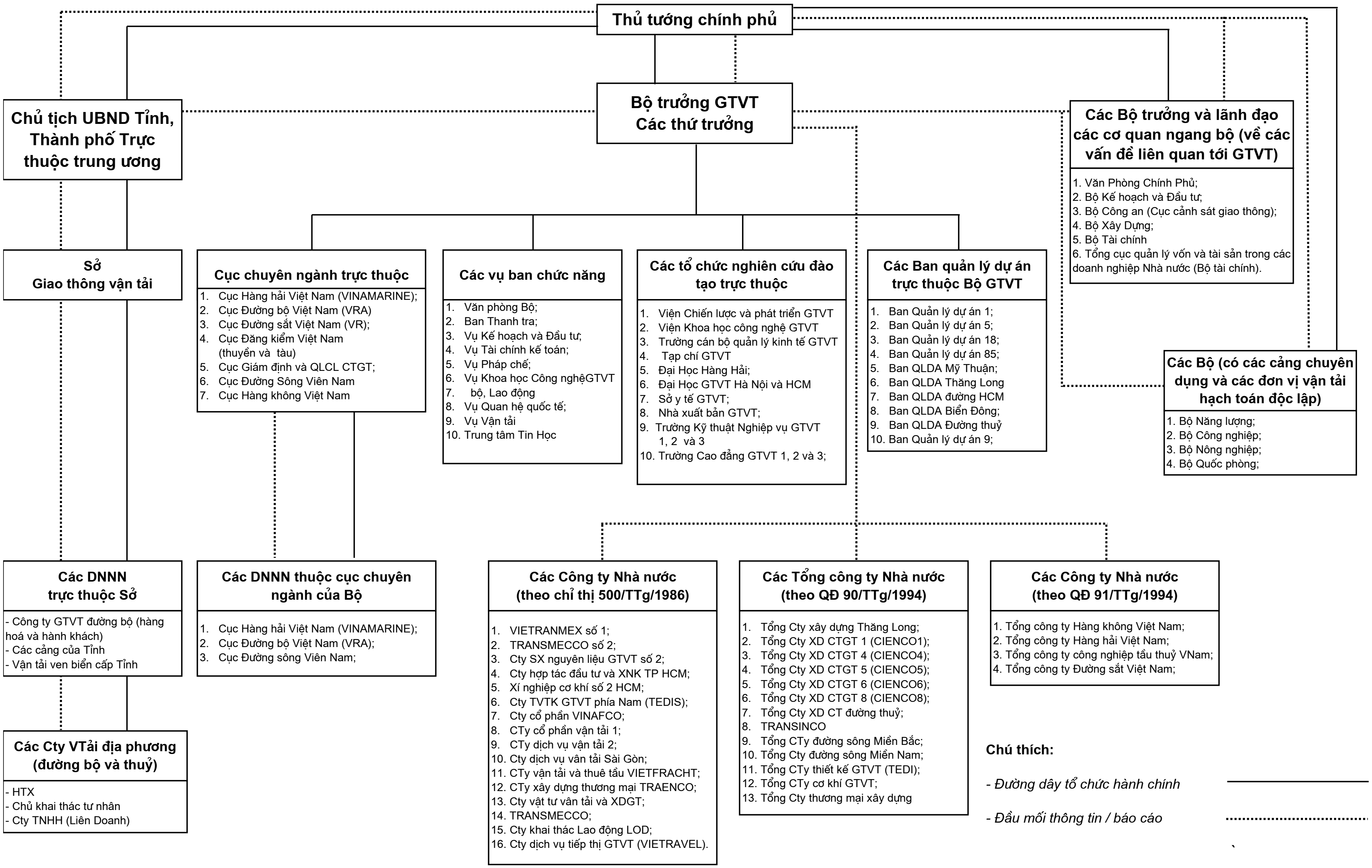
From the discussions/consultations with stakeholders at the four provinces (including Governmental officers in transport management sector, PPCs, DPCs, Contractors, Consultants, Transport Operators, Users and number of people in the localities as well as the site seeing tours to roads constructed or in construction), we can summarize some points, which are specific for each province/locality as well as their recommendation to any further programme of assistance/support to the RT development:

Locality	Feedbacks/Conclusions
Lao Cai	**Existing situations (specific pictures)** ▪ Complicated terrain, high risk of floods, more need in drainage and slide than usual ▪ Big number of suspension bridges ▪ Harder to maintain road by contribution of people because of low population density ▪ Construction of commune road managed by the commune PC and done by people in the locality **Recommendation** ▪ Need higher investment per unit in compromise for the length of road constructed ▪ Donor's fund to focus on the road surfacing
Phu Tho	**Existing situations (specific pictures)** ▪ Public participation (in communes) in supervision ▪ Road maintaining fund allocated to commune (in cases, to individuals) with funds contributed by people in the locality ▪ Preferably to use supervisors within the province (better accessible, cut costs on time, information and consultation) **Recommendation** ▪ RT funds are prioritized to bridges, cement (for communes) and asphalt sealed (for districts) surfacing, better load standard for bigger truck. Stop constructing more ground access roads and stone surface ▪ Construction specifications and procedures needed to be simplified and adapted to RT and promote more local contractors and participation/contribution from people in the locality
Quang Nam	**Existing situations (specific pictures)** ▪ RT did not allow to combine with district budget to seal the surface ▪ RT roads last 2 years, then district funded the repair and sealing ▪ Good policy on public contribution to RT development ▪ Fund mobilized from PS (70%) contractors by exchanging the right to use land lots along the road (or provision of residential area development) ▪ Some PS contractors are strong (can mobilize investment to develop large residential areas, road construction was only a

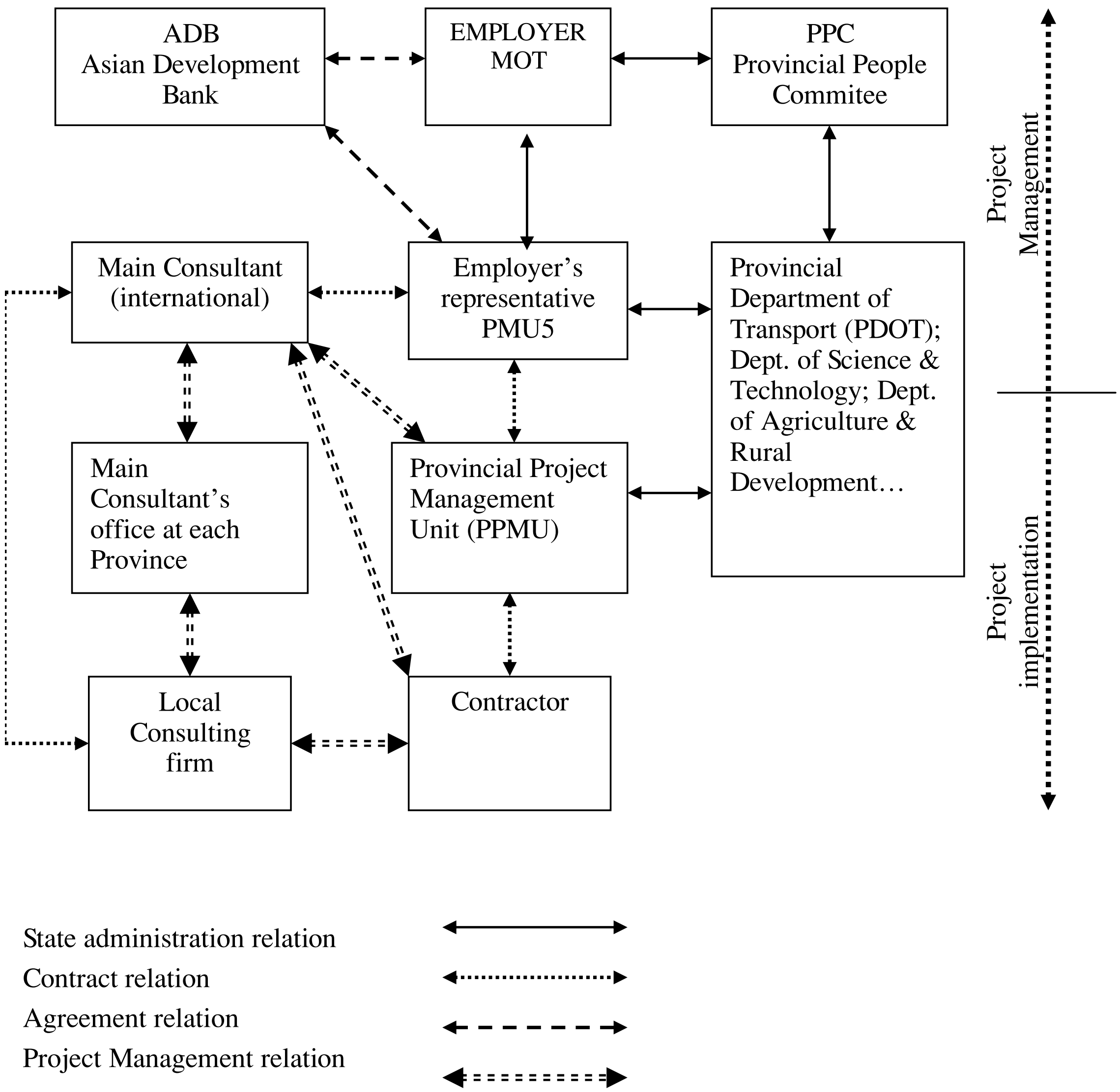
	part of their activities) **Recommendation** ▪ Focus on (i) cement surfacing for roads which are already available (grounded and stone compacted) and (ii) adjusting sort-cuts ▪ Need better load standard for bigger truck and sloppy terrain ▪ Construction specifications and procedures needed to be simplified and adapted to RT and promote more local contractors and participation/contribution from people in the locality ▪ Payment: Donor’s funds to transferred to bank’s branches in district for proper payment
Vinh Long	**Existing situations (specific pictures)** ▪ RT did not allow to combine with district budget to seal the surface ▪ RT roads last 2 years, then district funded the repair and sealing ▪ BT (build-transfer) form of funding is widely used ▪ Good plan and policy on public contribution to RT development ▪ The district roads are mostly constructed with base over food level, in flood season, there are only few sections flooded ▪ The commune roads are still effected by flood ▪ There is no need for investment in water transport, if fund available, the priority is for ferry terminals, no for dredging ▪ Local Contractors are weak, almost all contractors for district roads come from other provinces **Recommendation** Focus on sealed surfacing and bridges for roads which are already available (grounded and stone compacted)

Attachment 5.1 MOT AGENCIES -ORGANISATION CHART




Thủ tướng chính phủ
Bộ trưởng GTVT
Các thứ trưởng
Chủ tịch UBND Tỉnh, Thành phố Trực thuộc trung ương
Các Bộ trưởng và lãnh đạo các cơ quan ngang bộ (về các vấn đề liên quan tới GTVT)
1. Văn Phòng Chính Phủ;
2. Bộ Kế hoạch và Đầu tư;
3. Bộ Công an (Cục cảnh sát giao thông);
4. Bộ Xây Dựng;
5. Bộ Tài chính
6. Tổng cục quản lý vốn và tài sản trong các doanh nghiệp Nhà nước (Bộ tài chính).
Sở
Giao thông vận tải
Cục chuyên ngành trực thuộc
1. Cục Hàng hải Việt Nam (VINAMARINE);
2. Cục Đường bộ Việt Nam (VRA)
3. Cục Đường sắt Việt Nam (VR);
4. Cục Đăng kiểm Việt Nam (thuyền và tàu)
5. Cục Giám định và QLCL CTGT;
6. Cục Đường Sông Viên Nam
7. Cục Hàng không Việt Nam
Các vụ ban chức năng
1. Văn phòng Bộ;
2. Ban Thanh tra;
3. Vụ Kế hoạch và Đầu tư;
4. Vụ Tài chính kế toán;
5. Vụ Pháp chế;
6. Vụ Khoa học Công nghệGTVT
7. bộ, Lao động
8. Vụ Quan hệ quốc tế;
9. Vụ Vận tải
10. Trung tâm Tin Học
Các tổ chức nghiên cứu đào tạo trực thuộc
1. Viện Chiến lược và phát triển GTVT
2. Viện Khoa học công nghệ GTVT
3. Trường cán bộ quản lý kinh tế GTVT
4. Tạp chí GTVT
5. Đại Học Hàng Hải;
6. Đại Học GTVT Hà Nội và HCM
7. Sở y tế GTVT;
8. Nhà xuất bản GTVT;
9. Trường Kỹ thuật Nghiệp vụ GTVT 1, 2 và 3
10. Trường Cao đẳng GTVT 1, 2 và 3;
Các Ban quản lý dự án trực thuộc Bộ GTVT
1. Ban Quản lý dự án 1;
2. Ban Quản lý dự án 5;
3. Ban Quản lý dự án 18;
4. Ban Quản lý dự án 85;
5. Ban QLDA Mỹ Thuận;
6. Ban QLDA Thăng Long
7. Ban QLDA đường HCM
8. Ban QLDA Biển Đông;
9. Ban QLDA Đường thuỷ
10. Ban Quản lý dự án 9;
Các Bộ (có các cảng chuyên dụng và các đơn vị vận tải hạch toán độc lập)
1. Bộ Năng lượng;
2. Bộ Công nghiệp;
3. Bộ Nông nghiệp;
4. Bộ Quốc phòng;
Các DNNN trực thuộc Sở
- Công ty GTVT đường bộ (hàng hoá và hành khách)
- Các cảng của Tỉnh
- Vận tải ven biển cấp Tỉnh
Các DNNN thuộc cục chuyên ngành của Bộ
1. Cục Hàng hải Việt Nam (VINAMARINE);
2. Cục Đường bộ Việt Nam (VRA);
3. Cục Đường sông Viên Nam;
Các Công ty Nhà nước (theo chỉ thị 500/TTg/1986)
1. VIETRANMEX số 1;
2. TRANSMECCO số 2;
3. Cty SX nguyên liệu GTVT số 2;
4. Cty hợp tác đầu tư và XNK TP HCM;
5. Xí nghiệp cơ khí số 2 HCM;
6. Cty TVTK GTVT phía Nam (TEDIS);
7. Cty cổ phần VINAFCO;
8. CTy cổ phần vận tải 1;
9. CTy dịch vụ vận tải 2;
10. Cty dịch vụ vân tải Sài Gòn;
11. CTy vận tải và thuê tầu VIETFRACHT;
12. CTy xây dựng thương mại TRAENCO;
13. Cty vật tư vân tải và XDGT;
14. TRANSMECCO;
15. Cty khai thác Lao động LOD;
16. Cty dịch vụ tiếp thị GTVT (VIETRAVEL).
Các Tổng công ty Nhà nước (theo QĐ 90/TTg/1994)
1. Tổng Cty xây dựng Thăng Long;
2. Tổng Cty XD CTGT 1 (CIENCO1);
3. Tổng Cty XD CTGT 4 (CIENCO4);
4. Tổng Cty XD CTGT 5 (CIENCO5);
5. Tổng Cty XD CTGT 6 (CIENCO6);
6. Tổng Cty XD CTGT 8 (CIENCO8);
7. Tổng Cty XD CT đường thuỷ;
8. TRANSINCO
9. Tổng CTy đường sông Miền Bắc;
10. Tổng Cty đường sông Miền Nam;
11. Tổng CTy thiết kế GTVT (TEDI);
12. Tổng CTy cơ khí GTVT;
13. Tổng Cty thương mại xây dựng
Các Công ty Nhà nước (theo QĐ 91/TTg/1994)
1. Tổng công ty Hàng không Việt Nam;
2. Tổng công ty Hàng hải Việt Nam;
3. Tổng công ty công nghiệp tầu thuỷ VNam;
4. Tổng công ty Đường sắt Việt Nam;
Các Cty VTải địa phương (đường bộ và thuỷ)
- HTX
- Chủ khai thác tư nhân
- Cty TNHH (Liên Doanh)
Chú thích:
- Đường dây tổ chức hành chính
- Đầu mối thông tin / báo cáo

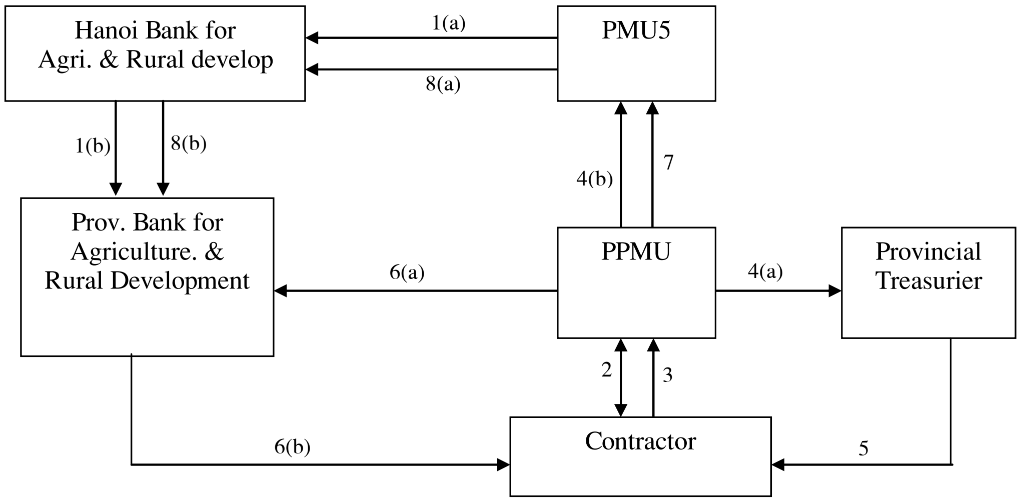
Attachment 5.2.A ORGANIZATIONAL CHART for project implementation Provincial Roads Improvement Project – PMU5 ADB Loan No 1888 VIE(SF)



Attachment 5.2.B (English version)

DISBURSEMENT CHART FOR CIVIL WORK

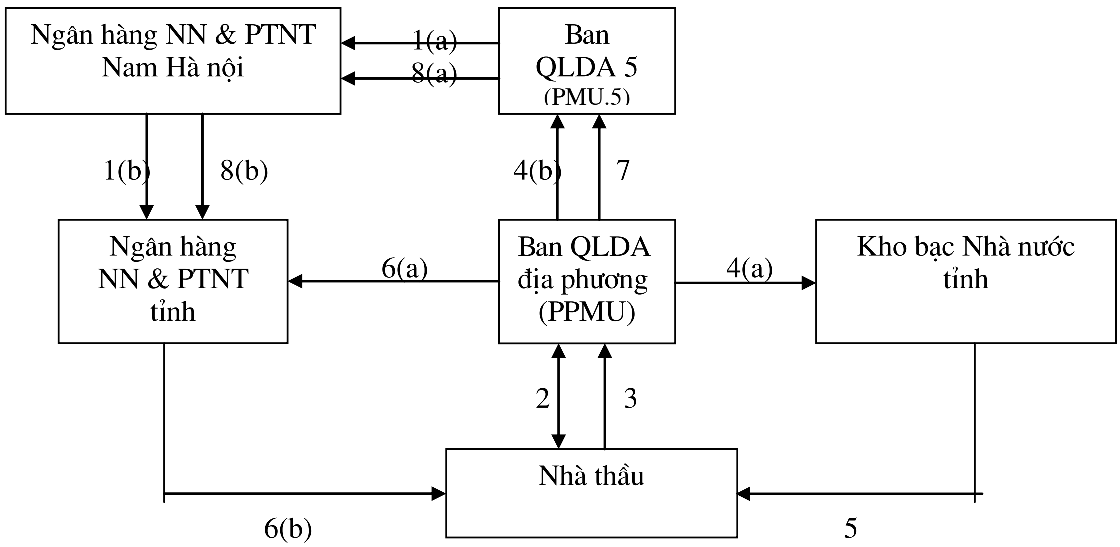
Provincial Roads Improvement Project – PMU5
ADB Loan No 1888 VIE(SF)



1(a,b)	PMU5 transfers Advance/ Imprest account to PPMU
2	PPMU to sign contract with contractor
3	Contractor submit invoice/statement to PPMU
4(a,b)	PPMU to review and approve invoice and send to Prov. Treasurier and PMU5
5	Provincial Treasurier to check, approve & pay counterpart fund portion
6(a,b)	PPMU to prepare "payment order", send to provincial Bank with receipt approved by Prov. Treasurier for payment ADB portion
7	Monthly, PPMU makes request for replenishment of imprest accomt & sends to PMU5
8	PMU5 reviews & approves and replenishes to PPMU's Imprest Account

Attachment 5.2.B (Vietnamese version)

SƠ ĐỒ GIẢI NGÂN VỐN XÂY LẮP
Dự án cải tạo nâng cấp tỉnh lộ – PMU.5
Khoản vay ADB số 1888 VIE (SF)



1(a,b). Căn cứ kế hoạch chi tiêu 6 tháng, PMU5 chuyển vốn tạm ứng lần đầu về Tài khoản Tạm ứng tại Ngân hàng Phục vụ của PPMU.

