

FINANCIAL SECTOR MODERNIZATION
AND INFORMATION MANAGEMENT SYSTEM

**REPORT ON PROJECT PROGRESS OF FIRST HALF - 2014 AND PLAN
FOR PROJECT IMPLEMENTATION OF SECOND HALF - 2014**

I. Main results of the Project implementation in first half of 2014:

A. SBV AND CIC COMPONENTS:

1. Implementing Action Plan for first half of 2014:

In first half of 2014, with the proactive support from the project's stakeholders such as WB task team, Bid evaluation committees, EY Consultant, FSMIMS PMU completed most of tasks in the Action Plan for the 1st half of 2014 co-signed between SBV Deputy Governor in charge of the project and WB task team leader (18 tasks were completed, 01 task has been in process, 01 task was agreed with WB to be implemented in 2015). 11 out of 18 completed tasks were done ahead of schedule, 01 task out of them was done on schedule and 07 tasks out of them were done behind schedule.

Most delays in first half of 2014 stemmed from the objective causes such as: off-work days in WB's New Year leave and Vietnam's Lunar New Year holiday and complicated nature of bidding packages, etc. Detailed delays and causes for delays are as follows:

1.1. Completed tasks but behind schedule:

- SG3.1 bidding package (Task No.4 and 5): According to Action Plan, the task No.4 "Submit for WB review and No-Objection the contract for SG3.1 package" must be done by 15 February 2014. However, on 26 April 2014, SBV received NOL from WB. The package's complicated nature led to the delay in SBV's bid evaluation and WB review of bid evaluation report. On the other hand, the time of WB review of bid evaluation report coincided with 2014 Christmas and New Year leave.

02 month-delay of task No.4 brought about 02 month- delay in task No.5 "Sign the contract for SG3.1 package" (SBV signed the contract with supplier on 6 May 2014)

- SG3.2 bidding package (Task No.6): According to Action Plan, "Publish Invitation For Bids (IFB) for SG3.2 package" must be done by 31 January 2014. However, on 13 February 2014, SBV published IFB. The cause for the delay stemmed from off-work days in Vietnam Lunar Year holiday.

- SG4 bidding package (Task No.10 and 11): According to Action Plan, Task No.10 "Publish Invitation For Bids (IFB) for SG4 package" must be done by 31 January 2014. However, SBV published IFB on 13 March 2014. The cause for the delay stemmed from the package's complicated nature. On the other hand, the time of WB review of bidding document coincided with WB's 2014 Christmas and New Year leave and Vietnam Lunar Year holiday.

01 month-delay of task No.10 brought about the delay of task No.11 "Submit for WB review and No-Objection the bid evaluation report of SG4 package". Moreover, due to 01 month extension of bid submission, task No.11 was 02 month-delayed (SBV sent for WB review and comment the bid evaluation report of SG4 package on 1 July 2014).

- DG1 bidding package (Task No.12 and 13): According to Action Plan, the task No.12 "Publish Invitation For Bids (IFB) for DG1 package" must be done by 20 January 2014. However, DIV published IFB on 18 March 2014. The cause was similar to that of SG4 bidding package and led to the delay in task No. 13 "Submit for WB review the bid evaluation report for DG1 package" (DIV sent WB review and comment the bid evaluation report).

1.2. Uncompleted tasks which have been in process (Task No.20 - Submit project extension request to WB):


After technical discussion with WB task team, FSMIMS PMU has completed and sent SBV's International Cooperation Department the document set of project extension and revisions of Financing Agreement's contents. According to the Constitution dated 28 November 2013 of Socialist Republic of Vietnam, the project extension and revisions of Financing Agreement must be submitted to Vietnam Government and President review and decision making before SBV Governor signs a letter requesting for WB approval. There, task No.20 will take more time than expected.

1.3. Uncompleted task in 1st half of 2014 which is planned to put off until 2015 (Task No.9 - Issue bidding document for SG3.3 package):

After review of the Initial concept of the package, SBV and WB agreed to change the bidding method. It is expected to divide the package into 02 packages: ST8 "Consultant supporting implementation of IT standards" and SG3.3 "Procurement of IT standards" so these packages will be implemented in 2015.

2. Bidding packages:

2.1. CGI contract (CIC data management applications (servers, core data warehouse, communication & related application)): (i) the installation of hardwares and standard softwares is completed on schedule (February 18, 2014); (ii) Gap analysis was completed (April 23, 2014); (iii) the functional specification documents (FSD) was basically approved (June 30, 2014); (iv) System Integration Tests (SIT): the contractor and technical team prepared SIT plans, SIT scenarios and pre-SIT training and conducted SIT tests (July 21, 2014); (v) three payments for the contractor with total amount of US\$ 2.131.688,35 and 7.724.215.400 VND occupying 39,11% of contract value.

