

# Project Administration Manual

Project Number: 45041-002  
Loan and Grant Number(s): LXXXX; GXXXX  
February 2015

Lao Peoples' Democratic Republic: Vientiane  
Sustainable Urban Transport 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 and Transport (MPWT) and the Department of Transport (DOT) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MPWT and DOT of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

## Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
BoL	=	Bank of Lao PDR
BRT	=	bus rapid transit
DMF	=	design and monitoring framework
DOF	=	Department of Finance
DPWT	=	Department of Public Works and Transport
EIA	=	environmental impact assessment
EIB	=	European Investment Bank
EMP	=	environmental management plan
EU-AIF	=	European Union – Asian Investment Facility
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
GEF	=	Global Environment Facility
GOL	=	Government of Lao PDR
ICB	=	international competitive bidding
IEE	=	initial environmental examination
LAR	=	land acquisition and resettlement
Lao PDR	=	Lao People's Democratic Republic
LCS	=	least cost selection
LIBOR	=	London interbank offered rate
MOF	=	Ministry of Finance
MOJ	=	Ministry of Justice
MOS	=	Ministry of Public Security
MPI	=	Ministry of Planning and Investment
MPWT	=	Ministry of Public Works and Transport
MRM	=	management review meeting
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
NMT	=	non-motorized transport
OFID	=	OPEC Fund for International Development
OPEC	=	Organization of the Petroleum Exporting Countries
PAI	=	project administration instructions
PAM	=	project administration manual
PCU	=	project coordination unit
PPP	=	public-private partnership
QCBS	=	quality- and cost- based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SDR	=	special drawing right
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
SUTMA	=	Sustainable Urban Transport Management Agency
TOR	=	terms of reference
VA	=	Vientiane Authority
VCSBC	=	Vientiane Capital State Bus Company

## I. PROJECT DESCRIPTION

### A. Project Rationale, Location and Beneficiaries

1. Vientiane, the capital of the Lao PDR has an estimated population of about 750,000. The principal urbanized areas have an estimated population of 500,000. The central core of the city has a mixture of government, educational, religious, and commercial institutions, as well as residential areas, and is also the tourism center, with many hotels and historical and cultural attractions.<sup>1</sup>

2. Many of the roads in Vientiane are narrow, and many of the intersections operate in an inefficient manner. The total number of private vehicles registered in Vientiane increased at an average annual growth rate of 17% during 2000–2009, and has increased at a growth rate of more than 10% since then, placing Vientiane on an unsustainable transport development path, as the city is starting to experience congestion, increased incidence of road accidents, and deteriorating local air quality. The expanding use of private vehicles is also increasing greenhouse gas emissions. Motorcycles are the primary mode of transport, accounting for 67.0% of daily trips, while public transport only accounts for an estimated 0.6% of daily trips.<sup>2</sup> Public transport in Vientiane is largely provided by privately operated vehicles, particularly *tuk-tuks* (motorized tricycles). While Vientiane Capital State Bus Company (VCSBC) provides service from the central bus station in the core area to other points in Vientiane, there is no bus service linking points within the core area. VCSBC lacks (i) staff with sufficient skills, (ii) competition, (iii) incentives to improve efficiency, and (iv) capital. There is no parking management system in Vientiane, with no charge for on-street parking and little enforcement of parking regulations.

3. The project will improve the quality of life in Vientiane by improving access and mobility. The project will do this by establishing a sustainable urban transport management agency (SUTMA), a high-quality public bus transport system, a parking management system, and a national electronic vehicle registration system, and by improving traffic management and accessibility for pedestrians and nonmotorized transport (NMT). The project promotes gender mainstreaming, greenhouse gas reduction, and public–private partnership.<sup>3</sup>

### B. Impact and Outcome

4. The project's impact will be an environmentally sustainable and pedestrian-friendly transport system developed in Vientiane. The project outcome will be improved urban transport operations and capacity in Vientiane.

### A. Outputs

5. **Output 1: A sustainable transport management agency for Vientiane established.** The agency will manage operations of systems and facilities to be developed under the project as well as other sustainable transport operations in the future. Its primary functions will be (i) managing the private sector firms providing services for BRT operations, the parking and vehicle registration system, and system management functions; (ii) ensuring that services

<sup>1</sup> The core area comprises about 1.6 square km section located along a 2.5 km stretch of the Mekong river.

<sup>2</sup> ADB. 2011. *Lao: Vientiane Sustainable Urban Transport Project*. Manila (TA 7964-LAO).

<sup>3</sup> The Asian Development Bank (ADB) provided project preparatory technical assistance for *Vientiane Sustainable Urban Transport Project* (TA 7964-LAO), and prefeasibility analysis under ADB. 2011. *Technical Assistance for Implementation of Asian City Transport - Promoting Sustainable Urban Transport in Asia*. Manila (TA 7243-REG).

provided are of high quality; (iii) managing daily operations of the public transport system; (iv) planning for and implementing future development of the system; and (v) communicating with the public and other key stakeholders.

6. **Output 2: High-quality bus services and bus rapid transit established and operating in Vientiane.** The project will develop 11.5 kilometers (km) of BRT corridors in the center of Vientiane dedicated to BRT services and NMT, including 24 enclosed stations, which will be serviced by 96 new BRT buses meeting a minimum Euro IV emissions standard, which encompasses use of cleaner fuel and advanced propulsion and exhaust system technology. The new BRT buses will serve a network of 84.0 km of routes covering much of the city. Operation of the BRT buses will be tendered out to private operators. The project will also establish a state-of-the-art BRT and traffic management control center and an electronic fare system with pre-board fare collection. The new public transport system will be fully integrated with the existing services of VCSBC in order to maximize the coverage of the network. VCSBC's existing buses, most of which were financed by the Japan International Cooperation Agency, will continue to operate. The combined network, to be served by BRT and VCSBC buses, will have a total length of 137.5 km.

7. **Output 3: Traffic management in the core area of Vientiane improved.** The project will introduce measures to improve traffic management so that traffic moves more efficiently in the core area of Vientiane. These will include installing or upgrading traffic signals at 21 key intersections, providing new road markings and signage, and establishing a central traffic control center (joint control center with the BRT system) using the latest technology.

8. **Output 4: Paid parking system and national vehicle registration system established.** A new on-street paid parking system for Vientiane's core area will be established that uses electronic meter technology. The new parking system will provide 2,100 on-street parking spaces for cars and 1,800 spaces for motorcycles. Also, a national electronic vehicle registration system will be established that facilitates enforcement of parking regulations. Both the parking and electronic vehicle registration systems will be implemented by private firms.

9. **Output 5: Accessibility for pedestrians and other nonmotorized transport in the core area of Vientiane improved.** The project will improve pedestrian facilities near BRT station areas by installing signalized pedestrian crossings, street lighting, pavement upgrades, and universal accessibility measures. In addition, the project will finance capacity building for *tuk-tuk* drivers and demonstration of modern electric-assist vehicles as a possible replacement for existing highly polluting vehicles.

## II. IMPLEMENTATION PLANS

10. Physical completion of the project will be by 30 June 2020, and all loans and grants for the project will close by 31 December 2020. A maintenance period to cover the final 3 years of the 5-year maintenance period included in the contracts for the buses, fare system, control center equipment, and BRT stations will extend to 30 September 2023. All expenses during the maintenance period will be financed by the government. The implementation plan is in **B**. Below are the tables showing the project readiness main activities and the readiness filters for projects in Lao PDR.

### A. Project Readiness Activities

**Table 1: Project Readiness Main Activities**

Indicative Activities	2014						2015						Who responsible
	J	A	S	O	N	D	J	F	M	A	M	J	
MOU signed		X											SETC/MPWT/VA
MRM completed		X											SETC
Establish project implementation arrangements				X									MPWT/VA
Loan negotiations				X									SETC/OGC MPWT/MOF
Advance contracting actions					X								MPWT/DOT
ADB Board approval									X				SETC
Government budget inclusion									X				MPWT
Loan signing										X			ADB/GOL
Government legal opinion provided											X		MOJ
Loan effectiveness												X	SETC/OGC

ADB = Asian Development Bank, DOT = Department of Transport, GOL = Government of Lao PDR, MPWT = Ministry of Public Works and Transport, MOF = Ministry of Finance, MOJ = Ministry of Justice, MOU = memorandum of understanding, MRM = management review meeting, OGC = Office of the General Counsel, SETC = Southeast Asia Transport and Communications Division, VA = Vientiane Authority.

Source: Asian Development Bank estimates.

**Table 2: Project Readiness Filters – Lao PDR**

	Key Project Preparation Elements	Stage of Project Preparation				First Disbursement (within 3 months after effectiveness)
		Identification/fact-finding	Negotiations	Signing	Effectiveness (within 3 months after signing)	
1	Project is within Government development priority	Confirmed				
2	Project Administration Manual (PAM)	Discussed and drafted	Completed and agreed			
3	Environment Impact Assessment, Social Impact Assessment, Land Acquisition & Resettlement Plan	Agreed	Action plans completed and publicly disclosed and government budget approved	Implementation commenced	Implementation ongoing	No civil works will commence until land acquisition and resettlement activities are satisfactorily completed.
4	Procurement Capacity Assessment	Completed	Implementation of the recommendations started	Implementation of the recommendations ongoing	Implementation of the recommendations completed	
5	Procurement Plan for packages over \$100,000 for the first 18 months	Drafted	Confirmed	Approved		
6	Financial Management Capacity Assessment	Completed	Confirmed	Start-up actions initiated	Actions ongoing	
7	Auditing arrangements including TOR	Agreed	Confirmed			
8	Monitoring and evaluation indicators	Indicators in DMF agreed, baseline data collected, and monitoring mechanism agreed	Indicators, baseline data and monitoring mechanism confirmed			
9	Project Implementation Unit (PIU) and Project Coordination Unit (PCU)	(i) PPTA PIU converted to project PIU. (ii) Project organization chart, staffing and responsibilities agreed	Office space available. In case (ii), key staffing including procurement officer and accountant selected and hired.	PIU/PCU operational with key staff on board		
10	Recruitment of project implementation consultants	TOR and RFP completed and agreed	Recruitment commenced	Consulting services proposals evaluated	Recruitment completed up to award of contract	



	Key Project Preparation Elements	Stage of Project Preparation				First Disbursement (within 3 months after effectiveness)
		Identification/ fact-finding	Negotiations	Signing	Effectiveness (within 3 months after signing)	
11	Bidding documents for goods and civil works for the first year (where design is available)	Scope of documents discussed	Bidding initiated and publicly disclosed	Bidding ongoing	Bidding completed and bid evaluation reports submitted to ADB	
12	Government counterpart funds (if required)	Agreed	First year funds confirmed	First year funds allocated in the budget		
13	Subsidiary agreements (where applicable)	Content of subsidiary agreements discussed	Principal content of agreements agreed	Subsidiary agreements signed by all parties		
14	Legal opinion			Draft legal opinion submitted to ADB	Legal opinion* submitted to ADB	

\* Effectiveness condition

## B. Overall Project Implementation Plan

Indicative Activities	2014				2015				2016				2017				2018				2019				2020				2021				2022				2023			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Loan & Grant processing		Apr			Mar																																			
Signing of Loan & Grant Agreements						Apr																																		
Loan & Grant Effectiveness / Loan & Grant Closing							Jun																	Dec																
<b>1 Civil Works</b>																																								
CW1 - BRT, Traffic & NMT Infrastructure									Jul																															
<b>2 Mechanical and Equipment</b>																																								
EQ1 - Fare system & Control Center													Jan																							Sep				
EQ2 - BRT Buses													Feb																							Sep				
EQ3 - NMT Vehicles									Aug			Jul																												
<b>3 Consultants</b>																																								
C1 - Project management, detailed design & supervision					Nov																															Sep				
C2 - International advisor 1					Nov							Aug																												
C3 - International advisor 2													Apr																							Jan				
C4 - Quality control company																	Apr																			Sep				
C5 - External auditor					Apr																															Sep				
<b>4 Public-private partnership</b>																																								
PP1 - Parking management and enforcement													Jul																							Sep				
PP2 - Electronic vehicle registration									Jan																											Dec				
Land acquisition and resettlement					Apr				Jun																															
Annual/Mid-term review											Apr													Apr																
Project completion report																																				Dec				

- Management activities
- DMF outputs implementation/construction (includes procurement/recruitment activities)
- Loan/Grant milestones
- Implementation/funding by GoL after loan & grant closing

### III. PROJECT MANAGEMENT ARRANGEMENTS

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

11. The executing agency for implementation of the project will be MPWT. A steering committee to be chaired by a vice minister of the MPWT will be established and will comprise officials from the MPWT, Vientiane Authority (VA), Ministry of Finance (MOF), Ministry of Natural Resources and Environment (MONRE), and Ministry of Planning and Investment (MPI). A project coordination unit (PCU) has been established in MPWT's DOT under Minister's Decision No. 8289/MPWT dated 23 May 2014 to implement the project. The PCU Director will be from DOT, while the staff will come from DOT and VA.

12. PCU members who are MPWT staff are responsible for overall project management, planning, organization, implementation and coordination with ADB, MOF, and various relevant central government agencies in loan negotiations and engagement of consulting and contracting firms and others. PCU members who are VA staff are responsible for coordination with relevant VA agencies in monitoring and inspection of the project construction to facilitate a successful implementation of the project.