2 Căn cứ kế hoạch đấu thầu được duyệt, PPMU ký hợp đồng với Nhà thầu

3 Nhà thầu đệ trình Hoá đơn thanh toán lên PPMU

4(a,b) PPMU xem xét chấp nhận gửi hồ sơ thanh toán và phiếu giá cho Kho bạc Nhà nước tỉnh đồng thời gửi 3 bộ hồ sơ thanh toán đến PMU5

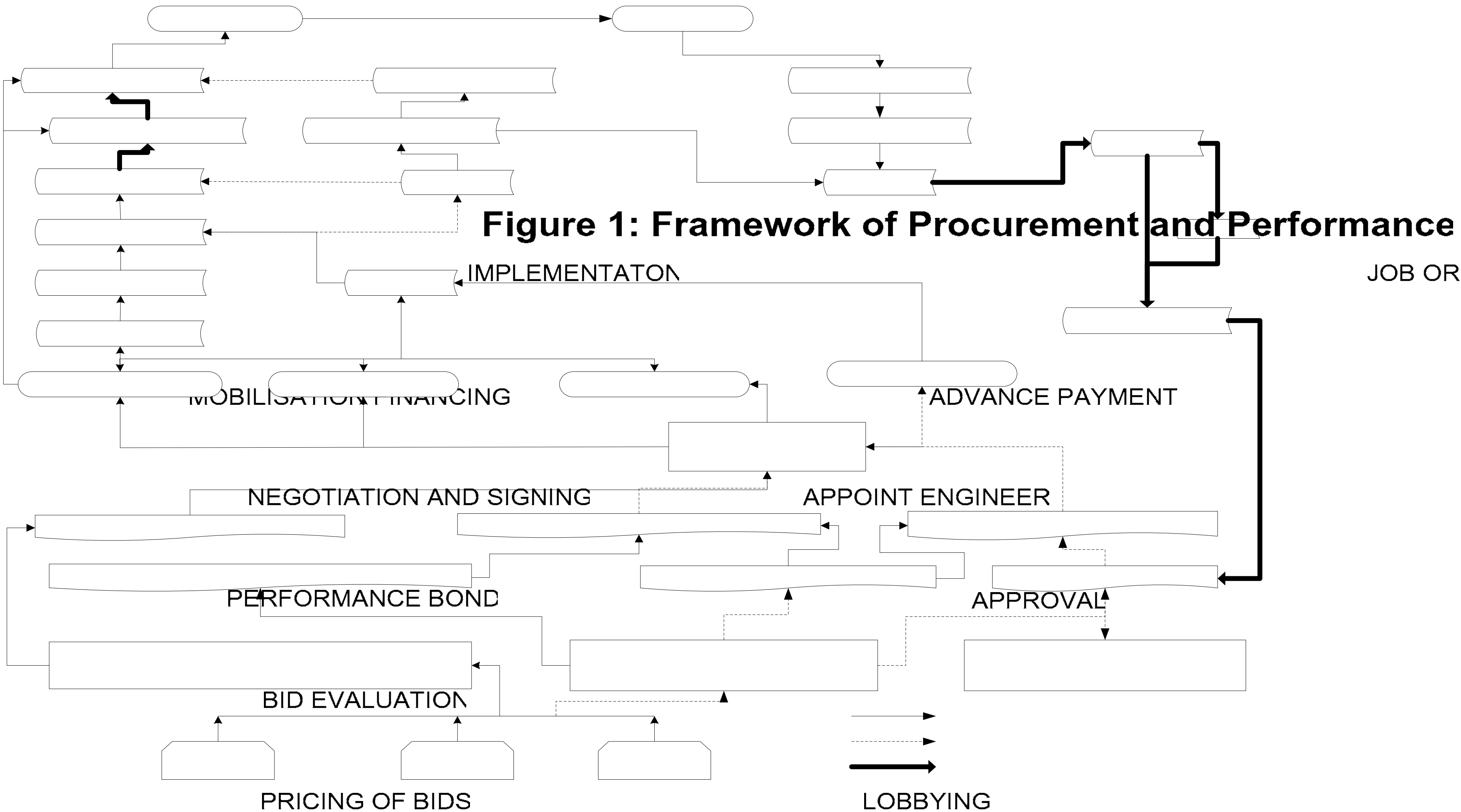
5 Kho bạc Nhà nước tỉnh kiểm soát, xác nhận và thanh toán phần vốn đối ứng

6(a,b) PPMU lập uỷ nhiệm chi gửi Ngân hàng NN &PTNT tỉnh kèm phiếu giá đã được KBNN tỉnh xác nhận để thanh toán phần vốn vay ADB cho Nhà thầu

7 Hàng tháng PPMU lập hồ sơ rút vốn bổ sung tại khoản tạm ứng gửi PMU5

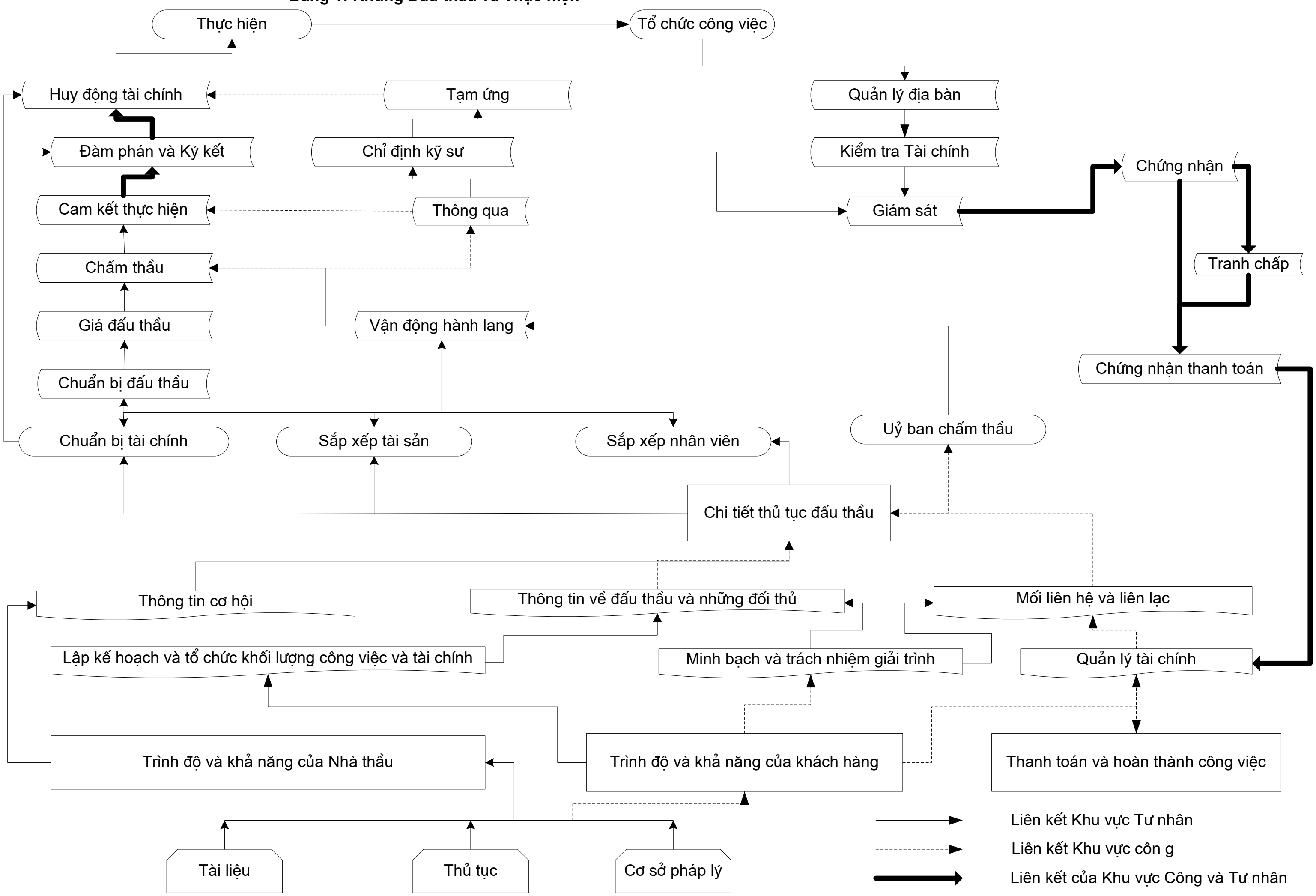
8(a,b) PMU5 xem xét chấp nhận, bổ xung vốn vào tài khoản tạm ứng của PPMU

Attachment 6 FRAMEWORK (English Version)



Attachment 6 FRAMEWORK (Vietnamese Version)

Bảng 1: Khung Đấu thầu và Thực hiện



Attachment 7 DATA TABLES

TABLE 7.1: VALUE OF WORK IN TRANSPORT SECTOR
BẢNG 3: GIÁ TRỊ CÔNG TRÌNH NGÀNH GIAO THÔNG

1	2	3	4	5	6	7	8	9	10	11
Year - **Năm**	Value of Work Awarded millions VND - **Giá trị các công trình được trao (triệu đồng)**				Total - **Tổng số**	Valued of Works Paid millions VND - **Giá trị các công trình đã được thanh toán (triệu đồng)**				Total **Tổng số**
	National - **Cấp quốc gia**	Province - **Cấp tỉnh**	District - **Cấp huyện**	Commune - **Cấp xã**		National - **Cấp quốc gia**	Province - **Cấp tỉnh**	District - **Cấp huyện**	Commune - **Cấp xã**	
2002										
Quảng Nam										
Vĩnh Long		15691	29767		45458		1474	27490		28964
Phú Thọ		68115	5632	6058	73747		68115	5632	6058	79805
Subtotal	**0**	**83806**	**35399**	**6058**	**119205**	**0**	**69589**	**33122**	**6058**	**102711**
2003										0
Quảng Nam		83168	5819		88987		28444	5250		33694
Vĩnh Long	57156	26003	35123		118282	5715		33659		39374
Phú Thọ		95045	8710	3376	103755		61800	8710	3376	73886
Subtotal	**57156**	**204216**	**49652**	**3376**	**311024**	**5715**	**90244**	**47619**	**3376**	**146954**
2004										0
Quảng Nam		35720	16181		51901		22040	16181		38221
Vĩnh Long		29698	36439		66137		2240	22327		24567
Phú Thọ		128106	11347	411	139453		64000	7900	2150	71900
Subtotal	**0**	**193524**	**63967**	**411**	**257491**	**0**	**88280**	**46408**	**2150**	**134688**

Source: PDOT records

TABLE 7.2: CONTRACTS IN TRANSPORT SECTOR NĂM: 2001-04
BẢNG 2: CÁC HỢP ĐỒNG TRONG LĨNH VỰC NÔN G THÔN

Province	Value, million VND - **Giá trị (triệu đồng)**		Number of bidders - **Số Doanh nghiệp bỏ thầu**			Winner		Origin	
	Ceiling - **Giá dự toán**	Contract **Gía trúng thầu**	SOE - **Quốc doanh**	Non-SOE - **Ngoài QD**	Total - **Tổng số**	SOE/QD	Non-SOE/Ngoài QD	In	Out
PHÚ THỌ									
1	11					1		1	
2	12						1		1
3	13					1			1
4	9					1			1
5	21					1			1
6	7	6.9	5	0	5	1			1
7	5	5	5	0	5	1			1
8	4	4.5	4	1	5	1		1	
9	4	4	4	1	5		1	1	
10	4	4	3	2	5		1	1	
11	4	4	5	0	5	1			1
12	7	6.3	11	4	15		1	1	
Sub Total	**101**	**34.7**	**37**	**8**	**45**	**8**	**4**	**5**	**7**
LÀO CAI									
1	491	443					1		1
2	532	487				1		1	
3	592	573				1			1
4	598	543				1			1
5	637	545				1		1	
6	698	602				1			1
7	680	907				1			1
8	715	688				1		1	
9	648	731					1	1	
10	855	777					1	1	
11	971	622					1	1	
12	981	923				1			1
13	1034	948					1	1	
14	1052	991					1	1	
15	5576	5573	2	13	15		1	1	
16	5922	4751	6	5	11	1			1
Sub Total	**21982**	**20104**	**8**	**18**	**26**	**9**	**7**	**9**	**7**
QUẢNG NAM									
1	989	988	1	4	5		1		1
2	1165	1158	0	3	3		1	1	
3	1037	1017	2	3	5	1			1
4	1013	1082	2	3	5		1		1
5	854	852	3	2	5	1			1
6	1193	1184	5	0	5	1			1
7	1257	1253	1	4	5		1		1
8	2335	2344	3	4	7		1		1
9	846	821	2	3	5	1		1	
10	1405	1400	3	2	5	1			1
11	1163	1160	2	3	5	1			1
12	1750	1745	1	4	5		1		1
13	1017	1000	0	5	5		1		1
14	1135	1119	2	3	5	1			1
15	1156	1116	3	1	4	1			1
16	1469	1462	2	3	5		1		1

Province	Value, million VND - **Giá trị (triệu đồng)**		Number of bidders - **Số Doanh nghiệp bỏ thầu**			Winner		Origin	
	Ceiling - **Giá dự toán**	Contract **Gía trúng thầu**	SOE - **Quốc doanh**	Non-SOE - **Ngoài QD**	Total - **Tổng số**	SOE/QD	Non-SOE/Ngoài QD	In	Out
17	531	530	3	2	5	1			1
18	1507	1488	0	5	5		1		1
19	6900	6781	3	2	5		1		1
20	2610	2512	2	3	5	1		1	
21	5165	5087	5	0	5	1			1
22	19155	18675	5	0	5	1			1
23	28049	27992	4	1	5	1			1
24	2110	2047	5	0	5	1		1	
Sub Total	**85811**	**84813**	**59**	**60**	**119**	**14**	**10**	**4**	**20**
VĨNH LONG									
1	7507	7371	5	0	5	1			1
2	1346	1470	1	1	2		1	1	
3	6975	6850	5	0	5	1			1
4	7458	7407	5	0	5	1			1
5	5707	5688	5	0	5	1			1
6	57373	57156	5	0	5	1			1
7	5665	5652	4	0	4	1			1
8	2716	2657	4	1	5	1			1
9	4650	4599	3	1	4	1			1
10	12565	12571	6	0	6	1			1
11	15032	14950	2	3	5		1		1
12	2556	2477	2	3	5		1		1
13	899	682	4	2	6		1		1
14	2603	2184	5	5	10		1		1
15	1389	866	3	4	7	1			1
16	559	406	1	2	3		1	1	
17	515	329	2	1	3	1			1
18	735	561	1	3	4		1	1	
19	946	711	2	3	5		1	1	
20	1713	1456	3	7	10	1			1
21	1418	986	3	6	9	1			1
22	3030	2775	2	2	4		1		1
23	2413	2399	2	3	5	1			1
24	2000	1960	3	1	4		1		1
25	1498	1364	1	3	4		1		1
26	2102	1849	3	1	4	1			1
27	2921	2894	1	2	3		1		1
28	2457	2469	0	3	3		1		1
29	2478	2410	2	2	4	1			1
30	2983	2738	1	2	3		1		1
31	2952	2939	1	2	3		1		1
32	2662	2648	0	3	3		1		1
33	2732	2714	1	3	4	1			1
34	4541	4418	4	1	5	1			1
35	4274	4126	4	1	5	1			1
36	2838	2820	5	0	5	1			1
37	3234	3208	5	0	5	1			1
38	3847	3764	3	1	4	1			1
39	5292	5273	5	0	5	1			1
40	2659	2630	4	0	4	1			1
41	2847	2834	5	0	5	1			1
Sub Total	**165161**	**160826**	**87**	**63**	**150**	**16**	**15**	**4**	**27**
TOTAL						**47**	**36**	**22**	**61**

Source: PDOT Records

Table 7.3 Profiles of Contractors in Transportation Works

Location	Form	Name	Establishment	Years in RT	Revenue (in billion)			Portion in RT
					03	02	01	
QN	Ltd	Mỹ Sơn Construction and Services	1993	12				0.4
QN	JSC	Transportation Works of Quangnam	2004 (equ)	24	25.54	52.4	25.8	0.6
QN	Ltd	Tân Bình	1996	8	17.31	13.4	8.06	0.4
QN	JSC	Quảng Nam Transprotation Construction	1976 (equi in 2004)	30	40.56	48	47.9	0.8
QN	JSC	Minh Sơn Constructions	2002	7	2.783	1.4		0.7
QN	Ltd	MêKông	1996	9				0.4
VL	Coop	Construction Cooperative of Vungliem	1999	3	3			0.1
VL	Ltd	Hoàn Mỹ	1996	10	RT 5.6	RT 3.7	RT 6.75	0.4
VL	Ltd	Hải An	2002	12				
VL	PE	ánh Dung	2001	11	8.5	7.5	6	0.7
VL	Ltd	Tiến Đạt	1997		5.664	8.63	3.51	0.5
VL	SoE	Vinh Long Management & Reparing of Transport Works	1996	25	4.798	6.97	4.32	0.4
VL	Ltd	Huỳnh Vũ	2000		7.07	4.9	4.8	0.3
VL	Ltd	Vĩnh Thành	1995	30	n	n	n	
PT	JSC	Sông Hồng Construction & Trading	1993	11	11.65	8.36	4.95	0.6
PT	JSC	Vạn Hng Trading & Services	2001	2	5-6	8-10	3-5	
PT	JSC	"Hoàn thiện" Construction	1999	4				0.6
PT	JSC	Construction and mechanical Hoang Phuong	2004 equi	2				0.6
PT	SoE	Construction & Mechanical No14	1982	20	57.17	34.5	28.5	0.6
LC	Ltd	Construction & Investment Quyết Tiến	1993	11	85	82	50	
LC	Ltd	Văn Quang Installation	2001	20				
LC	Ltd	Ngọc Hà	2001	10	4	1.8	1.9	0.2
LC	Ltd	Đại Dương	2001	8	10.36	8.16	5.57	0.6
LC	Ltd	Nam Tiến Construction	1999	12		55.3	20.3	0.6
LC	Ltd	Chiến Thắng	1995	6				0.6
LC	Ltd	Hoa Phong	1991	14	RT0.13	RT0.12	RT0.6	0.6

