

# QUANG NGAI RURAL DEVELOPMENT PROGRAM (RUDEP) - PHASE 2

## Infrastructure Investment and Construction Management



**VIETNAM-AUSTRALIA**

*Prepared for*

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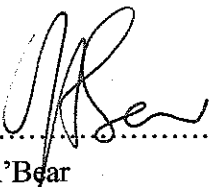
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## Acronyms

CCG	Commune Contacting Groups
CPC	Commune People's Committee
MU	Management Unit
PMU	Program Management Unit
PPC	Participatory Planning Committee
PPP	Participatory Planning Process
QNRDP	Quang Ngai Rural Development Program

# 1 General Principles

## 1.1 Article 1: Scope of Application

This regulation is applied to the management of infrastructure investment and construction implemented in communes of Quang Ngai by Quang Ngai Rural Development Program (QNRDP).

## 1.2 Article 2: Fund and Management Requirements

1. Infrastructure works belonging to QNRDP are implemented by funds:
  - Non-returned aid fund sponsored by the Government of Australia.
  - Counterpart fund of Quang Ngai Province.
  - Counterpart fund of district, communes and beneficiaries.
2. Funds must be based on Annual Operational Plan and approved by Quang Ngai Provincial People's Committee. Information regarding funds must be notified to communes and informed people openly. Investment must be implemented on exact purposes and exact objects. Quality must be assured. At the same time, people's resource should be mobilised to implement a program. To increase the efficiency of works, local people's rights, duties should be embedded in management, operation and maintenance.

## 1.3 Article 3: Public Grass-root Principles

1. The selection of investment at communes must be implemented in a public grass-root way through the participatory planning process.
2. Infrastructure works implemented in communes need to meet the two benefit requirements: communes have works for people and people can participate in the construction of work to get income.
3. Work investment reports, designs, estimated cost approved must be notified to the people publicly by Commune Contacting Groups (CCG) regarding: site of construction work, total fund approved, possible jobs participated by people, their benefit and contribution to facilitate the local people's supervision process in their commune.
4. When the work is finally inspected and put into operation, the responsible parties must be notified regarding the work finance and supervision.

## 2 Investment Implementation Process

### 2.1 Article 4: Prepare and Approve List of Works

List of Works is identified through Participatory Planning Process (PPP) and is incorporated into Annual Operational Plan. Program Annual Operational Plan is calculated from 1<sup>st</sup> July of the previous year to 30<sup>th</sup> June of the next year to make it appropriate to the Australia Financial Year. Annual Operational Plan includes list of infrastructure works approved by Quang Ngai Provincial People's Committee PMU through DPI on May yearly.

Infrastructure works invested must belong to the List of Works presented in approved Annual Operational Plan.

### 2.2 Article 5: Investor, Commune Infrastructure Management Unit

#### 1. Investor:

- QNRDP are the investor of all infrastructure works invested by QNRDP.

#### 2. Commune Infrastructure Management Unit:

- Commune Infrastructure Management Unit (MU) is established by commune. MU includes key members of Commune Contacting Group.
- MU is allowed to use Commune People's Committee's (CPC) seal and it is allowed to open account at Commune State Treasury to carry out transaction.
- MU helps CPC to implement the following duties:
  - Prepare work investment reports, designs, estimated cost.
  - Plan the use of mobilised commune resource for works.
  - Organise the supervision and monitoring.
  - Manage the work material, assets, invested fund.
  - Implement procedures to liquidate the works.

### 2.3 Article 6: Steps to Implement the Investment Plan

#### 1. Build investment report:

Simple infrastructure works, works with low technical requirements such as: inter-hamlet, inter-village roads, damp, canal, canal to take water from springs to hamlets, well digging, family water filter constructions, kindergartens, nurseries in hamlets and works with investment fund under 100 millions are not required Investment Report. The works are allowed to have immediate amount list, work estimated cost.

The remaining works are required to have Investment Reports. Commune Work Investment Report:

- Built by Commune Infrastructure Work MU with the CCG; or
- Commune Infrastructure Work MU chooses a professional unit which has juridical rights and contract with them in order for them to provide the building of report.

Content of Investment Report:

- Necessity and investment objectives
- Site to implement the investment
- Work size content
- Implementation time
- Main items and weight
- Work maintenance cost and plan
- Investment work conclusion

After the building of investment report, Commune Infrastructure Work MU will submit report to District People's Committee and PMU.