Project implementation organizations	Management Roles and Responsibilities
• Ministry of Finance	➤ Borrower/Recipient
• MPWT, VA, MOF, MONRE, MPI	➤ Steering Committee ➤ Provides policy guidance
• Ministry of Public Works and Transport	➤ Executing agency ➤ Provides policy guidance to DOT
• Department of Transport – Project Coordination Unit (composed of staff from DOT and VA)	➤ Implementing agency ➤ Ensures quality control for works ➤ Provides periodic reports to ADB and co-financiers ➤ Carries out procurement activities ➤ Prepares disbursement schedules and withdrawal applications ➤ Focal point for inter-agency coordination with ADB and relevant agencies of the Borrower ➤ Oversees project operations ➤ Facilitate cooperation and coordination among concerned agencies
• ADB	➤ Provides financing ➤ Prepares the project ➤ Monitors project implementation ➤ Undertakes project reviews
• EIB, EU-AIF	➤ Provide financing ➤ Review and issue no-objection to procurement and documents of co-financed components
• GEF, OFID	➤ Provide financing

**B. Key Persons Involved in Implementation****Executing Agency**

MPWT

Officer's Name: Mr. Viengsavath Siphandone  
Position: Director General  
Telephone: (047) (856 21) 412272  
Fax: (047) (856 21) 415563  
Email address: [vvathspd@yahoo.com](mailto:vvathspd@yahoo.com)  
Office Address: Ministry of Public Works and Transport  
Department of Transport  
Lane Xang Avenue  
P.O. Box: 687  
Vientiane, Lao PDR

**ADB**

SETC

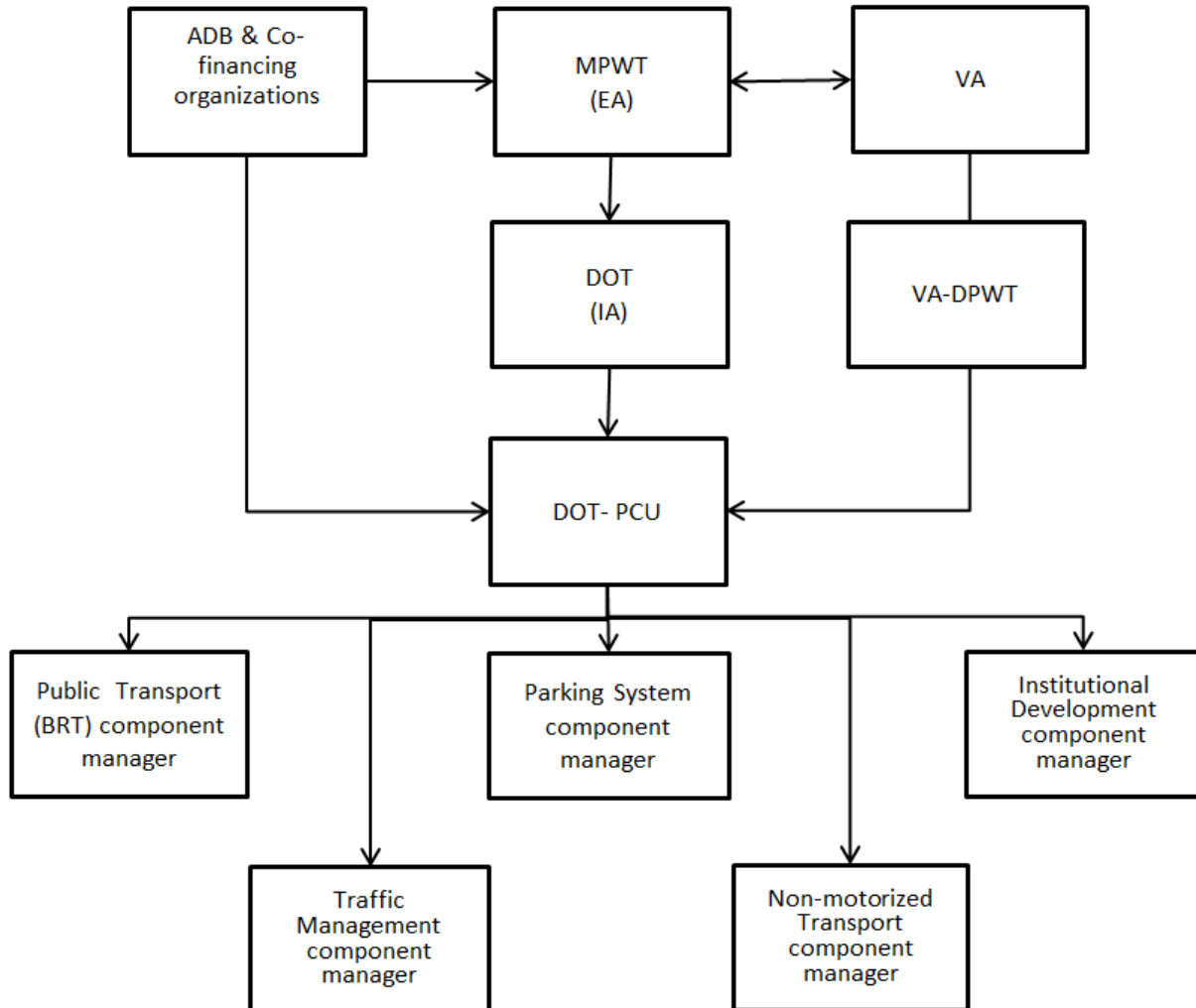
Staff Name: Mr. Hideaki Iwasaki  
Position: Director  
Telephone: :(063 2) 632-5413  
Fax: (063 2) 636-2015  
Email address: [hiwasaki@adb.org](mailto:hiwasaki@adb.org)

Mission Leader

Staff Name: Mr. Jeffrey Miller  
Position: Principal Transport Specialist  
Telephone: (063 2) 632-5826  
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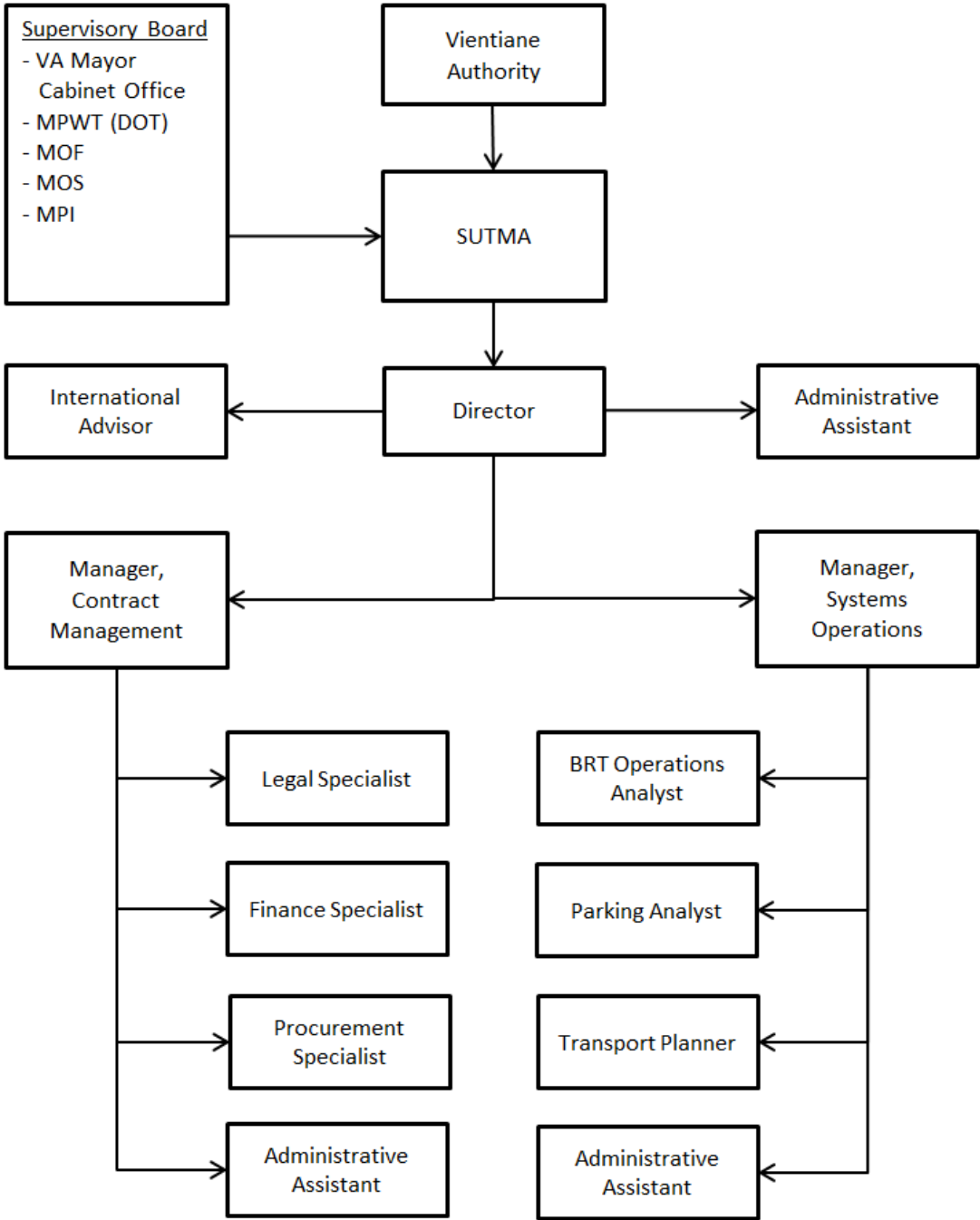
### C. Project Organization Structure

**Chart 1: Project Implementation Structure**



13. A SUTMA will be established to manage operations of systems and facilities to be developed under the project. The SUTMA will focus exclusively on transport in Vientiane to ensure that it is given sufficient priority. The primary functions of the agency will be (i) management of private sector firms providing services; (ii) ensuring that services provided are of high quality; (iii) daily operational management of the system (iv) planning for and implementation of future development of the system; and (v) communications with the public and key stakeholders.

**Chart 2: Project Operational Structure**



#### IV. COSTS AND FINANCING

14. The project is estimated to cost \$99.70 million (Table 3). The government has requested a loan in various currencies equivalent to SDR23,474,000 (\$35 million equivalent) from ADB's Special Funds resources to help finance the project, including interest during construction on the ADB loan.<sup>4</sup> The government has also requested OFID to finance civil works with a loan of \$15 million, to be partially administered by ADB. The government has requested a loan of \$20 million equivalent in parallel cofinancing from the European Investment Bank (EIB) to finance primarily the BRT buses. The government has requested a grant of 5 million euros (\$6.9 million equivalent) in parallel cofinancing from the European Union's Asian Investment Facility (EU-AIF). The grant will finance the project implementation and detailed design consultants. The government has requested a grant of \$1.84 million from the Global Environment Facility. This grant will finance civil works and equipment to facilitate NMT and will be administered by ADB. Eligible expenditures for the OFID and GEF cofinancing will be financed on the basis of ratios specified for all expenditure categories. Private sector investment estimated at \$6.41 million will finance the parking system and the electronic vehicle registration system. The government will contribute \$14.55 million, of which taxes comprise \$7.13 million. Cost estimates are shown below.

**Table 3: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Output 1: A sustainable transport management agency for Vientiane established	8.99
2. Output 2: High-quality bus services and bus rapid transit established and operating in Vientiane	51.99
3. Output 3: Traffic management in the core area of Vientiane improved	3.05
4. Output 4: Paid parking system and national vehicle registration system established	7.05
5. Output 5: Accessibility for pedestrians and non-motorized transport in the core area of Vientiane improved	7.38
<b>Subtotal (A)</b>	<b>78.46</b>
<b>B. Contingencies<sup>c</sup></b>	<b>18.58</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>2.66</b>
<b>Total (A+B+C)</b>	<b>99.70</b>

<sup>a</sup> Includes taxes and duties of \$7.13 million to be financed from government sources through tax exemption.

<sup>b</sup> In mid-2014 prices.

<sup>c</sup> Physical contingencies computed at 10% for base costs. Price contingencies (i) are 5.0% in 2015 and 2016, 4.5% in 2017, and 4.0% per annum thereafter for local costs; (ii) are 1.1% in 2015 and 1.4% per annum thereafter for foreign costs; and (iii) provide for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and service charges. Interest during construction has been computed at 1.0% per annum for the Asian Development Bank loan, and indicative rates for the European Investment Bank loan and the OPEC Fund for International Development loan.

Source: Asian Development Bank estimates.

<sup>4</sup> ADB and ADB-administered funds may finance local transport and insurance costs related to project expenditures.

15. The financing plan for the project is shown in the following table.

**Table 4: Financing Plan**

<b>Source</b>	<b>Amount (\$ million)</b>	<b>Share of Total (%)</b>
Asian Development Bank		
Special Funds resources (loan)	35.00	35.11
OPEC Fund for International Development (loan)	15.00	15.04
European Investment Bank (loan)	20.00	20.06
European Union–Asian Investment Facility (grant)	6.90	6.92
Global Environment Facility (grant)	1.84	1.85
Private Sector Investment	6.41	6.43
Government	14.55	14.59
<b>Total</b>	<b>99.70</b>	<b>100.00</b>

Source: Asian Development Bank.



## A. Detailed Cost Estimates by Expenditure Category

Item		Total Cost	% of Total Project Cost
<b>A. Base Costs</b>			
1	Civil Works CW1- BRT, traffic management, and NMT infrastructure	27.61	27.7%
2	Mechanical and Equipment EQ1- Fare system and control center EQ2- BRT buses EQ3- NMT vehicles	8.79 16.80 0.46	8.8% 16.8% 0.5%
3	Consulting Services C1- Project management, detailed design, and supervision C2- International advisor I C3- International advisor II C4- Quality control C5- External financial auditor	7.09 0.541 0.541 0.294 0.144	7.1% 0.5% 0.5% 0.3% 0.1%
4	Public-private partnership PP1- Parking management and enforcement PP2- Electronic vehicle registration system	2.91 3.50	3.0% 3.5%
5	Recurrent costs a. PCU costs b. Management entity costs	0.57 0.26	0.6% 0.3%
6	Land	1.82	1.8%
7	Taxes & duties	7.13	7.2%
<b>Subtotal (A)</b>		<b>78.46</b>	<b>78.7%</b>
<b>B. Contingencies (B)</b>		<b>18.58</b>	<b>18.6%</b>
<b>C. Financing Charges During Implementation (C)</b>		<b>2.66</b>	<b>2.7%</b>
<b>Total Project Cost (A+B+C)</b>		<b>99.70</b>	<b>100.0%</b>

## B. Allocation and Withdrawal of Loan and Grant Proceeds

Item		Amount Allocated (\$)		ADB FINANCING Percentage and Basis for Withdrawal from the Loan Account
		Category	Sub-category	
1	Civil Works	11,230,000		41% of total expenditure
2	Equipment – Fare System & Control Center	8,190,000		93% of total expenditure
3	Consulting Services	1,520,000		
3A	International Advisor I		541,000	100% of total expenditure
3B	International Advisor II		541,000	100% of total expenditure
3C	Quality Control		294,000	100% of total expenditure
3D	External financial auditor		144,000	100% of total expenditure
4	Interest During Construction**	690,000		100% amount due
5	Unallocated	13,370,000		
<b>Total</b>		<b>35,000,000</b>		

\*Exclusive of taxes and duties within the territory of the Borrower

\*\* Interest During Construction for ADB loan only.

Item		Amount Allocated (\$)	OFID FINANCING Percentage and Basis for Withdrawal from the Loan Account
1	Civil works	15,000,000	54% of total expenditure
<b>Total</b>		<b>15,000,000</b>	

\*Exclusive of taxes and duties within the territory of the Borrower

\*\* OFID to be partially administered by the Asian Development Bank.

Item		Amount Allocated (\$)	GEF FINANCING Percentage and Basis for Withdrawal from the Grant Account
1	Civil Works	1,380,000	5% of total expenditure
2	Equipment - NMT Vehicles	460,000	100% of total expenditure
<b>Total</b>		<b>1,840,000</b>	

\*Exclusive of taxes and duties within the territory of the Recipient

\*\* GEF will be administered by the Asian Development Bank.

16. Except as ADB may otherwise agree, the items of the Categories listed in the table above shall be financed out of the proceeds of the ADB-administered Loans and Grant on the basis of the percentages set forth in the table.

17. Notwithstanding the allocation of ADB Loan and GEF Grant proceeds and the withdrawal percentages set forth in the Table, (a) if the amount of the ADB Loan and GEF Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower/Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the ADB Loan and GEF Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures there under shall have been made; and (b) if the amount of the ADB Loan and GEF Grant then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower/Recipient, reallocate such excess amount to any other Category.

18. Except as ADB may otherwise agree, the ADB Loan and GEF Grant proceeds for financing works, and consulting services and other items shall be disbursed in accordance with ADB's Loan Disbursement Handbook, July 2012, as amended from time to time.