Source: SEACAP 14 Interview

Table 7.4: Capacity of Contractors in Human and Equipment

Province	Type	Enterprise	Staff			Equipment								
			Engineer	Technicians	Hight skilled	Trucks	Rollers	Excavators	Buldozer	Cranes	Leveler	Asphalt Equip	Mix Mill	Lab Equip
QN	JSC	Transportation Works of Quangnam	14	29	197	22	16	10	5		3	y	1	n
QN	Ltd	Tân Bình	34	98	200	5	n	n	n	n	n	n	n	n
QN	JSC	Quảng Nam Transprotation Construction	41	10	348	11	17	3	8	y	y	y	2	y
ĐN	JSC	Minh Sơn Constructions	30	15	300	37	9	6	6	2	4	y	y	y
ĐN	Ltd	MêKông	16	2		18	2	3	2	n	n	n	n	y
VL	Coop	Construction Cooperative of Vungliem				n	n	n	n	n	n	n	n	n
VL	Ltd	Hoàn Mỹ	7	14		3	3	3	1	0	1	a	n	n
VL	Ltd	Hải An	7	9	10	n	1	3	n	n	y	y	n	n
VL	PE	ánh Dung	3	7	20	3	5	2	n	n	2	y	n	n
VL	Ltd	Tiến Đạt	13	15		4	1	6	2	6	n	n	n	y
VL	SoE	Vinh Long Management & Reparing of Transport Works	12	42	38	6	8	1	n	1	y	y	n	y
VL	Ltd	Huỳnh Vũ	6	2	2	2	n	n	n	2	y	y	y	y
VL	Ltd	Vĩnh Thành	16	n	n	12	27	9	6	2	3	y	2	y
PT	JSC	Sông Hồng Construction & Trading	10	8	66	2	4	na	na	3	6	2		8
PT	JSC	Vạn Hng Trading & Services	5	9	100	7								6
PT	JSC	"Hoàn thiện" Construction	4	7	50	3	2							1
PT	JSC	Construction and mechanical Hoang Phuong	8		22	9	n	2	1	n	n	18	n	n
PT	SoE	Construction & Mechanical No14	60	34	488	33	19	6	15		2	y	1	14
LC	Ltd	Construction & Investment Quyết Tiến	47	57	495	35	20	26	18	2	6	104	1	106
LC	Ltd	Văn Quang Installation	3	8	52	3	n	2	1	n	n	y	n	n
LC	Ltd	Ngọc Hà	2	6	38	2	1	2	1	n	n	1	n	n
LC	Ltd	Đại Dơng	26	8	130	5	3	5	3	n	n	y	n	n
LC	Ltd	Nam Tiến Construction	49	21	332	16	8	14	11	n	1	y	1	28
LC	Ltd	Chiến Thắng	20	24	307	13	6	14	9	2	2	y	n	y
	Ltd	Hoa Phong	5	12		14	3	5				y		

Source: SEACAP 14 Interview

Table 7.5: Capital Mobilization by Contractors

Venue	The company			Capital Mobilization		
Province	Form	Name	Year of Establishment	Bank	Mortage	Other source
QN	Ltd	Mỹ Sơn Construction and Services	1993	BARD	70% of property	from friends in hot case
QN	JSC	Transportation Works of Quangnam	2004 (equ)	BID	70% of equipmemt and contract	
QN	Ltd	Tân Bình	1996	BID (little)	70% of contract	loan from individuals
QN	JSC	Quảng Nam Transprotation Construction	1976 (equi in 2004)	BID, ICB, BARD		
ĐN	JSC	Minh Sơn Constructions	2002	BARD (little loan)		self mobilization
ĐN	Ltd	MêKông	1996	VB (Director has share)	80% of property	from family
VL	Coop	Construction Cooperative of Vungliem	1999	Bank of social support (100m)		self mobilization
VL	Ltd	Hoàn Mỹ	1996	ICB	70% of contract	
VL	Ltd	Hải An	2002	VIB	100% of property with contract	from own source
VL	PE	ánh Dung	2001	ICB	700 million from contract	late payment for materials
VL	Ltd	Tiến Đạt	1997	BARD	60% of property max 7 b	from own source
VL	SoE	Vinh Long Management & Reparing of Transport Works	1996	VIB	70% of equipment	late payment for materials
VL	Ltd	Huỳnh Vũ	2000	never borrowed		from own source
VL	Ltd	Vĩnh Thành	1995	VIB	50% of property max 7 b	
PT	JSC	Sông Hồng Construction & Trading	1993	BID		
PT	JSC	Vạn Hung Trading & Services	2001	BID		
PT	JSC	"Hoàn thiện" Construction	1999	BID		
PT	JSC	Construction and mechanical Hoang Phuong	2004 equi	ICB	70% of property max 4 billion	no
PT	SoE	Construction & Mechanical No14	1982	BID	60% of contract value	allocation from other contract
LC	Ltd	Construction & Investment Quyết Tiến	1993	BID	80% of property equipment, contract	
LC	Ltd	Văn Quang Installation	2001	BARD interect 1.1%	50% of property 100% of contract	
LC	Ltd	Ngọc Hà	2001	BARD		
LC	Ltd	Đại Dơng	2001	BID	50% of fixed assets not of equipment	self mobilization
LC	Ltd	Nam Tiến Construction	1999	BID	70% of property 60% of contract	
LC	Ltd	Chiến Thắng	1995	BID	70% of property 60% of contract	
	Ltd	Hoa Phong	1991	BARD	70% of property 60% of contract	friends and private investors

Source: SEACAP 14, Interviews.

TABLE 7.6. CONTRACTORS'S PERCEPTION OF CONSTRAINTS
BẢNG 7XA Ý KIẾN ĐÁNH GIÁ CỦA CÁC NHÀ THẦU VỀ CÁC RÀNG BUỘC TẠI CÁC ĐỊA PHƠNG

Issues, Concerns/ Các vấn đề, Sự quan tâm	Very heavy- rất nặng	Heavy/nặng	Little- nhỏ	Not relevant- it ảnh hư ởng
1. Qualification Criteria are too Difficult for New or Small Contractors- *Các tiêu chuẩn xét tuyển nhà thầu quá khó nên các nhà thầu mới và nhỏ không thể đáp ứng đợc*	1	9	18	2
2. Capital and Finance Constraints of Private & Small Scale Contractors- *Những khó khăn về tài chính và vốn của các nhà thầu T nhân và quy mô nhỏ*	1	11	15	6
3. Lack of Affordable Loans, or Encouragement of Credit Schemes for Small Contractors- *Thiếu các khoản vay có thể đáp ứng đợc cho các nhà thầu t nhân và quy mô nhỏ, hoặc thiếu sự khuyến khích các kế hoạch tín dụng cho các nhà thầu t nhân và quy mô nhỏ*	5	12	11	4
4. The amount of work available is too small and contractors are competing too strongly- *Khối lợng công việc có sẵn quá ít còn những nhà thầu có năng lực hiện có đang cạnh tranh mạnh để đảm bảo công việc*	9	15	12	4
5. Some Protection/ Encouragement Needed for new Contractors- *Cần có một số biện pháp Bảo hộ /Khuyến khích đối với các Nhà thầu t nhân và Quy mô nhỏ mới đợc thành lập*	2	11	15	4
6. Organisation and National/Local Representation of Contractors (e.g.Associations)- *Thiếu tổ chức và đại diện cấp địa phơng/quốc gia cho các nhà thầu t nhân và quy mô nhỏ (Ví dụ các Hiệp hội)*	5	3	16	11
7. Availability & use of Good Quality Hand tools -*Thiếu sự khuyến khích sử dụng nhiều hơn các thiết bị sẵn có và các dụng cụ cầm tay có chất lợng*	0	10	21	7
8. Contractors have difficulty in growing (& expanding into other sectors)- *Các nhà thầu t nhân và quy mô nhỏ có khó khăn trong việc phát triển (mở rộng ngành nghề khác để kinh doanh*	3	11	17	8
9. Continuity of Sector Workload (through the year or from year to year)- *Khối lợng công việc của ngành thiếu tính ổn định liên tục cần (thiết (trong suốt cả năm hoặc từ năm này sang năm khác)*	0	12	18	8
10. Late payment of Invoices- *Thanh toán chậm*	13	19	6	6
Total all Questions (Tổng số câu hỏi)	39	113	149	49

TABLE 7: XB. PERCENTAGE OF OPINIONS FROM THE TOTAL OPINIONS GIVEN FOR EACH CONSTRAINT

BẢNG 7: XB. PHẦN TRĂM Ý KIẾN ĐÁNH GIÁ ĐỐI VỚI CÁC RÀNG BUỘC.

Issues, Concerns/ Các vấn đề, Sự quan tâm	Very heavy/ảnh hưởng rất nặng	Heavy/nặng	Little/ít	Not relevant/ Không a.hởng
1. Qualification Criteria are too Difficult for New or Small Contractors- *Các tiêu chuẩn xét tuyển nhà thầu quá khó nên các nhà thầu mới và nhỏ không thể đáp ứng đợc*	**2**	**29**	**64**	**7**
2. Capital and Finance Constraints of Private & Small Scale Contractors- *Những khó khăn về tài chính và vốn của các nhà thầu T nhân và quy mô nhỏ*	**2**	**28**	**33**	**13**
3. Lack of Affordable Loans, or Encouragement of Credit Schemes for Small Contractors- *Thiếu các khoản vay có thể đáp ứng đợc cho các nhà thầu t nhân và quy mô nhỏ, hoặc thiếu sự khuyến khích các kế hoạch tín dụng cho các nhà thầu t nhân và quy mô nhỏ*	**13**	**27**	**27**	**9**
4. The amount of work available is too small and contractors are competing too strongly- *Khối lợng công việc có sẵn quá ít còn những nhà thầu có năng lực hiện có đang cạnh tranh mạnh để đảm bảo công việc*	**22**	**37**	**31**	**10**
5. Some Protection/ Encouragement Needed for new Contractors- *Cần có một số biện pháp Bảo hộ /Khuyến khích đối với các Nhà thầu t nhân và Quy mô nhỏ mới đợc thành lập*	**5**	**42**	**42**	**12**
6. Organisation and National/Local Representation of Contractors (e.g.Associations)- *Thiếu tổ chức và đại diện cấp địa phơng/quốc gia cho các nhà thầu t nhân và quy mô nhỏ (Ví dụ các Hiệp hội)*	**10**	**7**	**57**	**27**
7. Availability & use of Good Quality Hand tools -*Thiếu sự khuyến khích sử dụng nhiều hơn các thiết bị sẵn có và các dụng cụ cầm tay có chất lợng*	**0**	**26**	**58**	**17**
8. Contractors have difficulty in growing (& expanding into other sectors)- *Các nhà thầu t nhân và quy mô nhỏ có khó khăn trong việc phát triển (mở rộng ngành nghề khác để kinh doanh*	**8**	**29**	**45**	**20**
9. Continuity of Sector Workload (through the year or from year to year)- *Các khối lượng công việc có tính không ổn định (qua các năm)*	**0**	**35**	**45**	**20**
10. Late payment of Invoices- Thanh toán chậm	**29**	**46**	**14**	**14**
Overall % Unweighted (Tổng số phần trăm không tính trọng số)	**9**	**30**	**41**	**15**

Source: SEACAP 14, Consultation

Table 7.7: Responses from Consultants in Four Provinces

No.	Questions/Provinces	Phu Tho (3*)	Lao Cai (4)	Quang Nam (4)	Vinh Long (2)	4 provinces (13)	4 provinces - %**
1	Field of operation						
	- Consultancy only in transport sector	0	2	2	1	5	38
	- Consultancy in transport, hydraulic, water resource, construction	2	2	2	1	7	54
	- Consultancy and Construction	1	0	0	0	1	8
2	Participating in Professional Association						
	- No	2	2		2	6	46
	- PACC	1	2	2	0	5	38
	- Vietnam Road and Bridge Association	0	1	2	0	3	23
3	Overall turnover						
	- Over 3 billion VND	0	2	1		3	23
	- Below 1 billion VND	1	0	1	1	3	23
	- From 1 to 3 billion VND	2	2	2		6	46
	Turnover from Consultancy						
	- Over 1 billion VND	1	2	2		5	38
	- Below 0.2 billion VND	1	0	1		2	15
	- From 0.2 to 1 billion VND	1	2	1	1	5	38
4	History of ownership						
	- Brand new		2	3	2	7	54
	- Originated from a SOE		2	1	0	3	23
	Assess on business environment for private sector in the last 3 years						
4.1	Administration: healthy	3	4	4	2	13	100
4.2	Land for the firm:						
	- No favoritism for any type of ownerships	3	4	4	2	13	100
	- Favoritism for SOE Consulting firms.			0	0	0	0
4.3	Sources) of competent experts						
	- University Graduates	3	3	1	0	7	54

	- Advertisement on newspapers and of Labor Centers in provinces		2	2	1	5	38
	- From other Consultancy firms /Acquaintances	1	1	1	1	4	31
4.4	Supporting services in the locality						
	- Sometime seeking support from other firms when needed (huge workload, time constraints etc.)	3	4	3	1	11	85
	- Supporting services are not needed	0	0	1	1	2	15
4.5	Access of business information						
	- Through newspapers	0	0			0	0
	- Through planning notices from province and district	0	1			1	8
	- Own reputation attaching employer	0	1			1	8
	- From acquaintances at PPI, employers, PDOT etc.,	3	2			5	38
4.6	Role of professional Associations:						
	- Weak or nearly not at all	3	4	4	2	13	100
4.7	Competition in Transport Consultancy Services						
	- Insignificant	0	0	0	2	2	15
	- Significant	0	1	1	0	2	15
	- Hard	0	2	2	0	4	31
	- Very hard	3	1	1	0	5	38
4.8	Favoritism for SOE Consulting firms:						
	- Insignificant	2	4	3	1	10	77
	- Significant	1	0	1	1	3	23
4.9	recommendation on business environment						
	- No priority to any one	1	0	1	1	3	23
	- Consulting contract signed and mobilisation of service only when fund available	2	0	0	0	2	15
	- public information about coming investment/project on mass media	1	1	0	0	2	15
	- no comments	0	3	3	1	7	54
	SELECTION OF CONSULTING FIRMS						

5	**Access to information**						
5.1	Is there any bidding selection of consulting firms at your locality?						
	- No		1	4	2	7	54
	- Only for donor-funded projects (like RTP2)		3	0	0	3	23
5.2	If NO, how to do to be assigned/appointed						
	- Based on qualification & reputation through previous assignment	1	3	3	1	8	62
	- Based on personal relations	3	4	1	1	9	69
5..3	Which source of information about the tender opportunities						
	- Invitation from PPMUs	0	3	0	n/a	3	23
	- Only from various departments/PMUs of the province's notice	3	3	0	n/a	6	46
5.4	Can the firm knows at the preparation stage? from what sources?						
	- Yes, from acquaintances, informal information	3	3	3	1	10	77
	- No	0	1	1	1	3	23
5.5	Does the firm know evaluation criteria or scoring system? What source?						
	- No	2	3	4	2	11	85
	- Yes, from acquaintance	1	1	0	0	2	15
6	Does the firm know the names of other competitors? From what source?						
	- No need because local firms know each other very well	1	3	4	1	9	69
	- Yes, from acquaintance	2	1	0	1	4	31
7	Qualification criteria						
7.1	Government requirements:						
	- Acceptable	3	4	4	1	12	92
	No need checking the actual capacity of consultant at its office, workshop etc.,	1	1	0	0	2	15
7.2	Donor requirements:						
	- Acceptable	3	4	4	1	12	92

	Experience of the director should replace the "age of the firm"	1	1	0	0	2	15
8	Implementation						
8.1							
	- Implement by itself	2	3	3	2	10	77
	- Associate with other firm when time is constraint	1	1	1		3	23
	- Sub-contracting	0	0	0		0	
8.2.a	Common difficulties in survey, design and testing						
	- No	0	3	2	2	7	54
	- Low investment rate for design activity	1		1		2	15
	- Bad weather and the work located in remote area	0	1	1		2	15
8.2.b	Common difficulties in supervision						
	- Hard to find resolution in case of variations happens at site	1	0	0		1	8
	- No difficulties regarding technical aspect	0	4	4	1	9	69
	- Delay in construction while cost for supervision is fixed	0	1	2	1	4	31
	- Bad weather and the work located in remote area	0	1	0		1	8
8.3	General comments						
	-No comment	3	3	0	2	8	62
	- Cost for supervision should be revised when there is delay in construction		1	2		3	23
	- The rate for supervision (0.85% of construction cost) should be raised	0	0	1		1	8
9	Common difficulties regarding payment						
9.1.a	Advance payment:						
	- Not paid	3	2	3	2	10	77
	- Paid but only for donor-funded project but difficult to get because of bureaucracy	0	2	1	0	3	23
9.1.b	Periodic payment:					0	
	- Not paid	3	0	0		3	23
	- 30% - 70% of contract be paid when Documents approved (difficulty when the fund is not available)	0	4	4		8	62

9.1.c	Final payment:						
	- Delayed	3	0		2	5	38
	- Right after issuing the Taking Over Certificate (difficulty when the fund is not available)		4	4	0	8	62
9.2	General comments						
	-No comment	3	0	2	0	5	38
	- Payment condition should be clear. If the payment is delayed, employer should have to bear the interest rate.	0	1	0	0	1	8
	- Payments are delayed	0	3	0	2	5	38
10	Further recommendations						
	- Cumbersome procedure	0	1	0	0	1	8
	- Signing the contract and mobilising when the fund is surely available	0	1	0	0	1	8
	- No further recommendations	4	2	0	0	6	46
	- No need for advance payment	0	0	0	2	2	15

Source: SEACAP 14, Interviews

Note: *: The Figure in bracket indicates the number of interviewees in that province

**: The Figure in bracket indicates the percentage of people consulted in the four provinces agree with that particular option.

BẢNG 7.7. TRẢ LỜI CỦA CÁC HÃNG TƯ VẤN TẠI 4 TỈNH KHẢO SÁT

STT	Câu hỏi/Tỉnh (số người được hỏi)	Phú Thọ 3 người	Lào Cai 4 người	Quảng Nam 4 người	Vĩnh Long 2 người	4 tỉnh 13 người	4 tỉnh (% số người được hỏi đồng ý)
1	Lĩnh vực hoạt động						
	- Chỉ làm Tư vấn GTVT	0	2	2	1	5	38
	- Làm Tư vấn GTVT, Thuỷ lợi, Xây dựng…	2	2	2	1	7	54
	- Làm Tư vấn và Xây dựng	1	0	0	0	1	8
2	Tham gia các hiệp hội ngành nghề						
	- Không	2	2		2	6	46
	- Hiệp hội Các nhà thầu Xây dựng	1	2	2	0	5	38
	- Hội kiến trúc và hội Cầu đường Việt Nam	0	1	2	0	3	23
3	Tổng doanh thu						
	- Trên 3 tỷ	0	2	1		3	23
	- Từ 1 đến 3 tỷ	2	2	2		6	46
	- Dưới 1 tỷ	1	0	1	1	3	23
	Doanh thu Tư vấn						
	- Trên 1 tỷ	1	2	2		5	38
	- Từ 0.2 đến 1 tỷ	1	2	1	1	5	38
	- Dưới 0.2 tỷ	1	0	1		2	15
4	Nguồn gốc sở hữu						
	- Mới thành lập	1	2	3	2	8	54
	- Lập từ 1 Doanh nghiệp Nhà nước (DNNN)	2	2	1	0	5	23
5	Đánh giá về môi trường kinh doanh đối với khu vực tư nhân 3 năm qua						
5.1	Hành chính hoàn toàn lành mạnh	3	4	4	2	13	100
5.2	Đất cho Doanh nghiệp						
	- Không có ưu đãi cho ai	3	4	4	2	13	100
	- Có ưu đãi cho DN Nhà nước	0	0	0	0	0	0
5.3	Nguồn các chuyên gia						
	- Từ tốt nghiệp Đại học	3	3	1	0	7	54
	- Từ Báo chí, quảng cáo, trung tâm lao động…		2	2	1	5	38
	- Từ các hãng Tư vấn khác, từ bạn bè quen biết	1	1	1	1	4	31
5.4	Dịch vụ trợ giúp tại địa phương						
	- Phải nhờ các hãng Tư vấn khác trợ giúp khi cần	3	4	3	1	11	85
	- Không cần trợ giúp	0	0	1	1	2	15
5.5	Tiếp cận thông tin kinh doanh						
	- Qua báo chí tỉnh và huyện	0	1			1	8
	- Nhờ danh tiếng mà Chủ đầu tư biết đến	0	1			1	8
	- Nhờ quen biết tại phòng Kế hoạch Đầu tư, phòng GTVT…	3	2			5	38
5.6	Vai trò các tổ chức nghề nghiệp						

