

# Project Administration Manual

Project Number: 50062-001  
Grant Numbers: {GXXXX; GXXXX}  
Draft as of October 2016

Islamic Republic of Afghanistan:  
Road Asset Management Project

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## **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Public Works are wholly responsible for the implementation of ADB financed transport projects, as agreed jointly between the recipient and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the Ministry of Public Works of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Grant Negotiations the recipient and ADB shall agree to the PAM and ensure consistency with the Grant agreements. Such agreement shall be reflected in the minutes of the Grant Negotiations. In the event of any discrepancy or contradiction between the PAM and the Grant Agreements, the provisions of the Grant Agreements shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

<sup>a</sup> The name of the operational financing document may vary on a project-to-project basis; this reference shall be deemed to encompass such variations, e.g., a Framework Financing Agreement, as applicable

## ABBREVIATIONS

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
CAREC	=	Central Asia Regional Economic Cooperation
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
EA	=	executing agency
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
km	=	kilometer
LARP	=	land acquisition and resettlement plan
LIBOR	=	London interbank offered rate
MOF	=	Ministry of Finance
MPW	=	Ministry of Public Works
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
O&M	=	operation and maintenance
PAI	=	project administration instructions
PAM	=	project administration manual
PMO	=	program management office
PIU	=	project implementation unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SGIA	=	second generation imprest accounts
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
TOR	=	terms of reference

## I. PROJECT DESCRIPTION

### A. Project Background and Rationale

1. The proposed grant will finance priority maintenance works for part of Afghanistan's regional highway sections from Kabul to Ghazni and from Kabul to Jalalabad, which are the economic lifeline of the country's eastern region. The project will include a capacity development component to introduce sustainable road management practices, specifically in road asset management and road maintenance.

2. The main challenges facing the roads O&M in Afghanistan are related to institutional sustainability. Financially, Afghanistan is not expected to be self-reliant over the next decade. Funding requirement for the roads O&M is estimated upwards of \$200 million annually, while the Ministry of Finance (MOF) only disburses \$23 million annually, out of \$83 million collected through roadway user fees and taxes, for the roads O&M. Institutionally, the challenges include organizational and human resource issues. Organizationally, the mandates of the different organizations responsible for roads need to be properly delineated. Functionally, the MPW lacks the specialized support systems required for adequate and accountable operations. A tool for planning and management roads O&M at the national level is virtually non-existent.

3. The Project will comprise two major components, namely a road maintenance component, and an institutional component for the development of a road asset management (RAM) system. Under the road maintenance component, a section of the Kabul-Jalalabad Highway not covered under the recent pilot subproject,<sup>1</sup> and a section of the Kabul-Kandahar Highway from Kabul to Ghazni are selected for maintenance operations. Both roads are network arteries and thus significant for the country's economy. The RAM component will develop a tool for the rationale and systematic planning and management of roads O&M. The activities proposed are design, development and trial deployment of the system.<sup>2</sup> Adequate ICT infrastructure, including equipment and network, internal within the MPW and between the MPW and the provincial MPW offices, will be provided.

4. The project impact is aligned with will be increased sustainability of the road sector. The outcome will be improved road connectivity and safety. The outputs will be (i) national highways in the southeastern region maintained, and (ii) O&M and road asset management capacity enhanced.

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<sup>1</sup> A pilot subproject was launched under Tranche 4 of the MFF Transport Network Development Investment Program to provide periodic maintenance for a 50-km section of Kabul-Jalalabad Highway from Kabul to Surubi.

<sup>2</sup> This includes the proper design and harmonization of the existing different GIS databases to bring them into one database under MPW's purview.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

5. The chart below shows activities to be undertaken to enhance project readiness.

Indicative Activities	2016		2017			Responsible Individual/Unit/Agency/Government
	Sep	Nov	Dec	Jan	Feb	
Advance contracting actions						
Establish project implementation arrangements						
Grant Negotiation	X					MPW/MOF/ADB
ADB Board approval		X				ADB
Grant signing			X			MOF/ADB
Government legal opinion provided				X		MOF/MOJ/ADB
Government budget inclusion				X		MPW/MOF
Grant effectiveness						X MOF/ADB

Source(s): Asian Development Bank

## B. Overall Project Implementation Plan

6. The Gantt chart below outlines the activities for the implementation of the project. The outputs and implementation activities, which are shown on a monthly and quarterly basis, will be updated annually and submitted to ADB together with contract and disbursement projections for the following year.<sup>3</sup>

**Table 2: Project Implementation Plan**

		2016	2017				2018				2019				2020	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1</b>	<b>Project Preparation and Approval</b>															
1.1	Grants approval by the board															
1.2	Grant Signing															
1.3	Grant Effectiveness															
<b>2</b>	<b>Procurement Process</b>															
2.1	Recruitment of Consultant															
2.2	Procurement of Goods															
2.3	Procurement of Civil Works															
<b>3</b>	<b>Project Implementation</b>															
3.1	Supply and Installation of the RAM <sup>4</sup> System															
3.2	Training of MPW staff on RAM System															
3.3	Civil Works for O& M of Kabul- Jalalabad Highway															
3.4	Civil Works for O& M of Kabul- Ghazni Highway															
3.5	Issuing taking Over Certificate															
<b>4</b>	<b>Project Closing</b>															
4.1	Closing of Imprest Account															
4.2	Submission of the Final Audit Report															

DMF = design and monitoring framework

<sup>3</sup> Gantt chart available in e-handbook on project implementation at <http://www.adb.org/documents/handbooks/project-implementation/>

<sup>4</sup> Road Asset Management

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations–Roles and Responsibilities