### C. Detailed Cost Estimates by Financier

Item	(\$ million)															Total Cost
	ADB		OFID <sup>a</sup>		EIB <sup>b</sup>		GEF		EU-AIF		Private Sector		Government			
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category		
{A}	{A/G}	{B}	{B/G}	{C}	{C/G}	{D}	{D/G}	{C}	{C/G}	{E}	{E/G}	{E}	{E/G}	{G}		
<b>A. Base Costs</b>																
<b>1 Civil Works</b>																
CW1- BRT, traffic management and NMT infrastructure	11.23	40.67%	15.00	54.33%	-	0.00%	1.38	5.00%	-	0.00%	-	0.00%	-	0.00%	27.61	
<b>2 Mechanical and Equipment</b>																
EQ1- Fare system and control center	8.19	93.17%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.60	6.83%	8.79	
EQ2- BRT buses	-	0.00%	-	0.00%	16.80	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	16.80	
EQ3- NMT vehicles	-	0.00%	-	0.00%	-	0.00%	0.46	100.00%	-	0.00%	-	0.00%	-	0.00%	0.460	
<b>3 Consulting Services</b>																
C1- Project management, detailed design, and supervision	-	0.00%	-	0.00%	0.19	2.71%	-	0.00%	6.90	97.29%	-	0.00%	-	0.00%	7.09	
C2- International advisor I	0.541	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.541	
C3- International advisor II	0.541	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.541	
C4- Quality control	0.294	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.294	
C5- External financial auditor <sup>c</sup>	0.144	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.144	
<b>4 Public-private partnership</b>																
PP1- Parking management and enforcement	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2.91	100.00%	-	0.00%	2.91	
PP2- Electronic vehicle registration system	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3.50	100.00%	-	0.00%	3.50	
<b>5 Recurrent Cost</b>																
a. PMU costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.57	100.00%	0.57	
b. Management entity costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.26	100.00%	0.26	
<b>6 Land</b>	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1.82	100.00%	1.82	
<b>7 Taxes &amp; duties</b>	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	7.13	100.00%	7.13	
<b>Subtotal (A)</b>	<b>20.94</b>	<b>26.69%</b>	<b>15.00</b>	<b>19.12%</b>	<b>16.99</b>	<b>21.65%</b>	<b>1.84</b>	<b>2.35%</b>	<b>6.90</b>	<b>8.79%</b>	<b>6.41</b>	<b>8.17%</b>	<b>10.38</b>	<b>13.23%</b>	<b>78.46</b>	
<b>B. Contingencies</b>	<b>13.37</b>	<b>71.96%</b>	-	<b>0.00%</b>	<b>3.01</b>	<b>16.20%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	<b>2.20</b>	<b>11.84%</b>	<b>18.58</b>	
<b>C. Financing Charges During Implementation</b>	<b>0.69</b>	<b>25.96%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	<b>1.97</b>	<b>74.04%</b>	<b>2.66</b>	
<b>Total Project Cost (A+B+C)</b>	<b>35.00</b>	<b>35.11%</b>	<b>15.00</b>	<b>15.04%</b>	<b>20.00</b>	<b>20.06%</b>	<b>1.84</b>	<b>1.85%</b>	<b>6.90</b>	<b>6.92%</b>	<b>6.41</b>	<b>6.43%</b>	<b>14.55</b>	<b>14.59%</b>	<b>99.70</b>	
<b>% Total Project Cost</b>		<b>35.11%</b>		<b>15.04%</b>		<b>20.06%</b>		<b>1.85%</b>		<b>6.92%</b>		<b>6.43%</b>		<b>14.59%</b>	<b>100.00%</b>	

<sup>a</sup> OFID loan will be partially administered by the Asian Development Bank.

<sup>b</sup> GEF grant will be administered by the Asian Development Bank.

<sup>c</sup> An external financial auditing firm will be recruited to conduct annual audit during project implementation. Total audit cost is estimated at \$144,000 and will be 100%-financed by ADB loan.

## D. Detailed Cost Estimates by Outputs/Components

Item	(\$ million)										
	Total Cost	Output 1		Output 2		Output 3		Output 4		Output 5	
	Amount	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Base Costs<sup>a</sup></b>											
1 Civil Works											
CW1- BRT, traffic management and NMT infrastructure	27.61	-	0.00%	19.77	71.63%	1.59	5.74%	-	0.00%	6.25	22.63%
2 Mechanical and Equipment											
EQ1- Fare system and control center	8.79	-	0.00%	7.61	86.55%	1.18	13.45%	-	0.00%	-	0.00%
EQ2- BRT buses	16.80	-	0.00%	16.80	100.00%	-	0.00%	-	0.00%	-	0.00%
EQ3- NMT vehicles	0.46	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.46	100.00%
3 Consulting Services											
C1- Project management, detailed design, and supervision	7.09	7.09	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
C2- International advisor I	0.541	0.541	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
C3- International advisor II	0.541	0.541	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
C4- Quality control	0.294	-	0.00%	0.294	100.00%	-	0.00%	-	0.00%	-	0.00%
C5- External financial auditor	0.144	-	0.00%	0.144	100.00%	-	0.00%	-	0.00%	-	0.00%
4 Public-private partnership											
PP1- Parking management and enforcement	2.91	-	0.00%	-	0.00%	-	0.00%	2.91	100.00%	-	0.00%
PP2- Electronic vehicle registration system	3.50	-	0.00%	-	0.00%	-	0.00%	3.50	100.00%	-	0.00%
5 Recurrent cost											
a. PMU costs	0.57	-	0.00%	0.57	100.00%	-	0.00%	-	0.00%	-	0.00%
b. Management entity costs	0.26	-	0.00%	0.26	100.00%	-	0.00%	-	0.00%	-	0.00%
6 Land	1.82	-	0.00%	1.82	100.00%	-	0.00%	-	0.00%	-	0.00%
7 Taxes and Duties	7.13	0.82	11.46%	4.72	66.27%	0.28	3.88%	0.64	8.99%	0.67	9.40%
<b>Subtotal (A)</b>	<b>78.46</b>	<b>8.99</b>	<b>11.46%</b>	<b>51.99</b>	<b>66.27%</b>	<b>3.05</b>	<b>3.88%</b>	<b>7.05</b>	<b>8.99%</b>	<b>7.38</b>	<b>9.40%</b>
<b>B. Contingencies<sup>b, c</sup></b>	<b>18.58</b>	<b>2.13</b>	<b>11.46%</b>	<b>12.31</b>	<b>66.27%</b>	<b>0.72</b>	<b>3.88%</b>	<b>1.67</b>	<b>8.99%</b>	<b>1.75</b>	<b>9.40%</b>
a. Physical contingency	7.13	0.82		4.72		0.28		0.64		0.67	
b. Price contingency	11.45	1.31		7.59		0.44		1.03		1.08	
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>2.66</b>	<b>0.30</b>	<b>11.46%</b>	<b>1.77</b>	<b>66.27%</b>	<b>0.10</b>	<b>3.88%</b>	<b>0.24</b>	<b>8.99%</b>	<b>0.25</b>	<b>9.40%</b>
<b>Total Project Cost (A+B+C)</b>	<b>99.70</b>	<b>11.42</b>	<b>11.46%</b>	<b>66.07</b>	<b>66.27%</b>	<b>3.87</b>	<b>3.88%</b>	<b>8.96</b>	<b>8.99%</b>	<b>9.38</b>	<b>9.40%</b>

<sup>a</sup> In mid-2014 prices.

<sup>b</sup> Physical contingency computed at 10% for base costs.

<sup>c</sup> Physical contingencies computed at 10% for base costs. Price contingencies are 5.0% in 2015 and 2016, 4.5% in 2017 and 4.0% per annum (p.a.) thereafter for local costs; are 1.1% in 2015, and 1.4% per annum thereafter for foreign costs; and provide for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and service charges. Interest during construction has been computed at 1.0% per annum for the Asian Development Bank loan, and indicative rates for the European Investment Bank loan and the OPEC Fund for International Development loan.

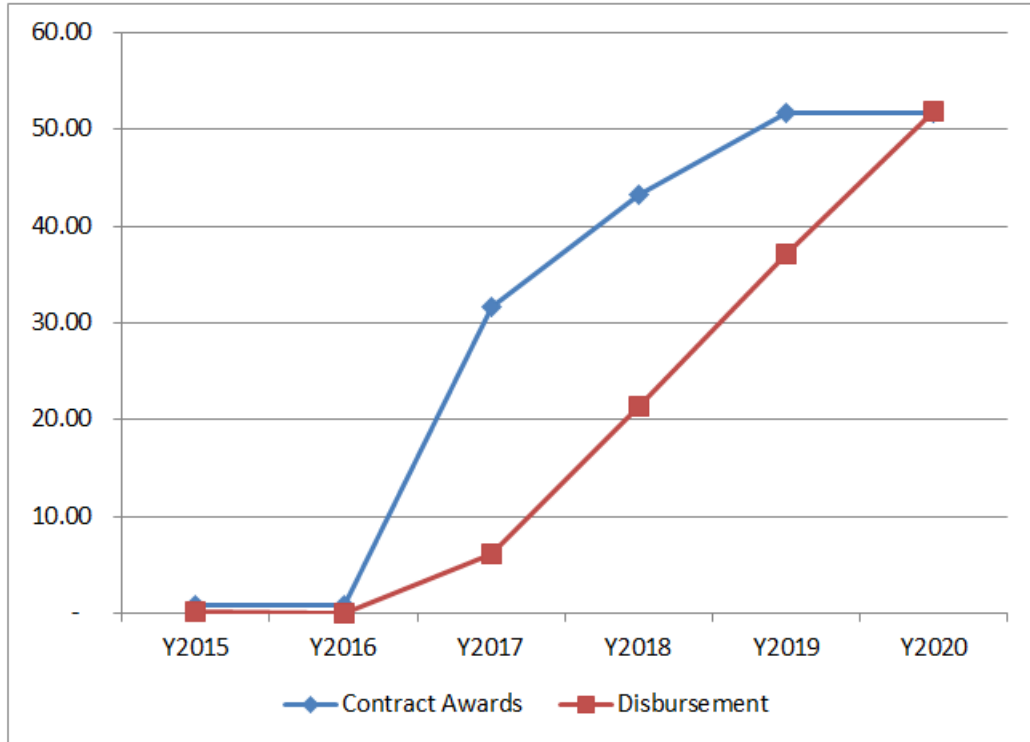
Source: Asian Development Bank estimates.

**E. Detailed Cost Estimates by Year**

Item	Total Cost	(\$ million)								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>A. Base Costs</b>										
1 Civil Works										
CW1- BRT, traffic management, and NMT infrastructure	27.61			5.52	12.00	10.09	-	-	-	-
2 Mechanical and Equipment										
EQ1- Fare system and control center	8.79				3.00	4.79	0.40	0.20	0.20	0.20
EQ2- BRT buses	16.80				6.00	6.48	4.32			
EQ3- NMT vehicles	0.46			0.46	-					
3 Consulting Services										
C1- Project management, detailed design, and supervision	7.09	2.54	3.04	0.40	0.43	0.57	0.11			
C2- International advisor I	0.541	0.18	0.18	0.181	-	-	-			
C3- International advisor II	0.541	-	-	-	0.18	0.18	0.181			
C4- Quality control	0.294	-	-	-	-	0.126	0.168			
C5- External financial auditor	0.144	0.024	0.024	0.024	0.024	0.024	0.024			
4 Public-private partnership										
PP1- Parking management and enforcement	2.91	-	-	-	0.66	2.06	0.19			
PP2- Electronic vehicle registration system	3.50		1.59	1.87	0.04					
5 Recurrent costs										
a. PMU staff & operational costs	0.57	0.16	0.12	0.12	0.11	0.04	0.02			
b. Management entity staff & operational costs	0.26	-	-	-	0.02	0.12	0.12			
6 Land	1.82	1.82	-	-	-	-	-			
7 Taxes & duties	7.13	0.47	0.34	0.66	2.41	2.64	0.55	0.02	0.02	0.02
<b>Subtotal (A)</b>	<b>78.46</b>	<b>5.19</b>	<b>5.29</b>	<b>9.24</b>	<b>24.87</b>	<b>27.12</b>	<b>6.08</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>
<b>B. Contingencies (B)</b>	<b>18.58</b>	<b>0.67</b>	<b>0.64</b>	<b>1.46</b>	<b>5.91</b>	<b>7.54</b>	<b>2.21</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
a. Physical contingency	7.13	0.47	0.34	0.66	2.41	2.64	0.55	0.02	0.02	0.02
b. Price contingency	11.45	0.20	0.30	0.80	3.50	4.90	1.66	0.03	0.03	0.03
<b>C. Financing Charges During Implementation (C )</b>	<b>2.66</b>	<b>-</b>	<b>0.01</b>	<b>0.10</b>	<b>0.46</b>	<b>0.94</b>	<b>1.15</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Project Cost (A+B+C)</b>	<b>99.70</b>	<b>5.86</b>	<b>5.94</b>	<b>10.80</b>	<b>31.24</b>	<b>35.60</b>	<b>9.44</b>	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>
<b>% Total Project Cost</b>	<b>100.00%</b>	<b>5.88%</b>	<b>5.96%</b>	<b>10.83%</b>	<b>31.34%</b>	<b>35.71%</b>	<b>9.47%</b>	<b>0.27%</b>	<b>0.27%</b>	<b>0.27%</b>

**F. Contract and Disbursement S-curve**

19. The s-curves below represent ADB-ADF and ADB-administered funds only.

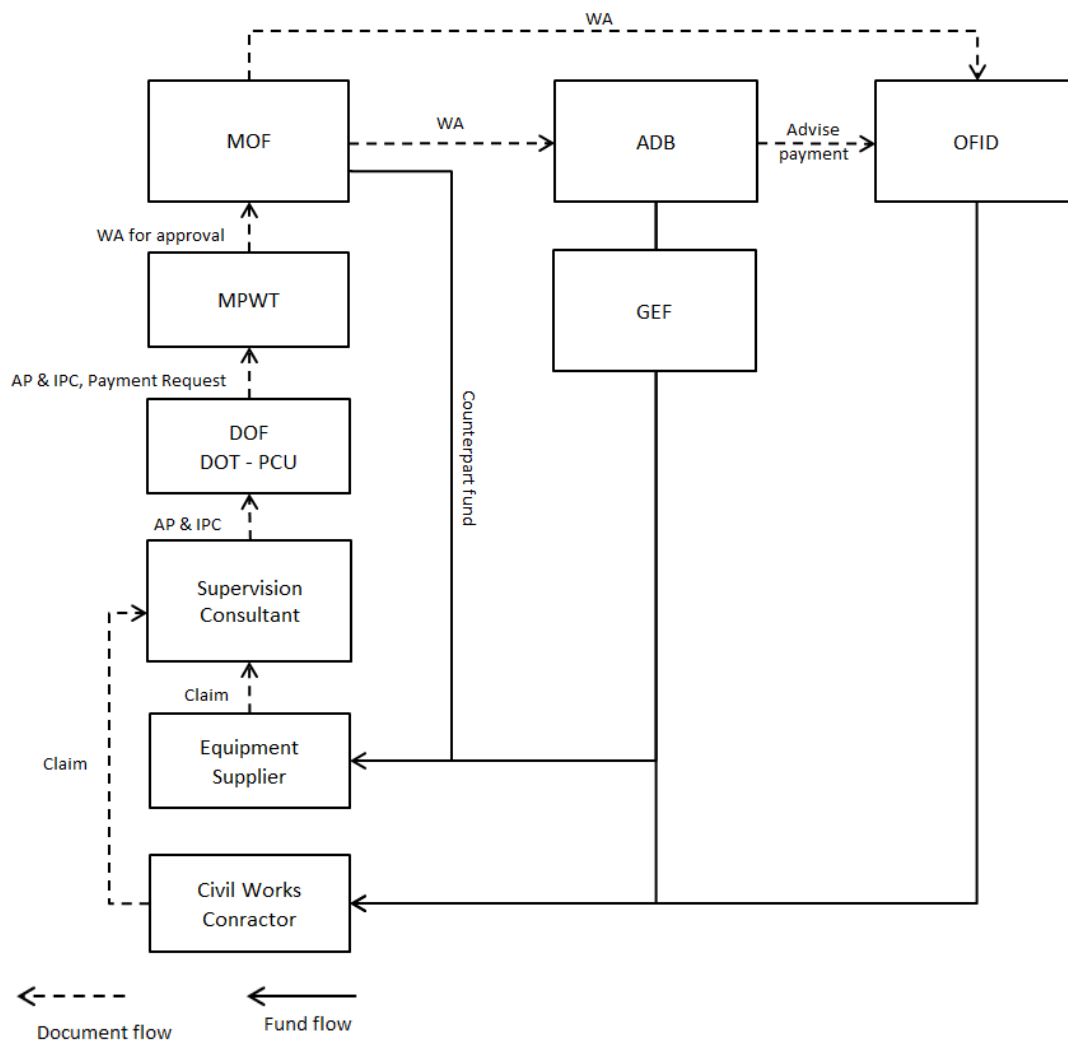


\*net of taxes & duties

**G. Fund Flow Diagram**

20. The following shows how the funds will flow from ADB, co-financiers, and the Borrower to implement project activities.