File for approval includes:

- Investment report
- Minutes of work selection meeting with people minutes
- List of works approved by PPC
- General data base on local socio-economic background
- General estimated cost for work
- Drawing to identify the location of work in local area
- Reference material about geology, hydrology data (if possible)

## **2. Approval of report:**

- -Provincial People's Committee will consider and approve the Investment Report basing on Verifying Report from Professional Organisation of Commune People's Committee and Agreement Text of Rural Development Program MU.
- Rural Development Program MU must have Agreement Text regarding Work Investment Report within seven days from the day of receiving report.
- Within maximum 15 days from the days of receiving completed/regular file, District People's Committee decides to approve the Work Investment Report.

## **3. Build estimated cost design:**

Chairperson of Commune Infrastructure Work MU contracts with Consulting Organisations to establish implementation technical design, work estimated cost:

- Works which are not required Investment Report only need Estimated Cost in accord with real jobs.

- The estimated cost must clearly present the material mass, capital, labour taken over by commune to maintain the works.
- Participatory Planning Committee (PPC) Unit price to build estimated cost.
- The works such as: class room, health centre should be design issued by PPC. Estimated cost for these works include estimated table in accordance with model and estimated table for arising part due to the features of works.

#### **4. Approval for Estimated Design:**

1. -Commune PC considers and approve the mass, work estimated table (to works not required Work Investment Report) or Implementation Tech Design, Work Estimate based on Verifying Report of Professional Organisation from Commune PC and based on the agreement text of Rural Development Program MU.
2. Rural Development Program Management Unit must have an Agreement Text regarding the mass and Work Estimated Cost (to works not required Work Investment Report) or Implementation Tech Design, Work Estimate Table within seven days from the day of receiving regular files.
3. Within maximum 15 days from the days of receiving regular files, Commune PC decides to approve mass, Work Estimate (to works not required Work Investment Report) or Implementation Tech Design, Work Estimate.

#### **5. Contracting appointing:**

- Commune Infrastructure Work MU prepares files for appointing contractor to construct the work with the assistance of CCG and Program Tech-Staff (if it is needed). When submitting for contractor appointing, Commune Infrastructure Work MU have to collect at least three files from candidates. Each of contracting file must include:
  - Application letter of work construction
  - File of juridical competence of applicant
  - Suggested price for contracting
  - Agreement on using local labour in their implementation of work
  - Agreement on the progress, quality of work and time of work guarantee
- On the basis of application files, Commune Infrastructure Work MU through CCG will consider and select the implementation unit, build procedures to submit to Commune PC and Program Management Unit (PMU). PMU will revise and approve the Implementation Unit.
- To works which are not required Work Investment Report (simple infrastructure works, without high tech-requirements and with capital under 100 million VND such as: inter-hamlet, inter-village roads, damp, canal, canal to take water from springs to hamlets, well digging, family water filter constructions, kindergartens, nurseries in hamlets) the implementation can be responsible by local people and or families. Infrastructure Work Management Unit notifies Commune PC to deliver of implementation duties to local people. At the same time, Infrastructure Work MU reports to District PC and PMU attached with supervision methods to assure the progress and quality of work.

## **6. Sign the construction contract, the consultant (inspection) contract:**

According to decision of nominated contractor of DPC, Commune Infrastructure Project MU negotiates and signs the construction contract with nominated contractor to start the construction. Beside all regulations of contract, it should show project warranty time.

Commune Infrastructure Project MU chooses, sign the consultant (inspection) contract with legal company to be on behalf of employer to inspect the construction; and appoint an officer in DCG to inspect the construction also.

## **7. Final inspection and handing over:**

The employer organizes to make a final inspection of finish project then handing over to users to manage and operate.

The memberships in final inspection commission are CPC, Contractor, Consultant, CCG, PMU, DCG, and QNRDP.

After giving final inspection the manager of PMU has to hand over all files and documents of the project to CPC in order to file and use in operation, repair and maintenance the project. The handing over procedure must follow existing regulation.

## **8. Management and exploitation/operation of the finished works:**

- Commune PC is responsible for:
  - Assess to manage the operation of work.
  - Give duties to staffs who will directly manage the work.
  - Maintenance Plan must be built annually as presented in approved Investment Report.
- Objects, groups of objects who directly manage and operate the work:
  - Head of school which is delivered, managed and maintained.
  - Head of Health Centre which is delivered, managed and maintained.
  - Leader of hamlet which receives manages the operation and maintenance of such works as: domestic consumption well, road, small scale irrigation which meets the local/hamlet needs.
  - Commune PC which receives, manages, exploits and maintains such works as: inter-hamlet, inter village road, water supplying in the commune.
- Commune PC, Commune mass organisations, hamlet leader must often propagate, motivate local people in order to encourage them to be more responsible for the work protection, exploitation, maintenance in an efficient way.