##### Project implementation Management Roles and Responsibilities organizations

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- Ministry of Finance (Recipient and Executing Agency)
  - Facilitate negotiation, signing, and execution of the grant agreements
  - Monitoring project progress and instructing MPW to take corrective action to prevent significant variations and deviations from schedules and budgets (if any)
  - Ensure timely submission of withdrawal applications to ADB
- Ministry of Public Works (Implementing Agency)
  - Focal point for communication with ADB on project related matters, and signatory to important documents such as consultancy service contracts, withdrawal applications, and audit reports
  - Ensure timely and effective completion of project
  - Ensure coordination with other concerned government agencies and development partners
  - Ensure that PMO is fully staffed and functional during the entire period of implementation
  - Ensure compliance with grant covenants, ADB's guidelines, procedures, and policies
- Program Management Office (Implementing Unit)
  - Day-to-day implementation of the project, including administration of all consultancy contracts (instructing the supervision of consultants, approving variations, suspending and terminating contracts)
- ADB
  - Supervise MPW's implementation of the project by:
    - Selecting the consultants
    - Reviewing and facilitating approval of project implementation and procurement documents submitted by EA
    - Disclosing project information to the public
    - Fielding review missions
  - Facilitating knowledge sharing

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ADB = Asian Development Bank.



## B. Key Persons Involved in Implementation

### Grant Recipient and Executing Agency

Ministry of Finance

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Deputy Minister  
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### Implementing Agency

Ministry of Public Works

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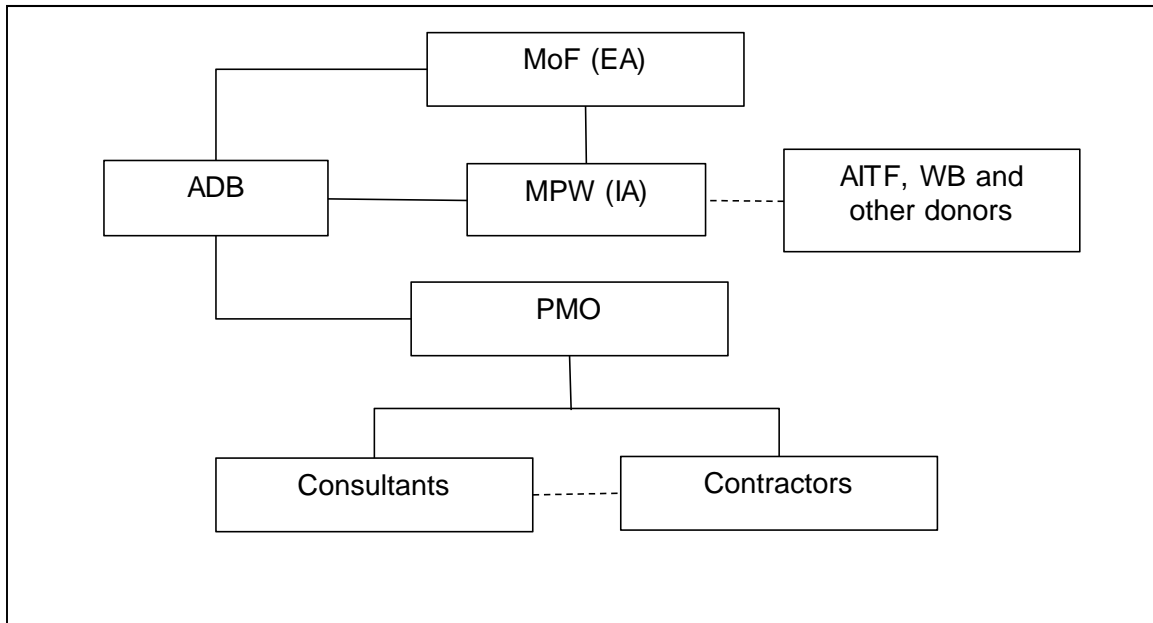
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### C. Project Organization Structure

7. MOF will be the borrower and executing agency (EA). MPW will be the implementing agency (IA), which has the mandate for planning, designing and implementing transport projects as well as policy and regulatory authority over the sector. The Program Management Office (PMO) has already been established within MPW for day-to-day administration and execution of ADB-financed road sector projects. In an alike fashion, the PMO will also supervise the RAM project, in accordance with the provisions of the Grant Agreements, this PAM, and related legal agreements. For the purpose of this proposed project, the PMO will be strengthened through consultants recruited under the grant.

#### PROJECT ORGANIZATION STRUCTURE



AITF = Afghanistan Infrastructure Trust Fund, ADB = Asian Development Bank, MOF = Ministry of Finance, MPW = Ministry of Public Works, PMO = Program Management Office, WB = World Bank.

8. The PMO contains the PMO program director and key staff (project managers, procurement and contract management, engineering, financial management and accounting). Under this Grant, PMO will handle day-to-day implementation activities, in particular (i) administering the civil works contracts for maintenance, (ii) evaluating design options for the road asset management system (RAMS), (iii) reviewing supporting documents submitted by contractors and consultants, (iv) obtaining ADB approvals, (v) monitoring and evaluating project activities and outputs, (vi) reporting the project grant's progress to MPW and ADB, (vii) reviewing the project progress with ADB missions, and (viii) consultations with stakeholders and disclosing project information to them in consultation with ADB.

9. MPW will ensure that, during the entire period of the project, a team of staff on procurement, engineering, financial management, accounting, program monitoring and evaluation, legal, administrative, and secretarial staff remains in place. MPW will ensure that a project manager be assigned in the PMO for the day-to-day management of the project. The consultants to be hired under the project will offer additional capacity to the PMO in road asset management, operation and maintenance, procurement and contract management. PMO will also be equipped with the necessary office space, equipment, and facilities.