**1. Procedure for Direct Payment**



AP: Advance payment  
 DOF: Department of Finance  
 DOT - PCU: Department of Transport - Project Coordination Unit  
 IPC: Interim payment certificate  
 MOF: Ministry of Finance  
 MPWT: Ministry of Public Works and Transport  
 WA: Withdrawal application





## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

21. The Department of Transport (DOT) will play a major role including budgeting in the project implementation. Project financial management, including accounting, recording, financial reporting and treasury functions, will be performed by MPWT's Department of Finance (DOF). DOF will use a project financial management system, including internal control procedures, currently being used for ADB and World Bank financed road projects<sup>5</sup>.

22. The strengths and weaknesses of the proposed project financial management arrangements are briefly described as follows. The main weakness is the country PFM, which faces a number of issues, including a need for extensive reform, inadequate funding for recurrent costs of investment projects, limited ability to reflect national expenditure objectives in sub national priorities, and weak accountability and transparency, especially at the provincial and lower sub national levels. These issues weigh on the assessment of the inherent risk in the country environment. The main strength lies in the project financial management experience, qualifications and drive of the DOF managerial staff who will be leading the financial management of the project.

23. MPWT has improved its financial management over the years and has experience of managing ADB and other donor-financed projects. Submissions of the annual audited project accounts had been promptly done in accordance with the loan/grant agreements for the last projects (ADB Loan 2085 and Grant 0082)<sup>6</sup>. MPWT's financial management capacity to execute the project, including use of imprest fund/SOE procedures, will further be improved by implementing the proposed mitigation measures indicated in the project's financial management risk assessment summarized in Table 5 below. The risk rating shown refers to the existing situation, before consideration of mitigation. Table 6 contains the action plan for putting in place the proposed risk mitigation.

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<sup>5</sup> The two projects are ADB's 2010 Project No. 41444-022 LAO: Second Northern GMS Transport Network Improvement Project and World Bank 2010 Lao Road Sector Project (P 120398).

<sup>6</sup> ADB L2085-Lao (SF): Roads for Rural Development Project, and ADB G0082-Lao: Northern GMS Transport Network Improvement Project.

**Table 5: Project Financial Management Risk Assessment Summary**

Risk type	Risk Assessment 7	Risk Description	Mitigation Measures
<b>Inherent Risks</b>			
1. Country-Specific Risks	H	<p>Issues in public financial management (PFM) include a PFM system needing extensive reform, inadequate funding for recurrent costs of investment projects, limited ability to reflect national expenditure objectives in sub national priorities, and weak accountability and transparency, especially at the provincial and lower sub national levels.<sup>8</sup> The presence of these issues is associated with a risk that funds may not be used efficiently, economically or for the purpose intended</p> <p>Limited Government staff technical capacity in public financial management and procurement</p>	<p>Qualified and experienced staff of the MPWT's Department of Finance (DOF) will be managing the financial aspects of project implementation. Currently, DOF, with donor-assisted capacity building, and using a donor-approved financial management manual incorporating internal control procedures, is responsible for financial management of priority projects identified in the National Transport Strategic Plan for 2009-2015 (NTSP). In partnership with the World Bank and other donors, ADB is supporting the NTSP by financing the upgrading of National Road 6B and part of 6A<sup>9</sup>. Unlike the NTSP projects, the Vientiane Sustainable Urban Transport Project has no provincial component.</p> <p>At the country level, donors are assisting the Government in its Public Financial Management Strengthening Program (PFMSP) for improved fiscal management and resource allocation for development. The current ADB Country Partnership Strategy (CPS) includes governance and capacity-building assistance addressing, among other things, external and internal auditing of government accounts.<sup>10</sup></p> <p>ADB and other donors are providing assistance to raise the Government staff capacity. In particular, the ADB CPS is addressing technical capacity building in procurement through courses at the ADB Lao Resident Mission.</p>
2. Entity-Specific Risks	M	There may be a lack of suitably qualified staff to manage the project implementation	<p>MPWT has experience of managing ADB and other donor-financed projects. The core staff in project financial management are former staff of the Department of Roads Disbursement Division, responsible for financial management of MPWT's externally financed road projects, before the reorganisation for upgrading of MPWT's entire project financial management function, which has concluded with the creation of the Department of Finance (DOF) in 2013</p> <p>For the project implementation, DOF will prepare and maintain a project work plan agreed with ADB, detailing staff assignment, assignment terms of reference and work input schedules</p>

<sup>7</sup> H = High, S = Substantial, M = Moderate, N = Negligible or Low.

<sup>8</sup> World Bank. 2010. *Public Expenditure and Financial Accountability – Public Financial Management Assessment*.

<sup>9</sup> ADB. 2010. *41444-022 LAO: Second Northern GMS Transport Network Improvement Project*.

<sup>10</sup> ADB. 2011. *Lao People's Democratic Republic 2012-2016 Country Partnership Strategy*.

Risk type	Risk Assessment 7	Risk Description	Mitigation Measures
<b>Overall Inherent Risk</b>	<b>S</b>		
<b>Control Risks</b>			
1. Implementing entity	M	<p>The financial management system is not appropriate for implementing the project</p> <p>No project mechanism for reporting suspected fraud, waste or misuse of project resources or property</p>	<p>The project will use the financial management system put in place for implementing the NTSP priority road projects, which include ADB Second Northern GMS Transport Network Project and World Bank Lao Road Sector Project (P 120398). The management system and the accounting system are described in the MPWT 2010 Financial Management Manual (FMM) and 2010 Accounting Manual. A copy of the manuals will be made available to DOF staff assigned to the project</p> <p>The Project Administration Manual (PAM) provides a list of people to whom project employees, beneficiaries and other recipients can report if they suspect fraud, waste or misuse of project resources or property</p>
2. Funds flow	S	<p>Possibility of errors and misunderstanding of the ADB guidelines for funds disbursement, with consequent delays in transfer of proceeds to beneficiaries</p> <p>Based on past experience, possibility that delayed annual project financial audit by the State Audit Office (SAO) may hold up disbursement of funding for the following year</p> <p>Again based on experience, possibility of delays in delivery of goods and services when Government is financing taxes and duties</p>	<p>As part of the consulting services in project management, detailed design and supervision (PMDS), training will be provided to project-assigned staff on ADB disbursement methods, in particular the withdrawal application, reporting and audit specifics of the imprest fund method.</p> <p>The project will use external auditing services on commercial terms.</p> <p><i>The risk should be reassessed during Loan Negotiations and corrective action agreed with the Government</i></p>
3. Staffing	M	<p>Given the additional volume of work brought by the project, the Accounting Division may not be adequately staffed</p> <p>Possibility that project assigned staff fall behind in their knowledge of ADB requirements in project implementation</p>	<p>Two additional accounting specialists will be recruited and trained to support the Accounting Division of DOF in the incremental disbursement and book-keeping activities required by the project</p> <p>Training will be provided to project staff as needed</p>
4. Accounting Policies and Procedures	M	<p>Possibility of the chart of accounts being inadequate to account for and report on project activities and disbursement categories, and to make correct cost allocations to funds sources</p>	<p>The AM and FMM describe built-in provisions for updating the chart of accounts to handle different external financier's accounting, reporting requirements and to make accurate allocation of costs as agreed.</p>

Risk type	Risk Assessment 7	Risk Description	Mitigation Measures
5. Internal Audit	S	Given the country specific risks, possible inadequate internal audit for the project and consequence lack of assurance that internal controls are functioning	Donor assistance for internal auditing and internal audit capacity building for the MPWT Department of Inspection is being provided in association with one of the NTSP priority projects <sup>11</sup> . The PMDS consultancy will continually assess the need for any additional internal audit work for the project and make report to the MPWT project management and ADB.
6. External Audit	M	Delay in SAO project audit and report	The project will use external auditors on commercial terms and an estimate for the fees has been included in the project investment plan.
7. Information Systems	M	Failure to maintain a secure backup of the project financial information	This will be managed as part of the project internal audit function.
<b>Overall Control Risk</b>	<b>M</b>		

**Table 6: Risk Mitigation Action Plan**

Item	Action	Responsibility	Timeline
1	Review and agreement on a DOF-prepared project financial management work plan, detailing staff assignment , assignment terms of reference and work input schedules	DOF, ADB	First time upon formation of the project financial management team. Thereafter upon plan revision.
2	Recruitment of two accounting specialists, in consultation with ADB	DOF	At the start of project implementation.
3	Training/refresher course arranged by ADB on ADB disbursement methods and other ADB requirements in project financial management	DOF, ADB	Soon after Loan Agreement Thereafter upon mutual consultation.
4	Updating of the MPWT Accounting Manual and Financial Management Manual charts of accounts for use in the project implementation	DOF, PMDS/ADB to observe/ confirm	After Loan Agreement but before start of project implementation.
5	Assessment of need for additional project internal audit, including check on project financial management team information back-up practices	PMDS, DOF	First assessment at the end of first quarter of project implementation, and thereafter once or twice annually

## B. Disbursement

24. The Loan/Grant proceeds including ADB administered co-financier funds and OFID's co-financing loan, partially administered by ADB, will be disbursed in accordance with ADB's Loan Disbursement Handbook (July 2012, as amended from time to time),<sup>12</sup> and detailed arrangements agreed upon between the Government and ADB.

<sup>11</sup> World Bank. 2010 Lao Road Sector Project.

<sup>12</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)

Pursuant to ADB's Safeguard Policy Statement (2009) (SPS)<sup>13</sup>, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

25. All disbursements for ADB loan and ADB-administered loan and grant will be carried out in accordance with ADB's Loan Disbursement Handbook. OFID financing will be carried out using the direct payment method. To withdraw OFID funds, the borrower should submit one original of the Withdrawal Application (WA) and copies of supporting documents to OFID, and one original of the WA and copies of supporting documents to ADB. ADB will review each WA and advise OFID to make the necessary payment, if any, subject to approval by OFID. Disbursement arrangements funds from the other co-financiers not administered by ADB will follow their own prescribed procedures. MPWT will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB.

26. Separate imprest accounts should be established and maintained by funding source, if applicable<sup>14</sup>. The imprest accounts should be opened at the Bank of the Lao PDR. The currency of the imprest accounts is the U.S. dollar. The imprest accounts are to be used exclusively for ADB's and/or ADB administered co-financier funds share of eligible expenditures. The EA who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account.

27. The ceiling of each imprest account is 10% of the respective ADB loan or GEF grant amount. The EA may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet<sup>15</sup> setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the borrower/EA in accordance with ADB's Loan Disbursement Handbook when liquidating or replenishing the imprest accounts. The statement of expenditure (SOE) procedure<sup>16</sup> may be used to reimburse/liquidate eligible expenditures not exceeding \$100,000 equivalent, per individual payment. 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. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

28. Before the submission of the first withdrawal application, MOF should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. Individual payments below this amount should generally be paid from the imprest account or by the EA and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept WAs below the minimum amount.

### **C. Accounting**

29. MPWT will maintain separate books and records by funding source for all expenditures

<sup>13</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

<sup>14</sup> Separate imprest accounts for ADB-ADF loan and GEF grant, if applicable, will be established.

<sup>15</sup> Available in Appendix 10B of the *Loan Disbursement Handbook*.

<sup>16</sup> SOE forms are available in Appendix 9B of the *Loan Disbursement Handbook*.

incurred on the project. MPWT will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

#### **D. Auditing and Public Disclosure**

30. MPWT will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and equivalent national standards adopted by the GOL, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditors' opinion will be submitted in the English language to ADB within six months of the end of the fiscal year by MPWT.

31. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

32. 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.

33. The Government, MPWT and DOT have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>17</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.

34. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)<sup>18</sup>. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

<sup>17</sup> ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six 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.
- When audited project financial statements have not been 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 (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

<sup>18</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

## VI. PROCUREMENT AND CONSULTING SERVICES

35. All goods, works and consulting services to be partially or fully financed out of the proceeds of the ADB, OFID, and GEF financing shall be subject to and governed by ADB's Procurement Guidelines (March 2013, as amended from time to time)<sup>19</sup> and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>20</sup> Since the project is financed from ADF resources with ADB-administered co-financing from GEF and involves contract packages jointly co-financed by OFID, universal procurement will apply to all contract packages financed from such sources under the project.<sup>21</sup> All goods, works and consulting services to be financed out of the proceeds of EIB and EU-AIF financing will be in accordance with EIB's procurement policies and procedures. EIB shall execute its procurement activities in line with its policies and practice with fairness, transparency, non-discrimination and competition.

### A. Advance Contracting

36. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (March 2013, as amended from time to time)<sup>22</sup> and ADB's *Guidelines on the Use of Consultants* (March 2013, as amended from time to time).<sup>23</sup> The borrower, MPWT, and DOT have been advised that approval of advance contracting does not commit ADB to finance the Project. The Government has requested ADB's approval of advance action for recruitment of consultants. The issuance of invitations to bid under advance contracting will be subject to ADB's approval.

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

37. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*.

38. International competitive bidding procedures will be used for civil works contracts estimated to cost \$3 million or more, and goods contracts valued at \$1,000,000 or higher. Shopping will be used for contracts for procurement of works and goods worth less than \$100,000.

39. 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. The procurement plan covers the first 18 months of procurement activity, which shall be finalized at the loan negotiations. Within one year after Board approval, the EA shall submit a revised procurement plan to ADB for approval that captures all ongoing procurement and that planned for the following 18 months. The plan shall be updated annually (or as required after every loan review mission), on the same basis for the duration of the project.