	- Yếu, hầu như không có gì	3	4	4	2	13	100
5.7	Cạnh tranh trong Dịch vụ Tư vấn GTVT						
	- Không đáng kể	0	0	0	2	2	15
	- Đáng kể	0	1	1	0	2	15
	- Gay gắt	0	2	2	0	4	31
	- Rất gay gắt	3	1	1	0	5	38
5.8	Sự ưu tiên cho các hãng DNNN						
	- Không đáng kể	2	4	3	1	10	77
	- Đáng kể	1	0	1	1	3	23
5.9	Kiến nghị về môi trường kinh doanh						
	- Không ưu tiên cho bất kì ai	1	0	1	1	3	23
	- Chỉ kí hợp đồng và huy động Tư vấn khi chắc chắn có vốn	2	0	0	0	2	15
	- Nên đăng tải trên thông tin đại chúng về các Dự án đầu tư sắp tới	1	1	0	0	2	15
	- Không bình luận	0	3	3	1	7	54
	Tuyển chọn Tư vấn						
6	Tiếp cận thông tin						
6.1	Có tuyển chọn cạnh tranh Tư vấn ở nơi bạn không?						
	- Không		1	4	2	7	54
	- Chỉ có xem xét hồ sơ với các Dự án Quốc tế tài trợ như RTF2		3	0	0	3	23
6.2	Nếu không, làm sao để được chỉ định						
	- Dựa vào năng lực và tiếng tăm qua công việc đã làm	1	3	3	1	8	62
	- Dựa vào quan hệ cá nhân	3	4	1	1	9	69
6.3	Biết các thông tin tuyển Tư vấn từ nguồn nào?						
	- Chủ đầu tư mời	0	3	0		3	23
	- Từ các Phòng Ban tỉnh, các Ban QLDA của tỉnh	3	3	0		6	46
6.4	Hãng có thể biết ngay từ giai đoạn chuẩn bị đầu tư không? nguồn nào?						
	- Từ chỗ quen biết, thông tin không chính thức	3	3	3	1	10	77
	- Không biết	0	1	1	1	3	23
6.5	Có biết các tiêu chí đánh giá không? Từ nguồn nào?						
	- Không	2	3	4	2	11	85
	- Có, từ chỗ quen biết	1	1	0	0	2	15
6.6	Có biết tên các hãng cạnh tranh không? Từ nguồn nào?						
	- Không cần tìm hiểu vì mọi hãng đều biết rõ về nhau	1	3	4	1	9	69
	- Có biết từ quan hệ quen biết	2	1	0	1	4	31
7	Tiêu chí năng lực						
7.1	Yêu cầu của chính phủ						
	- Chấp nhận được	3	4	4	1	12	92
	- Đề nghị có kiểm tra đối chiếu hồ sơ năng lực với thực lực, thực tế nhân sự, trang thiết bị, nhà xưởng…	1	1	0	0	2	15

7.2	Yêu cầu của các nhà tài trợ Quốc tế						
	- Chấp nhận được	3	4	4	1	12	92
	- Đề nghị thay tiêu chí “Tuổi của Hãng” bằng kinh nghiệm của giám đốc hoặc của chuyên gia chủ chốt	1	1	0	0	2	15
8	Thực hiện						
8.1	- Tự làm	2	3	3	2	10	77
	- Liên kết khi thời gian quá hạn hẹp	1	1	1	0	3	23
	- Phụ thầu	0	0	0	0	0	0
8.2a	Khó khăn trong khảo sát thực tế, thử nghiệm						
	- Không có	0	3	2	2	7	54
	- Suất đầu tư thấp không đủ cho 1 thiết kế thích hợp	1	0	1	0	2	15
	- Khí hậu xấu, vùng sâu vùng xa	0	1	1	0	2	15
8.2b	Khó khăn trong Giám sát thi công						
	- Khó giải quyết khi có “thay đổi” (variation) xảy ra	1	0	0		1	8
	- Không khó khăn về phương tiện kĩ thuật	0	4	4	1	9	69
	- Thi công kéo dài mà chi phí cho Giám sát thì cố định	0	1	2	1	4	31
	- Khí hậu xấu, vùng sâu vùng xa	0	1	0		1	8
8.3	Bình luận chung						
	- Không ý kiến	3	3	0	2	8	62
	- Cần bổ xung chi phí Giám sát khi thi công kéo dài		1	2		3	23
	- Tỉ lệ cho Giám sát thi công quá thấp	0	0	1		1	8
9	Khó khăn chung về chi trả						
9.1a	Tạm ứng						
	- Không có	3	2	3	2	10	77
	- Có với các đầu tư Quốc tế nhưng khó lấy vì quan liêu, cửa quyền	0	2	1	0	3	23
9.1b	Chi trả định kỳ						
	- Không có	3	0	0		3	23
	- 30 - 70% giá hợp đồng khi hồ sơ được duyệt (khó khăn khi thiếu vốn)	0	4	4		8	62
9.1c	Quyết toán						
	- Chậm	3	0		2	5	38
	- Ngay sau khi công trình được nghiệm thu, bàn giao, đưa vào sử dụng	0	4	4	0	8	62
9.2	Bình luận chung						
	- Không ý kiến	3	0	2	0	5	38
	- Điều khoản chi trả phải ghi rõ: Trả chậm, Chủ đầu tư chịu lãi.	0	1	0	0	1	8
	- Chi trả chậm	0	3	0	2	5	38
10	Đề nghị thêm						
	- Thủ tục rườm rà	0	1	0	0	1	8
	- Chỉ nên kí hợp đồng và huy động khi chắc chắn có vốn	0	1	0	0	1	8
	- Không ý kiến	4	2	0	0	6	46
	- - Không cần tạm ứng	0	0	0	2	2	15

Table 7.8: Profile of Enterprises and Range of Services

Bảng 7.8: Bảng tóm lược của các DN và loại hình dịch vụ

Place- Dia diem	YEARS- SO NAM	Capital - Von	Services %- Dich vu %								Services Improving- Cai tien cac D.V						
			1. Pax	2.Pax	3.Frt	4.Frt	5	6	7	8	1	2	3	4	5	6	7
			local	inter	local	inter	constrn	trade	irrign	mech	loc	inter	loc	inter	cons	trade	irri
PHU	9	3			10	20	20	30	20				1			1	
PHU	17	25	20	30				30		20	1					1	
T.SON	5	3	20	10	10	10	20		10	20					1		
P.THO	11	9	10	10			10	60		10							
P.THO	25	25	20	20				40		20						1	
LAO C	4	1			10	40	10	40								1	
LAO C	10	2	40					50		10						1	
LAO C	10	0.2	60	10	10			10									
TAM KY	15	12	30	30	10	30						1		1			
DIEN B	25	2	10		20	70								1			
DAI L	26	1.1	20	50	20	30						1					
DUY X	26	1	10	30	10	30	10	20		10		1					
T.PHUE	12	0.1	70	30													
V.LONG	9	0.3	50	30				20								1	
TAM B.	3	2	20	70		10						1					
V.LONG	4	4	20	60				20					1			1	
V.LONG	10	2	20	80									1				
V.LONG	8	15	30	70								1					
Total- Tong	**229**	**107.7**	**450**	**530**	**100**	**240**	**70**	**320**	**30**	**90**	**1**	**5**	**3**	**2**	**1**	**7**	**0**
Average for all cases- Trung binh cho cac T.hop	**13**	**6**	**25**	**29**	**6**	**13**	**4**	**18**	**2**	**5**							
Average for those who have- Trung binh chi chu SH			**28**	**38**	**13**	**30**	**14**	**18**	**15**	**5**							

Source: SECAP 14, Consultation

Table7.9: Operators' Vehicles sales

Bảng 7.9: Doanh thu cua chu so huu phuong tien

Place- Dia diem	Capital - Von	Vehicles/ P.Tien				Vehicles Age-Tuoi cua P.Tien			Value Bn- Tri gia Ti dong			Sales	Increase %-Tang %		Fares Change %- Thay doi chi phi		Profit- Loi nhuan
		Bus	Trk	Bo	Tot	Bu	Tr	Bo	Veh	Eq	Tot	Bn	"02-03	"03-04	02-04	04-05	%
PHU	3		4		4		5		2	4	6	8	8	8	18	8	17
PHU	25	80			80	4			17	10	27	27	6	6	6	3	8
T.SON	3	2	2		4	10	10		1	1	2	15	6	6	16	6	4
P.THO	9	55	5		60	6	6		25	9	34	80	20	10	5	5	10
P.THO	25	49			49	8			17	12	29	27	5	5	10	3	5
LAO C	1		12		12		8		6	2	8	12	12	12	8	5	5
LAO C	2	6			6				2	2	4	1	12	12	18	8	15
LAO C	0.2	2			2	8			0.4	0.1	0.5	0.3	5	6	8	3	3
TAM KY	12	50	105		155	8	10		60	20	80	40	8	6	8	5	6
DIEN B	2			220	220			10	36	15	51	40	3	4	18	3	3
DAI L	1.1	35	19	63	117	12	15	12	24	8	32	25	12	8	25	6	6
DUY X	1	20	110		130	6	9		36	2	38	30	8	8	12	8	5
T.PHUE	0.1	2			2	5			0.3	0.1	0.4	0.5	4	4	10	3	6
V.LONG	0.3	2			2	4			0.4	0.1	0.5	0.4	7	6	12	5	3
TAM B.	2	12			12	6			3	1	4	2	10	10	3	3	12
V.LONG	4	11			11	3			4	3	7	10	12	12	12	4	3
V.LONG	2	15			15	6			6	2	8	3	18	18	18	18	3
V.LONG	15	55		25	80	5		4	22	2	24	20	18	18	25	18	5
Total- Tong	**107.7**	**396**	**257**	**308**	**961**	**91**	**63**	**26**	**262.1**	**93.3**	**355.4**	**341.2**	**174**	**159**	**232**	**114**	**119**
Average for all cases- Trung binh	**6**	**22**	**14**	**17**	**53**				**15**	**5**	**20**	**19**	**10**	**9**	**13**	**6**	**7**
Average for those who have: Trung binh cho chu Sh		**26**	**37**	**103**	**53**	**7**	**9**	**9**									

Source: SEACAP 14, Intreviews

Table 7.10 Operators' Constraints

Bang 7.10: Các ràng buộc của người sử dụng

Place- Dia diem	S	Capital - Von	STAFF-NHAN VIEN	Sales-Doanh thu	Profit-Loi nhuan	Accidents- Tai nan	Constraints- Rang buoc						Competition- C.tranh				Can do what?- Viec co the lam					Others can do?- Cac viec khac							Users' concerns- Moi qtam cua nguoi sd			
							1	2	3	4	5	6	medi	big	very b	incr	1	2	3	4	5	1	2	3	4	5	6	7	1	2	3	4
							delay	finance	equipt	staff	demand	infras					service	equipt	new ser	trng	financ	trng	leaks	procs	facs	demand	finan	equipt	safe	servic	freq	cost
PHU	9	3	46	8	17	0		1	1						1	1	1	1	1	1		1	1							1		
PHU	17	25	240	27	8	2	1			1					1	1	1	1					1	1					1		1	
T.SON	5	3	15	15	4	2	1	1						1		1		1			1			1			1					1
P.THO	11	9	215	80	10	1	1					1	1				1	1						1					1			
P.THO	25	25	215	27	5			1	1	1					1	1		1			1							1				
LAO C	4	1	125	12	5	3					1	1																				
LAO C	10	2	20	1	15																											
LAO C	10	0.2	4	0.3	3	1			1		1	1		1			1						1		1			1	1		1	
TAM KY	15	12	280	40	6	4			1		1				1	1	1	1					1								1	
DIEN B	25	2	300	40	3	0			1		1				1	1			1						1					1		
DAI L	26	1.1	300	25	6	0		1			1	1			1	1	1	1					1						1		1	
DUY X	26	1	150	30	5	2		1	1						1	1		1	1				1			1	1					
T.PHUE	12	0.1	4	0.5	6	0					1	1		1		1	1		1						1				1		1	
V.LONG	9	0.3	6	0.4	3	1					1	1		1		1	1		1						1						1	
TAM B.	3	2	24	2	12	0					1	1			1	1	1		1				1		1				1	1	1	
V.LONG	4	4	35	10	3	1		1					1			1	1	1	1						1				1	1		
V.LONG	10	2	40	3	3	0		1			1				1	1	1	1	1		1			1					1	1	1	
V.LONG	8	15	60	20	5	0							1				1	1														
Total	**229**	**107.7**	**2079**	**341.2**	**119**	**17**	**3**	**7**	**6**	**2**	**9**	**7**	**3**	**4**	**9**	**13**	**12**	**11**	**8**	**1**	**3**	**1**	**7**	**4**	**6**	**1**	**2**	**2**	**8**	**5**	**8**	**1**
Average for all cases-Trung binh cho cac t.hop	**13**	**6**	**116**	**19**	**7**																											

Source: SEACAP 14, Interview

Note:

Infras: Infracstructure

Facs: Facilities and Network

Equipt: Equptment

Finan: Finance

Sev: Services

Trng: Training

Safe: Safety

Freg: Frequency

TABLE 7.11: VEHICLE REGISTRATIONS

BẢNG 7.11: ĐĂNG KÝ PHƯƠNG TIỆN

1	2	3	4	5	6	7	8	9	10	11		13
Year - **Năm**	Motor-cycles- **Xe máy**	**Công nông**	Car - **Xe con**	Trucks - **Xe tải**			Buses - **Xe buýt**			Others - **Các loại khác**	Total Vehicle- **Tổng số phương tiện**	Boats **Thuyên**
				S - **Nhỏ**	M - **Vừa**	H - **Nặng**	S - **Nhỏ**	M - **Vừa**	H - **Lớn**			
2002												
Phú Thọ	19600		1153	1673			508			1018	23952	268
Lào Cai											0	
Quảng Nam											0	
Vĩnh Long	95943	50						244	155		96392	6448
Subtotal	**115543**	**50**	**1153**	**1673**	**0**	**0**	**508**	**244**	**155**	**1018**	**120344**	**6716**
2003												
Phú Thọ	2100		1496	2094			648			1272	7610	76
Lào Cai	48113		1297	525	690	290				115	51030	40
Quảng Nam	35632	15	710							8	36365	
Vĩnh Long	115250	50					5	341	25		115671	5683
Subtotal	**201095**	**65**	**3503**	**2619**	**690**	**290**	**653**	**341**	**25**	**1395**	**210676**	**5799**
2004												
Phú Thọ	24130		1646		2294		709			1462	30241	38
Lào Cai	50232	2	1575	630	720	350				120	53629	45
Quảng Nam	22786		446							95	23327	
Vĩnh Long	135589	50	1071	666	818	52	5	375	35	119	138780	5939
Subtotal	**232737**	**52**	**4738**	**1296**	**3832**	**402**	**714**	**375**	**35**	**1796**	**245977**	**6022**

Source: PDOT Records

TABLE 7.12: ACCIDENTS IN TRANSPORT SECTOR

BẢNG 7.12: TAI NẠN TRONG GIAO THÔNG

BẢNG 7.12: TAI NẠN TRONG NGÀNH GT

Summary for four Provinces

1	*2*	*3*	*3*	*4*	*5*	*6*	*7*	*8*		
Province - **Tỉnh**	Total Population - **Tổng dân số**	No of Vehicles 2003- **Số phơng tiện năm 2003**	Number of Incidents Reported - **Số vụ đã báo cáo**			Incidents in 2003 - **Số vụ năm 2003**			Incidents per 1000 Vehicles - **Số vụ TN/1000 xe**	Death+Injured per 1000 Vehicles - **Số ngời chết+th-ơng /1000 xe**
			2001	2002	2003	Number of deaths - **Số ngời chết**	Number of injured - **Số ngời bị thơng**	Losses, million VND- **Số tiền Thiệt hại (triệu đồng)**		
Lào Cai	131000	7610	178	298	211	66	257	140	0.0277	0.042
Phú Thọ	193000	51030	344	303	207	167	147		0.0041	0.006
Quảng Nam	219000	36365	461	310	506	245	656		0.0139	0.025
Vĩnh Long	1029000	115671	171	255	154	133	137	707	0.0013	0.002

Source: PDOT Records

Table 7.13 TRANSPORT COSTS DATA

1	2	3	4	5	6	7	8	9	10
Case	**From**	**To**	**Mode, vehicle**	**Type of road**	**Cost in VND**			**Distance Kms**	**Average cost**
					Person	**Cargo**	**Kgs**		**Person**
1	BAT XAT	VILLAGES	XE OM -- 3 TIMES MORE EXPENSIVE IN WET SEASON						
2	SA PA	TAPHIN	XE OM	District	10,000			9	1111
3	SA PA	MA CHA	XE OM	District	7,000			6	1167
4	SA PA	THAN PHU	XE OM	District	20,000			18	1111
5	SA PA	LINH HO	XE OM	District	4000			5	800
6	SA PA	LAO CHAI	XE OM	District	10,000			6	1667
7	SA PA	TA VAN	XE OM	District	12,000			8	1500
8	SA PA	BAN SAI	XE OM	District	18,000			16	1125
9	SA PA	GIANG TA SANG	XE OM	District	16,000			18	889
10	SA PA	CAU HO MONG	XE OM	District	17000			15	1133
11	SA PA	CHU LIN	XE OM	District	14,000			9	1556
12	SA PA	THAC BAC	XE OM	District	10,000			12	833
13	SA PA	SIN CHAI	XE OM	District	25,000			21	1190
14	TAM KY	TRA MY	BUS	District	8000			38	211
15	T.PHUOC	TIEN LANH	BUS	District	20,000			26	769
16	T.PHUOC	TRA MY	BUS	District	6000			20	300
17	T.PHUOC	T.CAM	XE OM	District	15,000			12	1250
18	TAM PONIS	VING LIEM	XE OM	District	20,000			45	444
19	TAM PONIS	VING LIEM	BUS	District	10,000			45	222
20	TAM PONIS	CAI VON	XE OM	District	15,000			17	882
21	TAM PONIS	CAI VON	BUS	District	7000			17	412
22	TAM PONIS	CAI NGAY	XE OM	District	7000			10	700
23	THANH SON	VIET TRI	BUS	Province	10,000			40	250
24	TAM NONG	VIET TRI	BUS	Province	10,000			40	250
25	BA T XAT	LAO CAI	BUS	Province	5000			20	250
26	DAI LOE	DANANG	BUS	P/National	5000			30	167
27	HA TAN	DANANG	BUS	P/National	1000			50	20
28	PHU THUOC	DANANG	BUS	P/National	10,000			50	200
29	DUY XUYEN	HOI AN	BUS	Provincial	4000			18	222
30	T.PHUOC	TAM KY	BUS	Provincial	5000			26	192
31	T.PHUOC	TAM KY	XE OM	Provincial	30,000			26	1154
32	TAM BINH	VINH LONG	BUS	Provincial	7000			36	194
33	TAM BINH	VINH LONG	XE OM	Provincial	20,000			36	556
34	VINH LONG	VONG LIEM	BUS 16 SEAT	Provincial	7000			35	200
35	VINH LONG	HIEM NGIA	BUS 16 SEAT	Provincial	10,000			45	222
36	THANH SON	HANOI	BUS	National	20,000			80	250
37	THANH SON	THAI NGUYEN	BUS	National	30,000			160	188
38	THANH SON	GIA LAM	BUS	National	2000			100	20
39	TAM KY	HCMC	BUS	National	145,000			1050	138
40	TAM BINH	HCMC	BUS	National	35000			150	233
41	TAM BUI	HCMC	TRUCK- 7 TO	National		15,000FOR 38KG.ORANGES			
42	VUNG LIEM	HCMC	BUS 16 SE	National	30,000			172	174
43	VUNG LIEM	CA MAU	BUS 16 SE	National	35000			180	194
44	MHENG LIEM	VUNG TAU	BUS 16 SE	National	40,000			180	222
45	VUNG LIEM	TRA VINH	BUS 16 SE	National	7000			32	219
46	DUY XUYEN	HOI AN	BOAT	Water	3000			18	167
47	SONG PHU	CAI NGAY	BOAT	Water	6000			9	667

Source: SEACAP 14 consultations

Table 7.14: Responses from Rural Transport Users in Four Provinces

No.	Questions/Provinces	Phu Tho (7*)	Lao Cai (10)	Quang Nam (8)	Vinh Long (6)	4 provinces (31)	4 provinces- %**
1	Condition of the existing Rural Transport Network (RTN):						
	- All weather accessible condition	1	0	0	0	1	3
	- Fair condition	1	5	3	3	12	39
	- Poor condition	5	5	5	3	18	58
2	Frequency of using RTN:						
	- 15 – 25 days/month	6	2	7	5	20	65
	- 5 - 15 days/month	1	6	1	1	9	29
	- 0 - 5 days/month	0	2	0	0	2	6
3	Traffic safety on RTN:						
	- Very good	1	0	0	0	1	3
	- Fair	2	7	2	3	14	45
	- Bad	4	3	6	3	16	52
4	Transportation fares:						
	- Expensive	1	5	2	4	12	39
	- Fair	6	5	6	2	19	61
	- Cheap	0	0	0	0	0	0
5	The main concern and problem for users of RTN:						
	- All rural road dusty in dry season, muddy in wet season, poor drainage system	7	7	9	4	27	87
	- Lack of traffic sign, traffic safety, and weak traffic services	2	1		2	5	16
	- The road network in the village, commune has not completed yet.	0	1	1	1	3	10

	- Mountainous road too stiff, no pavement. Difficult to travel even by two vehicles and by foot	0	0	1	0	1	3
6	Change do you want on the RTN:						
	- Improvement of RR network to bitumen sealed or concrete pavement for longer life and more safety.	7	10	8	5	30	97
	- To complete the RR network reaching all villages	0	1	0	1	2	6
7	Change do you want on the RT services:						
	- Bus operation and four wheel vehicles until at least commune center	5	1	2	3	11	35
	- Improve quality of vehicles for better transport services	1	1	6	3	11	35
	- Available fund of hiring people living along the road to do road maintenance	3	0	0	0	3	10
	- Better road condition for reasonable fare rate	0	2	0	0	2	6
8	Is there opportunity for women and poor people to get employment on RTN:						
	In construction						
	- Many	2	2	4	3	11	35
	- Adequate	4	3	2	3	12	39
	- Little	1	5	2	0	8	26
	In maintenance						
	- Many	2	3	5	2	12	39
	- Adequate	4	4	0	4	12	39
	- Little	1	3	3	0	7	23
	In transport services						

	- Many	2	3	5	4	14	45
	- Adequate	4	4	2	2	12	39
	- Little	1	3	1	0	5	16
9	Do vulnerable groups (elderly, children, handicapped, women, poor…) benefit much from an improved RTN and RT services:						
	- very much	6	8	8	6	28	90
	- much	1	2	0	0	3	10

Source: SEACAP 14, Interviews

Note: *: The Figure in brackets indicates the number of interviewees in that province

**: The Figure in brackets indicates the percentage of people consulted in the four provinces agree with that particular option.