#### IV. COSTS AND FINANCING

10. The project is estimated to cost \$26.0 million, including taxes, duties and contingencies during the grant administration (Table 1).

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Civil works	15.0
2. Consultancy Services	2.5
3. Equipment	6.0
<b>Subtotal (A)</b>	<b>23.5</b>
<b>B. Contingencies<sup>c</sup></b>	<b>2.5</b>
<b>Total (A+B)</b>	<b>26.0</b>

<sup>a</sup> Includes all taxes and duties of approximately \$1.7 million to be financed from ADF sources.

<sup>b</sup> In mid-2016 prices.

<sup>c</sup> Physical contingencies computed at 10% for civil works and 3% of consultancy services. Price contingencies computed at 2.5% on foreign exchange costs and 5.5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.  
Source: ADB estimates

#### A. Detailed Cost Estimates by Expenditure Category

**Table 2**

Item	Cost	% of total cost
<b>A. Investment Costs</b>		
1 Civil Work	15.0	57.7%
2 Equipment	6.0	23.1%
3 Consultants	2.5	9.6%
<b>Subtotal (A)</b>	<b>23.5</b>	<b>90.4%</b>
<b>Total Base Cost</b>	<b>23.5</b>	<b>90.4%</b>
<b>B. Contingencies</b>		
1 Physical	1.58	6.1%
2 Price	0.92	3.5%
<b>Subtotal (B)</b>	<b>2.5</b>	<b>9.6%</b>
<b>Total Project Cost (A+B)</b>	<b>26.0</b>	<b>100.0%</b>

## B. Allocation and Withdrawal of Grant Proceeds

11. In the Grant Agreements to be shared and agreed with the government, the Schedule entitled 'Allocation and Withdrawal of Grant Proceeds' will contain both narrative paragraphs and the 'Table of Allocation and Withdrawal of Grant Proceeds'.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Road Asset Management Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Works, Equipment and Consulting Services	25,500,000	100% of total expenditure claimed
	Total	25,500,000	

## C. Detailed Cost Estimates by Financier

Table 3

Item		Government		Asian Development Fund		Total Cost
		Amount	% of Cost Category	Amount	% of Cost Category	
		A	A/C	B	B/C	
<b>A.</b>	<b>Investment Costs</b>					
1	Civil Work	0.0	0.0	15.0	100.0	15.0
2	Equipment	0.0	0.0	6.0	100.0	6.0
3	Consulting Services	0.5 <sup>5</sup>	20.0	2.0	80.0	2.5
	<b>Subtotal (A)</b>	<b>0.5</b>	<b>2.1</b>	<b>23.0</b>	<b>97.9</b>	<b>23.5</b>
<b>B.</b>	<b>Contingencies</b>	0.0	0.0	2.5	100.0	2.5
	<b>Total Project Cost (A+B)</b>	<b>0.5</b>		<b>25.5</b>		<b>26.0</b>
	<b>% Total Project Cost</b>		<b>1.9</b>		<b>98.1</b>	<b>100.0</b>

## D. Detailed Cost Estimates by Year

Table 4

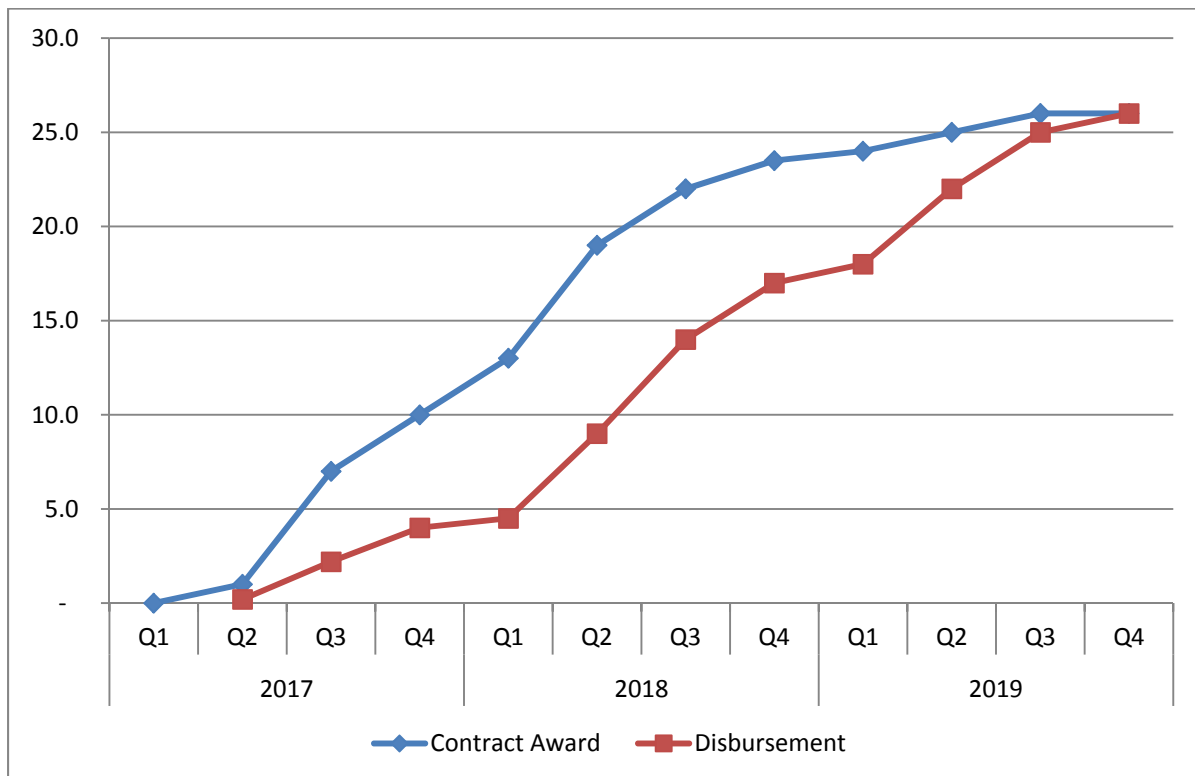
Item	Total Cost	2017	2018	2019
<b>A.</b>	<b>Investment Costs</b>			
1	Civil Work	15.0	3.0	10.0
2	Equipment	6.0	3.0	3.0
3	Consulting Services	2.5	1.0	1.0
	<b>Subtotal (A)</b>	<b>23.5</b>	<b>7.0</b>	<b>14.0</b>
<b>B.</b>	<b>Contingencies</b>	2.5	0.0	2.0
	<b>Total Project Cost (A+B)</b>	<b>26.0</b>	<b>7.0</b>	<b>16.0</b>
	<b>% Total Project Cost</b>	<b>100%</b>	<b>26.9%</b>	<b>61.5</b>