40. All consultants, including nongovernment organizations (NGOs), if appropriate, will be recruited according to ADB's *Guidelines on the Use of Consultants*.<sup>24</sup> The terms of reference for

<sup>19</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>20</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

<sup>21</sup> ADB. 2013. *Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Co-financing for Operations Financed from Asian Development Fund Resources*. Manila.

<sup>22</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>23</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

<sup>24</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/>

all consulting services are outlined in Section D.

41. An estimated 636 person-months (239 international, 397 national) of consulting services are required (i) to undertake project management, detailed design, and supervision, and (ii) to strengthen the institutional and operational capacity of the executing agency. Consulting firms that will be engaged using the quality- and cost-based selection (QCBS) method will have a quality-cost ratio of 90:10.

### C. Procurement Plan

#### PROCUREMENT PLAN

##### Basic Data

<b>Project Name: Vientiane Sustainable Urban Transport Project</b>	
<b>Project Number: 45041-002</b>	<b>Approval Number:</b>
<b>Country: LAO PEOPLE'S DEMOCRATIC REPUBLIC</b>	<b>Executing Agency: MPWT</b>
<b>Project Financing Amount: \$99.70 Million</b> <b>ADB Financing: \$35 Million</b> <b>Non-ADB Financing: \$64.7 Million</b>	<b>Implementing Agency: DOT</b>
<b>Date of First Procurement Plan</b> (loan/grant approval date)	<b>Date of this Procurement Plan: 21 October 2014</b>

#### A. 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 and review requirements shall apply to procurement of goods and works, and recruitment of consulting services.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	Above \$3,000,000	Prior review
International Competitive Bidding (ICB) for Goods	Above \$1,000,000	Prior review
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	The first NCB is subject to prior review, thereafter post review.
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	The first NCB is subject to prior review, thereafter post review.
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	Prior review
Least-Cost Selection	Prior review
Individual Consultant Selection	Prior review





Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments

## B. 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).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Comments
CW1	Civil works for BRT, traffic, and NMT infrastructure	27,610,000	1	ICB	Prior	1S2E	Large Works ADB-, OFID-, & GEF-financed
EQ1	Fare system and control center	8,790,000	1	ICB	Prior	1S1E	Goods (IT & Services) ADB- & Gov-financed
EQ3	NMT vehicles	460,000	1	NCB	Prior	1S2E	Goods (Supply & Maintenance) 100% GEF-financed
PP1	Parking management and enforcement	2,910,000	1	ICB	Prior	1S2E	Large Works (PPP)
PP2	Electronic vehicle registration	3,500,000	1	ICB	Prior	1S2E	Large Works(PPP)

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
C3	International Advisor II	541,000	1	ICS	Prior		Urban transport engineer/planner
C4	Quality Control company	294,000	1	Firm QCBS (90:10)	Prior	BTP	International firm



#### D. Non-ADB Financing

The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

<b>Goods and Works</b>				
<b>General Description</b>	<b>Estimated Value (cumulative)</b>	<b>Estimated Number of Contracts</b>	<b>Procurement Method</b>	<b>Comments</b>
EQ2- BRT buses	16,800,000	1	ICB	EIB-financed  EIB Procurement Guidelines & Procedure will apply

<b>Consulting Services</b>				
<b>General Description</b>	<b>Estimated Value (cumulative)</b>	<b>Estimated Number of Contracts</b>	<b>Recruitment Method</b>	<b>Comments</b>
C1- Project management, detailed design and supervision	7,090,000	1	ICB	EU-AIF- & EIB-financed  EIB Procurement Guidelines & Procedure will apply

## **E. National Competitive Bidding**

### **1. General**

The procedures to be followed for National Competitive Bidding (NCB) shall be those set forth for “Public Bidding” in Prime Minister’s Decree No. 03/PM of the Lao People’s Democratic Republic, effective 09 January 2004, and Implementing Rules and Regulations effective 12 March 2004, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

### **2. Application**

Contract packages subject to NCB procedures will be those identified as such in the project Procurement Plan. Any changes to the mode of procurement from those provided in the Procurement Plan shall be made through updating of the Procurement Plan, and only with prior approval of ADB.

### **3. Eligibility**

Bidders shall not be declared ineligible or prohibited from bidding on the basis of barring procedures or sanction lists, except individuals and firms sanctioned by ADB, without prior approval of ADB.

### **4. Advertising**

Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB’s website via the posting of the Procurement Plan.

### **5. Procurement Documents**

The standard procurement documents provided with Ministry of Finance, Procurement Monitoring Office shall be used to the extent possible. The first draft English language version of the procurement documents shall be submitted for ADB review and approval, regardless of the estimated contract amount, in accordance with agreed review procedures (post and prior review). The ADB-approved procurement documents will then be used as a model for all procurement financed by ADB for the project, and need not be subjected to further review unless specified in the procurement plan.

### **6. Preferences**

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Suppliers and contractors shall not be required to purchase local goods or supplies or materials.

### **7. Rejection of all Bids and Rebidding**

Bids shall not be rejected and new bids solicited without ADB’s prior concurrence.

**8. National Sanctions List**

National sanctions lists may be applied only with prior approval of ADB.

**9. Corruption Policy**

A bidder declared ineligible by ADB, based on a determination by ADB that the bidder has engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing an ADB-financed contract shall be ineligible to be awarded ADB-financed contract during the period of time determined by ADB

**10. Disclosure of Decisions on Contract Awards**

At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be published in a local newspaper or well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each Bidder who submitted a Bid, (ii) bid prices as read out at bid opening, (iii) name of bidders whose bids were rejected and the reasons for their rejection, (iv) name of the winning Bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. The executing agency/implementing agency shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

## **D. Consultant's Terms of Reference (Outline)**

### **1. Project Management, Detailed Design and Implementation Supervision**

42. To assist in the implementation of the Project, it is intended that proceeds of the EIB and EU-AIF funds will be applied to eligible payments for a single consulting services contract for the project management, detailed design and implementation supervision consulting services. These services will cover engineering investigations, detailed design, resettlement implementation, bid documents, procurement, and construction supervision. The EA will be MPWT. DOT will be the IA and will be responsible for selection of an international consulting firm (the Project Implementation Consultant, PIC) for the consulting services. The PIC will be engaged by MPWT.

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

43. The primary objectives of the PIC services will be:

- i. To verify, update and finalize the concepts and designs included in the VSUTP report, previously footnoted, herein referred to as the ITDP Study; and
- ii. To provide project implementation assistance and professional services to the Government, for project coordination, communications, marketing, business and institutional planning, operational design of project systems, engineering and civil works designs, preparation of contract documents, procurement, construction management, and technical support during testing and commissioning of equipment and systems.

44. The services to be provided by the PIC are divided into three overlapping and inter-dependent division of services: (i) Management, Coordination, Communications and Marketing Services (CCM); (ii) Operational Design, Business and Institutional Planning Services (OBIP); and (iii) Engineering, Procurement and Construction Management Services (EPCM); with each part under the direction of a deputy project manager. The tasks to be carried out by each part of the services are summarized in the following paragraphs.

- i. Management, Coordination, Communications and Marketing Services (CCM)
  - (a) Coordinate all project activities to ensure the integration of all work plans; develop and maintain a directory of all project team members, consultants, contractors, municipal and ministry officials, and private sector entities; produce and maintain and prepare all required project reports to Government, ADB officials, periodic reports/presentations to municipal and central government officials, and reports/presentations to a wide cross section of relevant stakeholders.
  - (b) Establish and maintain a project management information system (MIS) for the protection of project data and information.
  - (c) Prepare and maintain a master project schedule, in a standard Gantt format, to cover all activities and tasks necessary for the successful completion of the project, including activities managed by the EA and the IA, and any activities to be carried out by external entities including utility relocation and safeguard related activities; all covering the period from the notice to proceed of the PIC through commissioning of the BRT services and completion of

warranty/defects liability periods on construction works, equipment and vehicles.

- (d) Prepare and maintain a master budgeting and cost control program using an appropriate cost management software package, making the necessary configurations/changes of the software as required for the project, that when implemented provide a complete and accurate picture of all incurred, programmed and projected project costs.
- (e) Create and maintain a risk registry for the project, categorizing risks according to size and risk likelihood, and develop recommendations for risk mitigation.
- (f) Develop, monitor and maintain a quality assurance plan for all project processes, civil works construction and procurements to ensure a high quality project is implemented.
- (g) As part of a project communications plan, identify all relevant stakeholders with an interest in the VSUTP, including local and national officials, traffic police (Ministry of Public Security), public transport operators, the news media, business trade associations (Lao Hotel and Restaurant Association, Lao National Chamber of Commerce and Industry, etc.), business owners, environmental and community organizations and the general public.
- (h) Develop key messages and informational products for the major stakeholders, including the best medium for dissemination (e.g. seminars, one-on-one sessions, community sessions, brochures, videos, newspaper and magazine editorials and advertisements, radio, television, etc.), all as part of a project communication plan.
- (i) Through the use of appropriate workshops (with local and national officials) and focus groups (including public transport and private vehicle users) develop the system branding (system name, logo, tag-line, color and font) and produce a branding report.
- (j) Prepare a 5-10 minute simulation video likely to include an overview of current public transport conditions in Vientiane, interviews with current public transport users, a description of the features of the new VSUTP BRT and on-street parking systems, and other project comments, and to include a message from the leadership of the Vientiane Mayor's Office.
- (k) Train a PMO team member and future transport management entity to assist with media relations on the VSUTP system, including training in the handling of media enquiries, and the production of press releases.
- (l) Develop and implement a project website, including management of the website for the initial year of operation, which website shall as a minimum contain: system home page, description of project, route maps, BRT station and bus stop location descriptions, and including new one-way street patterns, new parking restrictions, paid on-street parking areas and parking enforcement procedures; and common questions and answers (Q&As), user information such as operating hours, contact information and user input and feedback.
- (m) Undertake a public participation process to inform the general public, businesses and related stakeholders of the new system, to include workshops with power-point presentations and colored hand-out brochures on the system, a system video as well as the provision of a question and answer period.
- (n) Prepare a customer service plan which will identify the various means by which customers may provide comment and feedback on the VSUTP system,



which plan will likely include: website/email comments, telephone comments, and written letters; identification of the most frequent queries of the public, and the development of a set of questions and answers (Q&As), all of which will be placed on the project website.

- (o) Identify future system personnel who will require a uniform that will be seen by the public (bus drivers, parking control and enforcement staff, fare sales staff, security staff, etc.) and develop a number of uniform/fashion options, incorporating the previously developed system branding; workshop uniform options with the IA and Vientiane City officials; and produce a technical specification for selected uniforms (style, colors, materials, etc.), which will be provided to the contracted vehicle operator and parking control companies.
  - (p) Design and implement the initial year's operation of the VSUTP system's marketing campaign, to include but not be limited to (a) the design and management of a "launch event" in conjunction with the City of Vientiane, which may include music and entertainment, press release and press package statements from city and national political leadership, ribbon cutting, etc.; (b) the development of three information kiosks to be utilized during the initial period of the system, including the operation and management of the kiosks for one month after system launch; (c) and manage and implement the first year's system marketing campaign, the extent of which will be as finalized determined during PIC contract negotiations.
  - (q) Identify all pertinent project governance issues, and audit and evaluate project processes to insure project integrity and compliance with government and ADB anti-corruption standards.
- ii. Operational Design, Business and Institutional Planning Services (OBIP)
- (a) Coordinate and manage all aspects of the operational, design, business and institutional planning aspects of the PIC contract under the direction of the deputy project manager for OBIP services.
  - (b) During the initial phase of the work prepare a preliminary cost estimate of all project costs related to operations, and for business and institutional planning.
  - (c) Review the previous demand model prepared under the ITDP Study, including the traffic counts (and household/workplace surveys) that were used as a basis of that study; and update and finalize a demand model for use on the project, including the carrying out of additional demand studies as required, and the production of a final demand survey summary report.
  - (d) Verify, update and finalize the BRT corridor and bus feeder route plan developed in the ITDP Study, making revisions as necessary based on the updated demand related findings of the PIC consultancy, including the finalization of BRT station sizing and site locations.
  - (e) Undertake an analysis for various operational scenarios based on the demand models reviewed/developed to provide input for detailed design (number of platforms, number of stopping bays for each station, station sizing, access ramp length, number of turnstiles, restroom design data, etc.); and verify depot location and availability as per the ITDP Study recommendation; and to prepare an Operational Plan.
  - (f) Develop different options regarding fare structure and develop options for fare products (discounted fares, off-peak travel, children fares, etc.) and

prepare recommendations for approval, including modifications as needed based on iterative feedback from the financial modeling.

- (g) Develop a financial model to simulate the operational costs and revenues of the proposed system, to include costs associated with institutional management, costs for actual/expected vehicle operator contracts, control center costs, and infrastructure maintenance costs; calculate full operational costs and revenues for each financial scenario run through the model; and produce a summary report for consideration and comments by the government and ADB.
- (h) Develop vehicle specifications and tender documents to include all basic details of vehicles (weight, dimensions, body, interior, ITS, electrical, mechanical, etc.), which specification to also include additional sections covering driver training programme, maintenance training program, warranty, spare parts, required tools and software, and appropriate manuals and instructions; and develop an appropriate qualitative scoring regime to be followed during the tendering process based on specifications and design parameters, aesthetic design, emission and noise standards, pricing and payment schedules, documented performance and maintenance, etc.
- (i) Develop fare system specifications and tender documents to include specifications and technical requirements (software and hardware) for all fare subsystems including: issuance, top-up, fare payment, portable validators, fare cash box, central information, web-system and communications, including provisions for system management warranty, spare parts, required tools, manuals and instructions, and system test and commissioning; and develop an appropriate qualitative scoring regime to be followed during the tendering process based on specifications and relevant design parameters.
- (j) Develop control center/ITS specifications and tender documents for the central control center, station ITS equipment, vehicle ITS equipment, and depot ITS equipment, including provisions for system management warranty, spare parts, required tools, manuals and instructions, and system test and commissioning; and develop an appropriate qualitative scoring regime to be followed during the tendering process based on specifications and relevant design parameters.
- (k) Develop a design for nonmotorized transport (NMT) integration into the proposed VSUTP for (i) improvements for pedestrian access to system stations, including street lighting, pavement upgrades, street furniture and CCTV cameras, etc.; and (ii) for a bike way plan that connects certain key origins and destinations within the project core area, including the development and preparation of a business plan for bike rental facilities and the possible integration of pedicabs into the system.
- (l) Develop a detailed parking plan within the core area as conceptualized in the ITDP Study to include systems designs, metered parking equipment, monitoring and enforcement requirements and systems, including recommendations for any legislation and/or other legal requirements to implement, manage and enforce the parking plan.
- (m) Estimate the potential greenhouse gas emission reductions to be derived from the implementation and operation of the VSUTP, based on an appropriate methodology as approved by the government and the ADB.