Bảng 7.14. Trả lời của các người sử dụng

HỆ THẲNG ĐƯẮNG GIAO THÔNG NÔNG THÔN (GTNT) TẠI 4 TỈNH KHẢO SÁT

STT	Câu hỏi/Tỉnh (số người được hỏi)	Phú Thọ (7 người)	Lào Cai (10 người)	Quảng Nam (8 người)	Vĩnh Long (6 người)	4 tỉnh (31 người)	4 tỉnh (% tổng số người đồng ý)
1	Tình trạng HTGTNT hiện nay:						
	- Đi được quanh năm	1	0	0	0	1	3
	- Chấp nhận được	1	5	3	3	12	39
	- Quá xấu	5	5	5	3	18	58
2	Tần suất sử dụng						
	- 15 – 25 ngày/tháng	6	2	7	5	20	65
	- 5 – 15 ngày/tháng	1	6	1	1	9	29
	- 0 – 5 ngày/tháng	0	2	0	0	2	6
3	An toàn trên HTGTNT						
	- Rất tốt	1	0	0	0	1	3
	- Chấp nhận được	2	7	2	3	14	45
	- Kém	4	3	6	3	16	52
4	Giá cước						
	- Đắt	1	5	2	4	12	39
	- Vừa phải	6	5	6	2	19	61
	- Rẻ	0	0	0	0	0	0
5	Người sử dụng HTGTNT có khó khăn và quan tâm gì?						
	- Đường NT bụi và lầy lội theo mùa, thoát nước kém.	7	7	9	4	27	87
	- Thiếu báo hiệu GT và dịch vụ GT kém	2	1		2	5	16
	- Cần hoàn thiện HTGTNT tới làng xã	0	1		1	3	10
	- Đường miền núi quá dốc, đường đất… đi xe mô tô và đi bộ đều khó	0	0	1	0	1	3
6	Thay đổi mong muốn với HTGTNT						
	- Láng nhựa và bê tông hoá HTGTNT	7	10	8	5	30	97

	- Hoàn chỉnh GTNT đến tận làng	0	1	0	1	2	6
7	Thay đổi mong muốn với dịch vụ GTNT						
	- Xe bus, xe bốn bánh tối thiểu phải về tới trung tâm xã	5	1	2	3	11	35
	- Nâng cao chất lượng xe	1	1	6	3	11	35
	- Có kinh phí thuê người sống gần đường Duy tu bảo dưỡng (DTBD)	3	0	0	0	3	10
	- Nâng cấp đường để giá vé rẻ hơn	0	2	0	0	2	6
8	Liệu có cơ hội để phụ nữ và người nghèo kiếm việc làm trên HTGTNT?						
	✷ Trong xây dựng:						
	- Nhiều	2	2	4	3	11	35
	- Vừa	4	3	2	3	12	39
	- ít	1	5	2	0	8	26
	✷ Trong DTBD						
	- Nhiều	2	3	5	2	12	39
	- Vừa	4	4	0	4	12	39
	- ít	1	3	3	0	7	23
	✷ Trong dịch vụ GT						
	- Nhiều	2	3	5	4	14	45
	- Vừa	4	4	2	2	12	39
	- ít	1	3	1	0	5	16
9	Liệu các nhóm dễ bị tổn thương (người già, trẻ em, người tàn tật, phụ nữ, người nghèo…) có được hưởng lợi nhiều từ một HTGTNT và dịch vụ GTNT được cải thiện, nâng cấp không?						
	- Nhiều	6	8	8	6	28	90
	- Vừa	1	2	0	0	3	10
	- ít						

Attachment 8 LIST OF KEY LAWS AND DECREES

Tax Issues	**Road Constructor** (including construction, rehabilitation, maintaining, repairing, etc.)	**Transport Service Providers** (including freight and passenger transport)
VAT	10%	- 5% - 0% applicable to international transport service
Corporate Tax	28%	- 28% - 20% applicable to Public Tp Service
Other Tax	No	No
Tax Incentive	No	- 1-year exemption; 3-year deduction 50% applicable to Public Tpt Service

Legal Papers regulating the participating of Private Sector into the Transportation projects

Contractors	**Transport Service Providers**
Law on Enterprise dated 12/06/1999 and its guiding regulations	
Law on Foreign Investment dated 12/11/1996 and it's amendment dated 9/6/2000 and its guiding regulations	
Law on encouragement of local investment 03/1998/QH10 passed 20/05/1998 and its guiding regulations	
Decree 90/2001/NĐ-CP of the Government on the Support for SME development dated 23/11/2001	
Decree 52/1999/ND-CP dated 08/07/1999 on providing the regulation on Investment and Construction Management and its amendments Decree 12/2000/ND-CP dated 05/05/2000 and Decree 07/2003/ND-CP dated 30/1/2003	Law on Maritime dated 30/06/1999
	Law on Civil Aviation dated 26/12/1995 and it's amendment dated 20/04/1995
	Law on Trade
Decree 88/1999/ND-CP dated 01/09/1999 on providing the regulation on Bidding and its amendments Decree 14/2000/ND-CP dated 05/05/2000 and Decree 66/2003/ND-CP dated 12/06/2003	Decree No. 10/2001/ND-CP dated 19/3/2001 on condition to do business in maritime services
	Decree No. 125/2003/ND-CP dated 29/10/2003 on international multimodal transport
Decision 19/2003/QD-BXD dated 03/07/2003 on providing Regulation on Capacity Condition in Construction Operation	Decree No. 57/2001/ND-CP dated 24/8/2001 on condition to do business in sea transport
Decision 27/2000/QĐ-BXD by MOT dated 08/12/2000 on the Regulation of conditions for construction business	Decree No. 91/2001/ND-CP dated 11/12/2001 of the Government on condition to do business in in-land water transport
Decision 23/2000/QĐ-BXD by MOT dated 13/11/2000 on the Regulation of certifying construction designing business	Decree No. 92/2001/ND-CP dated 11/12/2001 of the Government on condition to do business in car transport
Decision 2923/QD-DB by MOT dated 02/11/1996 on granting permits of construction works related to roads	Decision 4126/2001/QĐ-BGTVT by the MOT dated 05/12/2001 on Regulation of taxi service
Decision 23/2000/QD-BXD by MOC dated 13/11/2000 on regulation of certification for construction design business	Decision 4126/2001/QĐ-BGTVT by the MOT dated 05/12/2001 on Regulation of routing passenger transport service, management of exploiting routs of passenger transport by bus
	Decision 4128/2001/QĐ-BGTVT by the MOT dated 05/12/2001 on Regulation of bus stations

Attachment 9.1 COMMENTS ON CAPACITY, FROM INTERVIEWS

Work load	Small budget for PT in a district is the main constrain to strengthening PS contracting industry • <u>New road construction</u>: very little for RT from district budget, other funds come from above (WB, government programme 135, JBIC, etc.) • <u>Road Repairing and maintaining service</u>: is not the market for PT contractors. The budget allocated from district is about 1 billion each year plus around 4 to 5 other billion from public. This fund is mostly to allocate to maintaining team of the Road Management Units in the district (State-own unit)
Capacity	
Staff	All contractors consulted proved they have good technical staff to handle RT contracts *<u>composition of a typical site-team:</u>* Company sends to construction site a team, consisted of core engineer-supervisor, key workers (full-time employee of the company), equipment operators and a group of workers. In many cases, the company assigns only few key technical and supervision staff and then hires a professional team of workers (professional here means that the team is familiar to the transportation works, gain good reference and confidence from contractor, available from time to time). This kind of independent team is operating in almost all provinces and they are attached to many contractors in RT. Simple labors (for cleaning drainage and other simple earth works) are always hired right at the location (village or commune) where the work located. These simple labors are sometime needed to call from other locations in case of remote area (low population density) or in high paddy season
Diversity of business	It was very clear from survey that no PS contractor can survive in only RT works. Thus, the diversity of business is seen widely in most of PS. In RT business, there was no case of single RT business recorded. All companies registered and run various activities, most close activities are • Civil construction: most common for companies in provinces, the market for this activity is wide and accessible, it include construction of houses for people in the locality, residential areas, schools, hospitals, etc • Irrigation and Electrical construction • Industrial construction: warehouse, workshops, supporting works in industrial complex • Construction material production: this activity associated with construction business of many construction companies and it is especially useful for contractors when they have own stone mine • Equipment leasing service: yet another activity associated with RT construction works, Company lease their equipment in idle to make return from investment made in machines. The diversity of business in activities of close or similar nature show the flexible business approach, where company can mobile human

	resource (engineers, technical staff, workers), make use of equipment (trucks, excavators, bulldozers, cranes) for different construction works as well as transport means owned by the company (trucks, boats, barges) Another feature of diversification was flexibility in exploiting equipment: a company can hire equipment they need for a specific contract from other company in case the cost of moving their own equipment from other contract was high or simply not available (when company run number of contracts in different locations), from another side, a company would have their equipment hired to other companies to keep down the idle machine time.

Attachment 9.2 COMPARISONS OF PS AND SOE

Context of PS in comparison with SOE: In general understanding from the survey (not including special individual cases). From the box below, we can see the strengths and weaknesses of each sectors (PS and SOE) in participating in RT and from this comparison, planners of further programme can design appropriate approach to attract more participation of PS in this industry.

Terms	PS	SOE
Capacity (experiences, equipment, technical staff)	• Small in size • Have not much to declare in references of works done in the industry • The transportation operations are normally associated with other activities (with the same nature, such as civil, irrigation, industrial construction) and trade • Have shorter years of operation in the industry (mostly after year 2000, when new enterprise law drew more enterprise to register) • Have thin equipment &machinery arsenal and availability of land & workshop. Most of PS contractors use the resource sharing mode of exploration	***In better position*** • Big in size • Have rich references in implementing big and medium sized contracts • Have longer history of operation in the industry • Have large equipment &machinery arsenal and availability of land & workshop
Financial advantage	• Have to put property in mortgage for bank loan • Considered by the Banks as bad borrower • Badly treated by treasure in payment • Have to accept late payment from clients	***In better position*** • Have support from Government • Have "guaranty" from Government in borrowing large and long credits • Better treated by the Banks (with "order" from the State Agencies) • Better treated by the Treasury • Better treated by the client in payment
Cost of management	***In better position*** • Lower cost due to the compact management staff • Hire staff at need • Negligence of paying social insurance for worker staff	• Huge burden of management and workers staff under the State ownership • Have to keep social insurance for the whole staff

Flexibility in bidding	***In better position*** • Ready to nullify depreciation on machinery • "easy" in "lubricating" and in personal arrangement	• Have to keep machinery depreciation as regulated • Hardship of declaration of "lubrication"
Long-run orientation	***In better position*** • Better support from Donors • Getting better adaptation to market economy	• Continuous pressure from State policy and from Donors to being equitized
Size of Contract	• Appropriate for *small and medium size of RT contract*, especially with appointed and competitive offering contract	• Appropriate for *medium and big size of transportation contract*, where the capacity and experience is in the first place

Attachment 10 WAYS OF MOBILISING FUND AND ACCESSING CREDIT

For powering routine business activity or once winning a contract, Contractors do normally use several ways for to mobilise funds and accessing credits

Commercial Banks	• main source of credit • with severe condition of mortgage on property (land, houses, buildings, warehouses, workshops), equipment, contracts • there was no case of borrowing without mortgage recorded • each contractor get limitation on size of credit (ceiling loan) from its Bank, the limit is normally 70% of value in mortgage and possible only with certification by client (investor) • contractors are stipulated to maintain transactions with one bank • the Banks are BID, VARD, ICB (their branches in the localities) *Main constrains in getting credit from Commercial Banks:* • PS borrowers are always in the weak side against Banks (property and equipments are evaluated under true value) • size and ceiling limit of credit are limiting financial capacity of PS contractors • complicated procedures (especially for new companies), sensitive cost of transasction and not-in-time availability are also a constrain to borrowers • Banks still see PS companies as too small, less confident and hard to monitor business activity
Other official source	• Bank of Social Policy (VBSP), the only case of development support capital was mentioned by a Construction Cooperative in Vung Liem district – Vinh Long province, where they try to make use of all incentives of the bank to poor regions • no case of mobilizing funds by issuing shares was recorded
Self mobilisation	• main source of financial mobilisation • from savings of the owner or family and cash flow from other projects or activities
Friends/Relatives	• for hot cases (short terms, urgent need, with vision on payback source guaranteed) and for long term (kind of saving of friends/relatives with better interest rate – in sake of friends/relatives) • based on the close friend relation • depends on reputation of borrower, relation between them and payback probability • rate of interest applicable for this source higher than saving no mortgage
Suppliers	• applicable in almost all the transportation is late payment for material supplied • the size of late payment varied from 30% to 75% of total value of material provided the size and terms of late payment to supplier depends on business relation between contractors and supplier (the supplier also like to keep clients by offering better late payment terms)

Attachment 11 PREVIOUS RECOMMENDATIONS AND COMMENTS FROM SEACAP 14

Documents	Private Sector Development Issues	Technical issues	Comments from SEACAP 14 November 2004
	Business Climate, GOV Policies, Regulations and Administrative Performance	**At Project level**	
Vietnam's Second Rural Transport Project, ***Report on Contracting Constraints in the Rural Roadworks Sector***, WSP, May 2003	Appropriate policy and strategy development for private contracting Ensure efficient financial planning and payment systems for contractors	1. Develop sustainable funding for rural road maintenance 2. Develop a market for spot improvement and maintenance suitable for small PS contractors 3. Shift from compulsory labour for maintenance to paid labour in contracts 4. Improve client capacity through institution building and training 5. Improve supervision and quality control 6. Rationalise bidding requirements for each category of roadworks 7. Reduce capital requirements of	<u>*Technical Issue at Government level*</u> • GOV laws and procedures are suitable for RT; however • Collusion in 'managed markets' limits competitive effects, makes uncertainties for PS, and allows more corrupt payments; therefore: • Reduce the number of agencies and steps in procedures • Disallow "no-budget" projects • Simplify certification of works and payment system • BUT, increase community responsibility at each stage, and • Involve and employ public supervision with trained people (women) at communes • Develop fund for RT maintenance from article of insurance of contractor (3%) and allocate to people in the locality to handle the maintenance <u>*Technical Issue at RT3 level*</u> • Still a concern to rationalize bidding requirements for each category of

	Improve support for contractors through existing representative associations	contractors in bidding 8. Appropriate contract documentation and procedures for each category of work 9. Appropriate specifications suitable for small contractor implementation 10. Training for contractors' personnel 11. Encourage hire equipment services 12. Encourage availability of good quality handtools	roadwork • Declare years of experience of contractor, instead of years in operation, in prequalification • Use appropriate specifications suitable for small contract • Train contractors in RT3 issues and procedures • No need to encourage equipment leasing services, because of over-supply and much cooperation between businesses • No need for promotion of Business Associations
Vietnam's Second Rural Transport Project, ***Contractor Capacity Report***, WSPI in association with TDSI and TEDI, May 2003.		The capacity of non-state contractors can meet the requirements of construction at medium scale, particularly in rural or remote region. However, due to the opinion of client and some policies of the Government they have some difficulties in their developing. It is expected that with some supporting policies of the government and donors, non-state contractors will develop well.	• Recent surveys confirm supply • Supply is generated more from non-RT civil works Main constraints to viability are in delays and corrupt payments, favouritism to some contractors, and unstable demand due to low budgets and 'over competiton' • This has been shown by vigorous PS growth across many sectors • Encourage more PS involvement by limiting prequalification to companies operating under Enterprise Law • Productivity and quality in RT can be enhanced, with attention to managers,

			technicians and supervisors at districts and communes • Train contractors in RT3 issues and procedures
Bach The Dung and Robert Taylor – WSPI – Vietnam's Rural Transport 2 Project, ***Development of Medium-size Private Contractors,*** Road and Bridge Magazine, Oct. 2002	1. It is necessary to set up small and medium contractor association so that it can protect their interests. 2. Government should create favourable conditions for small-scale contractors: Regulations on contractor capacity should be on line with the value of each package. 3. Requirement regarding annual volume of construction work should be specific 4. There should be a mechanism for small-scale contractors to have easy access to the bank loan. 5. It is necessary to create a healthy competitive bidding environment; 6. minimise limited and appointed bidding (only applied to national security and defense works) 7. Instructions should be issued to forbid provinces to create their own regulation making difficulties for bidding evaluation, supervision, payments. 8. It is necessary to improve the payment procedure for locally funded works.	It is inappropriate to require RT contractors to have at least 3 years of experience.	• No need for promotion of Business Associations • Regulations on contractor capacity (capital, year of experience, staff, equipment...) should be on line with the size and requirement of each package • Improve inter-accountability between PS enterprises and Banks • Say no to "appointed" contracts • Creation of Contractor Registration in each and all provinces and use it for reference in bid evaluation • Minimizing reasons for late payment by simplifying payment procedures and • by ensuring task-specific competence of GOV and PS staff
CONCETTI, (2001), ***Assessment of Vietnam's Construction and Civil Engineering***	1. Improving the institutional and regulatory environment 2. Draw up/ enhance a system of business supporting services for construction firms 3. 'Ring warning bells' to GOV (at central and		<u>*Issue at Government level*</u> 1. There is a strong opinion amongst agencies and contractors that there should be a pause in

Firms, Hanoi June 2001	local levels), firms and civil societies of opportunities and threats to firms so that capacity building measures are taken 4. Equitisation priorities and support should focus on competent and profitable firms to turn them into "leading stars" competitive in local and international markets. These firms should set example to others and serve as "locomotive" to the whole sector. 5. There is also a need for a demarcation between the administration and production management functions of ministries. (MOC. MOI, MARD, Mo Communication, MOT). These ministries should focus on strategies and policies and leave firms to become independent entities. 6. Develop human resources for the sector. 7. Technical assistance to formulation/ amendment of regulatory writings such as the Construction Law, Investment Law, a uniform set of rules. a) technical assistance to enhance strategic planning and managerial capacity for MoC and related ministries. b) technical assistance for professional organizations in the construction sector c) a system of excellence training and improvement of existing vocational school network.		promoting new enterprises, to allow the stronger ones to consolidate their capability [in thin market for RT]. 2 Maintain a policy of strengthening existing contractors rather than create more newcomers to the industry *3.* Regard equitized SOE (still with State capital) operating under Enterprise law as NOT of PS • Maintain restriction of participation into RT3 (only to PS contractors in the province allowed) • 4. Mixing of state management and commercial roles is tolerated by enterprises in the managed markets typical of local levels 5 Good state managers make for good PS enterprises. For RT, focus more support to District and Commune managers and supervisors 6 Enhance skill of PS contractors by training them with RT3 issues