<sup>5</sup> Government contribution will be in kind through providing office space and counterpart staff to the project.

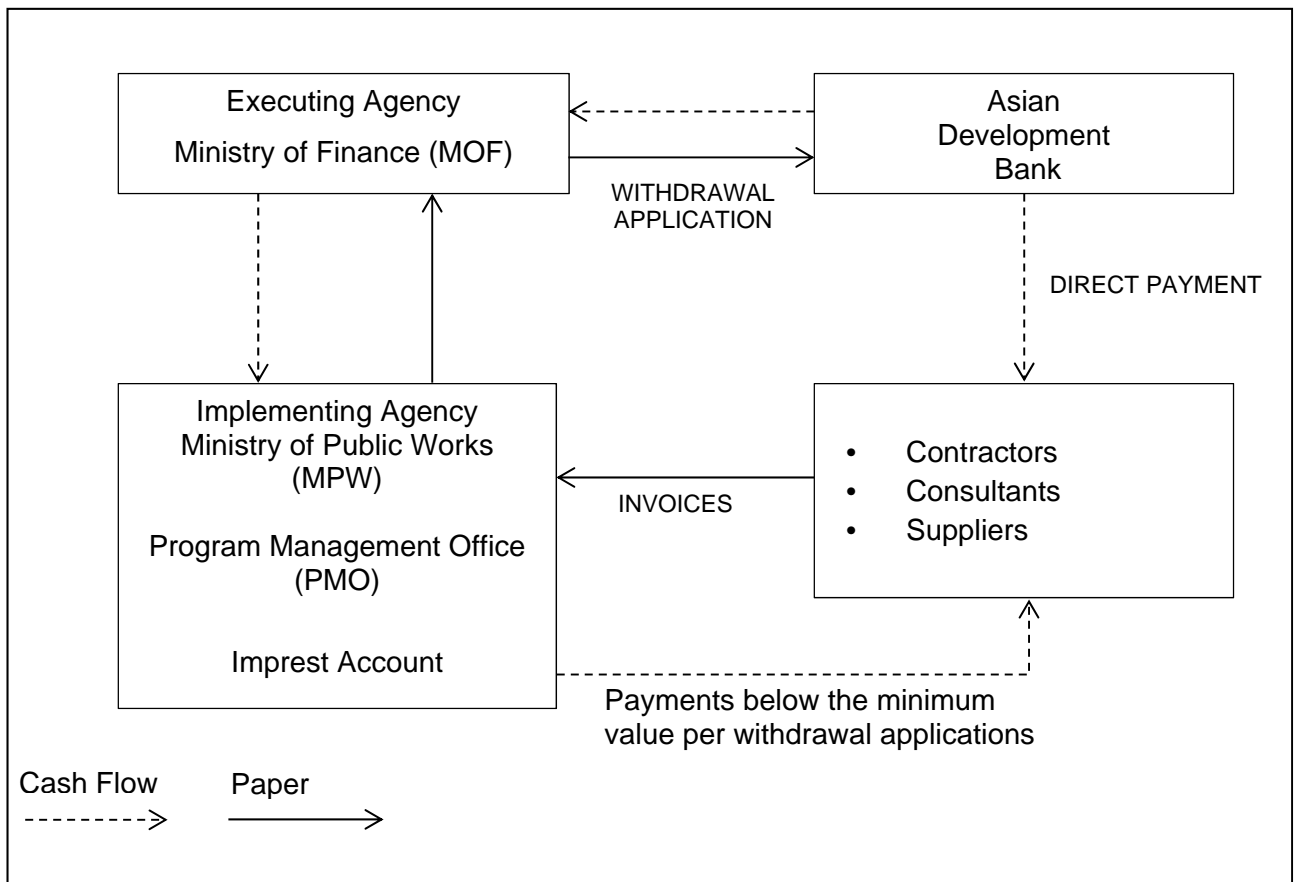
### E. Contract and Disbursement S-curve

12. The graph below shows indicative contract awards and disbursement projections over the implementation period of the project. These projections are subject to fine-tuning and revision.

Year	Quarter	Contract Award		Disbursement	
		Projection \$ Million	cumulative \$ Million	Projection \$ Million	cumulative \$ Million
2017	Q2	1.00	1.00	0.20	0.20
	Q3	6.00	7.00	2.00	2.20
	Q4	3.00	10.00	1.80	4.00
2018	Q1	3.00	13.00	0.50	4.50
	Q2	6.00	19.00	4.50	9.00
	Q3	3.00	22.00	5.00	14.00
	Q4	1.50	23.50	3.00	17.00
2019	Q1	0.50	24.00	1.00	18.00
	Q2	1.00	25.00	4.00	22.00
	Q3	1.00	26.00	3.00	25.00
	Q4	-	26.00	1.00	26.00
<b>Total</b>		<b>26.00</b>		<b>26.00</b>	



## F. Fund Flow Diagram



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

13. An update of the financial management assessment (FMA) for capacity the MPW and its PMO has been conducted in May 2016,<sup>6</sup> based on ADB's Guidelines on Financial Management and Analysis of Projects.<sup>7</sup> The update took into consideration the capacity of MOF, MPW, and PMO, including funds-flow arrangements, governance, staffing, budgeting, accounting and financial reporting systems, internal control procedures, financial information systems, and internal and external auditing arrangements. The updated FMA is presented in Supplementary Appendix 1.