- (n) Undertake a cost-benefit analysis of the proposed VSUTP system to be implemented under the project, including the calculation of appropriate economic internal rates of return (EIRR) and financial internal rates of return (FIRR).
- (o) Develop the VSUTP business structure by defining the contractual and institutional roles of each major stakeholder, including, among others, the City of Vientiane, the MPWT and the DPWT, the traffic police (under the Ministry of Public Security).
- (p) Develop the BRT business structure by defining the contractual of each private sector entity, which likely includes vehicles operator, fare system and control center company, stations services company, and advertising company; develop the model for the flow of revenues to these firms.
- (q) Specify the public-private partnership (PPP) model for the implementation of the parking management and enforcement component, noting the role and responsibilities of each contracted party and the institutional arrangements, the duration of the contract, and the revenue distribution mechanisms; using the Concept Study as a starting point, develop a more detailed cost and revenue analysis of the parking management contract; produce the bid documentation for the parking management and enforcement tender; and, produce the contract document.
- (r) Develop the recommended legal framework for parking management and enforcement responsibilities of the contracted firm and provide capacity development support to the Government for the implementation of the framework.
- (s) Specify the PPP model for the implementation of the electronic vehicle registration (EVR) component, including the role of each institutional entity (National Government, Provincial Government, traffic police, etc.), the duration of the contract, and the revenue distribution mechanisms.
- (t) Define the revenue sources from the EVR contract (e.g. share of additional registration income, enforcement collection, etc.); using the Concept Study as a starting point, develop a more detailed cost and revenue analysis of the EVR contract; produce the bid documentation for the EVR tender; and, produce the contract document.
- (u) Examine the various institutional options available for the management of the VSUTP, and based on discussions with the City of Vientiane, the MPWT and other relevant ministries/departments and the ADB, develop the institutional framework for the new city transport management entity, including an analysis of the legal steps, job descriptions and personnel requirements, the development of a training program, all summarized in a detailed institutional plan.
- (v) Liaison and agree with the VCSBC, City of Vientiane and the MPWT as to the most appropriate and beneficial method for cooperation between the new VSUTP management entity and the VCSBC; and based on these discussions prepare a summary report and/or a Memorandum of Understanding (MOU) detailing the agreed level of cooperation between the two transport entities.
- (w) Develop a vehicle operator prospectus, bidding documents and a draft contract.

- (x) Develop station services specifications and tender documents to include the following types of activities: fare collection, security, station cleaning and light maintenance, waste management and landscaping.
  - (y) Develop project related security protocols with the Ministry of Public Security (Traffic Police Department) for the secure management of the VSUTP, including the preparation of a summary report on the agreed protocols and/or preparation of a Memorandum of Understanding (MOU) as may be applicable.
  - (z) Develop various optional financing plans to include an infrastructure finance plan, an infrastructure maintenance finance plan, a vehicle finance plan and a VSUTP operations finance plan
  - (aa) Prepare specifications and tender documents for bidding system-wide, revenue-generating advertising.
- iii. Engineering, Procurement and Construction Management Services (EPCM)
- (a) Coordinate and manage all aspects of the engineering, procurement and construction management aspects of the PIC contract under the direction of the deputy project manager for EPCM services.
  - (b) During the initial phase of the work prepare a preliminary/budget cost estimate of all project costs related to each infrastructure component, including costs related to safeguard issues, and an estimate of the cost of all procurements that will be required under the project; which costs will be continually updated as part of monthly reporting to the government and ADB.
  - (c) Carryout field surveys (topographic, existing utilities, cadastral, drainage, geotechnical, etc.) and preliminary designs of all civil works, including the preparation of preliminary drawings, with particular emphasis on required roadway pavement section designs (based on life-cycle analyses) of the BRT busway lane based on the expected operations plan, which preliminary designs should consider a range of pavement surfacing options as may be relevant.
  - (d) Develop preliminary designs for lane and intersection configurations, and proposed traffic signal locations, types and phasing, and for pedestrian traffic signals/pavement markings.
  - (e) Prepare preliminary street drainage and cross drainage designs; and preliminary utility relocation designs, including documentation of required outside agency approvals for any such relocation.
  - (f) Prepare preliminary street lighting designs.
  - (g) Identify preliminary roadway signage and pavement marking standards and requirements.
  - (h) Prepare preliminary landscaping designs for the busway, station areas and the depot area.
  - (i) Prepare a preliminary design for the cycle way (and appropriate signage and pavement markings) as identified in the operations plan.
  - (j) Prepare a preliminary integration facility design for pedestrian access upgrades around all BRT stations.

- (k) Identify any resettlement issues in accordance with government and the ADB Safeguard Policy Statement 2009 (SPS), the updating of the Resettlement Plan, and including the overseeing and monitoring of the communication and procedural process with all affected persons.
- (l) Ensure that the environmental management plan (EMP) in the ADB-cleared IEE is included in the civil works tender and contract documents for all project components regardless of financing source.
- (m) Undertake consultations with affected persons and local officials to gather recommendations to address adverse environmental impacts that may result due to implementation of various project components (e.g., elevated noise levels during operation of bus depot and bus staging areas, safety issues at VDES bus staging area, safety issues due to presence of refueling area at the bus depot and IMMC bus staging areas, etc.).
- (n) Include in the project design relevant environmental mitigation measures gathered during above-mentioned consultations and those measures included in the initial environmental examination (IEE).
- (o) If there are any additional components or changes in the Project that will result to adverse environmental impacts that are not within the scope of the IEE, prepare a new or supplementary IEE report based on the ADB SPS. The IEE is to be cleared by ADB before implementation of additional components or changes.
- (p) Undertake monthly monitoring of all project components with regard to the contractor's environmental performance (implementation of environmental mitigation specified in the EMP) and any ambient sampling required in the EMP.
- (q) Prepare semi-annual environmental monitoring reports based on the results of monthly monitoring and ambient sampling for submission to ADB.
- (r) Prior to commencement of site works/civil works, assist MPWT/DOT and contractors in establishing a grievance redress mechanism (GRM) as described in the IEE. During construction, continue to assist MPWT/DOT and the contractors in the implementation of the GRM and resolution of construction-related environmental complaints.
- (s) Within six months from commencement of civil works, design and conduct a training program for DOT and VA staff on how the environmental aspects of the project will be monitored during construction and operation phases and preparation of corresponding reports; supervision responsibilities; interaction with contractors; and documentation, resolution and reporting of non-compliance issues and complaints.
- (t) Review and update the gender action plan (GAP), including the overseeing and monitoring of the GAP, and ensure that gender aspects are considered in all design, planning and implementation activities, that all baseline data and analysis for preparatory surveys and assessments is sex disaggregated and contains a gender perspective, and that the findings are brought into all design, planning and implementation of the Project and that the GAP is implemented and the gender impacts of the project are monitored.

- (u) Develop preliminary station designs for each type/size of station, with particular attention to energy efficiency, renewable energy generation (e.g. photovoltaic panels), grey water collection and water conservation; which designs should include integration facilities for NMT at the stations, as indicated by the operations plan.
- (v) Develop preliminary designs of project kiosks both at BRT stations and at selected locations within the Vientiane project core area.
- (w) Develop a preliminary depot design based upon the requirements provided from the operations plan.
- (x) Prepare a traffic management plan for the project, including the development of recommended possible remedial actions that can be taken to mitigate negative impacts on residents and merchants; which plan will be incorporated into the contract provisions of the civil works contractor(s).
- (y) Provide “3D” renderings of each major infrastructure design component.
- (z) After the approval of all aforementioned preliminary designs, including the incorporation of all accepted review comments and considerations, prepare final detailed engineering designs, construction drawings of all civil works components.
- (aa) Prepare a detailed “engineer’s cost estimate” of each component of the project to be tendered.
- (bb) Prepare tender and contract documents for each civil works component.
- (cc) Provide (i) construction management and quality control services during construction, including field technical and inspection services for materials and workmanship, and compliance with plans and specifications; (ii) materials and laboratory testing; and (iii) the testing and commissioning of each component of the project.
- (dd) Develop an infrastructure maintenance plan for both routine and periodic maintenance for each infrastructure component, with particular note of the required regularity and level of required preventative maintenance actions; and prepare a detailed project maintenance manual.
- (ee) Provide procurement technical assistance to the government in the advertising, prequalification (if needed), tendering, pre-bid meeting(s) and conducting site visits, bid analyses and evaluations (including preparation of contractor selection criteria), preparation of bid evaluation reports and contract award processes. The intention of this overall task is provide centralized and consistent procurement technical assistance in accordance with the guidelines and procedures of the government and ADB, as well as providing capacity development and training to the staff of the PCU and the future VSUTP management entity.

### **3. Reports**

45. The Consultant will submit the following reports in five copies to DOT and three copies to each of the ADB, OFID, EIB, EU-AIF at the times indicated in the table below.

46. The Consultant will provide other reports necessary to support project planning, approval, and implementation activities, including road conditions, traffic, bridge and culvert condition, economic evaluation, safety audits, resettlement plan and its updates, environmental

management plans, soils and materials investigations, etc.

#### **ADB PIC Reporting Requirement**

<b>Report</b>	<b>Required by*</b>
Inception Report	end of month 1
Progress Reports	monthly
Detailed Quarterly Progress Reports	quarterly
Prequalification Documents (if required)	end of month 6
Draft Site EMPs/Method Statements	End month 8
Draft Final Engineering Designs and Bid Documents	end of month 9
Final Engineering Designs and Bid Documents	end of month 12
Resettlement Plan and its updates	end of month 12
Environmental Monitoring Report	Semi-annual
Project Completion Report	end of services

ADB = Asian Development Bank, PIC = project implementation consultant

\* From the date of commencement of services

Source: Asian Development Bank.

#### **4. Staffing**

47. For this contract, about 417 person-months of input will be required, comprising about 173 person-months from international experts and about 244 person-months from national experts. The consultants will have expertise in project management, procurement, construction supervision, surveying, quantity surveying, materials, transport planning and economics, and project management systems; bus rapid transit engineering and design; environmental impact management, social impact (including social development and gender) and resettlement planning; road safety awareness and audits; and project monitoring and evaluation. The assignment will be implemented over a period of 65 months approximately from June 2015 through September 2020.

#### **5. International Urban Transport Advisor**

48. The project will be implemented with the assistance of international urban transport advisors (UTA), which services will be financed under the project. The overall urban transport advisory services are divided into two phases: Phase 1 services (UTA-1) are estimated to commence on June 2015 and to be completed by October 2017; and Phase 2 services<sup>25</sup> are estimated to commence on November 2017 and to be completed by April 2020. This outline TOR only covers Phase 1 services. During contract negotiations for the Phase 1 services, contractual terms for a provisional option will be incorporated to the Phase 1 contract, in accordance with ADB guidelines. The provisional option will allow the consultant that carries out Phase 1 services to continue on the project and to carryout Phase 2 services, subject to the concurrence of both the government and the ADB, before this provisional option can be exercised.

49. In addition to the international urban transport advisory consulting series, PCU will receive consulting assistance and support from the Project Implementation Consultant (PIC). The PIC will act as the overall consultant (firm) responsible for a wide range of implementation tasks under the overall supervision of the PCU. Whereas the UTA-1 will act as an in-house

<sup>25</sup> Phase 2 services (UTA-2) are expected to require 29 person-months for an international Urban Transport Advisor; and 29 person-months of a national Project Administrative Assistant. The exact scope of work of Phase 2 services is expected to be similar to the scope of work for Phase 1 services (UTA-1).

Advisor (individual) to the PCU and work from within the office of the PCU, directly responsible to the PCU Project Director. Specific duties of the UTA-1 shall, on a daily basis, be as directed by the PCU Project Director.

50. It is envisioned that the work of the PIC will be divided into three overlapping and inter-dependent division of services: (i) Management, Coordination, Communications and Marketing Services (CCM); (ii) Operational Design, Business and Institutional Planning Services (OBIP); and (iii) Engineering, Procurement and Construction Management Services (EPCM); with each part under the direction of a deputy project manager, all under the direction of a project manager. In general the UTA-1, as a representative and advisor of the PCU, shall closely liaison and coordinate with the project manager and deputy project managers of the PIC, but shall not directly supervise or manage the work of the PIC. It is envisioned that most project correspondence and other project related communications will be copied to the UTA-1, so that the UTA-1 is in the best position to offer prompt and effective advice and assistance to the PCU.

51. In general, the scope of work for the UTA will be to provide independent advice and assistance to the PCU Director, the PCU staff, and the staff of the EA and IA as may be directed by the Project Director. The advice and assistance shall be concerned with the following types of issues and project requirements:

- i. Overall project management and administration of the VSUTP as it pertains to the PCU and the design, formation and creation of the new institutional structure to be established to manage and operate a Vientiane integrated sustainable urban transport system encompassing the BRT, parking systems, and all other project components.
- ii. Specific tasks, as directed, concerning project scheduling, budgeting, risk management, coordination, communications, marketing, business and institutional planning, operational design of project systems, good governance, engineering and civil works designs, preparation of contract documents, procurement, construction management, and the testing and commissioning of equipment and systems.
- iii. The designing and conducting of workshops and training in relevant administrative, governance and operational topics.
- iv. Advice and assistance in the numerous procurement activities required to be undertaken by the PCU, which include: (a) NMT Demonstration Vehicle Company, (b) Civil Works Construction Contractor(s); (c) Fare System Company; (d) Control Center Company; and (e) BRT Vehicle Procurement.
- v. Assist the PCU in the review of all outputs produced by other project consultants.

52. Specific tasks of the UTA-1 shall be as directed by the Project Director (PCU), and shall include but not be limited to the following:

- i. Prepare, in coordination with Project Director, the Master Project Schedule (MPS) and assist/train PCU staff to maintain/update the MPS on a regular basis. The MPS shall be prepared using an appropriate project management software program, acceptable to the PCU.
- ii. Prepare, in coordination with the Project Director and PCU accounting staff, a Master Project Control Budget (MPCB), and assist/train the PCU to



maintain/update MPCB on a continuous basis. The MPCB shall be prepared using an appropriate financial management software program, acceptable to the PCU.

- iii. Prepare a Risk Management Plan (RMP) for the project, and assist/train PCU staff in risk identification and assessment, and in the maintaining/updating of the risk management registry and logs.
- iv. Assist in establishing appropriate communication and record keeping/filing systems and procedures for all project information, data and reports, including filing for both soft and hard information/communications.
- v. Assist the PCU in establishing business and marketing planning guidelines, and coordinating with the PIC in the establishing of project business, marketing and related plans encompassing the BRT, parking systems and all other project components.
- vi. Assist in preparing a draft institutional planning document for consideration of the PCU/PSC for the establishment of the future
- vii. Prepare a draft institutional planning document for consideration of the PCU/PSC for the establishment of the future Vientiane integrated sustainable urban transport entity. The planning document shall primarily be concerned with the required organizational and operational structure, and staffing requirements and duties/responsibilities of the future staff of the entity. [Lao PDR governmental and MPWT legal and related institutional issues are not part of the scope of work of the UTA-1.]
- viii. Prepare draft good governance operational and financial guidelines for use during the implementation of the project and in the operation of the future Vientiane integrated sustainable urban transport entity.
- ix. Review and provide comments and recommendations to the PCU regarding engineering and civil works designs, and contract documents for the BRT, parking systems and all other related project components.
- x. Assist and represent the PCU/PSC as may be required in the overall supervision of the testing and commissioning of all project equipment and systems.
- xi. Prepare a two-year workshop and training work plan; and design and conduct a series of workshops and training in relevant administrative, management, governance and operational topics. The targeted trainees shall primarily be staff of the PCU, the IA and EA, and other individuals directly involved in the project. At least 1 workshop/training session shall be targeted to the members of the PSC. The 1 or 2 day workshops/training shall be carried out approximately quarterly throughout the 2 year period of services of the UTA-1, i.e. approximately 8 such workshops/training shall be carried out during the 2 years. The proposed work plan shall be developed by the UTA-1 during the first six weeks of services and shall be approved by the Project Director. The UTA-1 shall design and conduct all workshops/training; and all workshop facilities, venues and associated costs shall be provided/borne by the PCU.
- xii. Provide advice and assistance to the PCU in the numerous procurement activities required to be undertaken by the PMU, which include, but are not limited to the following: (a) NMT Demonstration Vehicle Company, (b) Civil Works Construction Contractor(s); (c) Fare System Company; (d) Control Center

Company; and (e) BRT Vehicle Procurement. It is understood that the primary responsibility for procurement will be with the PCU as assisted by the PIC, in the preparation of procurement scope and contract documents, while the responsibility of the UTA-1 will be to provide advice and assistance to the PCU and to review all procurement documents on behalf of the PCU.