World Bank, ***Vietnam – The Vital Construction Industry***, Draft for Review, July 30, 2004.	**SOE Reform**: 1. detach the SOEs from the ministerial and provincial ownership. **2. Competition:** an external agency, representing the PS sector rather than the government, to monitor and report on the competition procedures throughout the country. **3.** Review and compile a list of financial resources Educate private companies on how to access funds. GOV should heavily penalize any PCCs that: a) award to SOEs and projects that have not been funded b) award a project without bidding if it is above the minimum value requiring competitive bidding. Independent construction forum should be involved with this type of "policing". The pre-qualification criteria for newly formed private companies needs to be reasonable For state funded projects, include a points system/bid criteria in the procurement system for usage of private contractors, suppliers or designers.	•	<u>*Business Climate*</u> • Create better competition atmosphere by establishing Contractor Registration (which will list works done, quality, score) for better reference in prequalification Create better competition environment by respecting transparency of law and regulation as well as dissemination to business community State to improve operation of banks and accessing to loan by issuing better regulation on ownership (land, building and other valuables) There is a need to reduce 'no budget' contracts and delayed payment contracts State to encourage PS contractors by administrative reform (cut down official burden), rather than just encouragement in tax <u>*Issues at Government level*</u> • Application of advanced and internationally-accepted accounting and financial reporting system (for both Donor's and Local budgets) • Improve sufficient and active Business Development Service activity in province No interest shown in sectoral associations

	Representative Body for the Industry An independent PS forum be established. Training in project and financial management is urgently required for government SOE and private managers of construction activities.		Training in project and financial management is required for GOV agencies, SOE and PS managers.
Mick Foster Economics Ltd and Thanh Hung Vo, Vietnam's Ministry of Finance, ***Improving Rural Transport through Stronger Partnerships: Report of a Review of the Vietnam Rural Transport Sub-Sector***, the 7th Draft as of April 2003.	State Investment for rural transport should concentrate on at least equalising the per capita cost to individuals of achieving the DPI/MOT targets. Actual allocation decisions should be based on province (rather than regional) analysis. Any MOT and Donor financial support for Province rural transport investment should be conditional on the approval of province policies and work plans; including relations with district and commune levels	Maintenance is the most important challenge Provinces need to prepare and implement plans and budgets for both investment and maintenance in rural transport infrastructure, Establish through a participatory process a clear division of responsibilities and financing between province, district, and commune levels. MOT should develop capacity to support provinces, setting out clear guidance on technical standards, organisation, management, and financing, linked to effective training, and to access to advice and support.	*Issue at Government level* • Application of bottom-up approach in planning RT *Issue at RT3 level* • To pay more attention to maintain good maintaining budget to people at commune (rational ration of maintain/build) • To focus on the quality of road rather than open more road • Better dissemination of Operational Manual to districts and communes (with proper follow-up)

MOT and World Bank: **Public Expenditure Review**, Draft, September 2004	PAGE 22, SUMMARY AND RECOMMENDATIONS Expenditure should be re-directed from the road sub-sector to the rail and waterway sub-sectors. Much stronger commitment controls are required on the part of all agencies. MOT should not accrue large expenditures or enter into large expenditure commitments without the necessary approvals, budget or financing mechanisms in place. There is need to restructure, and equitize if possible, their construction SOEs. It is recommended that all outstanding debts to the SOEs are paid within one year. Determine a stable and secure financing mechanism. Maintenance requirements on local roads are particularly acute and should be considered in any discussion on road financing. VRA should develop maintenance strategies and financing requirements for all levels of the road network; and develop annual and multi-year work programs to convince decision makers of the need for higher maintenance funding. It is recommended that funds should be shifted from new investment expenditure to O&M expenditure Reduce the number of PMUs and that they are merged into the sub-sectoral administrations. Bring together investment and expenditure planning by merging the MOT Departments of Finance, and D of Planning and Investment.		1. Very little support expressed for investment in waterways under RT3 2. Managed markets at local levels accept ‘un-funded’ jobs, and contracts stating delayed payments 3. Disallow ‘no budget’ contracts 4. Reserve donor projects to non-SOEs; and verify in a Register the real ownership of enterprises 5. Disallow banks’ ‘subsidies’ to SOEs and ex-SOEs 6. All PS want more stable work demand 7. PS do not recognize a market in maintenance 8. There is a strong need for localized planning and combining of resources from the various budgets and donor programs 9. PS seek larger and longer contracts for new and rehabilitation works 10. There is a strong desire of PS to reduce the steps and agencies in all processes

Government of Vietnam, Prime Minister's Decision No. 206/2004QD-TTG, ***Vietnam Transport Development Strategy to Year 2020***	**III.2. Measures and Policies for transport development:** **III.2.a -** Encourage all economic components participating in transport business. - Speed up equitization of SOEs - Only a necessary % of SOEs for remote areas and emergency needs. **III.2.b**. - Establish a fair/ healthy Competition environment with a reasonable fare system. **III.5. Measures and Policies for Rural transport development:** **III.5.** – Continuation of "Gov. & people co-financing/contribution" policy - Prioritily reserve ODA, local budget for development of rural transport in connection with modernization & industrialization of agriculture and rural areas. - Lower fees and registration fee for rural and remote areas. - Favorable credit for company/individual purchasing rural equipment/vehicle/boat operating in rural/remote areas. (On 12 Sep. 2004, the VN Bank for Agriculture & Rural Development had signed an Agreement with the VN Automobile Industry Corporation committing to lend 70% of the price to all peasant who buy rural truck (750kg to 5 tons capacity and with price of 70 to 150 million VND) from the Corporation. Mortgage requested is only vehicle ownership paper). **III.7. Measures and Policies in Management and Administration.** - Reorganization of GoV management agencies by function model. Separation of state management	**I.2.b. -** All weather access road to all commune centers for motorized vehicles. - 50% of Rural roads (RR) will receive bitumen treated or concrete pavement **II.4.** Rural transport: - Improvement of RR to standard	- **Attachment 12**. Eligibility & Information: To reserve RT3 works to PS contractors - **Attachment 14 – para 6.4**: Government role in credit and financial services to PS in RT. - **Attachment 14 – para 6.5**: Recommend options for changes in policy and practice within Government **Attachment 14** – Additional areas - **Para. 6.1:** Weakness in propagation/dissemination/back-up training related to reforms & projects, associated with self interest resistance of SOEs and their owners. - **para 6.2**: Government policies, strategies and plan to develop Private sector. How they are implemented. - **Para 6.4**: Government role in credit and financial services to SOEs and PS sectors in RT. **Para. 6.5:** Recommend option for changes in policy and practice within GoV **Para. 6.6**: Identify opportunities to facilitate changes within RT3 - **Para. 4.4.1.5**: RT3 to provide higher standard to Rural roads (bitumen sealing) to achieve more protection in the context of low/no maintenance. Local people to protect rural roads against overload and maintain drainage system. For village roads, the 1.6– 2m wide concrete slabs for 2 wheel vehicles is strongly

	function and business one. Reasonably minimizing the number of agencies for more effective operation. - Encourage all economic components participating in public services (construction & maintenance of transport infrastructures, toll concession… - Consolidate the Organization and Institutional Management for RT (district and commune level)		recommended. - **Attachment 12**. Design Standards: RT3 to build better and more durable roads rather than opening more roads.

Attachment 12 RECOMMENDATIONS RESPONDING TO ISSUES IN SEACAP 14, ALLOCATED TO RELEVANT GOV LEVEL AND AGENCY

Private Sector Development Issues	Comments and recommendations according to relevant agencies	
	For GOV and sectoral and local agencies	At Project – level RT3
A. Context: Business Climate, GOV Policies, Regulations and Administration		
1. Mixing of state management and commercial roles is tolerated by enterprises in the managed markets typical of local levels There is a need for separating the administration, ownership and implementation management of Ministries, PCCs, DPCs etc.	**GOV laws and procedures are generally suitable for PS development in RT**; however 1.1 Separate the administration, ownership and implementation functions, to enable more transparent and consistent operations. 1.2 Reduce market share of SOEs and ex-SOEs, so as to stimulate competitive effects. 1.3 Reserve work for non–SOEs, in all donor programs	1. **Implications for RT – procedures, standards** 1.1 Define all roles and impress the roles throughout the leadership levels
2. Collusion in 'managed markets' limits competitive effects, makes uncertainties for PS, and allows more corrupt payments.	2.1 Minimise limited and appointed bidding (apply only to national security and defense works) 2.2 Promote the vital role of senior leaders and managers in ensuring compliance with existing laws, regulations and procedures,	2.1 Require all RT3 packages for competitive bidding 2.2 Require community representative inputs at all levels and stages of process so as to gradually challenge collusion
3. Procurement methods of Shopping and Limited Bidding allow the most collusion and business uncertainty	3. Create better competition environment with: 3.1 transparency and dissemination of information to PS through their business associations 3.2 a Contractor and Consultant Registration (which will list works done, quality, score) for better reference in prequalification 3.3 independent verification of Register	3.1 Test independent verification of Consultant and Contractor Registration in two pilot provinces of RT3, so as to raise confidence among bidders and knowledge of GOV staff about enterprises - with public access and independent verification of statements
4. Business uncertainty, and collusion, are increased by projects which are un-funded or under-funded in budgets, or financed by private partnerships	4.1 GoV to penalize (through conditions in allocations) those PPCs that: a) award contracts in projects that have not been funded b) award a project without bidding if above the minimum value requiring competitive bidding	4.1 Criteria for RT3 support to include " % of unfunded budget in last AWP" – a higher percentage indicates more uncertainty in market conditions, which RT3 would avoid

5. Collusion creates some uncertainty about the status, ownership and capability of some contractors	5. Increase supervision and challenge collusion with participation and responsibilities to community representatives at all levels and stages of process	5. Require community representatives to participate in: a) Approving workplans b) Participate in bid evaluations (including preparatory assessment by PDOT) c) Conduct site supervision and assist consultants in supervision d) Approving bus licenses
6. *Context:* Recommendations for Provinces – the market	6.1. Cartels: reduction of their influence is necessary to enable more PS growth: a) leaders must develop an awareness that managed markets do not serve best the long term public interest b) licensing should favour only commune-based service operators 6.2 Maintain a policy (through design and packaging for competitive procurement) of strengthening existing contractors; AND 6.3 Provide incentives for sub-contracting to newcomers, so as to spread opportunities, experience and business risk 6.4 Exclude from bidding any new ex-SOEs for three years, thus reducing collusion and encouraging them to compete in PS for business and experience 6.5 Following a trial in RT3, set up Contractor and Consultant Registration (including the listing of actual ownership), with public information and independent verification	6.1 Seek to include a community representative and a district representative in Bid Evaluation Committees 6.2 Require community representatives – see above 6.5 Increase the training for contractors' personnel in RT3 documents and procedures Make an explicit sub-component to disseminate and mainstream knowledge from projects Address the skepticism (especially in PS) about the effectiveness of technical assistance and training, including joint workshops with PS, and objective benchmarking and assessment.

B. Infrastructure **B.1 Context** 1. Regulatory environment for contracting is conducive; but there are strong interests delaying or distorting objectives therefore some pressures are required to change the institutional environment 2. RT is only a small part of government business and of the overall contractor market. Change in RT sub-sector can have only a small impact on PS conditions and on GOV-PS relations and practices. 3. The Study conveys the strong, general findings that: a) the framework of laws and regulations is suitable for PS participation b) the main issue is compliance of all parties c) enterprises are keen to respond to new opportunities d) market forces are being mitigated by: e) social, cultural and political relationships, within a weak legal framework f) ii) mixing of State management and commercial roles g) GOV staff and enterprises cooperate to manage the supply and competition.	**Implications for GOV**: 1. Any changes in policy and strategy also require a withdrawal of SOEs and ex-SOEs from market share and from collusive arrangements in managed markets 2. Disallow provinces to create their own regulations for bidding, evaluation, supervision, payments. ***Responses to these conditions are presented in Section A. Context to cover contracting, consulting and transport services***	***Responses to these conditions are presented in Section A. Context to cover contracting, consulting and transport services***
B.2. Demand 4.1 RT budget is small, the maintenance budget is negligible. 4.2 SOEs and favoured ex-SOEs take a large share of thin market. 4.3 Half of the contracts are arranged through limited bidding or appointments. 4.4 The skills, personnel and resources to survive in the appointed market culture are not simply expandable into the	4.1. Increase budgets firstly for maintenance 4.2 Limit SOE involvement	4.1. Develop fund for RT maintenance from article of insurance of contractor (3%) and allocate to local people to do the work 4.2 ReserveRT3 works and consulting for PS contractors 4.3 Provide a special fund for site/spot improvements for local teams, to reduce local hazards and to promote local responsibility for assets and usage

competitive bidding market of larger contracts. A typical enterprise cannot grow from RT work.		
B.3 Supply 5.1. Capacity flows between sectors. Private investment civil works is stimulating PS growth		
5.2 There is generally adequate capacity, diversity and mobility of contractors and consultants.		
5.3. No need to encourage equipment leasing services, because of over-supply and much cooperation between businesses		
5.4 Many stakeholders, including in GOV, want a period of consolidation and limited new entrants. The main concerns are now stability, viability and quality.	5.4. Maintain a policy of strengthening existing contractors rather than promote more newcomers to the industry	
5.5 Locally-grown district-based contractors will be squeezed out of wider markets by more central enterprises with more stable, diverse revenues and business networks.	5.5 Finely plan the size and technology in contract packages according to the local design of the scheme and the market of procurement	5.5 Try to offer packages around 500 Mn VND at communes and around 1,000 Mn at districts
5.6 Eligibility: It is inappropriate to require bidding companies to have at least 3 years of experience in RT contracting.	5.6 Delete capital requirements of bidders’ eligibility, so as to shift to enterprises more decisions about entering the bidding/offering a solution/pricing the bid	5.6. Delete the equipment requirements in contracting of small works
	5.7 Require “years of experience” of lead staff, not of the company itself	
B.4. Constraints to Viability of PS 6.1 Viability is constrained mostly by the intense competition associated with lack of demand, favoritism, low profitability due to small jobs and illegal payments, late payments, and financing costs.	6.1 Gains from other kinds of interventions would be relatively negligible. There is a need to identify how the leakage is occurring and how it is being accounted for.	
6.2 “Leakage’ is around 30% of		

contract value. 6.3 Finance - PS borrowers feel disadvantaged in dealing with banks (mainly the mortgage requirements on ownership of land, building and other valuables). Many prefer to use informal lenders for short term working capital. Arranging and managing debts is a large burden on enterprises	6.2. Challenge 'leakage' by: a) firstly reducing the number of transactions in both donor and state budget jobs; b) secondly by improving supervision of processes and works, including community representatives in all processes c) conducting inter-agency joint reviews, decisions and approvals, rather than segregated actions among agencies	6.2 Promote joint inspections, reviews and decision making
6.4 Project administration and co-ordination "is a constraint on planning and implementing the works, and a cause of corrupt payments".	6.4.1 Ensure efficient and consistent and reliable payment systems for contractors Minimize reasons for late payments and corrupt payments by simplifying procedures 6.4.2 Simplify certification of works and steps for payment of contractors 6.4.3. BUT, increase community responsibility at each stage 6.4.4 Apply 'sunset' clauses in approval processes, with explicit penalties on owners and administrators 6.4.5 Accurately monitor delays as an indicator for future allocations to provinces	6.4.1 Simplify certification of works and steps for payment of contractors 6.4.2 BUT, increase community responsibility at each stage .
6.5 Knowledge and information are not flowing well in the GOV, nor to enterprises. Some enterprises request more understanding of project modalities and documents.		
6.6 There is a demand for fewer agencies and steps in all processes.		
6.7 Typical PS expertise is developing faster than GoV capacity, thus adding to a sense of frustration with procedures and 'managed markets'.	6.7 Improve client capacity through institution building and training	

6.8 Bid Documents	6.8. Use appropriate specifications suitable for small contract	*6.8 in RT3* 1. Use appropriate specifications suitable for small contract, and 2. allow flexibility for locally-derived solutions 3. Training for contractors' personnel in RT3 documents and procedures
6.9 Design standards 1. There is a general request for higher design standards and 2. more sealing; and 3.concreting of village roads	*6.9 GOV responses* 1. Prioritising and designs to focus more on the quality of road rather than opening more road 2. Raise the standards, with more sections of sealing, and concreting for village roads; and 3. Support locally-based design solutions.	*6.9 in RT3* 1. Make a consistent response to the general request for bigger packages, higher design standards, more sealing and concreting of village roads 2. RT3 to build better, durable roads, rather than more road 3. Review assumptions in feasibility studies so as to respond to requests for higher standards 3. Appropriate specifications suitable for implementation by small contractors
6.10 Quality of works 1. Some small works lack adequate supervision and quality control 2. Wages paid in some jobs may be 'unfair' or 'too low' 3. There is potential to enhance local capacity to use LBT**.**	*6.10 GOV responses* 1. Involve and employ public supervision with trained people (women) at communes 2. Productivity and quality in RT can be enhanced, with attention to managers, technicians and supervisors at districts and communes, in contracts and in deploying compulsory and voluntary work.	*6.10 RT3 responses* 1. Community responsibility. Select, train and support suitable local people – especially women – to supervise community works and support consultants' supervision in contracted works 2. Propagate information for locally suitable solutions in works

C. Consultants 7.1 Adequate supply in terms of quantity, derived mainly from ex-SOEs.	7.1 Strengthen the contents and standards of training, and the certification process of consultants	7.1.1 Review and support the training for certification arranged by MOT 7.1.2. Provide training especially in job management including relations with contractors and owners. 7.1.3. Seek ways to involve consultants in more activities of RT3, such as employment as trainers in RT
7.2 There is regional mobility, but it is impeded by GOV agencies' preferences for local residents, expressed in collusive markets.		
7.3 There is a risk of discrimination in managed markets, with possible effects on work standards	7.3.1 Strengthen the influence of consultants and community supervisors in their site supervision 7.3.2 Empower women as supervisors in works, asset protection and services (including the monitoring of wages and passenger fares) 7.3.3 PDOT to develop capacity and incentives to support districts and communes, especially in selection and execution of maintenance and small contracts	
7.4 Professional (engineering) development cannot advance from RT market, especially as many consultants diversify widely in small enterprises.	7.4 Reserve a % of jobs for non-local supervision consultants	

D. RT Services and Operators **D.1 Roads** 8.1 State management is strong, especially at province and inter-province services	8.1 Cartels Reduction of their influence might be achieved by 1. encouraging more commune-based vehicle ownership; and 2. more community participation in state management functions	8.1. RT3 to require and consult with community representatives and local staff in all processes
8.2 Ccooperatives are strong, organized around an SOE or ex-SOE, which coordinate operators and act as cartels (especially in waterways).		
8.3 Demand is growing at 8-10% on inter-urban and long distance routes.		
8.4 Local demand is restrained by increasing private ownership of vehicles, and poor surfaces. Around 80% of travel is pedestrian, animal, bicycle, motorcycle, tractor and *cong nong.*		
8.5 Constraints to viability and better services to people are mostly in low-density demand, high VOC, low utilization, costly credit, 'unreasonable' policing'.	8.5. Community representatives can monitor services, prices and protect against damage to assets	
8.6 Supply is outpacing demand, mainly because incomes of PS are outpacing incomes of rural residents and enterprises are chasing business.	8.6. Encourage PPCs to approve more owners to be based at communes [and so provide early morning services	
8.7 Competition is 'intense' and 'increasing'. Utilisation 'is falling', due to congestion and surfaces. Profits are around 4-5%, as rises in fares 'are not sufficient' to cover VOC and business costs.		
8.8 More remote users paying twice per km cost of nearer users	*8.8. Gov responses*	8.8. In RT3, consider local networks when testing feasibility and priority of links