14. According to the updated FMA, the overall control risk from the financial management perspective is moderate and the experience and capacity of MPW and PMO in financial management are adequate to manage the project funds as well as adequate fund flow, accounting, and budgeting arrangements. Following the restructuring in 2015, the overall capacity of the PMO has improved significantly. Staffing of the finance department of the PMO includes a manager, 5 accountants and one trainee. Internal audits are conducted by MPW periodically, while external audits are conducted annually with recent satisfactory results. MPW is responsible for ensuring an adequate audit trail, for which annual financial statements are audited by an independent auditor acceptable to ADB in accordance with auditing standards. In addition to MPW and PMO's continued improvement in their financial management capacity, MOF has been equipped with an online financial management database named Afghanistan Financial Management Information System that tracks the transaction for all spending categories of each loan/grant. Thus, all the transactions are recorded before being processed.

15. The areas that need improvements are (i) accounting policies and procedures; and (ii) reporting and monitoring. In the accounting policies and procedures, PMO has been using single-book approach in its accounting system. However, replacement of single-book approach by modern accounting software is in process. In the area of reporting and monitoring, PMO has demonstrated capacity to report and monitor project finances based on ADB requirements. However, there have been major delays in the submission of APFSs. Thus, the updated FMA recommended that (i) modern accounting software be procured and installed as soon as possible so that the relevant PMO staff can be trained in its use; and (ii) international financial management specialist be recruited to support PMO staff in conducting financial management and hence improving the timeliness of submission of APFSs. Financial management risks and risk-mitigation measures should be reviewed and updated throughout the life of the project.

### B. Disbursements

#### 1. Disbursement Arrangements for ADB

16. The Grant will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended to date),<sup>8</sup> and detailed arrangements agreed upon between the Government

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<sup>6</sup> ADB Pre-Fact Finding Mission for Preparation of Central Asia Regional Economic Cooperation Corridors 5 and 6 (Salang Corridor) Project.

<sup>7</sup> The FMA focused on the capacity of MPW and PMO, including funds-flow arrangements, governance, staffing, budgeting, accounting and financial reporting systems, internal control procedures, financial information systems, and internal and external auditing arrangements.

Available at: <http://www.adb.org/Documents/Guidelines/Financial/default.asp>.

<sup>8</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

and ADB. Online training for project staff on disbursement policies and procedures is available at: [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning). Project staff are encouraged to avail of this training to help ensure efficient disbursement and 'fiduciary control' in this section.

17. The PMO will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds from MOF (if any), (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB.

18. **Imprest fund procedure.** To ensure timely release of grant proceeds and to expedite project implementation an imprest account will be established for the project. The currency of the imprest account is US dollar. The imprest account is to be used exclusively for ADB's share of eligible expenditures. The PMO will manage the imprest account and is accountable and responsible for proper use of advances to the imprest account. Liquidation and replenishment will be done in accordance with ADB's Loan Disbursement Handbook (2015, as amended to date).

19. The total outstanding advance to the imprest account shall not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming 6 months. The PMO through MOF may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet<sup>9</sup> setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the PMO in accordance with ADB's Loan Disbursement Handbook (2015, as amended to date) when liquidating or replenishing the imprest account.

20. The PMO should ensure that every liquidation and replenishment of each sub-account is supported by sufficient documentation in accordance with ADB's Loan Disbursement Handbook (2015, as amended to date).

21. **Statement-of-expenditure (SOE) procedure.** The SOE procedure may be used for reimbursement of eligible expenditures. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.<sup>10</sup>

22. Before submitting the first withdrawal application, MPW should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is set in accordance with the Loan Disbursement Handbook. Individual payments below this amount should be paid from the imprest account by the EA/IA and subsequently claimed to ADB through reimbursement, unless otherwise accepted by ADB.

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<sup>9</sup> ADB. 2015. *Loan Disbursement Handbook*. 10B.

<sup>10</sup> Checklist for SOE procedures and formats are available at:  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/chap-09.pdf](http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-100-Below.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-Over-100.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Operating-Costs.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Free-Format.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls)



## 2. Disbursement Arrangements for ADB Funds

23. The PMO/ MPW will maintain separate project accounts and records by funding source for all expenditures incurred on the Road Asset Management Project Grant. The Project accounts will follow international accounting principles and practices.

### C. Accounting

24. The MPW will maintain, or caused to be maintained, separate project accounts and records by funding source for all expenditures incurred on the Road Asset Management Project Grant. The project accounts will follow international accounting principles and practices.

### D. Auditing and Public Disclosure

25. The MPW will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing and in accordance with the Government's audit regulations by an auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months of the end of the fiscal year by the implementing agency. The annual audit report will include a separate audit opinion on the use of the project accounts.

26. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the {loan} {grant} were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

27. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

28. The government, MOF and MPW have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>11</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

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<sup>11</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

29. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.<sup>12</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.<sup>13</sup>

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<sup>12</sup> Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>13</sup> This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

30. There will be no advance contracting and retroactive financing.

### B. Procurement of Goods, Works and Consulting Services

31. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended to date).