- xiii. The UTA-1 shall attend all periodic meetings between the PCU and the PIC, between the PCU and the PSC, and between PCU and other governmental and private sectors entities, as may be required by the Project Director.

53. It is estimated that 29 international person-months for the UTA-1; and 29 person-months of national Project Administrative Assistant will be required to carry out these services. The Urban Transport Advisor shall possess a master degree (or equivalent) in transport engineering or transport planning, with internationally recognized professional qualifications, with a minimum of 20 years relevant experience. His/her experience shall include at least 10 years' administrative and/or operations experience in a responsible position with a recognized urban transport authority, including relevant BRT experience. He/she shall have demonstrated leadership, client liaison and training/capacity building skills. Experience in developing countries and on internationally funded projects will be considered beneficial.

## **6. Quality Control Company**

54. The Quality Control Company will monitor and evaluate the performance of the two private companies operating the BRT system (Vehicle Operating Company and Station Services & ITS Company) and the one company operating the parking system (Parking Management & Enforcement Company). The results of the findings from the monitoring activities will be the basis by which the Management Entity of the Vientiane sustainable transport system will compensate the companies.

55. The key tasks of the Quality Control Company are:
- i. Develop monitoring and evaluation frameworks for the BRT and parking systems, including key statistical indicators, such as:
    - (a) Number of passengers
    - (b) BRT system fare revenues
    - (c) Vehicle-kilometers traveled
    - (d) Average travel time per route
    - (e) Parking income
    - (f) Parking occupancy
    - (g) Incidents
    - (h) Customer complaints
  - ii. Conduct inspections of the BRT operations, including:
    - (a) Vehicle operations
    - (b) Station operations
    - (c) Fare system operations
    - (d) Control center operations
  - iii. Conduct inspections of the parking system operations, including:
    - (a) Parking management
    - (b) Parking enforcement
  - iv. Provide photographic or other documented evidence of performance issues
  - v. Prepare weekly audit report of BRT system and parking system performances

- vi. Provide accountancy approval of audit results

56. The quality control services will require a total of 73 person-months of consulting inputs comprising 8 person-months of international consultants and 65 person-months of national consultants who will assist in project activities. The consulting firm will be selected using the Quality-and Cost-Based selection method with a quality cost ratio of 90:10 following the simplified technical proposal procedure. The assignment will be implemented over a period of 16 months from approximately June 2019 through September 2020.

## **7. External Financial Auditor**

57. An independent Financial Audit Consulting Services will be recruited to annually audit all accounts and financial statements related to the Project. The General and Detailed Project Accounts of the Project from the Project Management Unit will be audited by the external auditor in accordance with international auditing standards as well as the Government's auditing regulations. The external auditor should be knowledgeable on ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts.

58. The external auditor is expected to carry out tests to confirm that:

- i. All external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- ii. Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided; (if applicable)
- iii. Goods, works and services financed have been procured in accordance with relevant financing agreements, including specific provisions of the ADB procurement guideline;
- iv. All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE). The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account.

59. The audit will include but not limited to the following:

- i. Imprest account;
- ii. Statement of Expenditures
- iii. Use of Funds for the Purpose Intended
- iv. Compliance with covenants contained in the Loan/Grant Agreements
- v. Any material weakness in internal control which were identified during the audit
- vi. Compliance with Financial Management Manual and Procurement Manual
- vii. Fixed assets procured. Review the allocation of projects vehicles and equipment and whether these are being utilized in accordance with the Loan/Grant Agreements
- viii. Any other matters which the auditor considers should be brought to the attention of the borrowers.

60. The external auditing consulting services will be undertaken by a national consulting firm for 30 person-months. The consulting firm will be recruited using the least cost selection (LCS) method. The consulting services are expected to start from October 2015 to December 2020.

Auditing reports for any fiscal year ending in September, it will be carried out from October to November of the same year; the reports will be delivered at the end of March of the succeeding year. If the project completion is delayed, the external auditing consulting services are extended until the following year of the project completion.

## **VII. SAFEGUARDS**

61. The primary objective of safeguards is to avoid adverse impacts of projects on the environment and affected people. If impacts become unavoidable to realize the intended positive project impacts, adverse impacts shall be minimized, mitigated or affected people compensated. Approved and acceptable planning instruments shall be used and will be recorded as project covenants. Such instruments are approved by Approving Agencies in Lao PDR and also by ADB. They will be disclosed in accordance with the agreed policies and procedures by ADB and the borrower.

### **A. Resettlement**

62. The involuntary resettlement categorization of the investment project is Category B. All affected land and structures identified are owned by government organizations. The Government shall ensure that any involuntary resettlement is carried out in accordance with the agreed resettlement planning document, ADB's Safeguard Policy Statement (2009), and the Recipient's laws and regulations on involuntary resettlement. In case of discrepancies between the Government's laws, regulations, and procedures, and ADB's Safeguards Policy Statement (2009), the latter will prevail.

63. The Government shall timely provide counterpart funds for resettlement and monitoring activities specified in the agreed resettlement planning document, and will meet any unforeseen obligations in excess of the resettlement budget estimate in order to satisfy resettlement objectives. MPWT shall not issue a site possession notice for commencing Works on a specific section of a contract until the Vientiane DPWT responsible for resettlement in that section has confirmed in writing that: (i) payment of compensation has been fully disbursed to the affected organizations and any rehabilitation measures are in place for that specific section as per the agreed Resettlement Plan; (ii) affected organizations who were compensated for that specific section have been provided replacement land (as applicable) and have vacated the site; and (iii) the specific section of the project is free from any encumbrances.

### **B. Indigenous Peoples**

64. There are no impacts on ethnic groups. The Project is categorized as C for Indigenous Peoples Safeguards.

### **C. Environment**

65. MPWT/DOT will be assisted by the PIC in supervising and monitoring over-all compliance with the EMP specified in the IEE by undertaking the following activities related to environmental safeguards for all project components regardless of financing source: (i) ensuring that the EMP is included in the tender documents and civil works contracts; (ii) supervising the implementation of environmental mitigating measures required for the construction activities; (iii) reviewing, monitoring, and evaluating the effectiveness of the contractor's implementation of the EMP, and recommending corrective actions, if required; (iv) preparing semi-annual

environmental monitoring reports for ADB's review and public disclosure; and (vi) addressing, recording, and reporting on any grievances through the project's Grievance Redress Mechanism.

### VIII. GENDER AND SOCIAL DIMENSIONS

66. The Summary Poverty Reduction and Social Strategy (SPRSS) identify the implementation of a Gender Action Plan (GAP), a Stakeholders Communication Strategy, and measures to address identified social risks.

67. GAP has been prepared in order to ensure that gender aspects and issues will be considered in all Project-related issues and activities throughout the Project time period from preparatory stage to the start of the operation. The GAP will be implemented through the project outputs and project management as follows:

Outputs	Gender Actions
Output 1. A sustainable transport management agency for Vientiane established	<ul style="list-style-type: none"> <li>- Target of 30% of employees recruited for the transport agency are women, including 20% women in decision-making or management posts.</li> <li>- Ensure that women staff are provided training relevant to their jobs; target participation of women in postgraduate training proportionate to the percentage of women staff in the relevant positions.</li> <li>- Ensure that all agency staffs are trained in gender issues relevant to BRT, including prevention of sexual harassment and violence against women.</li> </ul>
Output 2. High-quality bus services and bus rapid transport established and operating in Vientiane	<p>BRT physical design features will include:</p> <ul style="list-style-type: none"> <li>- Priority seating and waiting spaces for pregnant women, elderly, people with disability, and adults with small children or prams in all buses and stations.</li> <li>- Safe pedestrian access to the stations and bus stops</li> <li>- Adequate lighting around stations, near exits and entrances, bus stops, and pedestrian walkways.</li> <li>- Installation of security cameras in all buses and at all bus stations and provision of security personnel inside stations.</li> <li>- Separate toilets for women and men in bus stations, with regular cleaning.</li> <li>- Ensure that the BRT information system and scheduling is developed based on an analysis of transport patterns and needs of women and men to support accessibility and facilitate trip planning by different groups of men and women.</li> <li>- Ensure real-time traffic information electronic displays to help women and men plan their waiting time.</li> <li>- Consider various modalities to support affordability and increase access, e.g., passes to enable travel in multiple segments without paying fares, lower fares to reduce cost during off-peak hours, and pro-poor rate structures to reduce the burden of cost for the poor living in peripheral areas. Undertake gender analysis to inform smart card ticketing and fare pricing.</li> <li>- Ensure that 30% of jobs generated from BRT services, e.g., fare system staff, station attendees, supervisors, security officers, and drivers are filled by women, with data to be reported on a disaggregated basis, and all staff to be provided adequate training.</li> <li>- Ensure that 30% of unskilled labor jobs in civil works are provided to women, and that this is stipulated in civil works contracts. Disseminate information on the types of jobs available to local communities and those which can be performed by women.</li> <li>- Ensure that all construction contracts for civil works include gender-specific core labor standards.</li> <li>- Ensure that all BRT staffs are provided a briefing on the prevention of sexual harassment, violence against women, STI/HIV and AIDS, trafficking, and reporting channels.</li> <li>- Provide information boards on STI/HIV and AIDS and prevention of sexual</li> </ul>

Outputs	Gender Actions
	harassment in bus stations and lay-bys. - Ensure that staffs at the bus stations are trained in basic first aid to service passengers.
Output 3. Traffic management in the core area of Vientiane improved	- Ensure that pedestrian friendly traffic management and traffic calming measures, e.g., protected crossings, traffic and pedestrian crossing signalization, raised crossings, traffic police, etc., are provided on all BRT routes. - Ensure that pedestrian friendly traffic management and traffic calming measures as well as pedestrian crossings are in place, especially near the transit mall section, and in other areas with high numbers of pedestrians, including children and women. - Provide sufficient road safety signage to ensure the safety of women and children.
Output 4. Paid parking system and national vehicle registration system established	- Ensure that spaces are allocated for pregnant women and people with disabilities in the dedicated parking spaces. - Ensure that parking areas are well lit. - Ensure that 30% of employees for parking management and enforcement are women.
Output 5. Accessibility for pedestrians and other non-motorized transport in the core area of Vientiane improved	- Ensure adequate NMT lanes or walkways to the bus stations, transit mall, morning market and Vientiane high school - All NMT walkways to include barriers for vehicles and restrictions on vendors blocking paths (or assign certain sections to vendors where pedestrian paths are not blocked). - Adequate lighting and street benches provided NMTs lanes and walkways.
Project Management	- Appoint a gender focal in the PCU. The gender focal may be supported by the Subcommittees for the Advancement of Women (Sub-CAW) within MPWT. - Appoint to the project implementation consultants a part-time international gender specialist for 3 months, a part-time international universal accessibility specialist for 2 months, and one part time national gender specialist for 7 months (all on an intermittent basis, based on key project gender deliverables aligned to outputs) responsible for supervision and reporting against the GAP throughout the project period. - Project implementation consultant team to have knowledge of and experience with implementing the specified gender design features of the project - Gather baseline sex-disaggregated data and gender analytical information for preparatory surveys, feasibility studies, and assessments prior to the start of construction. - Facilitate equal participation and consultation of women affected by and involved in the project during preparatory surveys, studies, assessments, and other consultative mechanisms. - Provide gender awareness and GAP implementation training for relevant MPWT staff - Include all female PCU staff members as participants in capacity development activities relevant to their positions. - Integrate gender-related substantive content into capacity development activities and communication strategies whenever appropriate - Integrate gender indicators into the project M&E system.

BRT = bus rapid transit, GAP = gender action plan, M&E = monitoring and evaluation, MPWT = Ministry of Public Works and Transport, NMT = non-motorized transport, PCU = project coordination unit.

Source: Asian Development Bank.

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

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> An environmentally sustainable and pedestrian-friendly transport system developed in Vientiane</p>	<p><b>By 2025</b> Increase in modal share of public transport to 6.0% (2013 baseline: 0.6%)</p> <p>Reduction in emissions of greenhouse gases (carbon dioxide, methane, nitrous oxide, and certain halocarbons) of 25,000 metric tons per year from 2020 onwards.</p>	<p>Government statistics and project-developed monitoring mechanisms</p> <p>Air quality data from monitoring stations</p>	<p><b>Assumption</b> Government establishes a monitoring system of transport-related emissions and accidents in support of the national environmentally sustainable transport strategy</p> <p><b>Risk</b> Insufficient capacity of Vientiane SUTMA to ensure sustainability of project operations</p>
<p><b>Outcome</b> Improved urban transport operations and capacity in Vientiane</p>	<p><b>By 2020</b> 120 public buses operating frequent services over a 137 km total network in Vientiane<sup>26</sup></p> <p>Ridership of public bus services reaches 48,000 per day (2013 baseline: 4,000)</p>	<p>Reports from Vientiane SUTMA</p> <p>Reports from bus service provider</p>	<p><b>Assumption</b> Effective cooperation among national and local government units</p>
<p><b>Outputs</b> 1. A SUTMA for Vientiane established</p>	<p>Agency organizational arrangements approved by 2017</p> <p>Agency established and staff working, with 30% of staff being female by 2018</p>	<p>Implementation and monitoring consultants' reports</p>	<p><b>Risk</b> Unavailability of personnel with appropriate qualifications</p>
<p>2. High-quality bus services and BRT established and operating in Vientiane</p>	<p>96 buses procured and delivered by 2019</p> <p>11.5 km of dedicated BRT bus route infrastructure, including 24 BRT stations, operational by 2019</p> <p>Control center and fare system operating by 2019</p>	<p>Vientiane DPWT reports</p>	<p><b>Assumption</b> Government and existing public transport entities will support pilot public transport project</p> <p><b>Risk</b> Objections to new public transport services from</p>

<sup>26</sup> Of the total 120 buses projected for the network, 96 of these buses will be financed by the project. The remaining 24 buses will be provided by the existing bus company.