8.9 There was no interest expressed by PS operators in promoting professional associations.	1. Plan and program for complementary links of village roads and motorcycle tracks, to more reliable and durable roads where buses can operate regularly 2. Continue works to reduce VOC. 3. Improve access for motorcycle 4. Approve more commune based bus operators. 5. Include traffic calming at corners and junctions 8.9. Stakeholder consultations and training should involve general business groups	8.8.1. Include traffic calming at corners and junctions 8.9 Stakeholder consultations and training should involve general business groups

D.2 Waterways 9.1. Previous studies have advocated support for water transport; but 9.2. SEACAP 14 found little interest. 9.3. State management influence is still very strong in waterway cooperatives		D.2.1. At local levels, consider investment in landings at terminals; and D.2. 2. dredging with cost-sharing between PPC, DPC and operators
D.3 Repairs and equipment 10.1. There is adequate supply and repair of vehicles and boats. 10.2. Better workshops and certification for mechanics, are desired	D.3. 1. **Training** of mechanics and their assistants may be required in some districts' vocational centers; and by linking them to the training by the major vehicle brands' workshops	

E. Sector Management, **E.1 Administration and Training** 11.1 There is a need for separating the administration, ownership and implementation management of agencies, firstly by clear demarcation of roles, 11.2. There is some feeling that districts and communes do not have enough responsibility and 'voice' in selecting priorities and solutions 11.3. There is some skepticism about the effectiveness of some training events/programs/methods	 11.1. Persist with administrative reform (cut down official burdens, not just changes in taxing 11.1.2. Seek to reduce the number of agencies and steps in processes 11.2. Application of bottom-up approach in planning RT *11.3 GOV responses* 1. Improve client capacity through institution building and training 2. Training and guidance - for both GOV and enterprise staff together - must be sustained and fit closely with work cycles of contractors. 3. Set benchmark competencies and 4. Conduct objective certification of skills. 5. Delete 'attendance certificates' which lack formal certification of skills.	 11.1.1 Review RT projects' operating procedures 11.1.2 Seek to reduce the number of agencies and steps in RT3 procedures 11.2. Assist PDOT to develop capacity and incentives to support districts, organisation, management, training. *11.3 RT3 Responses* 1. Consider longer term organisations, incentives and disincentives for leaders and staff and contractors in project participation and implementation (to overcome ad hoc commitments in the life of a project) 2. Targeting. Increase donors' support and shift some responsibility (including procurement) and training to district staff; 3. Define benchmarks from existing studies; then validate with community, GOV staff and donors 4.Provide joint PS – GOV staff training, benchmarking and objective certification
E.2 Professional associations 1. Previous studies have advocated technical assistance for professional organizations in the construction sector in general; and support for contractors in transport. 2. SEACAP 14 found little support for this idea	1. No need for general promotion of professional associations. 2. Multi-sector groups will have more ability to challenge the managed markets or cartels of a single sector.	1. Make linkages with general business associations through stakeholder seminars

E.4 Information 1. There is inadequate flow and awareness of basic documents and outputs from studies and projects	1. Disseminate and mainstream knowledge and documents from projects – including Operations Manuals - with 2. Better targeted and coordinated propagation and training.	1. Propagate Operations Manual to districts and communes (with proper follow-up) 2. Train contractors in RT3 issues and procedures 3. Make an explicit sub-component to disseminate and mainstream knowledge from projects
E.5 Equal opportunities to women. This objective depends on a large shift in cultural preferences and the division of labour.	The single best option in RT is to empower women as community supervisors in both transport works and services (including monitoring of wages).	Select, train and support local women to 1. supervise community works and transport services, and 2. to support consultants' supervision in contracts
E.5 Development effect of interventions 1. GOV staff are involved in so many changes and initiatives and project activities; 2. There is sometimes inadequate attention to derive the intended benefits and reach the intended objectives	1. Focus on fewer systems and elements so as to make more profound and sustainable changes across RT programs; 2. With incentives and disincentives in participation and implementation 3. A shift to SWAp will require precise conditionalities, more community responsibility and close monitoring	1. In RT3, follow the principles of simplicity of design, with fewer objectives 2. Increase the training for contractors' personnel in RT3 documents and procedures 3. Focus on fewer process elements and innovations, so as to make deeper and sustainable changes
E.6 Community concerns. 1. There is a desire for more responsibility and involvement in transport networks and services	1. Support locally based bus ownership; 2. With a special fund for reducing local physical hazards or constraints. 3. **Monitoring** of services, operations and policing requires the empowering of commune-based persons as 'users' representatives', the same persons as employed in works supervision. 4. Support and enable more bottom-up planning in RT, so as to promote more local responsibility	1. Consider a special fund for reducing those local physical hazards and obstacles which are well known to users and operators 2. Assist PDOTs to do fair consultations and regular checking of conditions

Attachment 13 POWERPOINT PRESENTATION OF THE STUDY

The Role of Private Sector in Rural Transport
Context and Recommendations
SEACAP 14
By Mekong Economics

2. Objectives of the Study

1. Determine capacity and constraints to PS role in RT services, construction, maintenance and consulting
2. Recommend responses to key issues by MoT
3. Recommend ways for RTP3 to support PS development

3. Laws, regulations, procedures

1. Generally suitable context for PS development in RT - the main issue is compliance
2. State management and commercial roles are mixed in with operations of enterprises
3. There is strong collusion in managed markets
4. PS feel too many offices are involved

4. Demand

1. RT is a very small part of contracting market
2. Maintenance budget is negligible
3. SOEs and favoured ex-SOEs take a large share of thin market [see diagram]
4. Unfunded projects add uncertainty to markets

5. Share of Contracts

Figure 1: Bidders and Winners in Transport Sector: SOEs or non-SOEs

6. Supply

1. Adequate capacity, generated from non-RT works
2. High mobility among diversified bidders
3. Requests for a pause in promoting new enterprises
4. Practices and costs associated with SOEs are not conducive to competitive, transparent markets

7a. Diverse business – Contractors

Figure 2: Diverse Business – Contractors

7b. Diverse business – Consultants

Figure 3: Diverse Business of interviewed Consultants in the 4 provinces

8. Constraints to Viability of PS

1. Favoritism, delays and corrupt payments
2. Unstable demand due to low budgets and 'over competition'
3. Need more understanding of project modalities and documents
4. Managing debts is a large burden on enterprises
5. PS expertise is developing faster than GoV capacity

9. Consultants

1. Adequate supply derived mainly from ex-SOEs
2. Professional development cannot advance from RT market
3. Risk of discrimination in managed markets, with possible effects on work standards
4. Certification process to be strengthened

10. Consultants – just surviving

Figure 4: Consultants –just surviving

11. RT Services and Operators

1. Constraints due to low-density demand, private vehicle ownership, high VOC, low utilization, costly credit, 'unreasonable' policing
2. State management, cooperatives and cartels are strong
3. Overloading vehicles to cover illegal payouts
4. More remote users paying twice per km cost of nearer users
5. Supply increases as VOC falls (because of better roads) and buses can compete with motorcycles
6. Women and poor benefit most from low cost bicycles and buses

12. Diversity of Service Operators

Figure 5: Diversity of Services in RT

13. Passengers fares - longer way, more burden

Figure 6a & 6b: Fares by Bus and by Motocylces, per km

14. Recommendations for GOV – the market in RT

1. Separate the administration, ownership and implementation functions
2. Reduce market share of SOEs and ex-SOEs
3. Reserve work for non–SOEs, in all donor programmes

15. Recommendations for GOV – managing fairly

1. GoV to penalize PCCs that:
a) award contracts in projects that have not been funded
b) award a project without bidding if above the minimum value requiring competitive bidding
2. Require Contractor and Consultant Registration of capability statements, with public access
3. Improve transparency and information to PS through their business associations

16. Recommendations for GOV – supervision

1. Increase compliance through community representatives in prioritising, bid evaluation and works supervision
2. Challenge 'leakage' by:
a) reducing the number of transactions in licensing and jobs
b) joint reviews, decisions and approvals, rather than segregated actions among agencies.
3. Provide joint PS – GoV staff training and regular consultations to diffuse oligopoly
4. Strengthen training and certification of consultants

17. Recommendations for Provinces - the market

1. Cartels: reduction of influence:
a) favour only commune-based service operators
b) more local participation in state functions
2. Maintain policy of strengthening existing contractors
3. Provide incentives for sub-contracting to newcomers
4. Exclude new ex-SOEs for three years
5. Set up Contractor Registration (list actual ownership)

18. Recommendations for Provinces – management

1. Simplify practices in work certification and payments
2. Apply 'sunset' clauses in approval processes
3. Delete capital requirements of bidders so as to shift more decisions to enterprises
4. Require "years of experience" of lead staff, not of company
5. Finely plan the size and technology in contract packages (value? Balance of labour/technology?)

19. Recommendations for Provinces – supervision

1. Strengthen consultants and community supervisors
2. Empower women [from outside the Women's Union] as supervisors in works, asset protection and services (plus monitoring of wages)
3. More bottom-up planning in RT
4. PDOT to develop capacity and incentives to support districts and communes

20. Implications for RT3 – procedures

1. Focus on fewer elements, to make deeper and sustainable changes
2. Include in the criteria for RT3 the indicator " % of unfunded budget in Provincial Transport Plan"
3. Simplify procedures in Operations Manual, and promote joint actions and decisions
4. Add a community participation in Bid Evaluation Committees
5. Require community representatives to
   1. Approve workplans
   2. Participate in bid evaluations
   3. Conduct supervision and assist consultants in supervision

21. Implications for RT3 - design

1. Consider longer term organisations, incentives and disincentives for leaders and staff and contractors in project participation and implementation
2. General request for bigger packages, higher design standards, more sealing and concreting of village roads
3. Provide a special fund for site/spot improvements for local teams, to reduce local hazards
4. Benchmark specific tasks and competencies in open collaboration among stakeholders

22. Implications for RT3 – impacts

1. Increase the training for contractors' personnel in RT3 documents and procedures
2. Make an explicit sub-component to disseminate and mainstream knowledge from projects
3. Address skepticism about effectiveness of technical assistance and training, including joint workshops with PS, and objective benchmarking and assessment

Thank you!

Mekong Economics
Local Concerns, Global Approaches

Attachment 14 ADDITIONAL AREAS (From TOR Section 6)

6.1 Non-rural transport activities in (SoE) reform and PS their relevance to rural transport.

Because of the need and interest of PS to diversify across sectors, and to seek the most suitable sources of finance and business services, it is apparent that the effects of reforms and initiatives do flow across sectors. The weakness is in the propagation, dissemination and back-up training related to reforms and projects; associated with the self-interested resistance of SOEs and their owners.

6.2 Related Government policies, strategies and plans to develop private sector

So far regulations and tax policies from GOV have very little restriction on PS. The question is how they are implemented by staff at agencies. In order to minimize bureaucracy and illegal requirements on entrepreneurs, GOV is requesting all levels of administration to implement in all review/approval procedures the *"one gate"* system instead of the current *"many gates"*. The principle of simplicity, backed by stronger training, monitoring, supervision, exposure and penalties, is recommended for RT3 [see 4.4.1.2; 4.4.1.7].

6.3 Activity in transport sector associations and unions.

There was little or no interest expressed across four provinces [See 5.2.8; 4.4.3.2]

6.4 Government role in credit and financial services to SOE and PS sectors in RT

a) There were allegations that banks and GOV programmes are 'propping up' or 'subsidising' SOEs and some equitised SOEs, mainly to cover high management costs, debt servicing and equipment replacement. Such support discriminates against the market share and viability and price-competitiveness of PS enterprises.
b) PS generally are wary of borrowing from banks, including VBSP, because of administrative delays, mortgage conditions and illegal payments. Borrowers often prefer to avail of private unsecured loans, below commercial lending rates but above savings bank rates for depositors.
c) Significant changes in biases and services to PS customers will depend on more open and competitive banking, and the gradual professionalising of credit decisions.

6.5 Recommend options for changes in policy and practice within GoV

So far regulations, tax policies from Govt have no restriction on PS. The question is how they were implemented by governmental agencies. In order to minimize bureaucracy and informal requirement, Government is requesting all level of administration to implement the "1 gate" system instead of the current "many gates" one in all review/approval procedures. We can only recommend training to all level officials and control the strict/fair application.

However, simplification can enable more transparency:

a) The culture of corruption is regarded by all informants as seriously debilitating in business development and use of resources. However, in the transition from managed society to market society, there are strong incentives to PS for collusive arrangements and cartels. Initiatives to improve specific parts of a sector will have relatively negligible effects while malpractice and leakage persist.
b) A first step is to minimize the number of agencies and offices involved in processes, while increasing the transparency of information and decisions at these fewer 'gates'.

c) This puts more pressure on certain individuals. So to enable their clearer judgments and decisions:
    i. reduce the actual **number** of projects and activities being implemented by any one office/agency
    ii. projects and activities should be **simplified** in design, in objectives and in scope (of agencies, areas and sectors)
    iii. **consultations** and meetings at all levels should be reduced, but with longer preparation, clearer objectives and deadlines, closer selection of participants, and longer sessions.

d) To guard against ‘collusion by the few’, stakeholder representatives should be carefully selected and included in meetings and decision processes (planning, budgeting, procurement, bid evaluation, on site supervision, training, approval of operators and fares)

6.6 Identify opportunities to facilitate changes within the RTP3 – see Attachment 12

Taking in mind the project management/implementation system in RT2 and ADB Provincial Roads Project being managed by PMU8 & PMU5 respectively with the two levels of management:

a) MOT, PMU18 or PMU5, main international consultants, State Treasury and banks
b) PPC, PDOT, PPMU, representatives of PMUs and main consultant at site local sub-consultant, P. tresorier, P. bank

The potential for cumbersome/confuse procedures is likely unavoidable. In addition to that, bureaucracy, informal requirement, lack of knowledge in international procedures… are real matters.

(Attached herewith are Payment Process of both RT2 and ABD project; Organizational Chart of ADB project attached also, RT2 one not available.
Recommendation:

a) To keep the traditional project management system for implementation: only three entities working (PMU – Main Consultant – Contractor). This seems not to be the policy of donors.
b) More training to Provincial level and more delegation of power. The upper level will take the role of monitor.

6.7 Effectiveness of Research

6.7.1. Content

Our main concern is about the diversity of issues/topics to be covered according to TOR. (For example, the legal framework has been/is being analysed by various studies and projects; we can only take an interest if it is mentioned by stakeholders.). We would suggest a sharper focus on the core issues [as identified by previous research].

6.7.2 Process

It is apparent that key informants throughout GoV are very busy with diverse assignments, and that there are few opportunities for discussions on any particular matter. Donors, and consultants on tight schedules, add to their workloads. The sheer number of studies and projects seems ‘too much’. Fewer, larger activities, with counterpart staff involved and responsible for results, seems more suitable at this stage of GOV’s evolution.

6.7.3 Knowledge

Our field enquiries show that knowledge and documents from programmes and projects and studies are not flowing well in the GOV, nor to enterprises. There is some doubt about the application and transfer of knowledge.

6.7.4 Stakeholders' opinions and responsibilities

Where public officials and PS entrepreneurs prefer a managed economy and society, it is difficult for short term researchers to access and assess stakeholders and their opinions. Hosts generally have a strong interest in showing to visitors that 'everything is ready ' for participation in the next project. To the extent possible, donors and GOV should encourage medium term development of locally based research capability, perhaps as service agency contracted to Provincial Governments, which can be deployed/consulted in special studies and projects such as SEACAP.

From Executive Summary:

10. Additional areas

10.1 Related GoV policies. PS competitive forces are adequate, the main restraints are in state administration. The principle of simplicity, backed by stronger training, monitoring, supervision, exposure and penalties, is recommended for RT3 and all donor activities.

10.2 GOV credit to SOE and ex-SOE in RT. Operators seek an end to banks and GOV programmes which are 'propping up' or 'subsidising' SOEs and ex-SOEs, as such support discriminates against the market share and viability and price-competitiveness of PS enterprises.

10.3 Recommend options for changes in GOV policy and practice.

a) A first step against the culture of corruption is to minimize the offices involved in processes, while b) increasing the transparency of information and decisions at these fewer 'gates'.
b) to enable clearer decisions, reduce the actual number of projects and activities being implemented by any one office/agency; and
c) simplify objectives and scope of activities across agencies, areas and sectors.
d) reduce consultations and meetings at all levels, but
e) require longer preparation, clearer objectives and deadlines, closer selection of participants, and longer sessions.
f) to guard against 'collusion by the few', stakeholder representatives should be carefully selected and included in meetings and decision processes (planning, budgeting, procurement, supervision, training).

Attachment 15 COMMENTS BY STAKEHOLDERS ON SEACAP 14 PRESENTATIONS AND DRAFT FINAL REPORT

SEACAP 14

Constraints and recommendations in order to strengthen the participation of Private Sector in the Local Transport (on Nov. 23 SEACAP 14 Presentation)

By *Mr Pham Ngoc Son, TDSI*

A. Research Scope should be identified:

1. Scope and scale:
Local Transport includes road and inland waterway transport; includes private sector, design, construction, maintenance, transport and even investment. However we should concentrate on road transport which is the main mode of transport and it also draws attention of GOV as well as donors.

2. Private Sector:
Includes enterprises and local community that can participate in small and simple works.

3. Recommendations:
There are always issues related to different sectors and at various levels. That's why in transport sector (in the scope of a province), we should only propose feasible recommendations within the authority of MOT and PPC chairman. The other important matters should only be put forward as phenomena so that other sectors can make reference to and solve them at the higher levels in other projects.

B. Comments for reports

1. Constraints of enterprises.

- **Large fund** is a requirement for transport enterprises especially enterprises in transport construction. This does not mean that there are no enterprises operating in this field, the main thing is that whether the enterprise dares to accept risk with a big fund that might not be possible to be paid back. This will be made clearer at the technical equipment and benefit and competitive section.
- **Challenge from high profit:** Large fund associates with high profit – that is an attraction but is also a big challenge for private enterprises in the process of interactive operation with investors and in the competition with SOEs. Here we have to pass judgment on 2 factors which are the investors and SOEs. In the scope of this project we will not talk about things that considered being "problems" from investor (Government, PMU) which relate to the high profit of the work as we are studying Party B. And if that is problem from Party A –whether whoever Party B is (Government or Private Enterprise) –problem can not be settled from point of view of Party B. It is necessary to wait for a more comprehensive policy from a higher level concerning many sectors not just transport sector alone to settle problem from Party A.
- **Unfavoured competition** for SOEs who have more or less sponsoring by the investor). This is a big challenge to private enterprises. Even they have to compete with some private enterprises that have very good connections to the investors. Surely that is not a healthy competition. The private enterprises that have adequate capital and good operating capacity might not be confident to take part in bidding as the winning possibility will be low with just technical and financial capacities. SOEs are

always set up very early. They have all the necessary factors like working experience, sector connection, equipment and especially formal and informal priorities.

- **Limited capacity:** it is true that in construction, equipment capacity of private enterprises is still limited. But it is not possible to conclude that they can't buy expensive equipment. The main reason was mentioned in the competition section that private enterprises are not confident to win enough biddings to depreciate equipments in an acceptable period due to unhealthy competition.
- **Limited information** is a factor that obstructs the participation of private sector. As to the Government side, we have not had the definition of information sharing so that all the parties can use, exchange and benefit from it although it is not secret information. On the other hand, due to many other personal or diplomatic reasons people limit information deliberately in case they have to make public the bidding. As to the private sectors, information on their trade mark as well as capacity is not gathered and disseminated when necessary. The information on their business registration is managed by trade and investment management organisations, however, it is not easy for the investor to seek for, compare and find out the satisfactory contractor.
- **Mechanism to mobilise fund from private sector:** it is difficult to find the way to mobilize the fund from the private enterprises for rural transport as it is impossible to find the mechanism to refund. That's why the best way to mobilise the community participation is to follow the way "government and local people implement together" or "local people implement, government supports". And in this case, it is necessary to study a detailed policy to mobilise, and manage the fund and supervise the work in order to achieve socio-technical effect because it is the fund from individuals.