32. The goods to be procured under the project are equipment for the road asset management project to be procured through International Competitive Bidding (ICB). The cost of the package is estimated at \$6.00 million.

33. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

34. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants (2013, as amended to date)*.<sup>14</sup> The terms of reference for all consulting services are detailed in Section D.

35. The project will require hiring individual international and national consultant to evaluate options for the road asset management system, provide training in applying the chosen option, and prepare bidding documents for procurement of the RAM system. The consultants will also conduct road condition surveys using the equipment procured under the project and collect pertinent primary data. Another set of individual consultants will be responsible for supervision of the civil works during the civil works implementation. The consulting inputs will total 370 person-months, 130 international and 240 national.

36. To minimize the risk of procurement delays, the government has agreed that ADB carries out the procurement of the RAM system and recruitment of consultants.

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<sup>14</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

## C. Procurement Plan

### Basic Data

<b>Project Name:</b> Road Asset Management Project	
<b>Project Number:</b> 50062-001	<b>Approval Number:</b> TBC
<b>Country:</b> Afghanistan	<b>Executing Agency:</b> Ministry of Finance
<b>Project Procurement Classification:</b> TBD	<b>Implementing Agency:</b> Ministry of Public Works
<b>Procurement Risk:</b> Medium – The civil works contractor will be selected by MPW and ADB will select the consultants and supplier of RAM on behalf of the EA/IA	
<b>Project Financing Amount:</b> \$ 26.0 million ADB Financing: \$25.5 m Government Contribution: \$0.5 million in kind	<b>Project Closing Date:</b> 30 June 2020
<b>Date of First Procurement Plan:</b> 15 August 2016	<b>Date of this Procurement Plan:</b> 20 September 2016

### Methods, Thresholds, Review and 18-Month Procurement Plan

#### 1. Procurement and Consulting Methods and Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Goods	\$2,000,000 and above	Prior review
National Competitive Bidding (NCB) for Works	Between \$100,001 and \$ 4,999,999	Prior review
Shopping	\$ 100,000 and below	Prior review

Consulting Services	
Method	Comments
Individual Consultants Selection for Individual Consultant	Prior review

## 2. Goods and Works Contracts Estimated to Cost \$1 Million or More

The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number <sup>5</sup>	General Description	Estimated Value	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure <sup>6</sup>	Advertisement Date (quarter/year)	Comments <sup>7</sup>
Goods-1	Equipment for road asset management system	\$6,000,000	ICB	Prior	1S1E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods
CW-1	Maintenance of section 2 of Kabul-Jalalabad Road	\$3,000,000	NCB	Prior	1S1E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding document: Small Works
CW-2	Maintenance of section 3 of Kabul-Jalalabad Road	\$3,000,000	NCB	Prior	1S1E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding document: Small Works
CW-3	Maintenance of section 1 of Kabul-Ghazni Road	\$3,000,000	NCB	Prior	1S1E	Q2/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding document: Small Works
CW-4	Maintenance of section 2 of Kabul-Ghazni Road	\$3,000,000	NCB	Prior	1S1E	Q2/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding document: Small Works
CW-5	Maintenance of section 3 of Kabul-Ghazni Road	\$3,000,000	NCB	Prior	1S1E	Q2/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding document: Small Works

**3. Consulting Services Contracts Estimated to Cost \$100,000 or More**

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months..

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal <sup>8</sup>	Comments <sup>9</sup>
Indiv-Support 1	Individual Consultants for the road asset management system, Survey, Data Collection, & Supervision of Implementation	\$2,500,000	ICS	Prior	Q1/2017		Assignment International  Expertise: .....  ..... person months

**4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)**

None

**Indicative List of Packages Required Under the Project**

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

None

**List of Awarded and On-going, and Completed Contracts**

The following tables list the awarded and on-going contracts, and completed contracts.

1. Awarded and On-going Contracts

None

2. Completed Contracts

None

## **D. Consultant's Terms of Reference**

### **Outline TOR for RAM System Development**

#### **1. Background**

37. A primary objective of ADB transport sector policy in Afghanistan has been ensuring sustaining of the road O&M. To this end, and following review of the ongoing efforts in the sector, ADB believes that there is a need for the development of a systematic process to ensure efficiency and responsiveness to the needs of the road O&M. Such system should ensure proper targeting of available road maintenance funding to improve the performance of the road network and to ensure optimal allocation of available resources. To this end, ADB is keen on developing a Road Asset Management System (RAMS) to enable proper management of roadway infrastructure facilities in line with best international practice.

38. OECD defines a RAMS as, *“A systematic process of maintaining, upgrading and operating assets, combining engineering principles with sound business practice and economic rationale, and providing tools to facilitate a more organized and flexible approach to making the decisions necessary to achieve the public’s expectations”*.

39. To develop such a system for Afghanistan, ADB realizes that much work has been done by several donors in the area of Capacity and Institution Building (CIB) in the road O&M. These efforts though are fragmented amongst different projects with data collected on road conditions is available in different GIS based systems.

40. To adequately manage the road O&M sector, and to ensure sustainability of the efforts carried out to date by several donors, ADB, in line with its leadership role in the transport sector in Afghanistan, will work with other donors and with the Ministry of Public Works (MPW) intends to bring together the results of the work that was carried out, leading to the development of a full-fledged Road Asset Management System.

#### **2. Scope of Work**

41. To build the Afghanistan RAMS system, the ADB envisages the following key tasks:

##### **Task 1: Conceptual Design the RAMS Architecture**

42. There are different levels and models of RAMS that are utilized worldwide. This task involves the conceptual design of a system architecture that is most suitable for Afghanistan. It involves the following activities:

1. A comparative assessment of the different systems used. A part of the comparison should include the different available related software on the market.
2. Formulation of options for RAMS for Afghanistan, and agreeing with MPW on most suitable option.
3. Complete the conceptual design of Afghanistan SRN RAMS and formulate the related report.