2.2. SGI.1 contract (Servers, Middlewares, Database of SBV): On February 20, 2014, SBV signed contract with the winning contractor - NEC-MITEC joint venture. After signing the contract, the contractor has completed: (i) detailed contract implementation plan; (ii) preliminary system design; (iii) detailed system design. Until June 4, 2014, the contractor has completed the good delivery, relating documents and installation in 2 sites DC&DR. The contractor has conducted 03 

2.3. SG3.1 contract (Core-banking, Accounting, Budgeting applications and System Integration): contract for this package was signed on May 6, 2014 with the FPT Information System Limited company (FIS). After signing the contract, the contractor has submitted first draft of the project administration plan on June 19, 2014. It is planned that the contractor will deliver the Project administration plan and project implementation plan on July 25, 2014. The project kick-off meeting is scheduled for August or September 2014. On June 30, 2014, PMU has made advance payment of 20% of SG3.1 contract value for the contractor.

2.4. SG3.2 package (Document Management & Human Resource Management for SBV): the bidding documents were issued on February 27, 2014. The bid opening ceremony was held on April 22, 2014. On May 28, 2014, PMU sent the bid evaluation report for WB review and approval.

2.5. SG4 package (Data Management, Data Warehouse & related applications for SBV): the bidding documents were issued on March 25, 2014. The bid opening ceremony was held on June 4, 2014. On July 1, 2014, PMU sent the bid evaluation report for WB review and approval.

2.6. SG1.2 package (ITDB's new data center): PMU and WB agreed to restructure the package so that it will be splitted into 2 packages: (i) consultant: ST9 package - consulting services for designing new data center for SBV (ii) goods: SG1.2 package – new data center for SBV.

2.7. SG5.2 package (PMU office equipment (2nd)): the contract was signed with 3C network-system joint stock company on January 23, 2014. The final settlement of account was approved on June 9, 2014. PMU has so far completed the contract liquidation procedures.

2.8. ST1 package (SBV, CIC functional and process strengthening): EY Consultant has delivered the bidding documents and bid evaluation report (BER) for SG3.2 and SG4. In June 2014, EY cooperating with PMU, ICT Team and contractors developed first half report for 2014 which evaluates the implementation of ICT systems (evaluating implementation of CG1 and SG1.1).

2.9. ST3 package (Consulting services for IT contract management and coordination): PMU and EY Consultant collaborated to develop draft TOR and cost estimate to send for WB review and approval. WB has No-objection letter to the TOR and cost estimate on July 17, 2014.

2.10. ST5 package (Procurement specialist): As the contract will be closed on April 15, 2014, PMU has submitted the contract extension application to December 31, 2014 to suit with timeline of other packages. Consultant under this package was initially planned to develop bidding documents for procurement of new data center for ITDB (ST9 package). However, after considering feasibility and exchanges with WB, consultant doing this task will be employed under another package after restructuring the Financing Agreement is completed. Therefore, revisions to ST5 contract are no longer necessary. PMU sent a letter to the consultant on June 16, 2014 informing of contract termination. On July 4, 2014, the consultant agreed with the proposal. ST5 contract will be accepted and liquidated.

2.11. ST6.2 package (External audit of financial statements (2nd)): contract was signed with Deloitte Vietnam Limited company on March 10, 2014. After contract implementation, on June 26, 2014 PMU sent to WB the audited financial report of 2013.

2.12. ST7 package (Change management): the draft REOI was approved by WB on May 23, 2014. Based on WB's recommendations and PMU's consideration, the package will be conducted with CQS method. PMU will send a request to WB for waiver to the current threshold in case the proposed bid price exceeds US\$ 200.000. In preparation for the bidding process, as stipulated by law, PMU has submitted to SBV Governor for approval on the establishment of ST7 procurement Team composing of representatives of project 's main beneficiary departments such as HR department, Governor's Office, Forecasting and Statistics Department, Finance and Accounting Department, Central Banking department, etc... After the team is established, PMU will submit the REOI to SBV Management for approval before issuance.

2.13. ST8 package (IT Standards for SBV): PMU and EY Consultant have developed draft TOR for the package. After WB's consultation, this package will be splitted into 2: Tools (Procurement of goods) and consultant selection under QCBS method (Consultants). This change needs to be reviewed and approved by WB together with the General Procurement Plan and will be implemented after revisions to the Financing Agreement are made. According to WB's request, PMU has sent Feasibility report and proposed the package's technical contents for WB review before finalizing TOR.

2.14. ST9 package (Consultant for designing ITDB's new data center): on June 25, 2014, PMU sent for WB review (second time) the TOR and cost estimate of the package.