2. Community limitation (people):

- Community **capacity:** community can only participate in low requirement work such as maintenance and supervision of small jobs and contributing labour. The work that requires professional competence or government management can not be assigned to the community as community 'd make it more complicated.
- **Financial contribution**: community can only contribute by cash when they see very clearly the effect and quality of the structure that they will benefit. And in that case they will monitor themselves or have requirement to supervise the expenditure of that fund.

C. Recommendation

- **What is the purpose of the private sector's participation and its necessary has been proved or not:** when we talk about this problem, we come back to problem of private or public ownership. We all know that if we let private sector to manage and manufacture, management and organisation cost will be minimised as that always associate with individual interest. However if there is no good management process, it is difficult to assure laborers' rights and benefits under private management. As to quality – it is absolutely manageable. When the private sector is allowed to participate -what is the effect to the SOEs (in terms of the benefit for and policy to officers and laborers) when their market shares are decreased.
- **Organising workshops and train private sector** is also a way to create premise for private sector and introduce to different levels of authorities in order to propose priority policy, mobilise and sponsor private sector to be involve actively in the rural transport. Private sector does not dare to invest in this field due to too much technical specification and lack of detailed guidelines.
- **Equitising SOEs** is also a way liberating the constraints between government management and production business groups and creating competition in the market

economy. The next thing to be discussed here is to speed up the complete equitisation to be completely free from the above mentioned constraint.

- **Continue the pilot of allowing private contractors only to participate in bidding** as some of the projects have done. This does not seem to be satisfied for SOEs. However, it has exerted influence to the Government agencies and made significant impact to the investment mentality of the private sector.
- **Better organise bidding evaluation to** limit possible corrupt practices, creating a healthy environment for contractors. This relates to mechanism and society not only in the scope of the private sector and this should be mentioned at the higher level.
- **Slow disbursement** is not only the obstacle to the Private Sector but also of the SOEs. This is a problem of finance and bank sector. In the scope of the transport sector we can only simplify and be honest about work handover procedures to reduce unnecessary time.
- It is not possible to have **comprehensive improvement** if the packages are splitted per technical items or price. This may help the small enterprises to get involved right away in the process of investment and construction. But it can not make the private sector grow and all'd be die by the backward of the non – investment equipment. On the other hand, splitting into smaller packages will increase management and construction organisation cost and of course increase arise cost and corrupt practices.
- **Simplification of investment and construction procedures** would facilitate good participation of private sector. This is a priority policy for the simple programme, for example the foot bridge clearance programme has been assigned to the Central Youth Union to implement by the Government. Intermediate cost has been reduced significantly due to simpler procedures. However with this practice it is necessary to have the accompanied sanctions to ensure the quality of works and minimum management and sector procedures.

Comments on SEACAP 14 – Role of the Private Sector in Rural Transport
Draft Final Report

(December 5, 2004)

By Halcrow Vietnam

General

1. The report is mentioned almost requirements in the TOR and giving a comprehensive background information. However, the analysis and comments are given for each report or site activity. There is not any data processing to show off overall indicators as well as macro analysis. The quantity of repetitive issues or questions will be one of the indicators for some phenomenon (facts and figures analysis);
2. The report is also met the objectives mentioned in the TOR. The general and specific recommendations are mentioned in the Attachments 11, 12 and 13;
3. Two fields of study – Infrastructure services and Transport services, and additional issues are clearly mentioned in the main report;
4. It is preferable if some chart type presentations in main report for better catching main ideas. The narrative analysis will cause boring for readers;
5. The priority orders for findings, recommendations and suggestions is not presented in the reports. There are only to be mentioned as non – priority list;
6. The action list including responsibility persons/entities are required to include in the report. This action list will consult with Attachment 5.x (if any) and Attachment 6 – Framework (page 32) in the report;
7. This Project is aimed to focus on two audiences: the MOT and the design consultants for RT3. However, this is also an interest of DFID and other donors and beneficiary agents so it is more useful if this report will mention and focus on the first two audiences then the others;
8. It is better if the report has a summary feedback table from consulted consultants/contractors to summarize and conclusion of each issues arisen from site investigations;
9. It is suggested that the Consultant will add in one more Section 7 – Key findings and recommendations. This section will summarize and consolidate of Attachments 11, 12 and 13. This will also combining with your Executive Summary to make the better understanding of the report;
10. It is suggested that the Consultant will organize a meeting to show off the main points of the research to relevant beneficiary agents;
11. The referred documents and consulted forms should be combined as attachments to the final report.

Specific Issues

1. Definition – It would be better if the Consultants can have a definition table to explain uncommon words, phrases applied in the reports or Consultant's assignment. Ex. "managed market", "leakage", "over-competition", etc;
2. Section 1 – Objectives of the Study: It is requested to introduce the research scenario and summary of all requirements in the TOR, as well as self assessment on progress, activities, task as mentioned in the Consultant's Proposals;
3. Section 2 - Methods and Work Programme Accomplished: there is need to refer things to be mentioned in the Consultant's Technical Proposals. Some brief paragraphs of Attachment3 and 4 are also useful for readers;

4. Section 3 – Context for Private Sector: Relations between PS and SOE both in formal and informal are not mentioned. Recommendations about relation between GOV's staff and PS, SOE are considerable;
5. Section 4 – Infrastructure Services: It is better if the Consultant add some summary tables and charts to show the study in more imaginable ways, priority order of actions and recommendations. In this tables or chart, the souce of information will be mentioned (from previous studies or finding by the Consultant within this Project). Text-out format will be applied to extract some specific opinions of consulted peoples to improve the findings;
6. Section 5 – Transport Services: The same as section 4;
7. Attachment 4: Viet Tri province or Phu Tho province.
8. Attachment 5.2A – The state administration relation between MOT and PMU5?

Technical Compliance Review

Programme	South East Asia Commune Access Programme (SEACAP)		
Project	Role of Private Sector in Rural Transport	**Code**	SEACAP 014
Consultant	Mekong Economics Ltd.	**Ref**	HAL014-01
Subject	**DRAFT FINAL REPORT**	**Date**	Dec. 10, '04

General Issues

Given below are the queries/comments relating to the Draft Final Report:

12. Why hasn't ADB been included in the list of people consulted? ADB has been involved in a number of activities related to private sector participation in infrastructure in South East Asia. Apparently, consultations have included Carl Bro Vietnam who are working on ADB projects. But a direct consultation with ADB has not been conducted.
13. There appears to be inadequate coverage of policy options recommendations to promote private sector participation in rural transport development.
14. The ToR requires an 'Estimate the total demand for road and rural infrastructure contractors in the provinces over the next five years and make an assessment of potential supply and demand issues.' This does not seem to be provided clearly in the Report. There is very little analysis of the data provided.
15. The ToR requires the Consultant to 'Recommend any policy, strategy, or regulatory steps deemed necessary to promote the involvement of the private sector in the road construction and consulting industries.' The policy recommendations in the Report are not detailed enough e.g. 'more training to provincial levels' includes what type of training and for whom?
16. What is motorcycle? This acronym is not listed in the list of abbreviations. Ensure that all acronyms are stated in the list of abbreviations.
17. The Consultant should analyse analysis and comment on each site activity in the Report attachments.
18. Although Attachments 11, 12 and 13 provide recommendations/comments from SEACAP 14, these need to be summarised into specific lessons to enable better information dissemination. This could be provided in a separate section.
19. The findings and recommendations should be prioritised in terms of importance.
20. Charts/graphical outputs could be used for better demonstration of data.
21. For RT3, the Consultant should prepare an action list including identification of responsibility persons/entities. Such an action list could be part of Attachment 5 or Attachment 6.
22. This Project aims to focus on two audiences: the MOT and the design consultants for RT3. However, the DFID and other donors could also benefit from its findings. It will be useful to highlight the key lessons for the latter.
23. The feedback and conclusions from consultations in the four provinces should be summarised to provide better information dissemination.
24. The ToR states that the Consultant shall conduct 'Workshops and other information sharing events to maximize the impact of the report with key stakeholders'. There is no evidence of this having taken place apart from a brief mention on page 23. The Consultant should organise these workshops/presentations to disseminate the lessons learnt from Project 14 and provide evidence that they have indeed taken place and whether there were any points of interest raised in the workshop, which needs further expansion and explanation in the report.
25. What proposals are anticipated for further dissemination of the findings of the report?
26. Paragraph 4.2.2.3 – TREND the final sentence needs to be explained more concisely.
27. There is a great deal of reference to RT2 in the text when the study was to provide information for the design of RT3, how is this addressed?

Specific Issues

9. Definition – It would be better if the Consultants can provide a table of definitions for uncommon words/phrases e.g. “managed market”, “leakage”, “over-competition”, etc;
10. Section 1 – Objectives of the Study: The Consultant should introduce the research scenario and provide a summary (as mentioned earlier) of the fulfilment of the requirements of the TOR, activities conducted/ implemented as mentioned in the Consultant’s Proposals;
11. Section 2 - Methods and Work Programme Accomplished - The Consultant needs to link the actual implementation activities with those mentioned in their technical proposal.
12. Section 3 – Context for Private Sector: Commercial relationships between PS and SOE need to be explained in more detail from the point of view of business development.
13. Section 4 – Infrastructure Services: Need to use of charts/graphs (as mentioned earlier)
14. Section 5 – Transport Services: Need to use of charts/graphs (as mentioned earlier);
15. Attachment 4: The site survey should have covered Phu Tho Province and not Viet Tri Province.
16. Attachment 5.2A – There is a formal relationship between MOT and PMU5. However, the chart in this attachment does not show that relationship.

The Consultant is requested to revise the Draft Final Report according to this Technical Compliance Review.

Paul W. Caine
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DFID comments on the Mekong Economics Draft Final Report on *the Role of Private Sector in Rural Transport*

Dec. 7, 2004

Comments:

- The Annexes of the report are quite informative and in general, the needed information has been presented. However, the information from the interviews, field trips and data seems not to be reflected convincingly in the main report.
- To do this, the report needs structuring to show its focus and key messages.
- It is not clear what the main conclusions are in terms of 'recommended options for changes in policy and practice within GoV systems the main focus of the study or specific opportunities to facilitate such changes within the RT3 programme' (page 3 of the TORs).
- Too much focus on rural transport 2. The idea of this report is to provide analysis and recommendations on the private sector involvement in rural transport not only to the RT3 design, but also to the overall rural transport strategy. Thus comprehensive strategic and policy recommendations are required.
- What are the implications for provincial rural transport policy?
- The Vietnamese version needs to be thoroughly revised since there are a lot of typos and mis-translation.
- Any international experience from other developing/developed countries that can be brought in as recommendations?

Recommendations:

To ensure that the revised draft highlights the key points and presents a credible argument we suggest the following.:

1. The team condenses the report into a well-structured powerpoint presentation of say 10 slides, which presents key issues and recommendations.
2. This presentation should incorporate all the key evidence and recommendations aimed at an MoT, Provincial and MPI audience..
3. DFID can then comment on the draft PowerPoint.
4. Once agreed the powerpoint will serve as the basis for restructuring the report.
5. Finalisation of this powerpoint will be considered as an output of this study.
6. It can be circulated amongst interested stakeholders for preliminary comment; and
7. Be presented to all government and donor stakeholders working on RT3, the revised rural transport strategy and the socio-economic development plan (SEDP) of the transport sector.

Next steps

Mekong Economics to respond to the proposed redrafting process by 15th December and prepare key point powerpoint by 17th December.

Ngo Thi Quynh Hoa
Programme Officer
DFID Vietnam

cc. Simon Lucas, Sr. Infrastructure Adviser, DFID
Simon Ellis, Transport Coordinator, WB
Tran Thi Minh Phuong, Operations Officer, WB

To: Mr. ADAM MotorcycleCARTY
Chief Economist

From: PID1, PMU18

Hanoi, 15 December, 2004

Re: Comments and suggestions for the revision of DFR "Research into the Role of the Private Sector in Rural Transport"

4.2.2.2
Size of Contract package:

I agree that bigger packages (at least one billion) should be separated from smaller ones. Reasons are: Contractors have to mobilise finance, equipment etc. and to avoid the road to be divided into smaller sections for bidding → many contractors do the work (so the road is not continuously constructed).

4.2.2.4 Quality of works
Leakage:

Here I 'd like to add more about the quality of survey and design work: with RT2 – because of simple design (no longitudinal and cross sections, road level and geological drill), survey work is done by tape measure and by the engineer's experience to the volume relatively (excavation and filling up volume; propose a suitable road surfacing structure option etc.). However due to the quality of the survey and design work was not ensured → when constructing there are always problems to approve the arise volumes or the design needs to be revised.

4.2.2.9 Impact of prequalification requirements

a. I agree with contractor's proposal in the DFR that it is not necessary to require the age of the contractor be 3 years to be able to participate in the project. (I think we need to check the experience of the project staff and engineer, mobilised equipment, financial report and current working capital) → Many contractors participate→ Leading to greater competition.

Above are my comments about the DFR

PID1 Vice Head

Le Nhat Cuong

Ministry of Transport
DPI - RTU

Add.: 80 Tran Hung Dao St., Hanoi
Tel: (04)- 9420142.
Fax: (84)-(4)-9423291
Email: rtu-mot@fpt.vn

Hanoi 27 December 2004

Attention: Tran Ngoc Diep
Mekong Economics Ltd.,

Comments on "Research into The Role of the Private Sector in Rural Transport" DFR

After studying DFR "Research into the Role of the Private Sector in Rural Transport", MOT has the following comments:

The DFR is a meticulous and systematic research done by Mekong Economics. MOT basically agrees with the recommendations mentioned in the report. However, in order to make those recommendations feasible, the Consultant should make further study to suggest more detailed solutions to overcome the existing problems and implementation method to improve management procedures. On the other hands the Consultant should also revise the DFR to make it nore coherent and to avoid verbosity.

MOT acknowledges Mekong Economics' research and looks forward to receiving more support from the Consultant in Rural Transport.

Thank you very much.

By order of MOT Minister
Sign for DPI Director
DPI vice director
(Signed)

Dr. Ha Khac Hao

1. The consultant recommended "Reduce number of agencies and steps in RT3 procedures" RT2 has piloted decentralisation, however, PMU 18 reported that it was not very efficient and time was not shortened. So which agencies and steps you recommend to reduce?

2. Regarding the recommendation that there should be community participation (priority to women) in accepting plan options, participating in bidding evaluation and supervision. Does that increase steps in procedures? The supervision consultants need to have trainings to get certificate.

Attention:
- As above.
- Copy to: MoT office, DPI

To: Mekong Economics
From: Nguyen Dong Tuan, WSPI, Rural Transport 2

We have received your DFR on “Research into the Role of the Private Sector in Rural Transport” at about 10 or 11 December 2004. From that time up to 29 December it is enough time to have a careful look and have good comment for this topic. However, we have also been very busy for the review and assessment of Technical design compliance for RT2 so we did not have adequate time for your company. On the other hands, the DFR was sent to me, not to WSPI so that the company had not arranged the time for us to study and comment.
That’s why the following comments are my personal ideas; not representing WSPI’s and sent to your company quite later compared to your requirement. (We do not understand the reason for that time limitation). However with our concern for this interest topic here are some comments for your reference.

1. First of all, we have seen that this project not only studies the role of the Private sector in Rural Transport but also mentions many issues that are out of the research scope. That means the content of the DFR is relatively sufficient and profound. However there are some sections that difficult for us to understand – that is due to the style of the original copy or due to translation – the translation is not very clear in some parts. I can prove that but due to time limitation – I‘d like you to consider this problem.
2. Regarding the definition what is rural transport – that is also a topic that we are still discussing and studying. In the reality this definition is still not clear – so for the time being we should follow the definition of rural transport in accordance with Design Standard 22TCN-210-92 as follows:

    Article 1.3 Roads link District to Commune and Intercommune are roads which are often passable for motorised vehicles or are important to Districts and Communes.

    Article 1.4 Road type A is the road which mainly used for medium motorised vehicles from commune to villages or intervillages.

    Road type B is the road for rudimental vehicles from villages to fields (production areas)
3. We think that in the big towns/cities, buses are being used with lots of improvements on price and time; however it is still impossible to compete with motorcycles unless there is one – sided opinions that motorcycles should be banned in the big towns.So for rural transport it is not possible that buses can compete with motorcycles. Therefore, the research should make further analysis of this issue.
4. The report mentions a lot about collusion and corrupt practice: We think that it is a very sensitive and complicated problem – not only in Vietnam but also happens in developed countries in the world and if we talk the way the Chinese people say: we need witness and material evidence so that the individuals and organisations which are involved in that should admire and respect. Therefore we think that the report should mention the negative impacts of collusion and corrupt practice to the development of rural transport and detailed measures to overcome these impacts.
5. It is necessary to mention the reasons of the intense, unfair and not objective competition to help MOT leaders to have measures to overcome the situation.
6. With the current mechanism we think that the role of the private sector in rural transport is still weak, in eclipse and in disadvantageous position for a relatively long period. Therefore the research should propose effective and convincing measures to help MOT leaders to take more attention to this field in rural transport.

Hanoi, 29 December 2004
Nguyen Dong Tuan – Road specialist - WSPI

Comments from DFID on January 7, 2005 on SEACAP 14 Draft PowerPoint Presentation

- Many good points which come out in the presentation better than in the report
- The need to 'phase out' SOE's (and their unique relationships with PDoTS/separate roles of contractor and financier) and provide support to small PS by I) A good market II) Business development services (through an Association or similar) seem to come out as most important
- Still feels relatively unstructured with no 'story line'
- Too many points with no ranking of importance i.e is the dominance of SoEs more important than the lack of maintenance funding for the PS?
  Suggest we use an evolution approach i.e.; The sector was almost entirely SoE 10 years ago – moving towards PS but still significant barriers, such as…… then list 10 key issues and inter-linkages.
- Then make recommendations on how to address the 10 key issues in terms of MoT/Provincial policy for the rural transport strategy AND how best RT3 can support PS development.
- Other points can be listed as secondary factors and discussed in the report (probably as footnotes or referenced annexes)
- Recommendations should be more specific and practical. Suggestions like 'give attention to making things work rather than perfection' or 'withdraw SOEs and ex-SOEs from market share' without mentioning who should do it and how - - in a practical way, seem not to be useful
- You have slides for 'laws regulations and procedures' and then later Administration and procedures – these overlap to an extent.
- No figures – roughly how many enterprises and value of the market?
- Women's role probably valid but rather randomly inserted. Is this a PS point a supervision point or gender point?
- Any possibility of build and maintain contracts to encourage good construction and maintenance?
- The recent PM's decision dated December 10, 2004 regarding the transport sector 10 year development strategy up to 2010 (attached) talks a lot about measures to promote participation of different economic sectors in construction and operations of the transport sector, this should be used as a good reference and guidance.
- PMU 18 just finalized their report on RT2 project (attached) summarizing its activities, key issues/problems with recommendations on how to address them. This is a good report which could be used as a guiding document in terms of reporting style.

Comment from Halcrow on Feb. 1 on SEACAP 14 revised DFR

1. The use of program and programme needs to be reviewed.
2. The executive summary basically repeats large tracts of text from the main body of the report.
3. There are a number of occasions where the text includes monetary values, but does not state Dong against it, and what is the value of billion it may be prudent to state a value somewhere.4 The figures have a reference to a source where is the source?
5. Figure 2 should the left hand axis be amended to 20, 40 etc rather than 0.2, 0.4 etc?

Comments from Feb. 1 Workshop Participants on SEACAP 14 PowerPoint Presentation

Mr Dong TEDI - prefers to have no strictures on SOE involvement

WB Ms. Nunez - reduce capital requirement of bidders, but replace with what checks?

WB Mr Ellis - what procedures are restraining PS, if any? What need for direct action by project? What training? What strategy for intervention? and in services - any specific recommendations?

WB Ms. Phuong - look again at the whole framework of laws and regulations; and is there a central GOV role to improve access to credit; and, how can PS be involved in mobilising funds for works and maintenance?

DFID Mr Lucas: are there specific policy reactions required? - what sustainable interventions by projects/donors are needed for PS development?