## **Task 2: Gap Analysis**

43. Ensuring value for money, ADB is keen on building upon the work that was carried out to date in the CIB of road O&M in Afghanistan. This task involves a gaps analysis that will reconcile the achievements to date in the different CIB components, related to RAMS, with the conceptual design. The following is a summary of activities:

- (i) Assess existing roadway condition gaps, including roadway structures and the need for additional data.
- (ii) Assess existing state of GIS systems, including available databases and the need for harmonization and improvement.
- (iii) Assess existing road valuation methodologies and the need for improvement.
- (iv) Assess the organizational capacity of MPW and the capacity of available human resources to effectively and efficiently manage a RAMS system, and determine the need for organizational structuring, in addition to human resource skill development and training.
- (v) Formulate a gap analysis report illustrating gaps, and measures required to address these gaps. This includes cooperation with active donors, including those conducting large data collection efforts.

## **Task 3: Complete System Development**

44. Based on the results of the gap analysis, actively address the different identified gaps to ensure full system development. It is envisaged that the following activities will be required:

- (i) Develop methodology for Quality Assurance of data, including all input related data. Such methodology should involve aspects related to data collection, entry and analysis.
- (ii) Coordinate with other ongoing projects regarding any roadway condition data gaps.
- (iii) Develop roadway and roadway structure valuation methodology for Afghanistan.
- (iv) Utilize roadway evaluation methodology to develop proper values of the road infrastructure related to the SRN in Afghanistan.
- (v) Work with MPW in addition to ongoing donor projects to ensure development of the RAMS GIS specialized support system and database using and harmonizing existing systems. Focus should be on integrating with the Rural Road Network Planning Management System developed by ARAP.
- (vi) Procure related equipment and software and properly integrate with existing systems. This includes all related required programming work.
- (vii) Develop related manuals of operations for the RAMS system.

## **Task 4: System Testing**

45. Once the system is completely developed, this task involves the process of testing and debugging the system to address any malfunctions and to assure quality of system output.

Task 5: System Deployment, Capacity Building and Training



46. Upon completion of the system development and testing, and in based on the organizational and human resource capacity assessment, complete system deployment should occur combined with adequate provision for capacity building and training. This task includes the following main activities:

- (i) Develop training material related to system use, in addition to specialized support training such as valuation of assets, amongst others.
- (ii) Provide classroom based training to related MPW provincial and central level staff.
- (iii) Complete system deployment both at the central and provincial levels.
- (iv) Provide pilot based training for using the system to plan road O&M interventions for the SRN.

### 3. Expected Project Duration

47. The expected duration of this project is 24 months. The following is expected duration of different tasks, by quarter.

Task	Quarter							
	1	2	3	4	5	6	7	8
Task 1: Conceptual Design the RAMS Architecture								
Task 2: Gap Analysis								
Task 3: Complete System Development								
Task 4: System Testing								
Task 5: System Deployment, Capacity Building and Training								

### 4. Required Expertise

48. The following is a summary of the key required expertise to carry out the tasks of this project:

**Team Leader:** A transportation engineering specialist with extensive team leadership experience. A minimum of 20 years of experience, of which 10 years in transportation engineering and five as team leader/project manager. Additionally, the team leader should have extensive capacity building experience and long experience in working with high level government officials.

**Road Asset Management Specialist:** A road O&M specialist with minimum of 10 years of experience in building and managing road asset management systems.

**Transport Economist:** A transport engineer or economist with minimum 10 years as Transport Economics Specialist with experience in road valuations methodology, especially as it applies to RAMS.

**Quality Assurance Specialist:** A civil or transport engineering specialist with ten years of experience in quality assurance of traffic, road and pavement related data.

**GIS Specialist:** A Transport engineering/ Computer science graduate with experience of at least 10 years in data processing and quality assurance of GPS surveys, GIS road management systems and proficiency in GIS applications.

**Provision for Short Term Consultants:** Based on the results of the gap analysis, short term consultants may be required to carry out specialized short term tasks. These may include traffic engineering data collection, road structure surveys, programming, training, etc.

**Provision for Local Consultants:** In addition to the key defined experts, local consultants would be needed to assist in the different aspects of the project. These would include four local consultants in RAMS, transport economics, quality assurance and GIS. In addition database designers and computer programmers would be required. The main function of the local consultants is to assist the international consultants in the different aspects of related tasks, and as an externality of this project, international experts are expected to build the capacity of local consultants to ensure minimal availability of local capacity to enable some sustainability.

## VII. SAFEGUARDS

49. The project is categorized C for environment, involuntary resettlement, and indigenous peoples. The project focuses on maintenance, within the boundaries of the right of way of existing roads of the Kabul-Jalalabad and Kabul-Ghazni highways, and is not anticipated to have any adverse social and environmental impact. This is due to the limited scale and scope of maintenance works and the use of small machinery and equipment for the activities. In addition, any contractors employed shall comply with all applicable national, provincial, and local environmental laws and regulations; and in addition, comply with any corrective or preventative actions set out in safeguards monitoring reports that the Executing Agency may prepare from time to time to monitor any unanticipated environmental impact.

50. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities. List set forth at Appendix 5 of the Safeguard Policy Statement (2009). All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

## VIII. GENDER AND SOCIAL DIMENSIONS

51. Afghanistan has a Gender Development Index value of 0.6, ranking it 171 out of 188 countries in 2014.<sup>15</sup> The situation of women has improved significantly in Kabul and other major cities. However, in the provinces and remote villages, traditional gender roles remain rigid and discriminatory towards women. Although some Afghan women undertake productive work outside their household spheres, this is not common, with the female labor force participation rate being just 16%. Presently inter-city transport such as travel on the targeted road links is heavily male dominated. However, the nature of the project means that the scope for making inroads on the gender situation will be narrow.