3. Training courses:

With regards to training on project management under SBV.3 Component, in accordance with training plan for first half of 2014 approved by SBV Management and WB, PMU has completed 04 training courses, including: (i) "Enhanced project management capabilities for leaders" in HCM city for 05 staff; (ii) "Financial management for ODA-funded projects" in Hanoi for 05 staff; (iii) "Enhanced project management" in HCM city for 05 PMU staff; (iv) "Teamworking skills" in Hanoi for all PMU staff.

4. Disbursement:

In first half of 2014, US\$ 4.279.701,51 was disbursed, accounting for 7% of total ODA (inclusive of IDA and PHRD) and 46% of the disbursement plan of 2014.

SBV and CIC components disbursed 46% of the year's disbursement plan, mainly due to payment for ST1 contract could not be made because EY Hongkong did not have payment request. This led to the fact that the remaining PHRD funding could not be disbursed in the first 6 months. In the last 6 months, PMU will work in depth with EY to accelerate disbursement progress within scope of the signed contract.

B. DIV COMPONENT:

1. Bidding packages:

1.1. DT1 package (DIV functional and process strengthening): DT1 contract has expired on June 30, 2014. NRI consultant has basically completed contract obligations, except for obligations relating to DG1 contract implementation. This contract is implemented throughout the project implementation timeline, apart from preparing input documents for bidding documents of DG1 package, NRI consultant also supervises the implementation of DG1 contractor. In the regular PMU-PIU meeting on July 1, 2014, PMU requested DIV to timely finalize draft project extension proposal to send to WB. Extension of DT1 contract will be done after FSMIMS project is officially extended.

1.2. DT2 package (Project change management): in the first 6 months, DT2 consultant has performed the following tasks: (i) organization of the kick-off meeting for Change management consulting service; (ii) current status assessment and discussion with DIV Management on DIV development strategy framework; (iii) draft development strategy framework for DIV; (iv) discussion on DIV development strategy framework, change management methodology and strategy; (v) development of training plan within scope of change management consulting services.

1.3. DG1 package (DIV data and resource management applications (servers, data warehouse & related applications, and ERP)): DIV-PIU has basically completed the bidding process and prepared Bid Evaluation Report. The DG1 BER has been sent WB on June 19, 2014 (via PMU) for review and NOL.

2. Disbursement:

In first half of 2014, US\$ 75,190.60 was disbursed, accounting for 3% of the disbursement plan of 2014.

DIV components disbursed 3% of total yearly plan, mainly due to the fact that DG1 package was not disbursed. It is expected that DG1 contract will be signed in August 2014.

II. Status of project implementation, risks and suggested solutions

1. Progress made in project implementation:

In the first 6 months of 2014, project progress was accelerated and delays in beginning stage were partially compensated. ICT packages are having the right progress and will be the main factor to raise project's disbursement rate from middle of 2014. Main factors for project success could be listed as follows:

- SBV Management had attentive and close directives to project progress by requesting PMU to have timely reporting of project progress and difficulties on a timely or ad-hoc basis; 01 Deputy Governor is assigned to take direct charge of the project; leaders of departments participating in project implementation are summoned in case of obstacles.

- WB's implementation support team, especially team leader and procurement Team support enthusiastically during project implementation.

- PMU staff is sent for training courses of project management; they also gather practical experience during project implementation.
- SBV's relevant departments, specially ITDB have participated actively in the preparation of bidding documents for ICT packages and implementation of ICT contracts.

2. Delays: apart from 8 delayed tasks mentioned in the AP December 2013 (Appendix 1), so far the project keeps up with progress and there were no subsequent delays.

3. Risks in project implementation:

In the coming time, main risks of the project remain in the implementation of ICT system contracts. The most popular risks in the implementation of system contract are contractor or project team's shortage of planning, loose project management, unstable staffing, business requirements unmet, and/or quality of deliverables not ensured.

4. Suggested solutions:

- SBV Management has frequent, close directives towards project activities, including identification of responsibilities of units in case of delays during project management;
- Establishment of implementation teams for ICT packages, who would work full-time for the project (if required);
- Concurrent development of legal documents and implementation of ICT packages;
- PMU continues to collaborate with WB Task team to discuss and agree on solutions to timely address delays and difficulties;
- Implementation of change management and communication of the project.

III. Plan for Project implementation in the second half of 2014

1. To Implement bidding packages/consultancy and goods contract according to approved procurement plan:

A. SBV and CIC components

- **CGI contract** (CIC data management applications): to implement such tasks as: local and overseas trainings, overall testing and commissioning. It is planned that the contract will be closed in December 2014.
- **SG1.1 contract** (Servers, Middlewares, Database of SBV): NEC-MITEC contractor continues to work with ICT Team and PMU for system installation, testing and commissioning. It is planned that the contract will be closed in December 2014.
- **SG3.1 contract** (Core-banking, Accounting, Budgeting applications and System Integration): assessment of current ICT infrastructure, business processes and preparation of context for business process analysis (July 2014); gap analysis (August – December 2014)

- **SG3.2 package** (Document Management & Human Resource Management for SBV): finalization of bidding process, submit for approval the bidding and negotiation results, contract signing and implementation.