## **2.4 Article 7: Using Investment Capital:**

### **1. GOA fund:**

Using for the construction of infrastructure works.

## **2. Counterpart fund from Quang Ngai:**

Provincial counterpart fund for infrastructure works are used to pay for jobs with the following priorities: cost for investment procedures building (investment report building, building and verifying Design-Cost Estimated Table), mine checking, compensation cost, supervision cost; Work MU cost, work verifying, delivering cost and contingency.

The detail of the above costs are applied in accordance with Circular Letter No 12/2000/TT-BCD dated 25/10/2000 of Construction Ministry.

## **3. Counterpart fund of communes and beneficiaries:**

Communes and beneficiaries counterpart fund for these works are value of labour days and value of material used for work maintenance.

## **2.5 Article 8: Investment Fund Reimbursement and Liquidation:**

### **1. Control of investment capital payment.**

The distribution of capital payment to QNRDP's infrastructure construction is to be implemented according to below regulations:

- Capital distribution condition:
  - The Employer will send to the District State Bank some main documents as follows:
    - ◆ Decision on Approval for Work Quantity and Estimate (to Works for which the Investment Reports are made).
    - ◆ Approved work estimate design.
    - ◆ RDP MU's capital announcement.
    - ◆ Construction contract.
    - ◆ CPC's Decision on the Work Hand-over to Household or people in commune for construction.
    - ◆ Other relevant written letters which are simple, easy to implement and requested by Distribution Department.
    - ◆ Implementation of payment in advanced:
      - ◆ For works constructed by households and people in commune, payment in advanced in maximum is 70% of planned capital for the work and final payment is made based on accepted completed quantity of work.
      - ◆ For works constructed by contractors, payment in advanced in maximum is 30% of planned capital for the work and the contractors get paid according to accepted progress with the maximum 95% of completed quantity.
    - ◆ Employer can withhold 5% of construction cost to maintain the work. When maintenance period is over, the employer and contractor have to sign in an agreement on finishing maintenance period and at the same time the contractor can get remain payment.
    - ◆ The total of payment is not excess over approved work estimate.
    - ◆ Provincial Program MU is responsible for coordination with commune infrastructure MU and relevant departments in order to check the implementation of construction and investment management regulations, and of distribution of capital payment for infrastructure in communes.

## **2. Annual liquidation report and liquidation report of finished works:**

### **2.1 Annual liquidation report:**

Periodically: monthly, quarterly, yearly: Investor, Commune State Treasury will report on the allotting, advancement, liquidation of fund for Commune State Treasury associated with fund sent to District Financial and Planning Office and DPC.

### **2.2 Work liquidation report:**

At the end of the planning year, work investor will implement the financial report (year liquidation report and liquidation report of finished works) in accordance with the current regulations.

When the work is finished, the work investor builds a work liquidation report and submits it to the District Financial and Planning Office. This office will play the main role and associated with the other related offices to verify work and they will submit to District PC for approving the finished work. Liquidation report of finished works will be send to PMU to report to PPC, Program Co-ordination Board.

## **2.6 Article 9: Work Implementation Report:**

- Commune Infrastructure Work MU reports the implementation of work to CPC to make a general report for DPC and PMU monthly, quarterly, yearly and make a report of finishing the planning year.
- PMU will collect and classify reports and report to DPI, PPC and central offices in accordance with the current regulations.
- Contents of reports need reflect the jobs taken over in annual plan. Result from progress report includes: mass of jobs, value of mass done, fund reimbursement progress, mobilisation of capital investment, finished work, difficulties, constrains, and suggested solutions for solving problem.

### **3 Implementation Articles**

1. Quang Ngai DPI steers the PMU to make detail and guide the implementation of works which belong to QNRDP in a way that fix the characteristics of each commune.
2. Levels basing on their possible rights and duties are responsible for the cooperation, inspection, supervision of works and encourage the implementation of this regulation.
3. In the process of implementation of this regulation, if there are some inappropriate issues the DPI are responsible for collecting and reporting to PPC for consideration and readjust.

### **Limitations**

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The methodology adopted and sources of information used by URS are outlined in this report. URS has made no independent verification of this information beyond the agreed scope of works and URS assumes no responsibility for any inaccuracies or omissions. No indications were found during our investigations that information contained in this report as provided to URS was false.

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