<b>Design Summary</b>	<b>Performance Targets and Indicators with Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
	<p>Women comprise 30% of BRT operations and maintenance staff by 2019</p> <p>Bus maintenance facility operational by 2019</p>		existing service provider
3. Traffic management in the core area of Vientiane improved	<p>7 new traffic signals at key intersections in core area operational and existing signals at 14 intersections upgraded by 2019</p> <p>Road markings and signs installed by 2019</p>	Vientiane DPWT reports	<b>Assumption</b> Government is committed to enforcing traffic regulations
4. Paid parking system and national vehicle registration system established	<p>On-street paid parking scheme, using electronic meter technology, operational in core area of Vientiane by 2019</p> <p>Parking spaces allocated to pregnant women and people with disabilities by 2019</p> <p>National electronic vehicle registration system operational by 2016</p>	SUTMA reports	<b>Assumptions</b> Government is committed to enforcing parking regulations  Sufficient interest from private sector firms
5. Accessibility for pedestrians and other NMT in the core area of Vientiane improved	<p>Pedestrian access at 24 BRT stations upgraded by 2019</p> <p>Universal access for wheelchair-bound and visually impaired people provided at 24 BRT stations by 2019</p>	SUTMA reports	

Activities with Milestones	Inputs
<ol style="list-style-type: none"> <li>1. A SUTMA for Vientiane established               <ol style="list-style-type: none"> <li>1.1. Mobilize the first international urban transport advisor by June 2015 and the second by November 2017</li> <li>1.2. Government approves organizational arrangements of the new SUTMA by December 2017</li> <li>1.3. Government recruits and appoints staff to sustainable transport management agency by September 2018</li> <li>1.4. Award quality control contract by March 2019</li> </ol> </li> <li>2. High-quality bus services and BRT established and operating in Vientiane               <ol style="list-style-type: none"> <li>2.1. Mobilize detailed design and project supervision consultants by June 2015</li> <li>2.2. Complete detailed design by June 2016</li> <li>2.3. Complete land acquisition and resettlement by December 2016</li> <li>2.4. Award civil works contracts by March 2017 and complete BRT civil works by May 2019</li> <li>2.5. Award BRT vehicles supply and maintenance contract by December 2017 and complete delivery by May 2019</li> <li>2.6. Award fare system and control center contract by December 2017 and complete delivery by March 2019</li> <li>2.7. Conduct training on BRT operations and maintenance by during September 2018–June 2019</li> <li>2.8. BRT services begins operating by October 2019</li> </ol> </li> <li>3. Traffic management in the core area of Vientiane improved               <ol style="list-style-type: none"> <li>3.1. Complete installation of new traffic signals by March 2019</li> <li>3.2. Complete installation of new traffic signs and road markings by May 2019</li> </ol> </li> <li>4. Paid parking system and national vehicle registration system established               <ol style="list-style-type: none"> <li>4.1. Award private sector contract for electronic vehicle registration system by June 2016</li> <li>4.2. Government approves new parking regulations by June 2017</li> <li>4.3. Award private sector contract for parking system by June 2018</li> <li>4.4. Full system testing of parking system by July 2019</li> </ol> </li> <li>5. Accessibility for pedestrians and other NMT in the core area of Vientiane improved               <ol style="list-style-type: none"> <li>5.1. Award NMT vehicles contract by April 2017 and complete delivery by March 2018</li> <li>5.2. Complete pedestrian facilities and NMT infrastructure by May 2019</li> </ol> </li> </ol>	<p><b>Loan</b>  <b>ADB: \$35 million</b>  <b>OFID: \$15 million</b>  <b>EIB: \$20 million</b></p> <p><b>Grant</b>  <b>EU-AIF: \$6.9 million</b>  <b>GEF: \$1.84 million</b></p> <p><b>Private Sector: \$6.41 million</b>  <b>Government: \$14.55 million</b></p>

ADB = Asian Development Bank, BRT = bus rapid transit, DPWT = Department of Public Works and Transport, EIB = European Investment Bank, EU-AIF = European Union–Asian Investment Facility, GEF = Global Environment Facility, km = kilometer, NMT = nonmotorized transport, OFID = OPEC Fund for International Development, SUTMA = Sustainable Urban Transport Management Agency.

Source: Asian Development Bank.

## **B. Monitoring**

### **1. Project performance monitoring:**

68. The Borrower through MPWT shall establish within six (6) months of the Effective Date, a Project performance monitoring and evaluation system that shall operate throughout the life of the Project. The project implementation consultant services will include qualified consultants to help establish the monitoring and evaluation system. The system shall be integrated with the existing management information system. At the initial stage, the Borrower shall develop and conduct sample surveys to establish baseline data for subsequent performance monitoring and establish pre-project social and economic living conditions for the direct beneficiaries of the Project. The Borrower shall ensure that sufficient data is gathered to monitor the indicators set out in the design and monitoring framework for the Project. The baseline and impact surveys shall include areas impacted by the Project and assess all interventions under the Project, including resettlement and other safeguard interventions. These baseline surveys shall be carried out within twelve (12) months of the Effective Date. A second survey shall be carried out upon Project completion and a third survey shall be carried out not earlier than five (5) years after Project completion.

### **2. Compliance monitoring:**

69. ADB, with Government representatives, will undertake regular reviews of the Project at about 6-month intervals to assess compliance with the loan/grant covenants.

### **3. Safeguards monitoring:**

70. The project supervision consultant will (i) monitor the inclusion of mitigation actions required during the design phase and as defined in the approved IEE; (ii) in coordination with the Public Works and Transport Institute (PTI); undertake regular monitoring, as scheduled in the EMP, of contractors' environmental performance in terms of implementation of mitigation measures indicated in the EMP; (iii) monitor and report on the environment impacts during construction, and recommend measures to improve the situation as required; (iv) undertake environmental effects monitoring on air quality, noise and water quality as may be required in the EMP; and (v) prepare semi-annual monitoring reports for submission to the DOT and ADB.

71. Internal monitoring of Resettlement Plan will be undertaken by VA and MPWT and that semi-annual reports will be submitted to ADB. First report will be submitted 6 months after completion of compensation payments. Grievances received will be addressed through the grievance redress mechanism.

### **4. Gender and social dimensions monitoring:**

72. MPWT will monitor capacity development, activities specific to gender strategy, and HIV/AIDS and Human Trafficking Awareness and Prevention Program. Related reports will be submitted to ADB quarterly and uploaded on the MPWT website and the ADB website.

73. The overall responsibility for the implementation of the GAP will rest with MPWT and the PCU Director. The PCU Director will assign a gender focal/ officer. The PCU Director and the Gender focal will be supported by the SUB CAW (Subcommittee for the Advancement of

Women) within MPWT. A support and coordination mechanism will be set up with SUB CAW. A project International gender specialist consultant will be hired for 3 months, a national gender specialist will be hired for 7 months and an International Universal Accessibility Specialist will be hired for 2 months, on an intermittent basis aligned with gender deliverables/ timeframes of key project output/ activities. Project implementation consultant team will have knowledge and experience on implementing gender design features of the project. Gender awareness and training on GAP implementation will be provided to EA staff. The project monitoring and evaluation system will include gender indicators. The project will undertake regular progress updates on GAP to the ADB. The PCU will report on the progress of the GAP implementation at least on a semi-annual basis as part of its 6 monthly progress reports to ADB. Monitoring and evaluation of GAP implementation will also be done as part of the mid-term review and at project completion.

### **C. Evaluation**

74. ADB, with Government representatives and in coordination with other co-financiers, will undertake regular reviews of the Project at about 6-month intervals to assess the potential risk for achieving the project outcome. In addition to these regular reviews, a comprehensive midterm review of Project implementation will be carried out at the end of the second year of the project implementation. This midterm review will allow for any necessary midcourse corrections. Within 6 months of physical completion of the Project, MPWT will submit a project completion report to ADB.<sup>27</sup> About 1 year after project completion, ADB will conduct a project completion review to document the achievements of the Project.

### **D. Reporting**

75. MPWT 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; (iii) semi-annual environmental monitoring report; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

### **E. Stakeholder Communication Strategy**

76. Relevant information about the project will be delivered to stakeholders in a culturally appropriate, gender sensitive and timely manner. Stakeholders include residents and business along the BRT route and in the core area, people working in the core area, current and potential public transportation users, various private sector associations (including tuk-tuk, taxi and minivan), village Women's Union and Youth Union representatives, community leaders, civil society, city education department, city traffic police department, bilateral and development partners, and government project counterparts. Stakeholder views will be proactively sought, and efforts will be made to maintain regular information sharing with stakeholders.

77. Information to be shared with stakeholders includes information about project plans, projected impacts, and implementation timelines. Pursuant to ADB's Public Communications

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<sup>27</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

Policy, all requisite project documents will be posted on the ADB website, and relevant documents and information will also be shared on the MPWT project website, which will include at a minimum the following information: (a) bidding procedures, bidders, and contract awards; (b) use of the funds disbursed under the project; and (c) physical progress. Project information will also be shared through consultations, posting on public information boards, dissemination of information materials (i.e., project information booklets), and information sharing through the media and other communication channels. The primary language for dissemination efforts will be Lao. The project management unit will be responsible for implementing and monitoring information dissemination and disclosure, and will designate a focal point that will be designated for regular contact with affected people and other interested stakeholders.

78. Communication activities will also focus on raising public awareness of traffic rules and safety, including support for school- and community-based traffic safety activities. Advocacy and behavior change communication activities will also be supported to foster community-level buy-in for the utilization of the BRT system, and adoption of beneficial traffic safety practices. Public relations and marketing activities will utilize key national media and other communication channels to raise awareness of the project's progress and benefits.

79. A Stakeholder Communication Strategy Matrix and Disclosure Plan Matrix are provided below.

**Stakeholder Communication Strategy Matrix**

	<b>Objectives</b>	<b>Key Risks</b>	<b>Main Stakeholders</b>	<b>Messages</b>	<b>Means of Communication (Channels/Languages Activities)</b>	<b>Timeline</b>	<b>Responsibility</b>	<b>Resources</b>
<b>1</b>	To deliver relevant information to stakeholders in a culturally appropriate, gender sensitive, and timely manner	Accuracy and timeliness of information.  Lack Information about the stages and components of the project  Lack of trust	All stakeholders	TBC after additional stakeholder analyses and opinion polling	Public Information Booklet  Public Consultation Meetings  Regular reports  Information Dissemination  Dialogue and participatory approaches	From outset of project	PCU	Cost for PIB, public consultation meetings, reports, etc.  Consultancy support  Information materials production
<b>2</b>	To obtain accurate and timely feedback from stakeholders and maintain regular information sharing	Inaccurate and one way information  Lack of commitment to 2-way communication	All stakeholders, particularly key stakeholders along the BRT route and core area  PCU, EA, IA	TBC	Monthly reports, meetings, interviews  Regular engagement	From outset of project	PCU	Cost for PIB, public consultation meetings, reports, etc.  Consultancy support
<b>3</b>	Raise public awareness of traffic rules and safety, and foster community-level buy-in for the utilization of the BRT system,	Key stakeholders not mobilized  Poor messaging  Lack of commitment to sustained awareness and advocacy campaign  Campaign not resourced adequately	All stakeholders	TBC	Appropriate print and audio-visual media  Advocacy and behavior change approaches to encourage BRT use  School and community based traffic safety awareness and  Mass media  Marketing	From outset of project	PCU, EA, IA	Cost for PIB, public consultation meetings, reports, etc.  Consultancy support  Resources for media and information materials production

**Disclosure Plan Matrix**

<b>Project Information</b>	<b>Means of Communication</b>	<b>Responsible</b>	<b>Audience</b>	<b>Frequency</b>
RRP	ADB website	SETC	ADB, Lao People Democratic Republic, Development partners, civil society, NGOs, individuals	once
Project planning information	Discussions and consultations	IA		Specific intervals during planning
Status of construction during implementation	Information boards at site	DOT and contractors	Project beneficiaries	All the time
Project Performance Reports and Project Information Document				quarterly
Resettlement Plan and its updates, and resettlement monitoring reports	ADB website	ADB	ADB, Lao PDR, Development partners, affected persons, civil society	Immediately upon receipt from MPWT
Quarterly progress reports	MPWT website, EA and IA submissions	MPWT/DOT	ADB, Lao PDR, Development partners, civil society, NGOs, Individuals	quarterly
Project Completion Report	ADB website	ADB	ADB, Lao People Democratic Republic, Development partners, civil society, NGOs, Individuals	once

ADB = Asian Development Bank, DOT = Department of Roads, EA = executing agency, IA = implementing agency, Lao PDR = Lao People's Democratic Republic, MPWT = Ministry of Public Works and Transport, NGO = nongovernment organization, RRP = Report and Recommendation to the President, SETC = Southeast Asia Department, Transport and Communication Division.

## X. ANTICORRUPTION POLICY

80. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>28</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/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>29</sup>

81. To support these efforts, relevant provisions are included in the loan agreement/regulations and grant agreement/regulations and the bidding documents for the Project. Moreover, the Government will ensure that all of the MPWT project staff are fully aware of and comply with the Government's and ADB's procedures, including procedures for (i) implementation, (ii) procurement, (iii) use of consultants, (iv) disbursement, (v) reporting, (vi) monitoring, and (vii) prevention of fraud and corruption.

82. The Borrower shall: (i) undertake necessary measures to create and sustain a corruption-free environment for activities under the Project; (ii) comply with ADB's Anticorruption Policy (1998, as amended to date); and (iii) where appropriate, ensure that relevant provisions of ADB's Anticorruption Policy are included in all bidding documents for the Project. The Borrower: (i) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive and coercive practices relating to the Project; and (ii) agrees to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. All external costs related to such investigations shall be met by the Project resources or by the Borrower.

83. Without limiting the generality of the preceding paragraph, the Borrower shall: (i) conduct periodic inspections on the suppliers', contractors', consultants' and other service providers' activities related to the Loan/Grant proceeds, fund withdrawals and settlements; and (ii) ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the Borrower, and all suppliers, contractors, consultants and other service providers as they relate to the Project.

84. In addition to the above requirements, the Borrower shall set up a Project website that shall disclose how the Loan/Grant proceeds are being used and the contracts awarded, including: (i) the list of participating bidders; (ii) the name of the winning bidder; (iii) basic details on bidding procedures adopted; (iv) the amount of the contract awarded; (v) the list of goods and/or services purchased; and (vi) the resettlement monitoring reports. The website shall be updated within two weeks after: (i) each award of contract; and (ii) each submission of the semi-annual monitoring reports on resettlement.

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<sup>28</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>29</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>



## XI. ACCOUNTABILITY MECHANISM

85. 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 a good faith effort 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>30</sup>

86. The Project will establish a Grievance Redress Mechanism to ensure greater accountability. Within 9 months from loan effectivity, MPWT will prepare a Grievance Redress Mechanism acceptable to ADB, and establish a special committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to resettlement. The special committee will (i) make public of the existence of this Grievance Redress Mechanism, (ii) review and address grievances of stakeholders of the Project, in relation to either the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (iii) proactively and constructively responding to them.

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<sup>30</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

## **XII. RECORD OF PAM CHANGES**

87. This PAM describes the essential administrative and management requirements to implement the financing for the project. ADB, the government, and MPWT/DOT prepared this PAM during the fact-finding from 18 to 28 March 2014. This PAM was discussed during the loan negotiations on 21 October 2014. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.