- **SG4 package** (Data Management, Data Warehouse & related applications for SBV): finalization of bid evaluation report to send for WB's NOL and submit for SBV Governor's approval; contract finalization and signing with contractor; contract implementation.

- **ST1 contract** (SBV, CIC functional and process strengthening): (i) The consultant continues to support bidding process, bid evaluation, negotiation recommendations, anticipated risks in implementation of ICT packages; preparation of semi-annual reports assessing ICT packages implementation; (ii) after FSMIMS project extension, PMU will carry out contract extension procedures with EY.

- **ST3 package** (Consulting services for IT contract management and coordination): conduct and finalize bidding process.

- **ST7 package** (Change management): selecting consultant and signing contract.

- **ST8 package** (IT Standards for SBV): conducting the contract in a way that the package is splitted into 2 packages (consultant and goods) to send for WB review and implementation.

- **ST9 package** (Consultant for designing ITDB's new data center): carrying out selection process for consultant services and signing contract.

B. DIV components:

- Finalizing bidding process for DG1 package: signing contract and contract implementation is scheduled in September 2014.

- Cooperating with NRI Consultant for contract negotiation with DG1 supplier; supervising DG1 contract implementation; organizing the remaining training courses in DT1 package. Agreeing with NRI consultant on contract extension.

- DT2 consultant develops and delivers for DIV the followings: (i) High-level development strategy for DIV; (ii) Change management strategy; (iii) Change management methodology report; (iv) Change management plan; (v) Change management manual. Besides, organizing 2 workshops and 12 training courses within scope of the package.

2. Project extension: PMU continues to cooperate with SBV-ICD and WB implementation support visit (September 2014) to complete project extension procedures.

3. Disbursement Plan:

The expected amount of disbursed ODA funding is 12,430,585.68 USD, including:

- SBV and CIC components: US\$ 10,028,764.78

- DIV component: US\$ 2,401,820.90

Annex 1

Vietnam: Financial Sector Modernization and Information Management System Project SBV-WB Action Plan listing key project implementation steps for H1 2014

No	Next Steps	Responsibility	Deadline	Actual Completion
<i>SBV Component</i>				
1.	Submit for WB review and No-Objection the bid evaluation report of SG1.1 package	SBV	February 28, 2014	January 24, 2014
2.	Submit for WB review and No-Objection the contract for SG1.1 package	SBV	April 15, 2014	February 27, 2014
3.	Sign the contract for the SG1.1 package	SBV	April 30, 2014	February 20, 2014
4.	Submit for WB review and No-Objection the contract for SG3.1 package	SBV	February 15, 2014	April 26, 2014
5.	Sign the contract for SG3.1 package	SBV	February 28, 2014	May 6, 2014
6.	Publish Invitation For Bids (IFB) for SG3.2 package	SBV	January 31, 2014	February 13, 2014
7.	Submit for WB review the bid evaluation report for SG3.2 package	SBV	May 31, 2014	May 28, 2014
8.	Submit for WB review the initial draft Bidding Document for SG3.3 package	SBV	February 28, 2014	February 28, 2014 (ST8)
9.	Issue bidding document for SG3.3 package	SBV	April 15, 2014	Rescheduled to Q1 2015
10.	Publish Invitation For Bids (IFB) for SG4 package	SBV	January 31, 2014	March 13, 2014
11.	Submit for WB review and No-Objection the bid evaluation report of SG4 package	SBV	April 30, 2014	July 1, 2014
<i>DIV Component</i>				
12.	Publish Invitation For Bids (IFB) for DG1 package	DIV-PIU	January 20, 2014	March 18, 2014
13.	Submit for WB review the bid evaluation report for DG1 package	DIV- PIU	May 30, 2014	June 19, 2014
<i>Project Management</i>				
14.	Submit for WB review the initial concept for a new package for the IT contractor coordination consultant	SBV	February 28, 2014	January 9, 2014
15.	Submit for WB review the initial concept for ST7 package (change management consultant)	SBV	February 28, 2014	January 23, 2014
16.	Submit for WB review the proposal for E&Y contract extension	SBV	April 30, 2014	April 29, 2014
17.	Submit for WB review the initial concept for a new package for the SBV ITDB's new data center	SBV	March 15, 2014	February 25, 2014
18.	Provide BSA's and DIV's inputs to the Results Framework on the PDO and Outcomes and Intermediate Results Indicators applicable to them	SBV,DIV	January 15, 2014	January 14, 2014
19.	Confirm to WB revisions of the Results Framework	SBV	January 15, 2014	January 14, 2014
20.	Submit project extension request to WB	SBV	June 15, 2014	June 5, 2014