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<sup>15</sup> <http://hdr.undp.org/en/composite/GDI>

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

<p><b>B. Impact the Project is Aligned with</b>  <b>C. Increased sustainability of Afghanistan's road transport sector (Afghanistan's O&amp;M Strategy 2006)<sup>a</sup></b></p>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p><b>Outcome</b>  Improved road connectivity and safety</p>	<p>By 2020  a. Average travel time from Kabul to Ghazni Road reduced to 2.2 hours (2016 baseline: 2.5 hours)  b. Number of accidents on the two project road reduced to 1,250 per year (2016 baseline: 1,760 accidents)</p>	<p>Post-implementation report of the MPW as endorsed by the Government of Afghanistan</p>	<p>Political instability and a deteriorated security situation within the country</p>
<p><b>Outputs</b>  1. National highways in the southeastern region maintained  2. O&amp;M and road asset management capacity enhanced</p>	<p>1. Periodic maintenance of approximately 220 km of national highways completed by 2020  2a. Road asset management system established in the MPW by 2018  2b. At least 30 MPW engineers trained in roads O&amp;M and road asset management by 2019</p>	<p>1. MPW monitoring and completion reports  2a. Consultant's report as endorsed by the government  2b. Post evaluation report of training participants endorsed by the MPW</p>	<p>Weak capacity of PMO due to possible turnover of its staff during implementation</p>
<p><b>Key Activities with Milestones</b></p> <p><b>1. National highways in the southeastern region maintained</b>  1.1 Road condition survey completed by December 2016  1.2 Procurement of civil works for maintenance completed by December 2017  1.3 Road maintenance works completed by June 2020</p> <p><b>2. O&amp;M and road asset management capacity enhanced</b>  2.1 Consultants recruited by June 2017  2.2 Road asset management system established by September 2018  2.3 Capacity of MPW staff in road O&amp;M and road asset management enhanced by September 2019</p>			
<p><b>Inputs</b>  ADB: \$25,500,000 (ADF grant)  Government: \$500,000</p>			
<p><b>Assumptions for Partner Financing</b>  Not Applicable</p>			

ADB = Asian Development Bank, km = kilometer, MPW = Ministry of Public Works, O&M = operation and maintenance.  
<sup>a</sup> Government of Islamic Republic of Afghanistan. 2006. *Operation and Maintenance Strategy*. Kabul.  
Source: Asian Development Bank.

## **D. Monitoring**

52. **Project performance monitoring.** Project performance will be monitored based on quarterly consolidated reports provided by the MPW. These reports will include: (a) progress achieved by activities as measured against the Implementation Schedule (Section II.A), (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months. To ensure the Grant continues to be both viable and sustainable, the Grant's financial statements, together with the associated auditor's report, should be adequately reviewed

53. **Compliance monitoring.** Grant covenants on policy, legal, financial, economic, environmental, labor standards and others will be monitored regularly through various reports (monthly progress reports, quarterly progress reports, and annual reports), and discussion during review missions.

54. **Safeguards monitoring.** The project focus will be on the maintenance of existing roads. Therefore, safeguard issue and the need for monitoring are not envisaged.

55. **Gender and social dimensions monitoring.** The project focus will be on the maintenance of existing roads. Therefore, no gender and other social dimensions issues are expected so that monitoring these aspects will not be needed.

## **E. Evaluation**

56. Within 6 months of physical completion of the project, MPW will submit a project completion report to ADB.<sup>16</sup>

## **F. Reporting**

57. The Ministry of Public Works will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency statement together with the associated auditor's report should be adequately reviewed.

## **G. Stakeholder Communication Strategy**

58. MPW and ADB will maintain and regularly update its website with information on the Project, and regularly consult with the public, civil society organizations and development partners in respect of each of the foregoing matters.

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<sup>16</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

<b>Project Document</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience(s)</b>
Project Information Document (PID)	ADB's website	ADB	Initial PID no later than 30 calendar days of approval of the concept paper; quarterly afterwards	General Public
Report and Recommendation of the President (RRP)	ADB's website	ADB	No later than 14 days of Board approval of the Project Grants.	General Public
Project Grant Agreements	ADB's and MPW's website	ADB	No later than 14 days of Board approval of the project	General Public
Project Administration Manual (PAM) for Project Grants	ADB's and MPW's website	ADB	No later than 14 days of Board approval of the project, always available online after update	General Public, project contractors and consultants

## X. ANTICORRUPTION POLICY

59. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>17</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>18</sup>

60. To support these efforts, relevant provisions are to be included in the grant agreement and the bidding documents of consultant recruitment and procurement of the civil works and goods packages, and contract of the project.<sup>19</sup>

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<sup>17</sup> Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>18</sup> ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

<sup>19</sup> Governance and Anticorruption Action Plan II Guidelines. <http://www.adb.org/Documents/Guidelines/GACAP-II-Guidelines.pdf>. See also Sourcebook: Diagnostics to Assist Preparation of Governance Risk Assessments. <http://www.adb.org/documents/books/Diagnostics-to-Assist-Preparation-of-GRAs/default.asp>.



## **XI. ACCOUNTABILITY MECHANISM**

61. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>20</sup>

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<sup>20</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

62. All revisions and updates during the course of implementation should be recorded in this section to provide a chronology of changes to the original arrangements as recorded in the PAM. This should include revisions to contract awards and the disbursement forecast as reflected in an s-curve.